Wolters Kluwer

Annual Report 2017

Wolters Kluwer

When you have to be right

2017 Annual Report

Sustainability information is integrated within the 2017 Annual Report. For more information on sustainability, visit www.wolterskluwer.com

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Message from the CEO

By helping customers improve the way they do business, provide better healthcare, navigate change, and build better judicial and regulatory systems, Wolters Kluwer delivers value for its stakeholders, including employees and investors, and contributes to shaping a better future for society.

Working alongside our customers, our domain experts use advanced technologies to address complex problems, creating deep partnerships and improved outcomes.

Gratitude. It's a term I used often in 2017, when referring to our customers, employees, and investors. They helped create a foundation for success.

I am very pleased to report another solid year of sustainable growth at Wolters Kluwer. We are now two years into our three-year strategic plan, *Growing Our Value*. Each of our divisions, together with our innovation and technology teams, took our commitment to creating value for our customers to heart, with the financial results reflecting this responsibility.

Bringing value to customers

Today, Wolters Kluwer creates value for customers by providing them deep domain knowledge, delivered digitally, through intuitive workflow tools assisted by advanced technologies, such as artificial intelligence and machine learning.

Our ability to deliver expert solutions is the result of a culture of innovation coupled with being very close to our customers – understanding what they need, listening to their feedback, and continuing to establish ourselves as trusted experts. Our customers look to us when they need to be right – for their clients, their patients, their businesses, and their communities.

These expert solutions are increasingly being created to put knowledge and critical decision-making directly into the hands of our users – empowering them to make the best choices possible at critical moments. We believe and invest in technology that makes a difference in the real world.

Engaging employees to help drive results

Every day, I'm impressed by the capabilities, competencies, and above all the passion and commitment of our people. We all are focusing on driving efficiency and engagement within the company while creating meaningful solutions for our customers. As an example, our employees demonstrated tremendous energy and engagement at the 2017 Code Games, hosted by the Tax & Accounting division, where 191 global teams participated in a high-energy, two-day event to create new digital solutions.

Meanwhile, our employees submitted 400 ideas to the 2017 edition of our Global Innovation Awards from across the company, bringing new and valuable product ideas to each of our divisions. Both efforts reflect the day-to-day engagement of our people, continually adapting to change and developing expert solutions that support the way our customers work.

Healthy return on investment

In 2017, we delivered improved organic growth, operating margins, cash flow, and return on invested capital. Our strategy of sustained investment and capital allocation is supporting the delivery of products and services that our customers value. Significantly, digital & services revenues grew 5% organically, representing 87% of total revenues.

The company aims to create long-term financial value for its shareholders through a healthy return on investment, including dividend payments and interest payments. Wolters Kluwer shares started 2017 at €34.42 and closed the year at €43.48, an increase of 26.3%. The total shareholder return (including dividends) was 29% in 2017.

A greater purpose

It is essential for organizations like ours – resourceful, knowledgeable, and fortunate – to make a deep impact. Creating value for society remains a strong focus for Wolters Kluwer. Our work helps to protect people's health, prosperity, and safety. We help make the world more sustainable and support our communities.

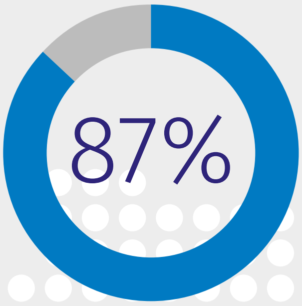
I'm excited about growing our value further in 2018, building on the momentum created this past year, which we will leverage as we finish out the third year of the current strategy. I'm thankful for the support of our customers, investors, and partners, and the commitment from our entire team of dedicated employees.

Nancy McKinstry

Nancy McKinstry,
CEO and Chairman of the Executive Board
Wolters Kluwer

Wolters Kluwer at a Glance in 2017

Digital & services



of total revenues

Our
portfolio
includes: UpToDate, Lippincott, CCH Axcess, CCH Tagetik, OneSumX, CT Corporation, Enablon, and Kleos

Serving customers in
180+
countries. Operations in 40+ countries

A rich
181-year
heritage of strong values, deep domain knowledge, innovation, and a continuous focus on the customer

19,000
employees worldwide

Diversity

50%

female Executive Board

43%

female Supervisory Board

67%

female divisional CEOs

48%

female employees & managers

Responsible supply chain

100%

of 100 centrally managed major suppliers have signed the Wolters Kluwer Supplier Code of Conduct or have an equivalent standard

Compliance

97%

of our employees completed the Annual Compliance Training

2017 Financial Highlights

€4.4

billion revenues

76%

recurring revenues

22.8%

adjusted operating profit margin

10.2%

return on invested capital

THIS IS OUR WORLD

BILLIONS OF MOMENTS THAT MATTER

Impact when it matters most

Shaping society for the future

Thriving on change

Investing in technology for the world

Report of the Executive Board

Value Creation

Wolters Kluwer provides essential information, software solutions, and services to doctors, nurses, accountants, lawyers, tax specialists, and finance, audit, compliance, and regulatory professionals. We help individuals and organizations make the most informed decisions at the most decisive moments. Our support allows them to deliver better outcomes, analytics, and productivity benefits in the moments that matter most.

The work that our divisions - Health, Tax & Accounting, Governance, Risk & Compliance, and Legal & Regulatory - are doing side-by-side with customers helps to deliver a meaningful impact. Our products help protect people's health, prosperity, and safety by putting sound knowledge, deep expertise, and usable insights into the hands of professionals at the right time and in the right format.

The pace of technology today requires experts to help manage rapid changes. We thrive on these changes, and help our customers to do the same. We have advanced our technology strategy to focus on the journey to the cloud, data center consolidation, and improved end-user computing - all to deliver more efficient, robust, and secure solutions that improve our ability to be flexible and responsive to market needs and our business operations. Teams from our Global Platform Organization (central technology organization) and Global Business Services (technology infrastructure) continue to deliver innovation by providing platforms, tools, and expertise, particularly using advanced technologies to drive additional value to our customers and improve our internal operations.

Our priority is to transform customer interactions across the entire journey into a seamless, customer-focused event. We are investing in new technologies and expertise to enable an end-to-end digital experience. Moving forward, sales and marketing teams throughout the enterprise will improve their digital maturity to enhance the customer experience and drive revenue growth.

Making impact

We want to make an impact for our customers, employees, investors, and society. Our value creation model is at the core of everything we do and it guides our work on a day-to-day basis. It shows how our organization's business model uses resources and transforms them through business activities that create value for our stakeholders.

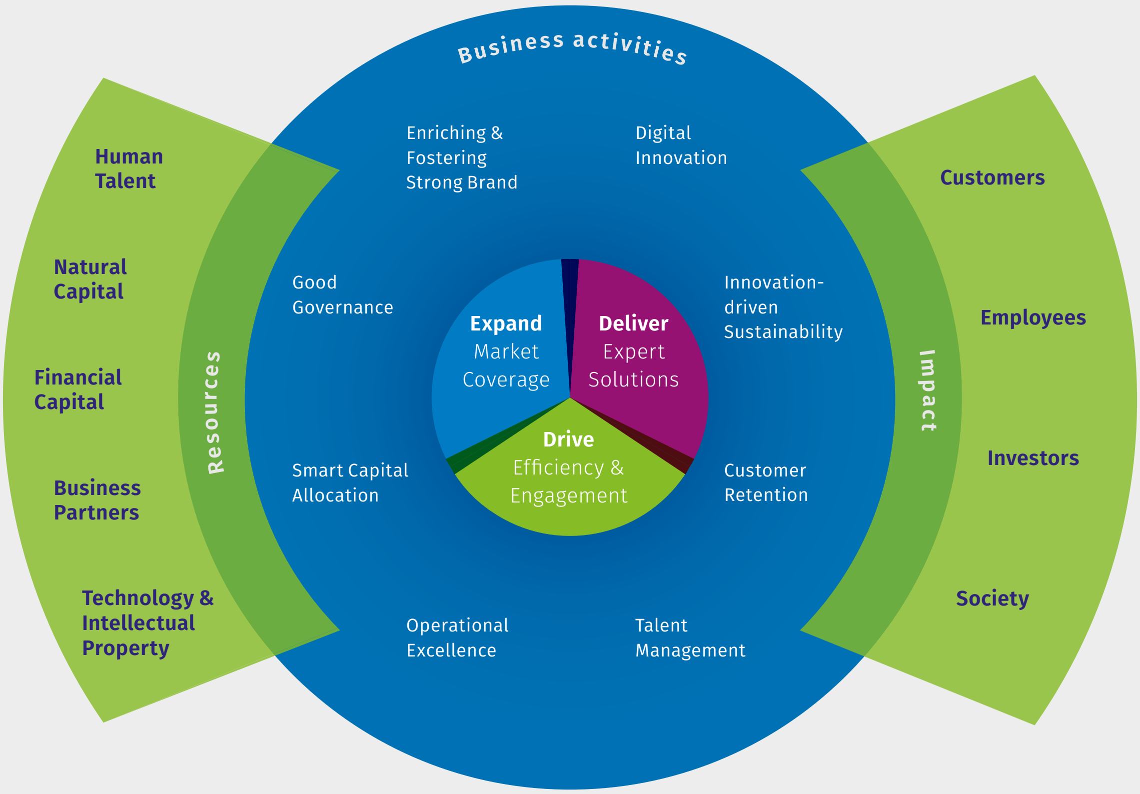
Growing Our Value Together

Every three years, we review and update our strategic priorities, which are at the center of our value creation model. *Growing Our Value*, our 2016-2018 strategy, aims to sustain and further improve our organic growth rate, and to increase margins and returns as we continue to focus on growing value for our customers, employees, investors, and society.

For 2016-2018 our strategic priorities are:

- **Expand market coverage:** We will continue to allocate most of our capital towards our leading growth businesses and digital products, and will extend into market adjacencies and new geographies where we see the best potential for growth and competitive advantage. Expanding our market reach also entails allocating funds to broaden our sales and marketing coverage in certain global markets. We intend to support this organic growth strategy with value-enhancing acquisitions while continuing our program of non-core disposals.
- **Deliver expert solutions:** Our plan calls for increased focus on expert solutions that combine deep domain knowledge with specialized technology and services to deliver expert answers, analytics, and productivity for our customers. To support digital growth across all divisions, we intend to accelerate our ongoing shift to global platforms and to cloud-based integrated solutions that offer mobile access. Our plan is also to expand our use of new media channels and to create an all-round, rich digital experience for our customers. Investment in new and enhanced products will be sustained in the range of 8-10% of total revenues.
- **Drive efficiencies and engagement:** We intend to continue driving scale economies while improving the quality of our offerings and the agility of our organization. These operating efficiencies will help fund investment and wage inflation, and support a rising operating margin over the long term. Through increased standardization of processes and technology planning, and by focusing on fewer, global platforms and software applications, we expect to free up capital to reinvest in product innovation. Supporting this effort are several initiatives to foster employee engagement.

Value Creation Model



Human Talent – Our employees are competent, capable, and engaged, and they combine these qualities with a strong motivation to innovate.
Natural Capital – All renewable and non-renewable environmental resources and processes that help Wolters Kluwer provide its expert solutions.
Financial Capital – Available funding for producing information, software solutions, and services.
Business Partners – Our partners provide us with expertise, materials, and services, thereby enabling us to deliver innovative solutions for our customers.
Technology & Intellectual Property – Organizational, knowledge-based intangibles that include intellectual property and the company's tacit knowledge.

Business activities driving value creation

Our business activities generate value for our stakeholders and create impact in several areas:

Digital innovation
Our information, software solutions, and services provide professionals with the information and tools they need to make critical decisions with confidence. Our innovative expert solutions enable our customers to provide better healthcare, improve the effectiveness of business and compliance operations, navigate change and complexity, and build smarter legal systems - ultimately creating a better future for all.

The rise of transformative technologies, such as artificial intelligence and machine learning, support our core value proposition of combining deep domain knowledge with customer workflow expertise to deliver better outcomes, analytics, and productivity benefits to our customers. More than ever, technology plays a key role in addressing specific customer pain points. Seamless automation, improved outcomes, better information assimilation, and predictive analytics are among the defined benefits that advanced technologies can deliver. By incorporating elements of the technologies into our products we can grow our leading market positions and customer relationships.

Innovation-driven sustainability
By providing customers with our expert solutions that improve the way they do business, Wolters Kluwer delivers value for its stakeholders and contributes to shaping a better future for society at large. We are continuously focused on further improving our impact while also optimizing resource use. Recognitions such as inclusion in the Dow Jones Sustainability Index, FTSE4Good, and STOXX are proof of our ongoing commitment.

Customer retention
76% Of Wolters Kluwer's total revenues are recurring, reflecting the importance we place on customer satisfaction and retention. Interaction with customers before, during, and after the innovation process helps the company to adjust and deliver its solutions to their exact needs. Customer satisfaction is also monitored by various programs, including net promoter score. Our high customer retention rates demonstrate that the majority of our customers are satisfied and remain using our products and services for many years.

Talent management
We continuously strive for an inclusive company culture in which we attract, develop, and retain high-performing, productive, and diverse talent. We listen to employee feedback through our engagement survey. Managers and employees collaborate in a transparent performance management process and provide on-the-job, informal, and formal learning tools, resources, and opportunities to build employees' skills and develop their careers.

Operational excellence
We continuously strive to improve our internal processes. Wolters Kluwer focuses on technology investments and economies of scale to realize efficiencies, while at the same time improving the quality of our offerings and agility of our organization. These operating efficiencies will help fund future investment, cover wage inflation, and support a rising operating profit margin over the long-term.

Company Values

Focus on Customer Success

Customers are at the center of everything we do.

Make it Better

We're committed to continuous improvement and innovation.

Aim High and Deliver

We're responsible for the right results.

Win as a Team

We're stronger together.

Smart capital allocation

Smart capital allocation is a critical method for translating our strategy into action. We aim to ensure that we have adequate liquidity for supporting our strategic direction. Wolters Kluwer uses its cash flow to invest in the business organically, between 8 to 10% of total revenues, and through acquisitions. We also use cash flow to maintain optimal leverage and provide returns to shareholders through share buyback programs and dividend payment.

Good governance

Corporate governance is the key to improving our company's decision-making processes. It helps us maintain our credibility among external and internal stakeholders. Our company values and business principles set a framework for achieving the company's goals and for conducting business in an ethical manner. The values serve as guidelines for our employees and are at the heart of the company's future success - representing the *One Wolters Kluwer* approach, the common bond across all Wolters Kluwer businesses and employees. Our business principles reflect the high ethical and professional standards we expect our employees, partners, and suppliers worldwide to adhere to. See more in *Corporate Governance*.

Enriching and fostering a strong brand

The Wolters Kluwer brand is an important asset that helps customers recognize the value that we can deliver to them and it supports the future growth of our company. Our brand communicates to all our stakeholders who we are and why we matter. Everything we do contributes to enriching and fostering a strong brand. Internally, *One Wolters Kluwer* connects employees with a shared understanding of our mission, strategy, goals, and values.

Business Principles

1	2	3	4
Our responsibilities towards society at large	Our responsibilities towards our employees	Our responsibilities with respect to customers and other business partners	Our employee responsibilities towards one another and the company

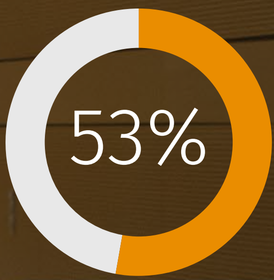
OUR CUSTOMERS

We serve healthcare, tax, accounting, finance, legal, and compliance professionals worldwide. With our information, software solutions, and services based on our expertise, domain knowledge, and a relentless focus on innovation. We help professionals to deliver deep impact when it matters most.

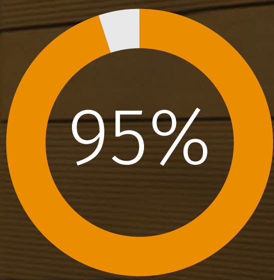
POC Advisor, a clinical surveillance platform, uses advanced technologies, including predictive analytics, to detect sepsis in an early stage. Sepsis is an urgent, life-threatening condition that impacts 26 million people globally. Through accurate alerts that warn clinical staff to intervene early when patient conditions worsen, this product improves outcomes for the patient, and reduces the costs of healthcare.

The impact of POC Advisor*

Reduction in mortality



Sepsis alert accuracy



* Journal of the American Medical Informatics Association 24(1), 2017, 88–95

> **Find more on: healthclarity.wolterskluwer.com**

Our Customers

Wolters Kluwer serves

Accounting Firms
Allied Health Personnel
Banks
Compliance Professionals
Corporate Finance Professionals
Corporations
Financial Institutions
Corporate Legal Counsels
Environmental, Health & Safety Professionals
Government Agencies
Hedge & Mutual Funds
Hospitals
Human Resource Departments
Insurance Companies
Law Firms
Law Schools
Legal Professionals
Leasing Companies
Medical & Nursing Students
Notaries
Nurses
Payors
Pharmacists
Physicians
Small Businesses
Tax Professionals
Universities

90%
of U.S. academic medical centers

93%
of Fortune 500 companies

88%
of Fortune 1000 companies

100%
of the top 100 U.S. accounting firms

90%
of the world's top banks

External recognition

- Wolters Kluwer ranked #4 on Transformers 200, a study on the digital transformation readiness of established Dutch firms
- Inclusion in the Dow Jones Sustainability Index, FTSE4Good, and STOXX
- Ranked #23 on the Healthcare Informatics 100
- Americas Tax Technology Firm of the Year award for CCH AnswerConnect in the International Tax Review's Americas Tax Awards 2017
- Enablon named as an industry leader in the Verdantix Green Quadrant Report
- ELM Solutions recognized by Corporate Vision magazine for Best Enterprise Legal Management Platform Award
- 2017 Category Leader award for Clinical Decision Support-Surveillance in the 2017 Best in KLAS: Software & Services report
- Standard Fed Plus, SmartTask and SmartTask Pro, and Cybersecurity & Privacy Law Suite were selected as Technolawyer NewsWire's Top 25 Products of 2017
- Dinkum China Best Audit IT Solution Award
- Named Asia Tax Technology Firm of the Year for CCH Integrator for Excellence in Technology in the International Tax Review's Asia Tax Awards 2017

Expert Solutions

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

UpToDate celebrated its 25th anniversary by launching its 25th specialty, Anesthesiology. With the launch of UpToDate Advanced, clinicians can use dynamic, interactive algorithms to aid in patient-specific decision-making and reduce variations in care.

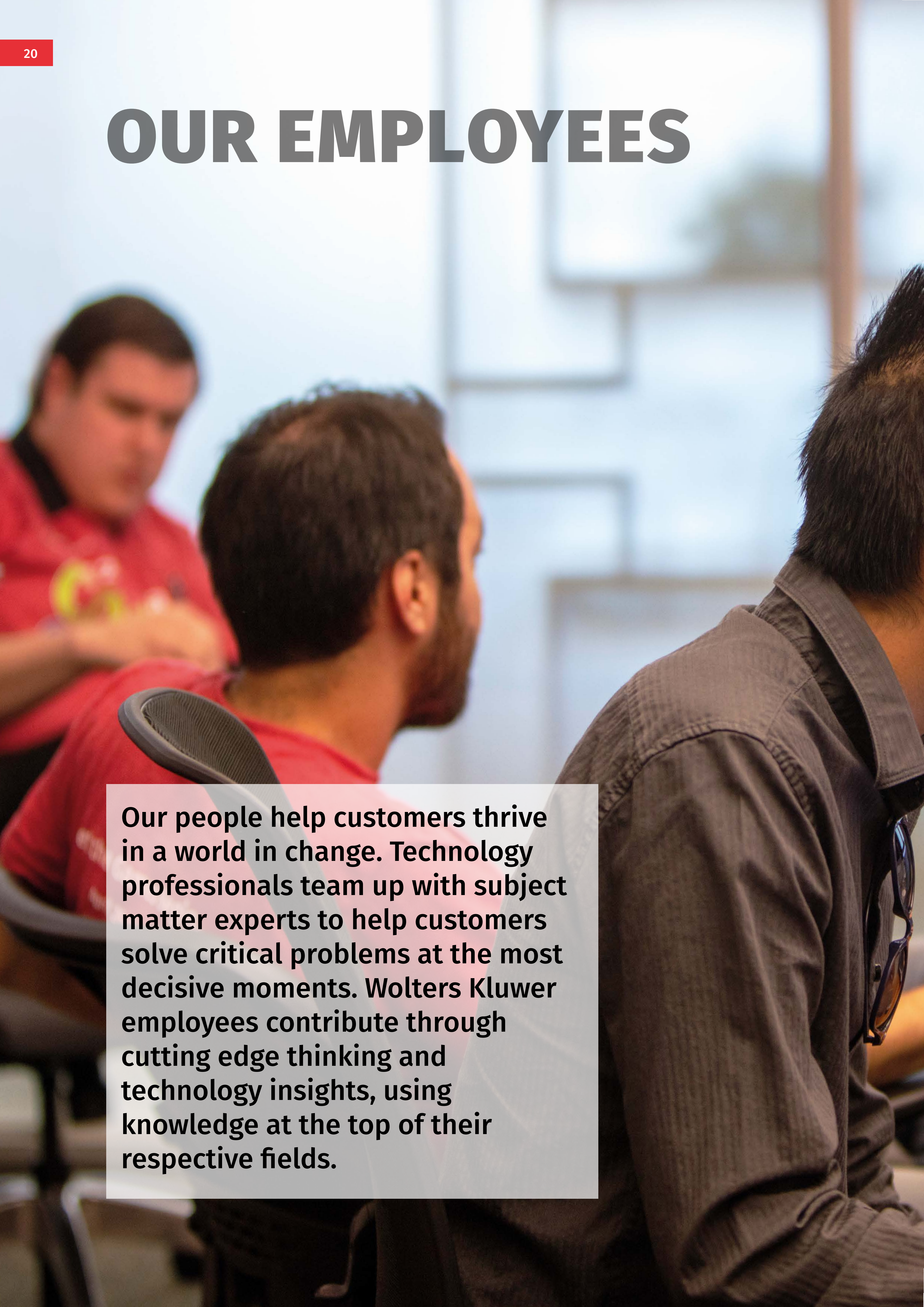
TeamMate is the global internal audit solution used by tax, accounting, and audit professionals in corporate and government audit organizations. Customers are finding added value through the popular new cloud-based innovation TeamMate+ as it allows for greater mobility, flexibility, and collaboration.

The **OneSumX** suite of integrated regulatory compliance solutions provides financial institutions with unparalleled capabilities to analyze, interpret, and address their ever-changing global regulatory reporting and compliance obligations.

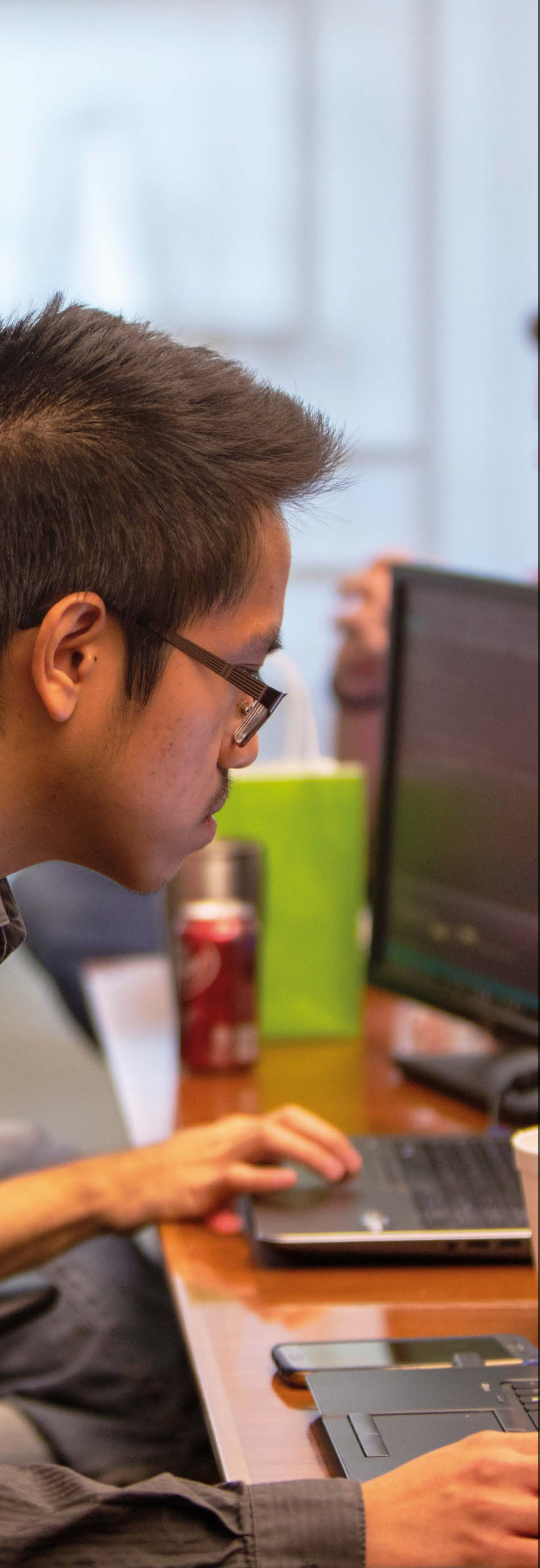
M&A Clause Analytics is a workflow solution that combines artificial intelligence and expert attorney curation to improve quality, efficiency, and ease of preparing M&A agreements. It puts forth a model for each agreement based on a robust, statistically significant sample set of recent documents.

More information on external recognition and our expert solutions is available in our newsroom at www.wolterskluwer.com/company/newsroom

OUR EMPLOYEES



Our people help customers thrive in a world in change. Technology professionals team up with subject matter experts to help customers solve critical problems at the most decisive moments. Wolters Kluwer employees contribute through cutting edge thinking and technology insights, using knowledge at the top of their respective fields.



Each year, Wolters Kluwer employees participate in innovation games, competitions, hackathons, and knowledge sharing events. The Tax & Accounting division initiated the #CodeGames in 2014. It offers employees worldwide the opportunity to work in teams and create hands-on innovations that will shape the future of technology solutions for customers.

2017 #CodeGames

600+
employees

191
teams

19
offices

13
countries

> Check #CodeGames in action: www.youtube.com/WoltersKluwerComms

Our Employees

Our diverse global workforce is our most valuable asset. Every day, our employees help our customers work more effectively and make critical decisions. To deliver on our business strategy, we continually drive a culture of high performance and accountability that attracts, develops, and retains the best talent.

Employee engagement

To ensure we engage our talent, we listen through our employee engagement survey to make Wolters Kluwer an even better place to work. Our level of employee engagement is very strong, and the recent survey indicates it is getting even stronger. Our employees indicated that they feel respected, have pride in the company, live our values, and remain confident in our future and our leadership. They also feel we change and adapt among our immediate workgroups, while we need to get better at anticipating and reacting to change overall. Our employees also look for more opportunities to develop and advance, and a stronger link between the work they do and the rewards they receive.

Taking action

In response to our engagement survey feedback, in January 2017, we launched a single global performance management and learning approach supported by the expansion of our talent management system that:

- Establishes one set of performance management processes, guidelines, tools, and resources, supported by a robust performance management curriculum;
- Creates consistency and quality in setting goals and assessing outcomes with 92% of employees completing their goals in the first quarter and the majority of our employees preparing self-evaluations as input to their performance and development outcomes assessments;
- Engages managers and employees in a transparent and collaborative process that promotes frequent conversations for feedback, coaching, and development;
- Focuses on development planning and identifying learning opportunities to deliver on current performance goals and career aspirations;
- Offers globally over 2,500 new foundational skills courses and resources;
- Includes a set of global leadership competencies and associated behaviors that apply to all levels of employees and identified learning resources to help employees build skills and abilities in these competencies and behaviors; and
- Establishes a single global performance rating scale for assessing outcomes, providing consistency across the company.

To create a stronger link between the work our employees do and the rewards they receive, we aligned 95% of our workforce to a common remuneration cycle to integrate performance management and remuneration processes and decision-making.

Leadership and diversity

Through the annual talent review of our leadership, we understand the skills, capabilities, and career aspirations of our talent. This strengthens our leadership pipeline by ensuring succession plans are in place for our most business-critical roles. To support our leadership growth, we offer a wide range of leadership development programs.

We are a diverse company. As part of our values and business principles we articulate the importance we place on our diversity and believe it is one of the factors that sets us apart from many of our peers. As such, we aim to create equal opportunities for all employees, regardless of personal background, race, gender, nationality, age, sexual orientation, physical disability, or religion. No form of harassment or discrimination is tolerated.

Our Organization

Health

Diana Nole,
CEO Health

Wolters Kluwer provides trusted medical evidence and technology solutions that engage clinicians, patients, students, researchers, and the next generation of healthcare providers to drive more effective decisions and consistent outcomes across the continuum of care. Our proven solutions support lifelong learning and research, advanced clinical decision support, patient engagement, and interoperability across systems.

Customers span a broad scope of hospitals and integrated delivery networks, individual students and clinicians, medical libraries and schools, payors, life sciences, and retail pharmacies. Portfolio includes Emmi Solutions, Health Language, Lexicomp, Lippincott, Medi-Span, Ovid, Sentri7, and UpToDate.

Tax & Accounting

Karen Abramson,
CEO Tax & Accounting

Wolters Kluwer enables professionals in tax and accounting firms, businesses, and governing authorities to grow, manage, and protect their business and their clients' businesses. Our expert solutions – in compliance, collaboration, internal and external audit management, and firm management – integrate deep local knowledge with workflows to ensure compliance, effective management, and strengthened client relationships.

Customers include accounting firms, corporate finance, tax and auditing departments, government agencies, corporations, libraries, and universities. Portfolio includes A3 Software, ADDISON, ATX, CCH, CCH Axcess, CCH Tagetik, CCH iFirm, CCH IntelliConnect, CCH ProSystem fx, CCH Integrator, Prosoft, TeamMate, and Twinfield.

Governance, Risk & Compliance

Richard Flynn,
CEO Governance, Risk & Compliance

Wolters Kluwer helps legal and financial professionals ensure compliance with regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. Our technology-enabled expert solutions range from legal compliance services to enterprise-wide legal management to regulatory and operational compliance solutions that leverage workflow, analytics, and reporting capabilities.

Customers include corporations, small businesses, law firms, insurers, compliance professionals, and financial institutions, including banks, securities, and insurance firms. Portfolio includes CASH Suite, ComplianceOne, CT Corporation, ELM Solutions, Expere, GainsKeeper, Lien Solutions, and OneSumX.

Legal & Regulatory

Stacey Caywood,
CEO Legal & Regulatory

Wolters Kluwer helps legal and compliance professionals drive productivity and performance, achieve confident outcomes, and mitigate risk. We provide vital information, analytics, software, and integrated workflow solutions that help customers streamline complex legal and regulatory compliance requirements, make the right decisions, and realize higher productivity.

Customers include law firms, corporate legal departments, corporations, environmental, health, and safety (EHS) professionals, universities, and government agencies. Portfolio includes Cheetah, ComplyTrack, effacts, Enablon, IPSOA, Iter, Jura, Jurion, Kleos, LA LEY, LamyLine, LEX, Leggi D'Italia, Navigator, and Verifield.

Emerging & Developing Markets

Corinne Saunders,
CEO Emerging & Developing Markets

The Wolters Kluwer Emerging & Developing Markets (EDM) group accelerates the company's strategic presence in fast-growing geographies – particularly Brazil, India, and China. EDM's mission is to service professionals in these markets with global expert solutions that combine deep domain knowledge and local expertise with specialized technology.

Global Business Services

Andres Sadler,
CEO Global Business Services

Wolters Kluwer Global Business Services (GBS) is responsible for improving the quality and performance of Wolters Kluwer's technology infrastructure, managing key vendor relationships, increasing the efficiency of support functions, and driving operational excellence programs globally. GBS' mission is to support Wolters Kluwer's digital transformation and product innovation by strengthening the company's technology infrastructure and by delivering operational efficiencies.

Global Platform Organization

Dennis Cahill,
EVP Global Platform Organization

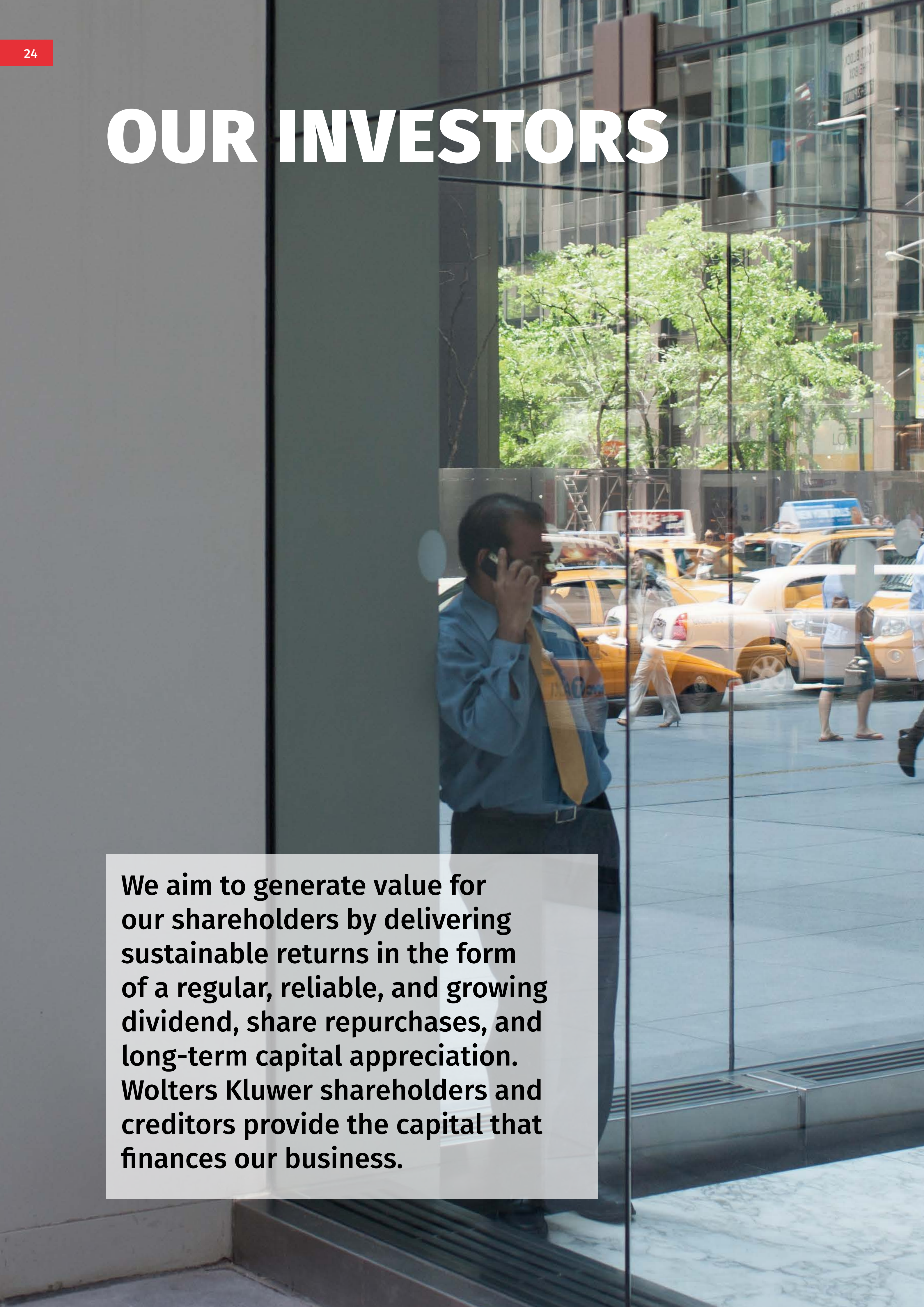
The Wolters Kluwer Global Platform Organization (GPO) co-creates state-of-the-art digital solutions with our businesses around the world. The GPO mandate is to grow revenue in the company's digital products through innovation in, and adoption of, global platforms and tools to meet customer needs. It drives innovation in Wolters Kluwer through its user experience Center of Excellence, focusing on customer-centric product development, and its artificial intelligence Center of Excellence, applying advanced technologies for the next generation of expert solutions.

Corporate Office

The Wolters Kluwer Corporate Office sets the global strategic direction for the company and ensures good corporate governance. The Corporate Office's mission is to support and provide an enabling business and operating environment to help realize our 2016-2018 strategy of *Growing Our Value* for our customers, employees, and investors alike.

Full list of management is available on www.wolterskluwer.com.

OUR INVESTORS

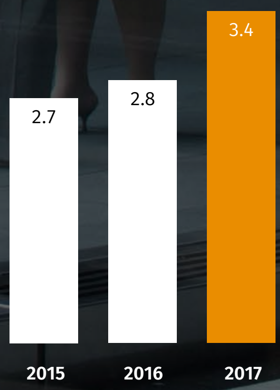


We aim to generate value for our shareholders by delivering sustainable returns in the form of a regular, reliable, and growing dividend, share repurchases, and long-term capital appreciation. Wolters Kluwer shareholders and creditors provide the capital that finances our business.

Over the five-year period ending December 31, 2017, Wolters Kluwer shares have increased 181%.

Organic revenue growth

in %



Annual investment in new product development

8-10%

of total revenues

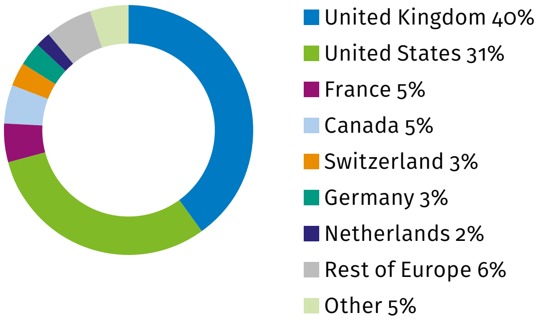
Our Investors

Wolters Kluwer shareholders and creditors provide the capital that finances our business. We aim to generate value for our shareholders by delivering sustainable returns in the form of a regular, reliable, and growing dividend, share repurchases, and long-term capital appreciation. We compensate our bondholders and other lenders with interest which appropriately reflects the risks they take.

Shareholders

Nearly 90% of issued ordinary shares in Wolters Kluwer is owned by institutional investors. The remaining shares are held by retail investors, broker-dealers, or are held by the company as treasury shares. Two thirds of the shares held by institutions are owned by firms that designate themselves as socially responsible. Institutional ownership is spread across many countries, with approximately 40% of institutionally-owned shares held in the United Kingdom and 31% in the United States as of November 2017.

Geographical distribution of shares held by institutions



Source: Nasdaq Corporate Solutions, as of November 30, 2017

Top Shareholders

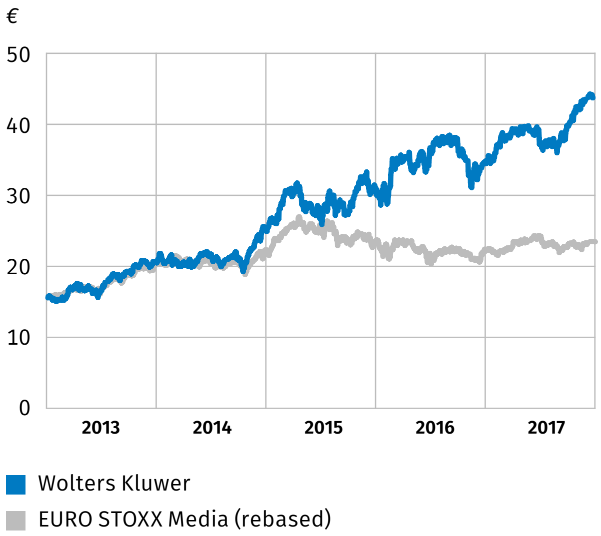
Shareholders who have notified the Dutch Authority for the Financial Markets (AFM) of a capital interest exceeding the 3% threshold are shown below. Updates can be found on the AFM website (www.afm.nl).

AFM notifications

Shareholder	Capital Interest	Date of Notification
The Bank of New York Mellon Corporation	9.99%	March 10, 2017
Lazard Asset Management Company, LLC	5.09%	October 24, 2015
FIL Limited	5.03%	July 20, 2017
BlackRock, Inc.	4.17%	January 18, 2018
Invesco Limited	3.28%	November 8, 2016
Mawer Investment Management Ltd.	3.05%	November 14, 2017

Source: AFM website, as of February 20, 2018

Five-year share price 2013-2017



Source: Nasdaq Corporate Solutions/FactSet data

Share price performance

The Wolters Kluwer share price started 2017 at €34.42 and closed the year at €43.48, an absolute increase of 26%. The shares outperformed the AEX index (13%), the EURO STOXX 600 index (8%), and the EURO STOXX Media index (4%). Including dividends, the total return was 29%. Over the five-year period ending December 31, 2017, Wolters Kluwer shares have increased 181%, significantly outperforming the AEX index (59%), the EURO STOXX 600 index (39%), and the EURO STOXX Media index (50%).

Dividend policy

Wolters Kluwer has a progressive dividend policy under which the company aims to increase its dividend per share each year. The annual increase is dependent on our financial performance, market conditions, and our need for financial flexibility. Our dividend policy takes into consideration the nature of our business and our expectations for future cash flow and investment needs.

For more than 25 years, Wolters Kluwer has either increased or maintained its dividend per share. In 2015, the company started paying dividends semi-annually.

2017 Dividend

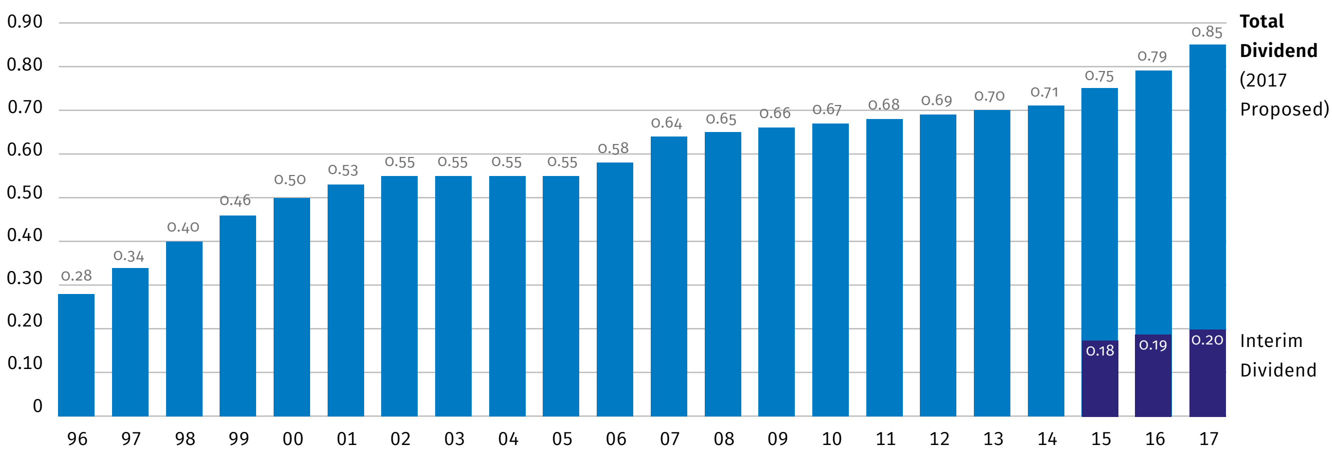
At the 2018 Annual General Meeting of Shareholders, Wolters Kluwer will propose a final dividend distribution of €0.65 per share, to be paid in cash on May 17, 2018. This will bring the total dividend for 2017 to €0.85 per share, an increase of six euro cents per share or 8% compared to the total dividend for the prior year (€0.79). Shareholders can choose to reinvest both interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

For 2018, we intend to set the interim dividend at 40% of prior year total dividend (previously: 25%). This will result in a 2018 interim dividend of €0.34 (to be paid in September 2018).

Dividend dates for 2018 are provided on page 181.

Dividend per share

in euros



Note: The interim dividend is paid in the second half of the year and the final (or total) dividend is paid in May of the following year.

Share Repurchases

Anti-dilution policy

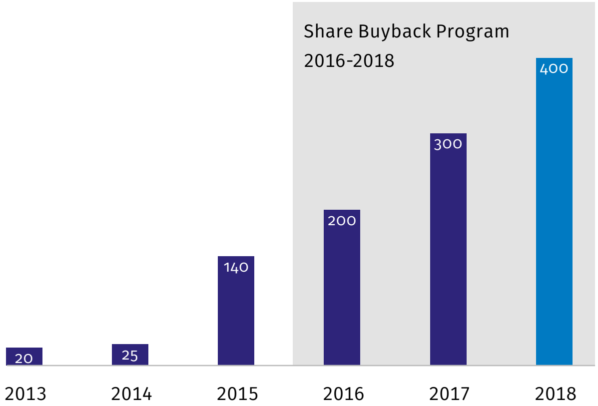
Wolters Kluwer has a policy to offset the dilution caused by our annual incentive share issuance with share repurchases. In 2017, approximately 1.4 million shares were repurchased under this policy.

Share buyback program 2016-2018

On February 24, 2016, we announced a three-year share buyback program (2016-2018) which originally envisaged spending up to €200 million in each year on share repurchases, including amounts required to offset incentive share issuance. This buyback program was subsequently expanded to include additional repurchases intended to mitigate dilution caused by divestments made in 2017 and early 2018.

Annual share repurchases

€ million



Note: All amounts indicated include repurchases made to offset management incentive share issuance.

Completed
Intended

In 2016, we completed €200 million in share buybacks under this program. In 2017, we completed €300 million of repurchases (7.8 million shares at an average price of €38.62), including an additional €100 million to mitigate the EPS dilution related to two divestments completed in 2017 (Transport Services and certain U.K. publishing assets).

Following completion of the divestments of Corsearch and certain Swedish assets in January 2018, we now intend to execute up to €400 million in buybacks in 2018, including the proceeds of these divestments.

In January 2018, Wolters Kluwer signed an agreement to divest ProVation Medical. Assuming completion, Wolters Kluwer intends to deploy the proceeds of this divestment towards additional share repurchases of approximately €150 million in 2018 and 2019 to mitigate the expected earnings dilution.

Repurchased shares are added to and held as treasury shares. Part of the shares held in treasury will be retained and used to meet future obligations under share-based incentive plans. At the 2018 Annual General Meeting of Shareholders, Wolters Kluwer will propose cancelling any or all of the other shares held in treasury or to be acquired under the share buyback program 2016-2018.

Assuming global economic conditions do not deteriorate substantially, we believe this level of cash return leaves us with ample headroom for investment in the business, including acquisitions.

Bondholders

The majority of Wolters Kluwer debt consists of Eurobonds held by fixed income investors around the world. As of December 31, 2017, Wolters Kluwer had the following listed debt securities:

Wolters Kluwer bonds and private placements outstanding

Debt Security	Due	Amount *million*	Listing	ISIN
6.375% senior bonds	April 2018	€750	Luxembourg	XS0357251726
4.200% private placement	December 2020	€250	Frankfurt	XS0522820801
2.875% senior bonds	March 2023	€700	Luxembourg	XS0907301260
2.500% senior bonds	May 2024	€400	Luxembourg	XS1067329570
1.500% senior bonds	March 2027	€500	Luxembourg	XS1575992596
6.748% senior bonds	August 2028	€36	Luxembourg	XS0384322656

Credit ratings

Wolters Kluwer is rated by Moody’s Investor Services and S&P Global Ratings.

Agency	Long Term	Short Term	Outlook	Date of Rating	Date Affirmed
Moody’s	Baa1	Stable	Stable	September 12, 2013	March 24, 2017
S&P Global	BBB+	A-2	Stable	March 7, 2013	July 10, 2017

Investor Dialogue

We communicate with our investors through a comprehensive program that includes our full-year and interim financial releases, our annual reports, and press releases on other important developments. In addition, we communicate and engage through our investor relations website and an active schedule of events throughout the year. We host live webcast presentations by management of our half-year and full-year results, hold an Annual General Meeting of Shareholders, and organize periodic investor briefings. We participate in numerous broker conferences and roadshows in Europe and the United States each year. Our dialogue with investors covers business performance as well as environmental, social, and governance topics. We aim to be responsive and proactive and welcome feedback from investors.

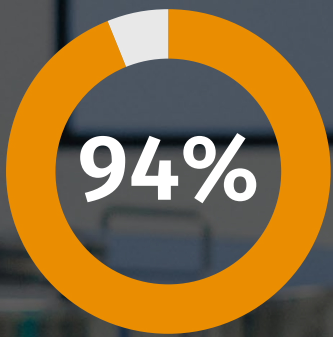
Wolters Kluwer is committed to a high degree of transparency in its financial reporting and strives to be open with its shareholders and the wider investment community. Wolters Kluwer is strict in its compliance with applicable rules and regulations on fair disclosure to shareholders. Presentations are posted 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.

OUR SOCIETY

As a company that provides essential information, software, and services, we make a difference in the communities in which we operate. We focus on the world's most critical areas, touching the lives of millions of people.

An important pillar of our sustainability strategy is our product impact portfolio, introduced in 2015 as a framework for inspiring sustainable innovation. This portfolio helps us to identify the sustainable impact our expert solutions make on our customers, which extends to our society.

Product impact portfolio



of CEOs strongly believe the EHS function contributes to achieving regulatory compliance[*]

Our global users rely on Enablon software solutions to manage their environmental and social performance, minimize risks, improve profitability, and foster a culture of environmental, health, and safety (EHS) excellence.

Importance of data integrity

$ 1.75

million

Largest HMDA enforcement fine ever[**]

Wolters Kluwer offers software applications to comply with the Home Mortgage Disclosure Act (HMDA), supporting improved monitoring of lending practices, and ensuring government resources are allocated properly.

[*] Verdantix EHS Global Leaders Survey 2016
[**] 'HMDA with 2020 Hindsight', article by a Wolters Kluwer expert

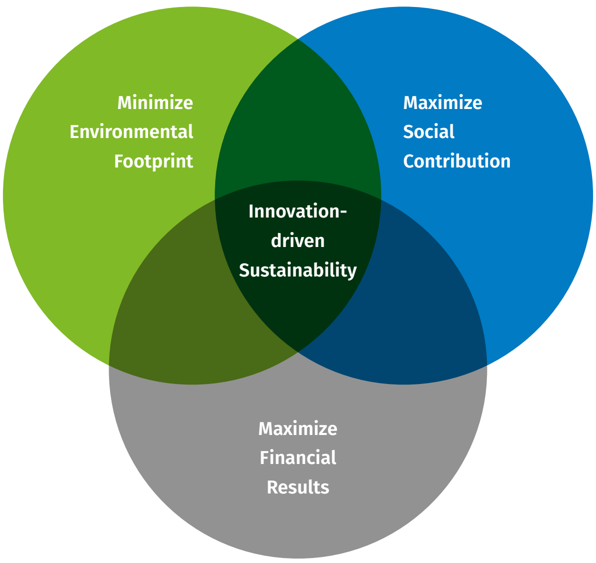
Our Society

We are committed to sustainability as part of our day-to-day business. Sustainability is at the heart of our growth strategy and drives the way we interact with our stakeholders. We strive to make a difference in many lives, businesses, and communities. By helping our customers optimize the way they do business – using our products to provide better healthcare, navigate change, and build better judicial and regulatory systems - Wolters Kluwer has a positive impact on society.

Sustainability strategy
By attempting to maximize social contribution and financial results, while minimizing our environmental impact and contributing to a circular society, sustainability remains an important driver of long-term value creation for all our stakeholders. Wolters Kluwer has implemented several initiatives in this regard.

The product impact portfolio contributes to maximizing financial results and social impact, while minimizing our environmental footprint. For communities in need, we provide access to our knowledge base and products free of charge. We aim to continuously improve the efficiency of our own operations and collaborate with our suppliers for a responsible supply chain. With all these initiatives we contribute to the Sustainable Development Goals.

Sustainability Strategy



Sustainable development goals
Wolters Kluwer is commited to the Sustainable Development Goals launched by the United Nations in 2016. The goals establish a coherent framework to boost global sustainable development by engaging stakeholders. In line with the Wolters Kluwer value creation model, we are contributing to the following goals:

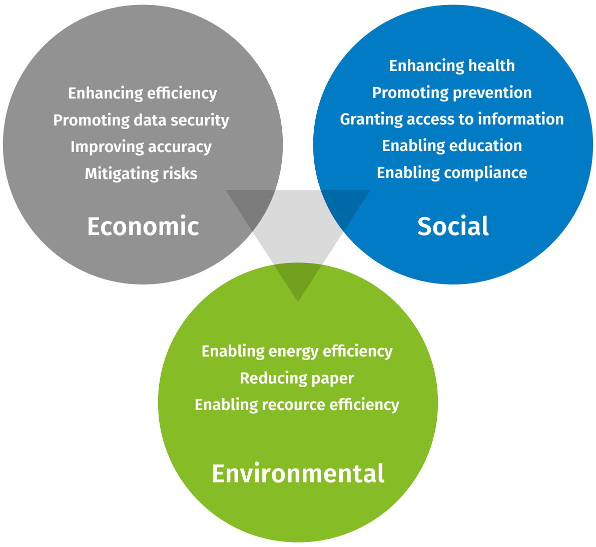
3 Good health and well-being
4 Quality education
5 Gender equality
8 Decent work and economic growth
9 Industry, innovation, and infrastructure
10 Reduced inequalities
12 Responsible consumption and production
13 Climate action
16 Peace, justice, and strong institutions
17 Partnerships for the goals

Our product impact portfolio contributes to goals 3, 4, 9, and 16. The continuous investment in new and enhanced products in the range of 8 to 10% of total revenues and the digital & services revenues representing 87% of total revenues show our dedication to goals 9 and 12. By fostering diversity and assuring good governance, we ensure that in our organization goals 5 and 8 are supported. We acknowledge our responsibility with respect to goals 10, 13, and 17 by minimizing our environmental impact and engaging with our stakeholders for effective community involvement.

Product impact portfolio criteria
We provide information, software solutions, and services that help customers deliver better outcomes, analytics, and productivity benefits. In 2015, Wolters Kluwer introduced the product impact portfolio as a framework for inspiring sustainable innovation. This portfolio helps us to identify the sustainable impact our expert solutions make on our customers, which extends to society.

Arranged around economic, social, and environmental impacts, our portfolio directly contributes to people, planet, and profit. To increase the efficiency of the sustainability data management process and improve the accuracy of the data, we started using Enablon, a global provider of environmental, health, and safety (EHS), and operational risk management software, which was acquired by Wolters Kluwer in 2016. It supports our innovation-driven sustainability strategy and allows us to expand our product impact portfolio.

Product Impact Portfolio Criteria



Resource efficient operations
Our Environmental Policy demonstrates our commitment to minimizing our environmental impact. Our digital business is a circular business, as the multiplication of digital products results in a more efficient use of resources. In addition, we reduce our environmental footprint and monitor the use of natural resources in our operations. With these initiatives we contribute to agreements reached in Paris at the COP21 in December 2015.

Our resource-related sustainability ambitions are to:
- Integrate environmental considerations into business plans and management practices;
- Continue the transition towards becoming a digital information and solutions provider;
- Improve processes and optimize office space to reduce consumption of energy and water, and to improve waste treatment and recycling;
- Use alternative energy sources to reduce the greenhouse gas production;
- Consolidate and outsource data centers to increase efficiency and reduce energy consumption; and
- Minimize business travel by promoting alternatives such as teleconferencing, videoconferencing, and presentations via the internet.

Responsible supply chain
We review our procurement process critically and strive to achieve an environmentally and socially sustainable supply chain. We expect our suppliers to adhere to the standards described in our Supplier Code of Conduct, as well as with local laws and regulations, the articles of the United Nations Universal Declaration of Human Rights, and the core standards of the International Labor Organization.

We also require centrally managed, major suppliers to confirm adherence to the above by signing the Supplier Code of Conduct or to have established and committed to an equivalent standard. The Supplier Code of Conduct helps us to identify potential human rights and environmental issues in our supply chain and to fight corruption and bribery.

In 2017, 100 centrally managed major suppliers signed the Wolters Kluwer Supplier Code of Conduct or have an equivalent standard, which means we have achieved 100% of our target. These 100 suppliers are part of the pool of our 200 largest suppliers, based on addressable spend.

We further request suppliers to provide proof of environmental, social, and security certifications. Social and environmental supply chain risks are based on operational activity in high risk countries and industries. Major suppliers from these categories are expected to be in possession of at least one of our listed social and environmental certifications. In addition, we invite our centrally managed major suppliers to complete a questionnaire to inform Wolters Kluwer about their existing compliance systems that ensure environmental, social, and governance management.

Community involvement
We support local communities by providing knowledge, experience, effort, and funding. Our long-term collaboration with the United Nations program Hinari enables communities in need to access our digital health solutions free of charge and has resulted in close to 100,000 downloads in 2017. The World Health Organization set up Hinari together with major publishers to enable low- and middle-income countries to gain access to one of the world's largest collections of biomedical and health literature. Researchers, lecturers, doctors, nurses, and government officials are supported in making the right decisions.

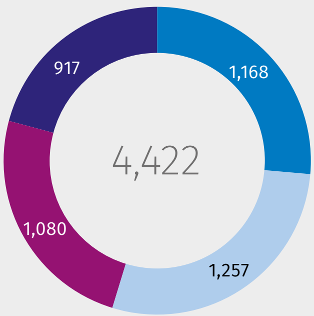
This commitment has significantly helped in developing:
- Medical practices that have helped enhance the quality of life of patients;
- More accurate clinical diagnoses and treatments that have improved patient health; and
- Medical practices resulting in greater safety, improved efficiency and effectiveness, and lives saved.

More information on our sustainability strategy and activities is available on www.wolterskluwer.com.

2017 Key Figures

Total annual revenues

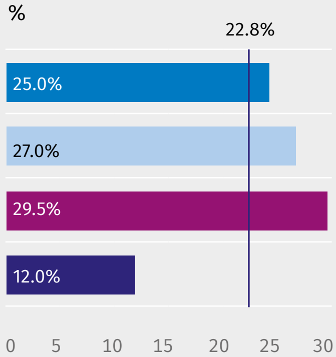
€ mln



- Health
- Tax & Accounting
- Governance, Risk & Compliance
- Legal & Regulatory

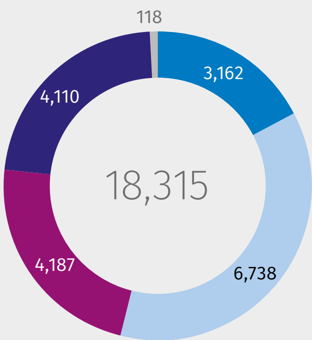
Total adjusted operating profit margin

%



Total employees

Full-time equivalent (FTE)

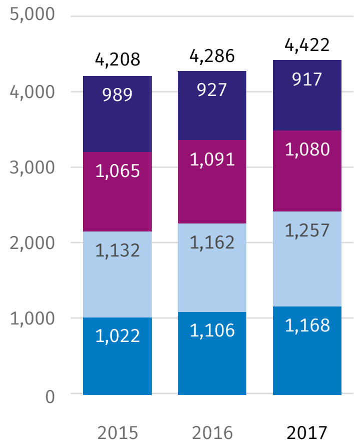


- Health
- Tax & Accounting
- Governance, Risk & Compliance
- Legal & Regulatory
- Corporate

Revenues 2015-2017*

Revenues by division

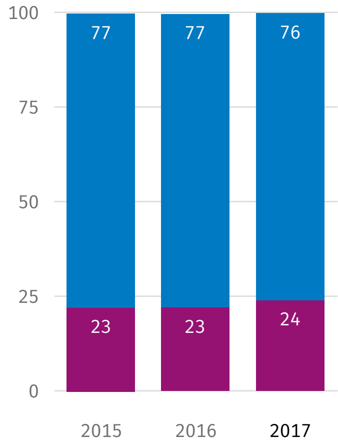
€ mln



- Health
- Tax & Accounting
- Governance, Risk & Compliance
- Legal & Regulatory

Revenues by type

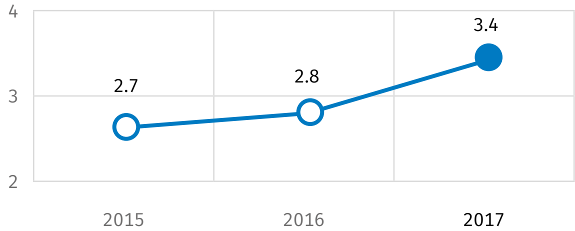
in %



- Recurring
- Non-recurring

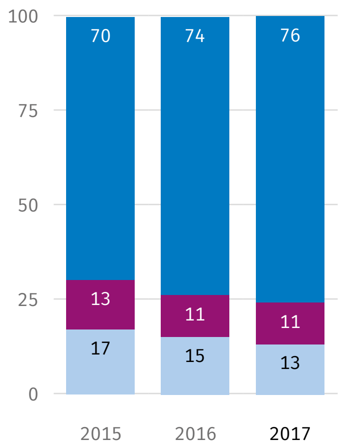
Organic revenue growth

in %



Revenues by media

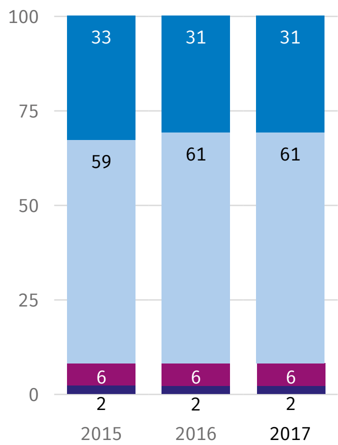
in %



- Digital
- Services
- Print

Revenues by geography

in %



- Europe
- North America
- Asia Pacific
- Rest of the world

* 2016 restated.

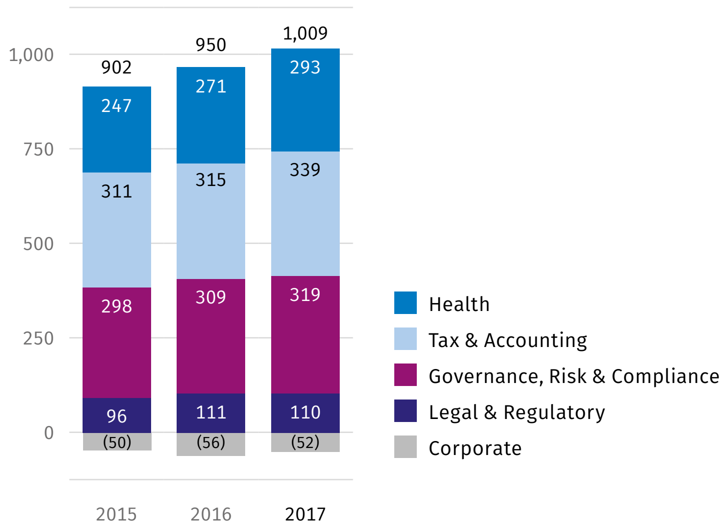
Key Performance Indicators*

		2017	Target 2017	2016
Adjusted operating profit margin	*in %*	22.8	22.5-23.0	22.2
Adjusted free cash flow	*in € mln*	761	675-725	708
Return on invested capital	*in %*	10.2	≥9	9.8
Diluted adjusted EPS	*in €*	2.38	Mid single-digit growth	2.11

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.11). Guidance for EPS growth assumes the announced share repurchases are equally spread over 2016-2018. Adjusted operating profit margin and ROIC are in reported currencies.

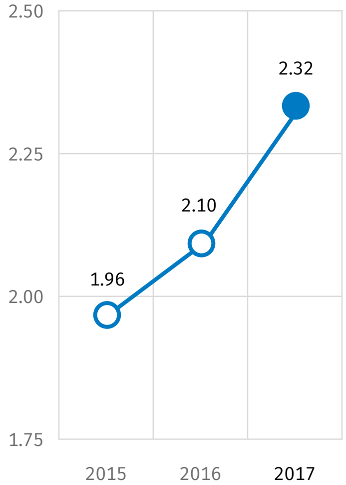
Adjusted operating profit by division

€ mln



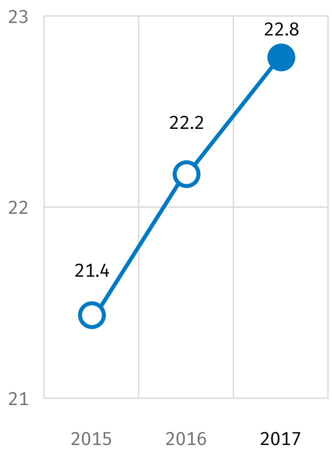
Diluted adjusted earnings per share

in euro



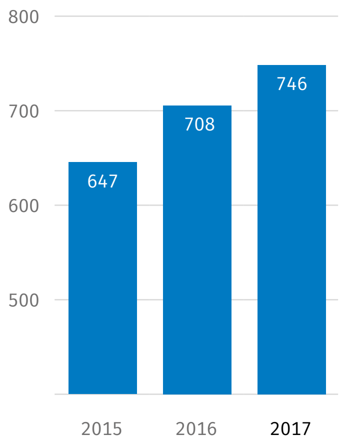
Adjusted operating profit margin

in %



Adjusted free cash flow

€ mln



* 2016 restated.

Operational and Financial Review

Operational performance

Key figures

	2017	2016*	Δ	Δ CC
Business performance - benchmark figures				
Revenues	4,422	4,286	3	5
Organic revenue growth (%)	3	3		
Adjusted operating profit	1,009	950	6	8
Adjusted operating profit margin (%)	22.8	22.2		
Adjusted net profit	668	618	8	10
Diluted adjusted EPS (€)	2.32	2.10	11	
Diluted adjusted EPS, in constant currencies (€)	2.38	2.11		13
Adjusted free cash flow	746	708	5	7
Diluted adjusted free cash flow per share (€)	2.59	2.40	8	10
Net debt	2,069	1,927	7	
Cash convertion ratio (%)	97	100		
Return on invested capital (ROIC)	10.2%	9.8%		
Ultimo number of FTEs	18,315	18,318		
IFRS results				
Revenues	4,422	4,286	3	
Operating profit	869	766	13	
Profit for the year	671	490	37	
Profit for the year, attributable to equity holders of the company	670	489	37	
Diluted EPS (€)	2.33	1.66	40	
Net cash from operating activities	940	927	1	

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11);
* 2016 restated to treat customer credits for bank product services as a deduction to revenues and not as a cost of sales.

The highlights of our performance are as follows:

- Revenues up 5% in constant currencies and up 3% organically
  - Digital & services revenues up 5% organically (87% of total revenues)
  - Recurring revenues grew 4% organically (76% of total revenues).
- Operating profit up 13%, including divestment-related results
- Adjusted operating profit margin up 60 basis points to 22.8%
- Profit for the year up 37%, reflecting the increase in operating profit and the net benefit of the U.S. tax reform
- Diluted adjusted EPS €2.32, up 13% in constant currencies.
- Adjusted free cash flow €746 million, up 7% in constant currencies
- Return on invested capital improved to 10.2%
- Balance sheet remains strong: net-debt-to-EBITDA 1.7x at year-end
- Balance sheet impacted by the weakening of the U.S. dollar

Revenues
Group revenues increased 3% overall to €4,422 million. Excluding the effect of exchange rate movements, primarily the depreciation of the U.S. dollar and British pound, revenues rose 5% in constant currencies. Organic growth was 3% (2016: 3%), with all four divisions achieving similar or better organic growth than in the prior year. Organic growth excludes the impact of exchange rate movements, accounting changes, and the effect of acquisitions and divestitures.

Revenues from North America (61% of total revenues) sustained 4% organic growth (2016: 4%), with clear improvement in our U.S. Legal & Regulatory unit compensating for slightly slower growth in Health and Governance, Risk & Compliance in this region. Revenues from Europe (31% of total revenues) grew 2% organically (2016: 1%), with the improvement on prior year driven by Governance, Risk & Compliance. Revenues from Asia Pacific and Rest of World (8% of total revenues) grew 6% organically, accelerating across all divisions (2016: 3%).

Revenue bridge

	€ million	%
Revenues 2016*	4,286	
Organic change	142	3
Acquisitions	117	3
Divestments	(56)	(1)
Currency impact	(67)	(2)
Revenues 2017	4,422	3

U.S. dollar 2017: average €/$ 1.13 versus 2016: average €/$ 1.11;
*2016 restated to treat customer credits for bank product services as a deduction to revenues and not as a cost of sales.

Revenues by type

	2017	2016*	Δ	Δ CC	Δ OG
Digital and service subscription	2,814	2,687	5	6	5
Print subscription	234	269	(13)	(12)	(10)
Other recurring	310	333	(7)	(5)	8
Total recurring revenues	3,358	3,289	2	3	4
Print books	254	270	(6)	(3)	(3)
LS transactional	239	224	6	8	8
FS transactional	107	124	(14)	(13)	0
Other non-recurring	464	379	23	25	2
Total revenues	4,422	4,286	3	5	3

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.
*2016 restated to treat customer credits for bank product services as a deduction to revenues and not as a cost of sales.
In 2017, ProVation Medical software license fees were reclassified from other recurring to other non-recurring.

Recurring revenues, which include subscriptions and other renewing revenue streams, grew 4% organically (2016: 4%). Print book revenues declined 3% on an organic basis (2016: 9% decline), in part benefitting from positive growth in U.S. Legal Education textbooks and stronger international sales in Health. Legal Services (LS) transactional revenues grew 8% organically (2016: 3%), following a strong fourth quarter. Financial Services (FS) transactional revenues were flat on an organic basis (2016: 12% growth) as U.S. commercial and residential lending markets slowed. Other non-recurring revenues, which includes software license and implementation fees, increased 2% organically (2016: 4% decline), benefitting from higher fourth quarter software license sales in Governance, Risk & Compliance.

Operating profit
Operating profit rose 13% to €869 million (2016: €766 million), reflecting the increase in adjusted operating profit and net capital gains of €60 million on the disposals of Transport Services (July 2017) and certain U.K. publishing assets (September 2017). This gain was partly offset by an increase in amortization of acquired intangibles and higher fair value changes of earn-out liabilities.

Adjusted operating profit grew 6% overall and 8% in constant currencies to €1,009 million. The adjusted operating profit margin advanced by 60 basis points to 22.8% (2016: 22.2%), driven by Health and Governance, Risk & Compliance. Included in adjusted operating profits were €33 million of restructuring costs (2016: €29 million).

Restructuring expenses were higher than guided during the year, as we fast-tracked several operational efficiency initiatives in our Legal & Regulatory and Tax & Accounting divisions, taking charges in the fourth quarter of 2017.

Divisional performance

Health and Tax & Accounting delivered good organic growth, in line with the prior year. Governance, Risk & Compliance and Legal & Regulatory improved their organic growth rate. Adjusted operating profit margins increased in Health and Governance, Risk & Compliance and were stable in Tax & Accounting and Legal & Regulatory.

Divisional summary

	2017	2016*	Δ	Δ CC	Δ OG
Revenues					
Health	1,168	1,106	6	8	6
Tax & Accounting	1,257	1,162	8	10	4
Governance, Risk & Compliance	1,080	1,091	(1)	1	4
Legal & Regulatory	917	927	(1)	0	(1)
Total revenues	4,422	4,286	3	5	3
Adjusted operating profit					
Health	293	271	8	11	10
Tax & Accounting	339	315	8	10	5
Governance, Risk & Compliance	319	309	3	5	6
Legal & Regulatory	110	111	(1)	0	3
Corporate	(52)	(56)	(7)	(7)	(7)
Total adjusted operating profit	1,009	950	6	8	8

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.
*2016 restated to treat customer credits for bank product services as a deduction to revenues and not as a cost of sales.

Health

- Clinical Solutions grew 10% organically and now exceeds 50% of divisional revenues.
- Health Learning, Research & Practice grew 1% organically.
- Margin increased 50 basis points, primarily driven by efficiency measures and mix shift.

Health

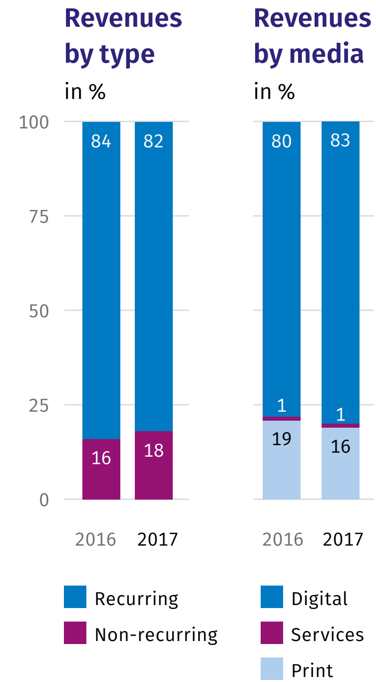
	2017	2016	Δ	Δ CC	Δ OG
Revenues	1,168	1,106	6	8	6
Adjusted operating profit	293	271	8	11	10
Adjusted operating profit margin	25.0%	24.5%			
Operating profit	247	231	7		
Net capital expenditure	48	64			
Ultimo FTEs	3,162	3,064			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Wolters Kluwer Health revenues increased 8% in constant currencies, partly reflecting the acquisition of Emmi Solutions in November 2016. Organic revenue growth was 6%, in line with the prior year (2016: 6%). Adjusted operating profit increased 11% in constant currencies and 10% organically driven by efficiency savings, the continued mix shift towards Clinical Solutions, and lower restructuring costs. These factors more than offset the dilutive effect of Emmi Solutions. Operating profit increased 7%, primarily reflecting the rise in adjusted operating profits.

Clinical Solutions (51% of divisional revenues) achieved 10% organic growth. Our clinical decision support tool, UpToDate, delivered double-digit organic growth, driven by strong renewal rates and upgrades as well as customer additions around the world. UpToDate's 25th medical specialty, Anesthesiology, was launched in May, helping to increase the reach to 1.3 million clinicians in 187 countries. Investment was focused on geographic expansion and next generation products. Our clinical drug information group (Medi-Span, Lexicomp, Facts & Comparisons, and Medicom) saw another year of robust organic growth. Emmi Solutions, which offers patient engagement solutions, completed its first full year as part of Wolters Kluwer Health, delivering high single-digit underlying revenue growth (12 month pro forma). The focus of integration has been on combining Emmi Solutions' products with our UpToDate and drug information offerings to provide a consistent, high quality, evidence-based solution that spans the continuum of care. Our clinical software solutions group saw improved performance, driven by Sentri7 and other surveillance products. In January 2018, we agreed to divest ProVation Medical, the procedure documentation and order sets business.

Health Learning, Research & Practice (49% of divisional revenues) achieved organic growth of 1% (2016: 2%) and higher margins. Digital revenues (66% of segment revenues) grew 5% organically (2016: 8%), more than compensating for ongoing print decline. Medical and nursing journals revenues were stable overall, as growth in digital subscriptions, largely delivered through Ovid, was offset by declines in print subscriptions, advertising, and reprints. We expanded our list of open access journals, launching open access versions of HemaSphere and The European Journal of Oncology Pharmacy. In medical and nursing education, digital products, such as LWW Health Library, performed strongly. Across all subjects, print book sales fell 2%, a marked improvement on the prior year (2016: 12% decline), partly due to strong international orders. Our digital Nursing Solutions, including Lippincott Nursing Procedures & Skills and Coursepoint Plus, achieved double-digit growth. Learner's Digest, which provides digital continuing medical education, saw positive organic growth.



Tax & Accounting

- Tax, accounting, and audit software sustained 6% organic growth around the world.
- Print formats, bank products, and services revenues declined, as expected.
- Adjusted operating profit margin was broadly stable, as expected.

Tax & Accounting

	2017	2016*	Δ	Δ CC	Δ OG
Revenues	1,257	1,162	8	10	4
Adjusted operating profit	339	315	8	10	5
Adjusted operating profit margin	27.0%	27.1%			
Operating profit	259	244	6		
Net capital expenditure	70	69			
Ultimo FTEs	6,738	6,276			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.
*2016 restated to treat customer credits for bank product services as a deduction to revenues and not as a cost of sales.

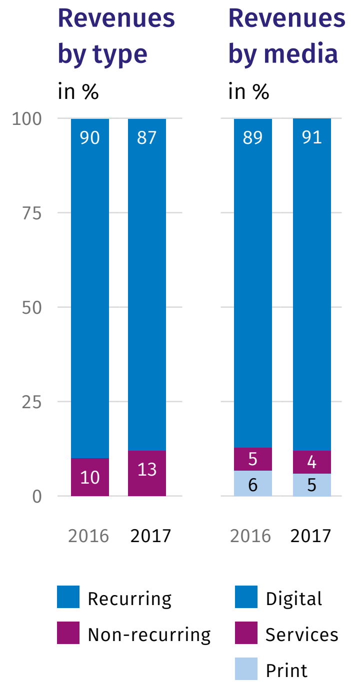
Wolters Kluwer Tax & Accounting revenues increased 10% in constant currencies, reflecting the acquisition of Tagetik in April 2017. Excluding the effect of acquisitions, organic growth was 4%, in line with the prior year. Adjusted operating profit increased 10% in constant currencies and the related margin was broadly stable at 27.0%, as underlying improvement absorbed the dilutive effect of Tagetik. Operating profit increased 6%.

Tax & Accounting North America (53% of divisional revenues) achieved good organic growth, despite ongoing declines in research and learning and bank products. Our professional software group, which serves small, medium, and large accounting firms, drove 5% organic growth, driven by our cloud-based integrated suite (CCH Axcess) as well as certain on-premise solutions. CCH Axcess added several new features during the year, including technology enabling an accountant's clients to download brokerage documents directly into their CCH My1040 organizer. Research & Learning recorded a decline for the full year. The unit's innovative research platform, CCH AnswerConnect, was well received by the market and honored with a Gold Stevie award for best new product. Our corporate tax software unit achieved good organic growth, driven by continued growth of CCH SureTax in the telecom and energy sectors.

Tax & Accounting Europe (29% of divisional revenues) sustained 5% organic growth, with all countries contributing to growth. Revenue growth was particularly strong in the U.K., Spain, and the Netherlands. The region continues to build and roll out collaborative solutions for tax advisors in Europe, increasingly leveraging its cloud technology investments across countries.

Tax & Accounting Asia Pacific & Rest of World (8% of divisional revenues) delivered positive organic growth overall, as good performance in Asia Pacific was dampened by continued weakness in Brazil. In Australia and other developed markets in Asia Pacific, growth in digital solutions outweighed continued declines in print formats. CCH China and CCH India drove double-digit growth.

Corporate Performance Solutions (10% of divisional revenues) brings together our internal audit software, TeamMate, and our corporate performance management suite, CCH Tagetik. TeamMate delivered double-digit organic growth, mainly through new customer additions around the world. TeamMate+, the new cloud-based version, was successfully introduced, driving higher recurring revenues primarily from new customers. CCH Tagetik delivered double-digit growth year-on-year (pro forma) in its first nine months as part of Wolters Kluwer.



Governance, Risk & Compliance

- Organic growth increased to 4%, primarily driven by non-recurring revenues.
- Legal Services transactions and Financial Services software license fees drove non-recurring revenues.
- Margin improved by 110 basis points, driven by operational excellence programs.

Governance, Risk & Compliance

	2017	2016	Δ	Δ CC	Δ OG
Revenues	1,080	1,091	(1)	1	4
Adjusted operating profit	319	309	3	5	6
Adjusted operating profit margin	29.5%	28.4%			
Operating profit	323	276	17		
Net capital expenditure	54	50			
Ultimo FTEs	4,187	4,511			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

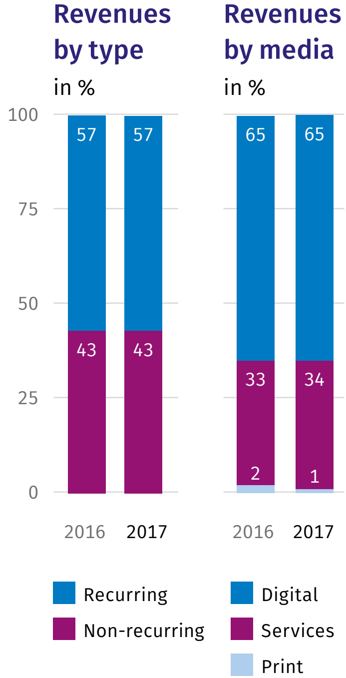
Wolters Kluwer Governance, Risk & Compliance revenues increased 1% in constant currencies, reflecting the divestments of AppOne in October 2016 and Transport Services in June 2017. On an organic basis, revenues increased 4%, an improvement on the prior year (2016: 3%), driven by a strong fourth quarter in transactional revenues in Legal Services and software license sales in Financial Services. The adjusted operating profit margin improved by 110 basis points, driven by operational efficiency initiatives. Operating profit, which includes a capital gain on the disposal of Transport Services, increased 17%.

Recurring revenues, which accounts for 57% of divisional revenues, grew 2% organically (2016: 4%). Transactional revenues increased 8% in Legal Services, but were flat in Financial Services. Other non-recurring revenues increased 6% (2016: 11% decline), primarily driven by new customer wins for Financial Services software.

Legal Services (56% of divisional revenues) delivered improved organic growth of 4% (2016: 3%), reflecting better than expected transactional volumes in Enterprise Legal Management Solutions (ELM). CT, the leader in U.S. legal representation services, delivered 4% organic growth (2016: 5%) with sustained high single-digit momentum in M&A-related transactional services accompanying more modest subscription growth. ELM, which provides legal billing and analytics software to corporations and law firms, delivered good organic growth, driven by higher transaction volumes and improved software license sales. Corsearch, the trademark solutions unit, was divested in early 2018.

Financial Services (42% of divisional revenues) saw improved organic growth of 3% (2016: 2%). Our Finance, Risk & Reporting unit delivered 10% organic growth, winning several large multi-year contracts for the OneSumX suite for finance, operational risk, and regulatory reporting. Lien Solutions, which provides UCC search and filing services on a transactional basis, sustained robust single-digit organic growth, despite the slowdown in the U.S. commercial lending market. Our Compliance Solutions unit was impacted by a market-wide decline in mortgage origination volumes, but realized growth in recurring revenues driven by GainsKeeper in investment compliance.

Transport Services (2% of divisional revenues) was divested in June 2017.



Legal & Regulatory

- Organic growth improved to -1%, with digital revenues up 4% organically.
- Print formats and training services saw further decline, largely as expected.
- The adjusted operating profit margin was stable, despite higher restructuring costs.

Legal & Regulatory

	2017	2016	Δ	Δ CC	Δ OG
Revenues	917	927	(1)	0	(1)
Adjusted operating profit	110	111	(1)	0	3
Adjusted operating profit margin	12.0%	12.0%			
Operating profit	92	70	31		
Net capital expenditure	38	41			
Ultimo FTEs	4,110	4,363			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

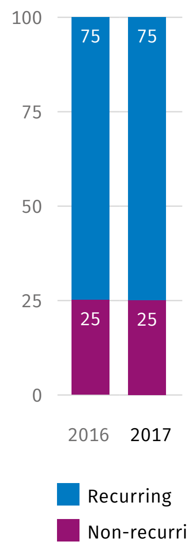
Wolters Kluwer Legal & Regulatory revenues were broadly stable in constant currencies, as the impact of several disposals completed in 2016 (French trade press in July 2016) and in 2017 (certain U.K. publishing assets in September 2017) was offset by the full-year inclusion of Enablon (acquired July 2016). On an organic basis, revenues declined 1%, an improvement on the prior year (2016: 2% decline) helped by better than expected print book performance and improved market conditions in both the U.S. and Europe. Adjusted operating profit was stable in constant currencies and up 3% on an organic basis. Cost savings were redeployed towards increases in wages, product development, and restructuring. Operating profit included a capital gain on the sale of certain U.K. publishing assets.

Digital products, which make up about 60% of divisional revenues, grew 4% organically despite a challenging comparable (2016: 6%) created by a large European customer migration in 2016. Print formats (33% of divisional revenues) declined 7% organically (2016: 10% decline), with print subscriptions in line with recent trends but print books benefiting from an upturn in U.S. legal education textbooks.

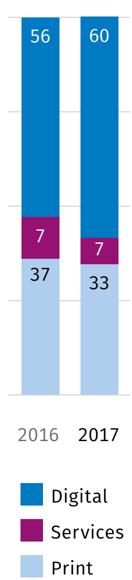
Total revenues in **Legal & Regulatory Information Solutions** (92% of divisional revenues) decreased reflecting several divestments completed in 2016 and 2017. In Europe, the group saw 2% organic decline, in line with the prior year and as expected. Across the continent, we continued efforts to drive operational excellence in editorial and production, technology, sales, marketing, and back-office functions. Certain Swedish publishing assets were divested in early 2018. Our U.S. Legal & Regulatory unit drove 2% organic growth, marking a clear improvement on recent years. Digital solutions, such as the Cheetah legal research platform, grew well, more than compensating for the ongoing decline in print subscriptions in this region. In U.S. legal education, we realized growth reflecting an increase in legal textbook sales and the benefits of our digital learning platform for law students, Connected Casebook.

Legal & Regulatory Software (8% of divisional revenues), which includes Enablon and our central Legal Software unit, achieved high single-digit organic growth. Enablon, which provides environmental, health, and safety (EHS) compliance and operational risk solutions to corporations, delivered positive organic growth, driven by 20% pro forma growth in annual recurring revenues for its cloud-based software. Non-recurring license fees and services declined as the EHS market rapidly shifts to subscription models. Our cloud-based workflow software for law firms (Kleos) and corporate legal departments (Effacts) achieved double-digit organic growth.

Revenues by type
in %



Revenues by media
in %



Corporate expenses

Corporate costs declined 7% in constant currencies and on an organic basis. The decline reflected a reduction in global HR expenses and lower payroll taxes, partly offset by higher costs related to General Data Protection Regulation (GDPR), accounting and other projects.

Corporate

	2017	2016	Δ	Δ CC	Δ OG
Adjusted operating profit	(52)	(56)	(7)	(7)	(7)
Operating profit	(52)	(55)	(7)		
Net capital expenditure (CAPEX)	0	0			
Ultimo FTEs	118	104			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Financial position

Balance sheet

Non-current assets, mainly consisting of goodwill and acquired identifiable intangible assets, decreased by €586 million to €5,802 million in 2017, mainly due to the impact of the deteriorated U.S. dollar and, to a lesser extent, amortization/depreciation and the transfer to assets classified as held for sale, partly offset by the impact from acquisitions and capital expenditures.

Total equity decreased by €301 million to €2,325 million mainly due to exchange differences on translation of foreign operations and, to a lesser extent, the share buyback and dividend payments, partly offset by the profit for the year. In 2017, under the three-year share buyback program, the company repurchased 7.8 million of ordinary shares at an average share price of €38.62 for a total amount of €300 million. In 2017, the total weighted average number of shares was 285.1 million (2016: 291.6 million).

Net debt and leverage

Net debt at December 31, 2017, was €2,069 million, an increase of €142 million since December 31, 2016, as a result of acquisitions, share buybacks, and currency translation of cash and cash equivalents. The net-debt-to-EBITDA ratio at year end 2017 was unchanged at 1.7x.

In the second quarter of 2018, we will use cash and deposits to redeem the principal of our €750 million, 6.375% senior Eurobond which matures on April 10, 2018.

Balance sheet

	2017	2016	Variance
Non-current assets	5,802	6,388	(586)
Working capital	(834)	(751)	(83)
Total equity	2,325	2,626	(301)
Net debt	2,069	1,927	142
Net-debt-to-EBITDA ratio	1.7	1.7	0.0

Working capital

Operating working capital amounted to €(830) million, compared to €(985) million in 2016, an increase of €155 million. This increase reflects the impact of the weakening of the U.S. dollar and the net impact of acquisitions and disposals, partly offset by autonomous movements. Non-operating working capital decreased to €(1,024) million, compared to €(706) million in 2016, mainly due to short-term bonds, partly offset by a decrease in bank overdrafts and by the net assets classified as held for sale.

Working capital

	2017	2016	Variance
Inventories	95	118	(23)
Operating accounts receivable	1,311	1,375	(64)
Deferred income	(1,412)	(1,555)	143
Trade and other payables	(335)	(414)	79
Operating current liabilities	(489)	(509)	20
Operating working capital	(830)	(985)	155
Cash and cash equivalents	1,020	940	80
Non-operating working capital	(1,024)	(706)	(318)
Total	(834)	(751)	(83)

Other developments

Financing results

Financing results amounted to a cost of €108 million (2016: €113 million cost) including the financing component of employee benefits of €5 million (2016: €6 million). We realized a €6 million capital gain on the sale of our 50% interest in Ipsoa Francis Lefebvre, an Italian publishing joint venture. Adjusted net financing costs were €109 million (2016: €107 million).

Taxation

Profit before tax increased 17% to €765 million (2016: €655 million). At year-end 2017, we recorded a one-time non-cash revaluation of our U.S. net deferred tax position due to the lower U.S. corporate tax rate introduced by the U.S. Tax Cuts and Jobs Act. This benefit was partly offset by the mandatory repatriation tax introduced in this U.S. tax reform. Including these year-end adjustments totaling €57 million, the reported effective tax rate was 12.3% (2016: 25.2%).

Adjusted profit before tax was €904 million (2016: €845 million), an increase of 7% overall and 9% in constant currencies. The benchmark effective tax rate on adjusted profit before tax decreased to 25.9% (2016: 26.8%), reflecting reduced U.S. state tax charges and a one-time release of tax liabilities for closed tax years.

Earnings per Share (EPS)

Total profit for the year increased 37% to €671 million (2016: €490 million) and diluted EPS increased 40% to €2.33 per share. Diluted adjusted EPS increased 11% overall to €2.32 (2016: €2.10), reflecting the increase in adjusted net profit and a 2% reduction in the weighted average number of shares outstanding. In constant currencies, diluted adjusted EPS increased 13%.

Return on invested capital (ROIC)

In 2017, the ROIC was 10.2% (2016: 9.8%).

Cash flow

Adjusted operating cash flow was €974 million (2016: €948 million), an increase of 3% overall and 5% in constant currencies. The cash conversion ratio declined to 97% (2016: 100%) in line with longer term average. Net capital expenditure was €210 million, and included €13 million in proceeds from the disposition of several real estate assets in the U.S. and Europe. Without that benefit, capital expenditure as a percent of revenues would have reduced slightly to 5.0% compared to the prior year (2016: 5.2%). Depreciation and the amortization of internally developed software and other assets rose to €209 million (2016: €179 million). Net working capital outflows of €34 million (2016: inflows of €43 million) were largely due to a reduction in payables.

Adjusted free cash flow was €746 million (2016: €708 million), up 5% overall and up 7% in constant currencies. Corporate income taxes paid increased by €48 million to €156 million, the prior year having benefitted from favorable timing of tax payments. Paid financing costs declined to €87 million (2016: €100 million) due to higher interest income on deposits and a cash settlement on currency hedging contracts. The net movement in restructuring provisions of €6 million related to cash spending of €27 million and additions of €21 million excluding non-benchmark items.

Dividends paid to shareholders during the year totaled €232 million, comprising the 2016 final dividend and 2017 interim dividend, and dividends paid to non-controling interests.

Cash flow

	2017	2016	Δ	Δ CC
Net cash flow from operating activities	940	927	1	3
Adjusted operating cash flow	974	948	3	5
Capital expenditure	(210)	(224)	(6)	(5)
Adjusted free cash flow	746	708	5	7
Diluted adjusted free cash flow per share (€)	2.59	2.40	8	10
Cash conversion ratio (%)	97	100		

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11)

Acquisitions and divestments

Acquisition spending, net of cash acquired and including acquisition-related costs, was €316 million (2016: €461 million). Most of our acquisition spending reflects the purchase of Tagetik in Tax & Accounting (April 2017). Deferred payments on acquisitions made in prior years, including earn-outs, amounted to €12 million.

Divestiture proceeds, net of cash disposed, were €94 million (2016: €14 million) and relate primarily to the sale of Transport Services and certain U.K. publishing assets.

Leverage target and financial policy

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

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

At December 31, 2017, our net-debt-to-EBITDA ratio was 1.7x.

2018 Full-Year Outlook

Our guidance for full-year 2018 is provided in the table below. We expect to deliver solid organic growth and margin improvement. We expect to achieve an increase in diluted adjusted EPS in constant currencies and improvement in return on invested capital (ROIC). The first half operating profit is expected to see modest improvement due to the phasing of investments and savings.

Our guidance reflects the new IFRS 15 accounting standard, which became effective on January 1, 2018. When applied to 2017, under the method adopted by Wolters Kluwer, the adjusted operating profit margin would be 22.2%, diluted adjusted EPS €2.22, and ROIC 9.8%. IFRS 15 has no impact on free cash flow. We refer to *Note 1 – General and Basis of Preparation*.

Our guidance is based on constant exchange rates. In 2017, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2017 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately two euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We currently expect restructuring costs of €15-€25 million in 2018 (2017: €33 million). We expect adjusted net financing costs of approximately €70 million (2017: €109 million), excluding the impact of exchange rate movements on currency hedging and intercompany balances. This reflects the redemption of our Eurobond maturing in April 2018. We expect the benchmark effective tax rate to be approximately 26%, subject to further interpretation and clarification of the changes introduced in the U.S. Tax Cuts and Jobs Act.

Capital expenditure is expected to be in the range of 5%-6% of total revenues (2017: 4.8%, including the benefit from real estate dispositions). Under IFRS 15, we anticipate a cash conversion ratio of approximately 100% in 2018. Our guidance assumes no additional significant change to the scope of operations. We may make further disposals which can be dilutive to margins and earnings in the near term.

2018 Full-Year outlook by division

Health: We expect good organic growth, similar to prior year levels, and a stable margin for the full year. The first half margin is expected to decline due to the timing of investments.

Tax & Accounting: We expect improved organic growth and a stable margin for the full year. The first half margin is expected to decline due to the timing of investments.

Governance, Risk & Compliance: We expect good organic growth and an improved margin for the full year.

Legal & Regulatory: We expect underlying revenue to be broadly flat in 2018. We expect the full-year margin to be in line with 2017, as cost savings are reinvested in wage increases and product development.

2018 Full-Year outlook

Performance indicators	**2018 Guidance**	**2017 (Under IFRS 15)**
Adjusted operating profit margin	22.5%-23.0%	22.2%
Adjusted free cash flow	€725-€750 million	€746 million
ROIC	10.0%-10.5%	9.8%
Diluted adjusted EPS	10%-15% growth	€2.22

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.13). Guidance for EPS growth assumes share repurchases for up to €400 million in 2018. Adjusted operating profit margin and ROIC are in reported currencies and assume an average EUR/USD rate around €/$ 1.20.

Corporate Governance and Risk Management

Corporate Governance

Wolters Kluwer N.V., a publicly listed company organized under Dutch law, is the parent company of the Wolters Kluwer group. The Executive Board and the Supervisory Board are responsible for the corporate governance structure of the company. This Corporate Governance chapter comprises the corporate governance statement as specified in section 2a of the Decree with respect to the contents of the annual management report *(Besluit tot vaststelling van nadere voorschriften omtrent de inhoud van het bestuursverslag)*, as amended by the Diversity Policy Decree *(Besluit bekendmaking diversiteitsbeleid)* of December 22, 2016, and the decree of August 29, 2017 *(Besluit inhoud bestuursverslag)*. An outline of the broad corporate governance structure will be provided in this chapter. Wolters Kluwer complies with all Principles and Best Practice Provisions of the revised (2016) Dutch Corporate Governance Code (the 'Corporate Governance Code'), unless stipulated otherwise in this chapter. Potential future material corporate developments might justify deviations from the Corporate Governance Code at the moment of occurrence. The Corporate Governance Code is available on www.mccg.nl.

Executive Board

The Executive Board is entrusted with the management of the company and is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results, and sustainability. The Executive Board focuses on long-term value creation, taking into account the company's stakeholders. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure for appointment and dismissal of members of the Executive Board is explained in article 15 of the company's Articles of Association. The Executive Board currently consists of Ms. Nancy McKinstry (CEO and Chairman of the Executive Board) and Mr. Kevin Entricken (CFO and Member of the Executive Board). The responsibilities of the Executive Board are set out in the By-Laws of the Executive Board, which are published on *www.wolterskluwer.com*. These By-Laws were updated in 2017 to align them with the revised (2016) Dutch Corporate Governance Code.

Remuneration

The remuneration policy for the Executive Board has been adopted by the Annual General Meeting of Shareholders. 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 can be found in the *Remuneration Report*. In line with Dutch legislation, the execution of the remuneration policy in 2017 will be put on the agenda for discussion as a separate agenda item at the Annual General Meeting of Shareholders of April 19, 2018.

Under the Long-Term Incentive Plan (LTIP), Executive Board members can earn ordinary shares after a period of three years from the date of the conditional award of shares. Earning of the ordinary shares is subject to clear and objective three-year performance criteria established in advance. The Executive Board members are not required to retain the shares for a period of five years, as recommended in Best Practice Provision 3.1.2 (vi) of the Corporate Governance Code. Wolters Kluwer sees no reason to require the Executive Board members to hold their ordinary shares for five years, because under the LTIP, conditional awards by the Supervisory Board recur on an annual basis and, as such, the Executive Board members will always have a strong incentive to pursue the long-term interests of the company.

Term of appointment

In line with the Corporate Governance Code, as a policy, future appointments of Executive Board members will take place for a period of four years. Mr. Entricken was therefore appointed for an initial period of four years during the Annual General Meeting of Shareholders on April 24, 2013. At the Annual General Meeting of

Shareholders of April 20, 2017, Mr. Entricken was re-appointed for a second four-year term. The existing contract with Ms. McKinstry, who was appointed before the introduction of the first Dutch Corporate Governance Code and has an employment contract for an indefinite period, will be 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 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 period has not yet been ended. In addition, they are entitled to a cash severance payment if their employment agreement would end following a change of control.

Supervisory Board
Wolters Kluwer has a two-tier board structure. The Executive Board members are responsible for the day-to-day operations of the company. The role of the Supervisory Board is to supervise 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 to advise the Executive Board. The supervision includes the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Board also has due regard for sustainability issues. The By-Laws of the Supervisory Board include a list of Executive Board resolutions that must be approved by the Supervisory Board. These resolutions include transactions in which there are conflicts of interest with Executive Board members that are of material significance for the company or the Executive Board member, acquisitions or divestments of which the value is at least equal to 1% of the consolidated revenues of the company, the issuance of new shares or granting of rights to subscribe for shares, and the issue of bonds or other external financing of which the value exceeds 2.5% of annual consolidated revenues. The responsibilities of the Supervisory Board are set in the By-Laws of the Supervisory Board, which are published on *www.wolterskluwer.com*. These By-Laws were updated in 2017 to align them with the revised (2016) Dutch Corporate Governance Code.

Appointment and composition
The General Meeting of Shareholders appoints the members of the Supervisory Board. The full procedure of appointment and dismissal of members of the Supervisory Board is explained in article 21 of the company's Articles of Association. The Supervisory Board currently consists of Mr. Frans Cremers (Chairman, appointed in 2017), Mr. René Hooft Graafland (Vice-Chairman), Mr. Bruno Angelici, Ms. Jeanette Horan, Mr. Ben Noteboom, Ms. Fidelma Russo, and Ms. Ann Ziegler (appointed in 2017). Mr. Peter Wakkie and Mr. Len Forman both resigned from the Supervisory Board after the Annual General Meeting of Shareholders in 2017, due to expiration of their third and final term. The composition of the Supervisory Board shall 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 at having all its members independent from the company, which currently is the case. The independence of Supervisory Board members is monitored on an ongoing basis, based on the criteria of independence as set out in Best Practice Provisions 2.1.7 and 2.1.8 of the Corporate Governance Code and Clause 1.5 of the Supervisory Board By-Laws.

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

Provision of information
Wolters Kluwer considers it important that the Supervisory Board members are well-informed about the business and operations of the company. The Chairman of the Supervisory Board, the CEO, 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 Chairman of the Supervisory Board and the CEO hold several meetings and calls per year outside of formal meetings, to discuss the course of events at the company.

The Supervisory Board also has direct contact with layers of management below Executive Board level. To this end, operating managers, including divisional CEOs, are regularly invited to present to the Supervisory Board. These presentations can relate to the operations in general and to business development. In addition, the company facilitates visits to business units and individual meetings with staff and line managers. Furthermore, various staff members attend the Audit 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 the Terms of Reference Audit Committee, and the Terms of Reference Selection and Remuneration Committee, which are published on *www.wolterskluwer.com*. These Terms of Reference were updated in 2017 to align them with the revised (2016) Dutch Corporate Governance Code. 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 General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration shall not depend on the results of the company. The Supervisory Board members do not receive shares or stock options by way of remuneration, nor shall they be granted loans. The Supervisory Board proposes to increase its remuneration to the Annual General Meeting of Shareholders which will be held on April 19, 2018, as explained in the *Report of the Supervisory Board*.

Diversity

The company's diversity policy for the Supervisory Board, Executive Board, and Division CEOs is published on the company website *www.wolterskluwer.com* as Annex to the Supervisory Board By-Laws. Elements of diversity include nationality, gender, age, and expertise. It is the aim of the company to have a representation of at least 30% male and at least 30% female, both in the Supervisory Board, the Executive Board, and at the Division CEO level. Currently, 43% of the Supervisory Board members are female, 50% of the Executive Board members are female, and 67% of the Division CEO's are female. The composition of the Supervisory Board also comprises expertise within the broad information industry as well as specific market segments in which the company operates. Five nationalities are represented on the Supervisory Board. As such, the composition of the Executive Board and Supervisory Board are in line with the diversity policy and Dutch law.

Insider Dealing Policy

In 2016, Wolters Kluwer has updated its Insider Dealing Policy in order to align it with the European Market Abuse Regulation ((EU) No 596/2014), which took effect as of July 3, 2016. The members of the Executive Board and Supervisory Board are not allowed to trade in Wolters Kluwer securities 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, or three and nine-month trading updates, 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.

Value creation and culture

The company drives a culture of long-term value creation, which is also reflected in our company values and business principles (code of conduct). The business principles apply to all Wolters Kluwer managers, employees, and temporary hired staff world-wide. They are not voluntary, nor can they be applied selectively. Reference is made to *Value Creation*, included in the *Report of the Executive Board* for more information about our company values, business principles, and value creation model. Innovation is an important part of our strategy to create long-term value. The company annually invests 8-10% of its revenues in product development. The Global Innovation Awards are an annual event which rewards promising new internal business initiatives, and as such contribute to a culture of long-term value creation.

Our annual online compliance training creates awareness of our company values, business principles, and our other rules of conduct. As of December 31, 2017, 97% of our employees globally have been trained in and acknowledged compliance with the company values and business principles, and most of the other global corporate policies. The annual compliance training program aims at:

- Enhancing our employees' knowledge and understanding of our values and rules of conduct;
- Improving the way employees perform their duties safely, correctly, and efficiently;
- Providing the employees insights to recognize various risks and take appropriate actions;
- Raising awareness on topics such as anti-bribery and anti-corruption, fair competing, reporting issues (whistleblowing), IT security, and fraud & cyber risks; and
- Improving data security at Wolters Kluwer (including customer, employee, and patient data).

It is the company's ongoing target to have at least 90% of our employees worldwide follow and complete an online compliance training each year.

Risk management

The Executive Board is responsible for identifying and managing the risks associated with the company's strategy and activities, and is supervised by the Supervisory Board. The Audit Committee undertakes preparatory work for the Supervisory Board in this area. Wolters Kluwer has implemented internal risk management and control systems which are embedded in the operations of the businesses to identify significant risks to which the company is exposed, and to enable the effective management of those risks. The aim of the systems is to provide a reasonable level of assurance on the reliability of financial reporting. These systems can never provide absolute assurance regarding the achievement of the company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and/or regulations. For a detailed description of the risks and the internal risk management and control systems, reference is made to *Risk Management*.

Sustainability

The Executive Board and Supervisory Board are committed to Wolters Kluwer's sustainability strategy. Under supervision of the CEO and Chairman of the Executive Board, the Senior Vice President, General Counsel/Company Secretary, is responsible for the company's sustainability policy and our Corporate Sustainability team. To communicate the goals and progress achieved, additional sustainability related non-financial information is included in the Annual Report. In addition, a dedicated section on the company's website shows the ongoing sustainability activities and accomplishments. We recognize the importance of aligning and adjusting the various sustainability efforts every year.

Good corporate governance is the foundation for building a successful business with sustainable impact. As a provider of governance-related expert solutions, we want to lead by example. It is essential for all our stakeholders that we demonstrate how we do this and how we regard the role of corporate governance within our overall sustainability strategy. Wolters Kluwer has therefore developed several policies and principles. These policies cover a wide range of domains to ensure the continuous compliance with high business standards.

To be able to further develop our sustainability strategy and focus on our policies, we conduct materiality analyses. We first developed a list of material issues in 2013 and revised it in subsequent years. These analyses uncover how sustainability topics are relevant to the business success of Wolters Kluwer and are linked to the interests of our stakeholders. The results show the importance of the sustainability related (non-financial) topics to both Wolters Kluwer and its stakeholders. In 2017, we actively engaged with customers, employees, investors, and business partners to identify which topics are material according to each of these stakeholders. This resulted in an updated materiality analysis, which has been published on the sustainability section of our website, *www.wolterskluwer.com*.

Non-financial information statement

Corporate Governance, together with the *Report of the Executive Board* and *Risk Management*, contain all non-financial information specified in the Non-Financial Information Decree (Besluit bekendmaking niet-financiële informatie) and in section 2:391(1) of the Dutch Civil Code, and as such comprise the consolidated "non-financial information statement" in accordance with that decree and law.

The change towards a sustainable global economy requires the company to be transparent about the impact on society of its activities, business relations, and products. The challenge is to ensure long-term business success while making a positive impact on society. The risk profile of the company with respect to environmental, social, employee and human rights-related matters, is considered relatively low, due to the markets we operate in, the types of products and services we deliver, our highly qualified employees, and the customers and suppliers we deal with. The strategy and business model of the company, aimed at long-term value creation from which our various stakeholders benefit, are explained in the *Report of the Executive Board*. In addition to our company values and business principles, Wolters Kluwer has several policies in place committing the company to environmental, social and employee-related matters, respect for human rights, and anti-corruption and anti-bribery matters. These policies include our Environmental Policy and our Human Rights Policy, which are extended to our supply chain via our Supplier Code of Conduct. We also strive to comply with international guidelines such as the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGP).

As a member of different communities and society at large, Wolters Kluwer maintains regular contact with stakeholders including investors, Environmental, Social, and Governance (ESG) analysts and rating agencies, government offices, the media, Civil Society Organizations (CSOs), and educational and research institutions. Wolters Kluwer understands its responsibility to support underserved communities and recognizes the opportunities with them.

Historically, our publishing business used large amounts of paper, which had an impact on the environment. As part of its strategy, Wolters Kluwer has been actively focusing on an increase of revenues from digital products and services, reducing paper use. For our remaining printed products, the company increasingly uses certified paper to reduce the negative impact. As stated in the Environmental Policy, Wolters Kluwer aims to minimize the impact of its activities on the environment, including CO_2 emissions, and to comply with the applicable environmental laws in the countries in which it is active. For more information about our activities on environmental and social matters, reference is made to *Our Society*, included in the *Report of the Executive Board*.

Our diverse and talented workforce is our most valuable asset. Wolters Kluwer is an equal opportunity employer, focusing on talent development and growth. For more information about our employee-related matters, reference is made to *Our Employees*, included in the *Report of the Executive Board*.

Our Human Rights Policy is based on the United Nations Universal Declaration of Human Rights, the core labor standards of the International Labor Organization, and the principles of United Nations Global Compact and emphasizes human rights issues which are most relevant for the company, including freedom of information. Wolters Kluwer supports and respects human rights and we strive to ensure that our activities will not infringe upon them. It is our ambition to deliver high-quality content in an impartial manner, both as a matter of integrity and in the interest of providing the greatest value to our customers. For these reasons, we have incorporated our views on this topic in our business principles, stipulating that editorial independence and freedom of publishing are important values at Wolters Kluwer.

Due to the global character of our business, and different cultures our suppliers and customers operate in, we could potentially be exposed to corruption and bribery. This potential risk, together with mitigating actions is explained in *Risk Management*. The business principles aim at preventing bribery by prohibiting employees, either directly or indirectly, to offer, promise, demand or accept bribes to obtain or retain business. Also, we have set clear rules on gifts and hospitality. All employees are made aware of these rules through the annual compliance training, and new hires upon their onboarding at Wolters Kluwer.

The company has set non-financial key performance indicators relevant for the business, including revenues from digital products as a percentage of total revenues, diversity targets, supply chain responsibility (supplier code of conduct), and the global compliance training completion rate, as described in this chapter and the *Report of the Executive Board*. For more information on sustainability efforts of Wolters Kluwer, which includes topics referred to in this statement on non-financial information, see the sustainability section of our website *www.wolterskluwer.com*.

Shareholders and the General Meeting of Shareholders

At least once a year, a General Meeting of Shareholders will be held. 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 execution of the remuneration policy, 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 Supervisory Board from liability for their respective duties shall be voted on separately. 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 the Annual General Meeting of Shareholders, provided that such requests are made in writing at least 60 days before a General Meeting of Shareholders.

Voting at the Annual General Meeting of Shareholders

In 2017, Wolters Kluwer again took active steps to try to reach a high percentage of shareholders present or represented at the Annual General Meeting of Shareholders. These steps included making standard proxy forms and voting instruction forms available online, enabling shareholders to give voting instructions electronically prior to the meeting, and actively contacting larger shareholders to inquire if they intended to vote during the Annual General Meeting of Shareholders. As a result, shareholders with voting rights for approximately 70% of the issued capital of the company were present or represented at the Annual General Meeting of Shareholders in 2017.

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

Issuance of shares
The Articles of Association of the company determine that shares shall be issued at the proposal of the Executive Board and by virtue of a resolution of the General Meeting of Shareholders, subject to designation of the Executive Board by the General Meeting of Shareholders. At the Annual General Meeting of Shareholders of April 20, 2017, the Executive Board was granted the authority for a period of 18 months to issue new shares, with exclusion of pre-emptive rights, subject to approval of the Supervisory Board. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting.

Acquisition of shares in the company
Acquisition of shares in the company (share buybacks) may only be effected if the General Meeting of Shareholders has authorized the Executive Board for the purpose, and while respecting the restrictions imposed by the Articles of Associations of the company. At the Annual General Meeting of Shareholders of April 20, 2017, 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, 2017, Wolters Kluwer N.V. had 8,956,080 shares in the company (3.08% interest).

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

Information pursuant to Decree Clause 10 Take-over Directive
The information specified in both clause 10 of the Takeover Directive and the Decree, which came into force on December 31, 2006 (Decree Clause 10 Take-over Directive), can be found in this chapter and in *Our Investors*.

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 (*structuurregeling*). As a consequence, the structure regime became applicable to Wolters Kluwer Holding Nederland B.V., which is the parent company of Dutch operating subsidiaries. Wolters Kluwer International Holding B.V. is the direct or indirect parent company of the operating subsidiaries outside of the Netherlands.

Risk Management

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

Introduction

The Executive Board is responsible for risk management and internal controls within Wolters Kluwer. The company has implemented internal risk management and control processes, which are largely integrated into the operations of the businesses. The aim is to timely identify significant risks to which the company is exposed, to enable the effective management of those risks and to provide a reasonable level of assurance on the reliability of the financial reporting of the Wolters Kluwer group. The Executive Board carries out an annual assessment which includes a review of all risks, mitigating actions, and the design and effectiveness of the internal risk management and control systems, taking into consideration the risk appetite and the observations and reports of the internal auditor and the Corporate Risk Committee. The internal risk management and control systems can never provide absolute assurance regarding the achievement of the company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and/or regulations.

Managing risks is integrated into the conduct of business of our divisions and operating entities, supported by several staff functions. The Executive Board is informed about risks as part of the regular planning and reporting cycles on divisional and operational entity levels, which include annual Vision & Strategy Plans (long-term strategic plans), annual budgets, and quarterly and monthly financial and operational reports. During the monthly division meetings, material risks at each of the divisions, including the Global Business Services organization and Global Platform Organization, are part of the discussion between the Executive Board and division management. The Corporate Risk Committee, consisting of representatives of various functional departments, meets periodically and monitors material risks and remediating actions with a focus on the overarching and non-business specific risks. The Committee also follows up on mitigating certain risks that emerge and require a centralized approach.

Wolters Kluwer's company values stipulate the core values of our company. The business principles are the company-wide rules with which each of our employees worldwide is expected to adhere to. The company values and the business principles form the basis of other global policies, which provide more detailed rules and guidelines for specific domains. To stress the importance of compliance with the company values and business principles, as well as other global corporate policies and applicable laws and to encourage and ensure adherence thereto, the company has deployed several initiatives. A group-wide management certification process requires management of each of the divisions and operating entities, to sign a Letter of Representation on a quarterly basis. In these letters, the executives confirm that they comply with all applicable policies, laws, and procedures. In addition, all Wolters Kluwer employees are required to take the online compliance training at least once per year. This training program is based on our company values, business principles, and other global corporate policies. The program aims to raise awareness on ethics and values and includes topics such as anti-bribery and anti-corruption, fair competing, IT security, fraud, and cyber risks, and it requires participants to acknowledge adherence to the described content.

To underpin the importance of integrity and to create a culture in which employees are comfortable to speak up and report any issues, Wolters Kluwer recently implemented a global reporting system with 24/7 availability, called SpeakUp. Via SpeakUp, employees can report any potential concerns, including suspected breaches of policies, laws or regulations, to the Wolters Kluwer Compliance Committee. SpeakUp was launched in October 2017 and is available for employees worldwide in 22 languages. SpeakUp operates in conjunction with the revised global SpeakUp Policy (previously named: Whistleblower Policy). The implementation of SpeakUp contributes to a culture of transparency and long-term value creation at Wolters Kluwer.

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

The ICF is deployed by internal control officers in the corporate office, Global Business Services organization, Global Platform Organization, and the main operating entities. An annual risk assessment program for financial and IT general control risks determines the scope and controls to be tested. As part of that scope, key controls are tested annually. The results of testing are reported to management, the Audit Committee, internal auditors, 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.

The global Internal Audit department works according to an audit plan which is discussed with the external auditors, the Executive Board, and the Audit Committee. The plan is approved by the Executive Board and the Supervisory Board. The audit plan is based on risk assessments and focuses on strategy execution, financial reporting risks, and operational risks including IT-related risks. The aim of the audits is assessing whether existing controls provide adequate protection against actual risks, evaluating the effectiveness of established processes and controls, and ensuring compliance with policies and procedures.

The global Risk Management department facilitates risk prevention, protection, and response programs via procurement of insurance, claims and incident management, business continuity management, loss control programs, and other initiatives to mitigate specific risks. The Internal Audit, Internal Controls, Group Accounting & Reporting, Legal, Treasury, Tax, and Risk Management departments report every quarter to the Audit Committee and the Executive Board.

Risk categories and risk appetite

Wolters Kluwer broadly classifies risks into the following categories: strategic and operational, legal and compliance, financial, and financial reporting. The following risk overview outlines the main risks the company has assessed up to the date of this Annual Report. It is not the intention to provide an exhaustive description of all possible risks. There may be risks that are not known yet or the company has not yet fully assessed. It is also possible that existing risks have been assessed as not significant, which could in the future develop into a material exposure for the company and have a significant adverse impact on its business. The company's risk management and internal control systems have been designed to identify, mitigate, and respond to risks in a timely manner. However, full assurance cannot be attained.

To achieve its strategic goals, Wolters Kluwer is prepared to take duly balanced risks in certain strategic areas, such as acquisitions, expansion in high-growth countries, and the launch of new innovative products. With respect to other risk categories, the approach of the company towards risks could be qualified as conservative, with compliance and financial reporting risks as the most conservative categories. The company always carefully weighs risks against potential rewards. Actions to prevent and mitigate risks and uncertainties are summarized for each of the individual risks in the table on the next pages.

Strategic & operational risks

Risk description and impact	Mitigation
Economy and markets Global and regional economic conditions may have a negative effect on several products. The impact of these conditions on the overall portfolio will depend on the severity of the economic slowdown, the countries affected, and potential government responses. Our more cyclical products may be especially sensitive to economic conditions. This includes training activities, advertising, books, and lending and corporate formation-related transactions. The non-recurring activities are decreasing and currently represent 24% of the company's consolidated revenues.	The company made further progress in shifting its portfolio towards digital and high-growth businesses. The revenues are also created in an increasing number of countries, further spreading risk. The percentage of our recurring revenues is 76%, which contributes to our resiliency. During the year, we continued to re-shape the business through strategic acquisitions and divestments.
Products The decline of revenues coming from our legacy print business, including books and print-based subscriptions, may further accelerate. Changes in underlying customer dynamics may affect our business and could lead to price compression.	The company mitigates the decline of print-related revenues through migration plans (upgrading customers from print to digital products), customer retention management, and upselling opportunities. The company will continue assessing opportunities to optimize the portfolio, including the divestment of legacy businesses and the acquisition of businesses which contribute to the execution of our strategy. The company also continues to invest in product development and expand its offerings in innovative digital expert solutions and services to support growth.
Competition Wolters Kluwer faces competitive challenges from existing and new competitors, including free availability of some sources of information.	The company mitigates these risks through continuous monitoring of the market position and offerings of its businesses, the development of new innovative products, and the provision of state-of-the-art technological solutions to customers. The company annually invests 8-10% of total revenues in new and enhanced product development. The company focuses its investments on high-growth leading positions. We continue to add value to the information we make available via content enrichment. In addition, we explore new revenue models around open access and benefit from search optimization programs to create revenues via public search engines.

Risk description and impact	Mitigation
Long-term developments Technological, cultural, or demographic developments might affect current business models. These developments could for example include disruptive technologies, such as the impact of artificial intelligence on the activities of professionals. In addition, new generations of professional customers might expect a different approach and different tools and solutions to support them in their daily activities.	The company actively monitors relevant trends in the markets it operates in and general trends which might affect its business in the future. Examples are technological developments which could impact the professional market in the future, as well as changing customer demands due to IT and demographic developments. The company manages potential risks in these areas and aims to benefit from potential changes by focusing on innovation, and through the continuing transformation towards a global organization delivering expert solutions which combine expertise with technology and tools. Maintaining a diverse workforce, with good understanding of current and future customer needs, also contributes to safeguarding future value creation by the company.
Mergers and acquisitions Risks with respect to acquisitions primarily relate to the integration of the acquired companies, changing economic circumstances, customer retention, competitive dynamics, retaining of key personnel, and the ability to realize expected sales and synergies.	When acquiring new businesses, Wolters Kluwer carries out a comprehensive due diligence process using internal and external expertise. Besides indemnities and warranties, the company also assesses whether risks can be mitigated through deal structures, such as earn-out agreements to retain management and to assure alignment between the purchase price and the performance of the acquired company. Wolters Kluwer has strict strategic and financial criteria for acquiring new businesses and is very selective in where and how to invest. Generally, acquisitions are expected to be accretive to adjusted earnings per share in year one and cover the company's weighted average cost of capital within three to five years. Wolters Kluwer has developed repeatable post-merger integration plans and an acquisition integration plan is agreed to by the Executive Board prior to completing an acquisition. Such plans are actively managed and monitored after completion.
Divestments Execution of the company's strategy is also supported by the divestment of non-core activities. The ability to successfully divest operations can depend on economic and market circumstances, competitive dynamics, contractual obligations, shared costs within the group, the ability of the business to operate stand-alone, retention of key personnel, the buyer's ability to realize synergies, and other factors.	To mitigate risks related to material divestments, the company usually carries out a vendor due diligence and engages external experts for such due diligence and execution of the transaction.

Risk description and impact	Mitigation
IT and cybersecurity Wolters Kluwer is exposed to IT-related risks and cyber threats which could affect our IT infrastructure and system availability, applications, data, and information. Wolters Kluwer is also faced by changing legislation, including laws and regulations regarding data protection and privacy, which can apply or relate to the company, its customers, and employees.	Wolters Kluwer takes active steps to reduce cyber risks by continuously improving cybersecurity measures. Building on the investments since early 2016, a new governance model was established to secure execution of the plans, management attention, and accountability at various levels of the organization. In 2017, Wolters Kluwer continued to transform and improve its cybersecurity posture. The efforts are focused on the following categories: • Application security; • Infrastructure security; • Endpoint device security; • Global vulnerability management; • Policy and standard measures; and • Compliance and assurance. The business units and Global Business Services organization work to continually identify critical applications and providers. We are bolstering business continuity and enterprise incident management plans, and are working to further strengthen IT disaster recovery and cyber incident response and reporting plans, for the main operations, to mitigate the impact of those risks. A worldwide training program consisting of online modules was rolled out in 2017. In addition, the company updated its Acceptable Use Policy and Global Information Security Policy in 2017. IT General Controls form an integral part of Wolters Kluwer's Internal Control Framework and are aligned with the Global Information Security Policy. Controls over data and security programs are tested regularly to ensure that personal data are adequately protected. The company will continue to strengthen its security and incident response plans throughout 2018. IT and cybersecurity are standing Corporate Risk Committee items.

Risk description and impact	Mitigation
Supply chain, technological developments, and projects Our businesses could be adversely affected by the dependency on our supply chain, including but not limited to parties delivering outsourced and offshored data center services, software development, and maintenance activities, including back-office transactions processing. Implementing new technology-related initiatives for delivering Wolters Kluwer's products and services, as well as achieving cost efficiencies through technology/IT sourcing initiatives, is inherently complex and is subjected to many execution risks during the development and implementation phases.	To manage supply chain risks, obligations are expected to be governed by strong selection criteria when choosing outside partners, and by detailed operating and service agreements with these outside providers and solid monitoring of these agreements. Additionally, oversight boards and program management teams monitor the progress and performance of vendors during the term of these agreements. Loss prevention and assurance programs are also increasingly focused on supply chain. Also, major suppliers are requested to sign the Wolters Kluwer Supplier Code of Conduct and provide relevant certifications, including ISO 27001. In the Supplier Code of Conduct Wolters Kluwer encourages its suppliers to implement management systems and Wolters Kluwer may verify compliance with the standards in the Wolters Kluwer Supplier Code of Conduct by carrying out an audit. A roadmap for consolidation and simplification of IT infrastructure and for implementing more service capabilities to support customers in the cloud has been set over the past years. This includes vendor rationalization, preferred financial and legal partnerships, and de-risking of the vendor portfolio. In addition, the company has refined the strategy for IT back-office operations to ensure more effective management of all back-office systems. The company strives to continuously improve and streamline its IT environment and infrastructure. The Corporate Quality Assurance team aims to improve the success of large change initiatives by providing assurance that the key projects/programs can move to the next stage of development or implementation, and by transferring lessons learned from one project/program to another. This group also supports standardization of change methodologies and frameworks.
People and organization The success of the company is highly dependent on its ability to attract and retain the appropriate level of talent.	The company ensures its ability to attract the appropriate level of talent through a combination of competitive rewards, including market-based remuneration, pay for performance with incentives where possible, aligned with individual and company achievements, and benefits benchmarked against local markets. Through formal talent management programs that incorporate succession planning, company-sponsored learning programs, tuition refund at external universities, and consistently applied performance appraisal systems the company mitigates the loss of personnel. Retention is also strengthened by offering opportunities within the company facilitated through job posting programs. HR executives also monitor employee turnover across different categories very closely, including performing structured exit interviews and identification of key drivers for leaving. The company periodically performs surveys among its employees, giving the company a better insight in the level of engagement of its employees and enabling it to take steps to improve this.

Risk description and impact	Mitigation
Fraud In the conduct of its business, the company may be exposed to internal or external fraudulent actions.	Measures to mitigate the risks related to fraud include the Internal Control Framework, strict policies on segregation of duties, risk-based internal audits, staff training, and information sharing. Since 2016, a task force of the Corporate Risk Committee examines the risk of being exposed to fraudulent actions and is continually implementing measures to further reduce this exposure. In 2017, Wolters Kluwer has started to improve processes and procedures to mitigate risk and prompt employee awareness across the board. The new SpeakUp misconduct reporting system implemented in 2017 is an additional measure which can contribute to fraud prevention and detection. In 2018, we will roll out a global fraud awareness campaign. Fraud is a standing Corporate Risk Committee topic.
Brand and reputation With the increasing prominence of the Wolters Kluwer brand, the company potentially becomes more vulnerable for brand or reputation risks.	The Global Brand Organization Management Committee oversees all brand-related topics. The Global Branding & Communications team works closely with other corporate functions and the businesses to monitor and control brand and reputational risks. To strengthen our ability to manage crises and incidents, which could affect the company's reputation, Wolters Kluwer established a Global Incident Management Organization in 2017, enhancing the coordination among all our divisional and functional teams. This includes procedures to manage crises and incidents. The new procedures ensure we are prepared and organized to respond to a potential crisis in a timely, accurate, and relevant manner.

Legal & compliance risks

Regulatory compliance The company can be exposed to non-compliance with laws, regulations, or internal policies. Non-compliance could potentially result in fines, restrictions to carry out certain activities, third-party claims, and reputational damage.	Compliance is part of the Wolters Kluwer Internal Control Framework, for example through quarterly Letters of Representation, annual internal control testing, and internal audits. Furthermore, several employee training programs are currently in place to create awareness about compliance subjects. The training programs provide employees with knowledge to recognize potential violations or non-compliance with laws, regulations, or internal policies, so that non-compliance can be avoided. In 2017, we implemented SpeakUp, a global reporting system allowing employees to report on any suspected non-compliance on a confidential basis and if desired, anonymously. In January 2018, the company appointed a Chief Compliance Officer, who will work with the Compliance Committee to coordinate and optimize the company's compliance program and initiatives. We monitor whether legislative changes require additional compliance efforts. In 2017, the company actively worked on the implementation of a compliance program for the new European General Data Protection Regulation that will come into force on May 25, 2018. These efforts will continue through 2018.

Risk description and impact	Mitigation
Corruption and bribery Wolters Kluwer businesses operate worldwide, which brings a high variety of business cultures and practices. In addition, our customers include governmental and semi-governmental organizations. These are factors which could potentially contribute to the risk of being exposed to corruption and bribery.	Wolters Kluwer's policies prohibit employees, either directly or indirectly, from offering, promising, demanding, or accepting bribes to obtain or retain business. Furthermore, the company has rules on accepting and offering gifts and hospitality. All employees globally are made aware of these rules through the annual compliance training, and new employees upon their onboarding at Wolters Kluwer. The company requires the same from its suppliers through the Wolters Kluwer Supplier Code of Conduct, and, in addition, asks its suppliers to provide any available anti-bribery certifications, including ISO 37001. With our global misconduct reporting system (SpeakUp), the company encourages its employees to report on any suspected act of corruption or bribery in their own language and if desired, anonymously.
Contractual compliance The company could be exposed to claims by its contractual counterparties based on alleged non-compliance of contractual terms, such as the number of users agreed upon (available licenses), price commitments, or services to be delivered.	The company manages contractual risks by negotiating contracts with attention to risk transfer clauses. For part of its contracts, the company uses contract management systems to monitor material contractual rights and obligations, and software tools to track the use of software for which licenses are required.
Intellectual property protection Intellectual property rights could be challenged, limited, invalidated, circumvented, or infringed. Technological developments make it increasingly difficult to protect intellectual property rights. Changes in legislation could have an impact on the ability to protect intellectual property rights.	Wolters Kluwer actively protects its intellectual property rights, which is important to safeguard its portfolio of information, software solutions, and services. The company relies on trademark, copyright, patent, and other intellectual property laws to establish and protect its proprietary rights to these products and services. We closely monitor legislative developments with respect to intellectual property rights.
Third-party claims The company may be exposed to claims (including class actions or mass tort) by third parties relating to products, services (including software or SaaS offerings), or informational content provided or published by the company. Such claims may be based on legal theories such as alleged negligence, product liability, breach of contract, or infringement of third-party intellectual property rights.	Wolters Kluwer manages and transfers these risks by striving to produce high quality products, services, and content, and by including customary and appropriate disclaimers and limitations of liability in its contracts. Furthermore, the company expects its employees to strictly comply with intellectual property laws and regulations. The company's insurance program may cover certain types of claims exposures. The company manages a range of insurable risks by arranging for insurance coverage for first-party and third-party liability exposures.

Risk description and impact	Mitigation
Property damage and business interruption The company could be exposed to damages to its facilities and IT systems, which could cause business interruption.	To mitigate specifically against property damage and business interruption risks, the company has implemented a centralized worldwide risk control and business continuity management program. Accompanied by insurers, company risk managers perform regular loss control visits at key operating company and supplier locations working with our operating companies to cost-effectively implement recommendations for continued improvement. In 2017, Wolters Kluwer established a Global Incident Management Organization to strengthen its ability to manage crises and incidents. Incident management is a standing topic of the Corporate Risk Committee and incidents are reported quarterly to the Audit Committee.
Legislative developments As a global information, software solutions, and services provider, changes in laws, legislation, or (temporary) trade restrictions could impact the company's business in certain jurisdictions. Certain countries could impose restrictions on ownership of publishing activities by foreign companies.	The company carefully monitors legislative developments. In emerging countries, the company often partners with local companies.

Financial risks

Treasury Fluctuations in exchange and interest rates affect Wolters Kluwer's results.	It is the company's goal to mitigate the effects of currency and interest rate movements on net profit, equity, and cash flow. Whenever possible, the company tries to do this by creating natural hedges, by matching the currency profile of income and expenses and of assets and liabilities. When natural hedges are not present, Wolters Kluwer strives to realize the same effect with the aid of derivative financial instruments. For this purpose, hedging ranges have been identified and policies and governance are in place, including authorization procedures and limits. The company only purchases or holds derivative financial instruments with the aim of mitigating risks and most of these instruments qualify for hedge accounting as defined in IAS 39. The company does not purchase or hold derivative financial instruments for speculative purposes. In line with IFRS requirements, detailed information on financial risks and policies is provided in *Note 27 – Financial Risk Management*. The Treasury Policy on market (currency and interest), liquidity, 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.

Risk description and impact	Mitigation
Post-employment benefits The company maintains a number of post-employment benefit programs globally. Generally, these programs are defined contribution or defined benefit plans, some of which are active and some are closed. The largest of these plans are in the Netherlands, the United States, the United Kingdom, Canada, Belgium, and Australia. For most of the active plans, the company as well as employees make investments for the future benefit of participants. For the closed plans, the company continues to ensure they are properly funded to provide the committed level of benefits to participants. From a risk point of view, funding requirements are influenced by the investment returns on the assets invested in each respective plan, which are influenced by financial markets and economic conditions.	Our approach to managing risks to the company includes ongoing evaluation of all plans to ensure we are market competitive with designs that minimize risk and volatility. As a result, we have taken steps, such as moving our closed retiree medical plan in the United States to a private exchange, which eliminated the liability and the financial risk of the program, developing exit strategies for closed defined benefit plans starting with the United States where we have reduced the number of participants and therefore the company's liability through a cost-effective lump sum distribution initiative. We are also closely managing our investment strategy to see stronger asset returns with hedging parameters to manage downside risk. To support our agenda to fulfill our commitments to participants in the most efficient way for the company, we partner with independent expert advisors on market competitive plan design, plan performance monitoring, and defining investment and hedging strategies for all of our plans. The accounting for post-employment benefit plans is based on annual actuarial calculations.
Taxes Changes in operational taxes and corporate income tax rates, laws and regulations could adversely affect the company's financial results, tax assets, and liabilities	Most taxes are either transactional or employee-related and are levied from the legal entities in the relevant jurisdictions. Wolters Kluwer maintains a liability for certain contingencies in line with IFRS accounting standards. The adequacy of this liability is judged on a regular basis in consultation with external advisors. Reference is made to *Note 21 – Tax Assets and Liabilities* for additional information about corporate income tax and related risks. As a leader in Tax & Accounting products, the company takes its responsibility as a corporate citizen seriously. The company reviews its Tax Principles annually and updates them where necessary. The most recent update took place in 2016. These principles are published on *www.wolterskluwer.com*.

Financial reporting risks

Risk description and impact	Mitigation
Misstatements, accounting estimates and judgments, and reliability of systems The processes and systems supporting the financial reporting may be susceptible to unintentional misstatements or manipulation. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.	The company mitigates these risks by maintaining an Internal Control Framework for financial reporting as described in the introduction to this section. In addition, senior executives in the divisional and operating companies and senior corporate staff members provide signed Letters of Representation quarterly in which they certify compliance with laws and policies. Independent internal audits are also carried out to ensure compliance with policies and procedures and ensure that existing controls provide adequate protection against actual risks. In addition, employees and senior executives are expected to report any suspected non-compliance in financial reporting via the new global misconduct reporting system SpeakUp.

Sensitivity analysis

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

Potential impact	**Adjusted operating profit** *€ millions*	**Diluted adjusted EPS** *€ cents*
1% decline of the U.S. dollar against the euro	(8)	(2)
1% decrease in discount rate in determining the gross service costs for the post-employment benefit plans	(6)	(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.	(3)

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's 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* (which for this statement includes *Corporate Governance and Risk Management*) that is included in the 2017 Annual Report. The Report of the Executive Board and the Financial Statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Executive Board endeavors to present a fair review of the situation of the business at balance sheet date and of the course of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The company has identified the main risks it faces, including financial reporting risks. These risks can be found in *Risk Management*. In line with the revised (2016) 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.

As explained in *Risk Management*, 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 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 revised (2016) Dutch Corporate Governance Code and Section 5:25c(2)(c) of the Dutch Financial Markets Supervision Act (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:

- There have been no material failings in the effectiveness of the company's internal risk management and control systems;
- The company's internal risk management and controls systems provide reasonable assurance that the financial reporting over 2017 does not contain any errors of material importance;
- There is a reasonable expectation that the company will be able to continue in operation and meet its liabilities for at least twelve months, 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 twelve months;
- The 2017 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, 2018

Executive Board
Nancy McKinstry,
CEO and Chairman of the Executive Board
Kevin Entricken,
CFO and member of the Executive Board

Executive Board and Supervisory Board

Executive Board

Nancy McKinstry

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

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

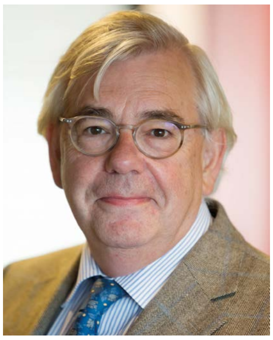
Kevin Entricken

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

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

Profiles of the members of the Executive Board and Supervisory Board are available on www.wolterskluwer.com.

Supervisory Board



Frans Cremers

Dutch, 1952, Chairman of the Supervisory Board, and Chairman of the Selection and Remuneration Committee dealing with selection and appointment matters. Appointed in 2017, and current term until 2021.

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

Supervisory directorships and other positions:
- Chairman of the Supervisory Board of SBM Offshore N.V.
- Member of the Supervisory Board of Royal Vopak N.V.
- Member of the Board of Directors of Stichting Preferente Aandelen Philips, Stichting Preferente Aandelen Heijmans and Stichting Preferente Aandelen B KPN

René Hooft Graafland

Dutch, 1955, Vice-Chairman of the Supervisory Board, and Chairman of the Audit Committee. Appointed in 2012, and current term until 2020.

Position:
Former CFO and member of the Executive Board of Heineken N.V.

Supervisory directorships and other positions:
- Member of the Supervisory Board of Royal Ahold Delhaize N.V.
- Member of the Supervisory Board of Royal Friesland Campina N.V.
- Chairman of the Board of Stichting African Parks Foundation
- Chairman of the Supervisory Board of Royal Theatre Carré
- Chairman of the Board of Stichting Nationaal Fonds 4 en 5 mei

Bruno Angelici

French, 1947, member of the Audit Committee. Appointed in 2007, current final term until 2019.

Position:
Former Executive Vice President, Europe, Japan, Asia Pacific, Latin America, Middle East, and Africa of AstraZeneca Plc.

Supervisory directorships and other positions:
- Chairman of the Board (Non-Executive Director) of Vectura Group plc (United Kingdom)
- Member of the Board (Non-Executive Director) of Smiths Group plc (United Kingdom)

Jeanette Horan

British, 1955, Chairman of the Selection and Remuneration Committee dealing with remuneration matters. Appointed in 2016, and current term until 2020.

Position:
Former Chief Information Officer at IBM.

Supervisory directorships and other positions:
Member of the Board (Non-Executive Director) of Nokia (Finland)

Ben Noteboom

Dutch, 1958, member of the Audit Committee. Appointed in 2015, and current term until 2019.

Position:
Former CEO and Chairman of the Executive Board of Randstad Holding N.V.

Supervisory directorships and other positions:
- Member of the Supervisory Board of Royal Ahold Delhaize N.V.
- Member of the Supervisory Board of AEGON N.V.
- Chairman of the Supervisory Board of Royal Vopak N.V.
- Member of the Board of the Holland Festival Foundation
- Member of the Board of VUmc Cancer Center Amsterdam
- Chairman Stichting Prioriteit Ordina Groep

Fidelma Russo

Irish and American, 1963, member of the Audit Committee. Appointed in 2016, and current term until 2020.

Position:
Chief Technology Officer at Iron Mountain Inc.

Supervisory directorships and other positions:
Member of the Board of NCWIT, National Center for Women & Information Technology (United States)

Ann Ziegler

American, 1958, member of the Selection and Remuneration Committee. Appointed in 2017, and current term until 2021.

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

Supervisory directorships and other positions:
- Member of the Board (Non-Executive Director) of Groupon Inc. (United States)
- Member of the Board (Non-Executive Director) of Hanesbrands Inc. (United States)
- Member of the Board (Non-Executive Director) of US Foods (United States)

Report of the Supervisory Board

Supervisory Board Report

Introduction

The Supervisory Board of Wolters Kluwer is responsible for supervising the Executive Board in setting and achieving the company's strategy, targets, and policies, as well as the general course of affairs of the company. The Supervisory Board also assists the Executive Board with advice.

Meetings

The Supervisory Board held seven scheduled meetings in 2017. Six meetings were partly held without the members of the Executive Board being present. Of the current Supervisory Board members, Mr. Cremers and Mr. Hooft Graafland attended all meetings. Mr. Angelici, Ms. Horan, and Mr. Noteboom were excused for one meeting. Ms. Russo was unable to attend two meetings but participated by phone during part of one of the meetings. Ms. Ziegler was excused for two meetings due to obligations already existing at the time of her appointment to the Supervisory Board. In addition to the scheduled meetings, there was one scheduled conference call between the Executive Board and the Chairmen of the Supervisory Board and Audit Committee. The Chairman of the Supervisory Board had regular contact with the Chairman of the Executive Board.

Financial statements

The Executive Board submitted the 2017 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 2017 Financial Statements, pursuant to their statutory obligation under clause 2:101 (2) of the Dutch Civil Code. The Supervisory Board proposes to the shareholders that they adopt these Financial Statements at the Annual General Meeting of Shareholders of April 19, 2018, see *2017 Financial Statements*.

Evaluations

The functioning of the Supervisory Board and the Executive Board and the performance of the individual members of both Boards were discussed without the members of the Executive Board being present. The composition of the Supervisory Board, the Audit Committee, and the Selection and Remuneration Committee, was also discussed in the absence of the Executive Board. In preparation for these discussions, the members of the Supervisory Board provided feedback about the performance of the Supervisory Board through a written assessment in early 2017. Overall, the outcome of the evaluation that was carried out was positive. The Supervisory Board appreciated the appointment of new members with in-depth knowledge of the technology sector, which is especially important with a view on the ongoing transformation of the company. There were several recommendations to further improve the functioning of the Supervisory Board. These recommendations included suggestions to optimize the information provided to the Supervisory Board to get a more in-depth insight into the various Wolters Kluwer businesses and the competitive landscapes in which they operate. These recommendations were implemented during 2017. In addition, as a standard practice, the Chairman of the Supervisory Board gives feedback to the Chairman of the Executive Board after every Supervisory Board meeting.

In line with corporate governance best practices, the Supervisory Board engages an external advisor every three years to assist in the evaluation. In the second half of 2017 and early 2018 the members of the Supervisory Board and Executive Board were interviewed by the advisor. The outcome of this assessment was presented to and discussed by the Supervisory Board in February 2018, after the advisor finalized his report.

Strategy

The Supervisory Board was closely involved in the development of the strategy for 2016 and beyond, *Growing Our Value*, which was announced on February 24, 2016. During 2017, the Supervisory Board was kept informed of the execution of the strategy and monitored performance against targets. Ms. McKinstry gave an update of the strategy and the Vision & Strategy Plan 2018-2020, explaining how the company aims at achieving long-term value creation. The divisional CEOs were invited to present their Vision & Strategy Plans for 2018-2020 to the Supervisory Board. This enabled the Supervisory Board to meet with each of the division CEOs, obtain a good view on the opportunities and challenges for each of the divisions, and support the Executive Board in making the right strategic choices for each business. The Supervisory Board is supportive of the continuing transformation of the company towards a global organization delivering expert solutions which uniquely combine expertise with technology and tools.

In 2017, the Supervisory Board visited the office of the recently acquired Tagetik business in Italy. During that visit, presentations were given by the CEO of the Tax & Accounting division, the CEO of the Corporate Performance Management business (of which Tagetik forms part), and the management of Tagetik. The Supervisory Board appreciated the opportunity to receive a performance update and develop a deeper understanding of the Tagetik business, including visits with customers. During the visit to Italy, the CEO of the Legal & Regulatory business in Italy also gave a presentation to the Supervisory Board.

The Supervisory Board was also informed about the innovation activities within Wolters Kluwer. 2017 was the seventh year in which Wolters Kluwer rewarded promising new internal business initiatives via the Global Innovation Awards. Two of the award winners gave a presentation to the Supervisory Board. The Supervisory Board fully supports all efforts to drive an increased culture of innovation and long-term value creation within Wolters Kluwer.

In line with standard practice, management of the Wolters Kluwer Global Business Services (GBS) organization and Global Platform Organization (GPO) gave presentations, updating the Supervisory Board on the company's technology strategy and execution thereof. The Supervisory Board was also updated about the measures the company takes with respect to cloud computing, data center management, and cybersecurity.

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. Towards that end, an overview of the most important developments in the market is discussed during each meeting.

Acquisitions and divestments
The Executive Board kept the Supervisory Board informed about all pending acquisition activity. The Supervisory Board approved the acquisition of Tagetik (Tax & Accounting division). Division management and members of the business development team gave presentations about the acquisition, which enabled the Supervisory Board to directly question the leaders of the responsible management team and thoroughly assess the acquisition. 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 Supervisory Board was kept closely informed about the various divestments and approved the divestment of the Corsearch business, Transport Services, and ProVation Medical.

Corporate governance, sustainability, and risk management
The Supervisory Board was kept informed about developments with respect to corporate governance and sustainability. In December 2016, the revised Dutch Corporate Governance Code was published. With the publication of the Designation of the Code by Decree on September 7, 2017, the statutory basis for the revised Code was provided. During 2017, the Supervisory Board discussed the implementation of the revised Code and approved revised By-Laws of the Supervisory Board and of the Executive Board, as well as revised Terms of Reference of the Audit Committee and of the Selection and Remuneration Committee. These documents have been published on *www.wolterskluwer.com*. An overview of the company's corporate governance can be found in *Corporate Governance*.

In relation to corporate governance, the Supervisory Board was informed about various initiatives to further improve an open culture, focused on long-term value creation. This included communication from the Executive Board to all employees, the global compliance training, and the implementation of a misconduct communication system (SpeakUp) with 24/7 availability, encouraging employees to inform management about any potential concerns, including breach of policies, laws, or regulations.

The Supervisory Board and Audit Committee discussed risk management, including the risk profile of the company and risk appetite per risk category, as well as the assessment of internal risk management and control systems. The Audit Committee and Supervisory Board discussed the ongoing actions the company takes to further improve the internal risk management and control systems. GBS management gave a presentation about the efforts with respect to IT and cybersecurity. For more information, see *Risk Management*.

The Supervisory Board took note of the continuous progress of the sustainability initiatives in 2017, which it fully supports. These include the increase of innovative digital expert solutions, diversity at Board and division level, sustainability goals on the reduction of print, the use of responsible paper, the global compliance training, and the Supplier Code of Conduct. The Supervisory Board also supports the inclusion of additional sustainability-related non-financial information in the Annual Report, which underpins the company's ambition to create long-term value for its stakeholders.

Talent management and organizational developments
The Supervisory Board considers talent development and succession planning an important focus area. The Supervisory Board met with various executives and managers who gave presentations. Each year, the outcome of the annual talent reviews is discussed. As part of this discussion, the Supervisory Board takes into consideration diversity at Board and senior management levels. As a standing topic, the Supervisory Board is informed about organizational developments, including appointments at senior positions within the company. Furthermore, the Supervisory Board was informed about the results of the company's global employee survey which was conducted in 2016, allowing all employees worldwide to share their views on important topics such as engagement, alignment, agility, development, and cultural components. This underpins the company's focus on a culture aimed at long-term value creation.

Finance
The Supervisory Board carefully observes the financing of the company including the balance sheet and available headroom. The Supervisory Board also closely monitors the development of the net-debt-to-EBITDA ratio. The Supervisory Board approved the launch of the new €500 million, 10-year Eurobond. The Supervisory Board also approved the additional share buybacks to mitigate the dilution to earnings per share resulting from certain divestments as publicly announced in 2017 and early 2018. These additional share buybacks, which were partly executed in 2017 and will partly be executed in 2018, came on top of the €600 million share buyback over the period 2016-2018, which was announced in February 2016. Other financial subjects discussed were the budget, the financial outlook, the achievement of financial targets, the year-end and interim dividend, the outcome of the annual impairment test, and annual and interim financial results.

Investor Relations
The Supervisory Board was well informed about Investor Relations, which is a standing agenda item during the Supervisory Board meetings. Updates included share price developments, communication with shareholders, analyst research, and the composition of the shareholder base. The Supervisory Board also carefully reviewed and approved the Annual Report and press releases regarding the full-year and half-year results, and the three- and nine-month trading updates.

Audit Committee
The Audit Committee met four times in 2017, during the preparation of the full-year and half-year results, and around the three- and nine-month trading updates. The Audit Committee currently consists of Mr. Hooft Graafland (Chairman), Mr. Angelici, Mr. Noteboom, and Ms. Russo. Of the current members, Mr. Hooft Graafland attended all meetings. Mr. Angelici and Mr. Noteboom were excused for one meeting. Ms. Russo was excused for two meetings. The meetings of the Audit Committee were held in the presence of the Executive Board members, the external auditor, the internal auditor, and other corporate staff members. In line with the Dutch Corporate Governance Code, the Audit Committee meets once a year with the external auditors without members of the Executive Board being present. After every meeting, the Chairman of the Committee reports back to the full Supervisory Board. Among the main items discussed during the Audit Committee meetings were the financial results of the company, status updates on internal audit and internal controls, the new Terms of Reference of the Audit Committee, IFRS (specifically IFRS 15), pensions, tax planning, impairment testing, the Treasury Policy, the financing of the company, risk management, cybersecurity, hedging, claims, incident management, the quarterly reports of the external auditors, and their full-year report on the audit.

The Audit Committee has reviewed the proposed audit scope and approach, the audit fees, the independence of the external auditor, and the non-audit services provided by the external auditor. The Auditor Independence Policy is published on *www.wolterskluwer.com*.

At the Annual General Meeting of Shareholders of April 23, 2014, Deloitte Accountants B.V. was appointed as auditor for the financial reporting years 2015 up to and including 2018. After thorough assessment, the Supervisory Board, based on a recommendation of the Audit Committee and supported by the Executive Board, proposes to the Annual General Meeting of Shareholders which will be held on April 19, 2018, to re-appoint Deloitte Accountants B.V. for a term of four years, for the financial reporting years 2019 up to and including 2022. The Supervisory Board reserves the right to submit the appointment of the external auditor to the General Meeting of Shareholders before the lapse of the four-year period if this is deemed necessary by the Supervisory Board.

Selection and Remuneration Committee

The Selection and Remuneration Committee met four times in 2017 and had one scheduled conference call. Following the retirement as Supervisory Board members of Mr. Forman (Committee Chairman) and Mr. Wakkie after the Annual General Meeting of Shareholders in 2017, and the appointment of Mr. Cremers and Ms. Ziegler in that same meeting, the Committee currently has the following composition: Ms. Horan (who chairs the remuneration-related discussions), Mr. Cremers (who chairs the selection and nomination-related discussions), and Ms. Ziegler. Of the current members, Mr. Cremers and Ms. Horan attended all meetings. Ms. Ziegler was excused for one meeting. After every meeting, the Chairmen of the Committee report back to the full Supervisory Board. The resolutions regarding appointments and remuneration were taken by the full Supervisory Board, based on recommendations from the Committee.

The Committee has discussed the remuneration policy for the Executive Board, including the base salary, new conditional awards of performance shares under the Long-Term Incentive Plan, and targets for the Short-Term Incentive Plan. For more information about the remuneration policy of the Executive Board and the execution thereof, see *Remuneration Report* and *Note 35 – Remuneration of the Executive Board and Supervisory Board.*

The Supervisory Board, based on a recommendation of the Selection and Remuneration Committee, also reviewed its own remuneration. In principle, the Supervisory Board reviews the remuneration of its members every two years. No increases took place in 2017. The Supervisory Board took into consideration the responsibilities of Supervisory Board members, remuneration levels at other Dutch listed (AEX) companies, and the international composition of the Supervisory Board. It will be proposed to the Annual General Meeting of Shareholders on April 19, 2018, to increase the Supervisory Board remuneration as follows:

- Chairman Supervisory Board: from €75,000 to €100,000;
- Vice-Chairman Supervisory Board: from €65,000 to €75,000;
- Other members Supervisory Board: from €60,000 to €65,000;
- Chairman Audit Committee: from €15,000 to €20,000;
- Members Audit Committee: from €10,000 to €15,000;
- Chairman Selection and Remuneration Committee: from €10,000 to €15,000 (due to the co-chairmanship, each co-chair will receive €12,500); and
- Members Selection and Remuneration Committee: from €8,000 to €10,000.

The travel allowance for intercontinental travel of € 3,000 per meeting remains unchanged.

Supervisory Board composition

In 2017, the third and final term of both Mr. Wakkie (Chairman) and Mr. Forman (Vice-Chairman) expired. They retired after the Annual General Meeting of Shareholders that was held on April 20, 2017. At the same meeting, Mr. Frans Cremers and Ms. Ann Ziegler were appointed as new members of the Supervisory Board. Mr. Cremers succeeded Mr. Wakkie as Chairman of the Supervisory Board. Mr. Hooft Graafland succeeded Mr. Forman as Vice-Chairman.

The composition of the Supervisory Board is in line with the profile and the company's diversity policy, reflecting a diverse composition with respect to expertise, nationality, gender, and age. Five nationalities are represented on the Supervisory Board, with different talents and relevant areas of expertise. Three out of the seven Supervisory Board members are female, which means a female representation of 43%, which is in line with Dutch governance standards.

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

The Supervisory Board would like to thank the Executive Board and all employees worldwide for their highly appreciated efforts in the past year.

Alphen aan den Rijn, February 20, 2018

Supervisory Board
Frans Cremers, Chairman
René Hooft Graafland, Vice-Chairman
Bruno Angelici
Jeanette Horan
Ben Noteboom
Fidelma Russo
Ann Ziegler

Remuneration Report

Introduction

During the Annual General Meeting of Shareholders of April 21, 2004, the remuneration policy for members of the Executive Board was adopted and the Long-Term Incentive Plan approved. Amendments to the remuneration policy and the Long-Term Incentive Plan were approved during the Annual General Meetings of Shareholders in 2007 and 2011. In line with Dutch legislation, the execution of the remuneration policy will be put on the agenda for discussion as a separate agenda item at the Annual General Meeting of Shareholders of April 19, 2018.

Remuneration Policy

The goals of Executive Board remuneration are to align individual and company performance, strengthen long-term commitment to the company, and attract and retain the best executive management talent.

The remuneration of Executive Board members is based on surveys and analyses by an internationally recognized firm specializing in executive compensation. Because Wolters Kluwer is a global organization, remuneration is benchmarked individually against surveys from European and U.S. companies, taking into consideration geographic locations where Executive Board members might be recruited to and where new members might be recruited from in the future.

Composition of remuneration

Remuneration for the Executive Board consists of three elements: a base salary, a Short-Term Incentive Plan (STIP) on which a cash bonus can be earned, and a Long-Term Incentive Plan (LTIP) on which performance shares can be earned. The base salary of individual Executive Board members is determined annually by the Supervisory Board, based on recommendations from its Selection and Remuneration Committee. Both the short-term and long-term incentives vary according to performance. Variable elements of the remuneration package make up the largest portion of the Executive Board's total compensation, reflecting the philosophy that senior executive compensation should be linked to shareholder value and performance. Because of the applicable performance criteria and the fact that the LTIP is based on the performance over a three-year period, the remuneration policy contributes to the long-term objectives of the company. The STIP targets are annually determined by the Supervisory Board and largely reflect the key performance indicators that the company reports about in its annual results. These indicators are important measures of the success of the execution of the company's strategy aimed at long-term value creation. As such, the remuneration is directly linked to performance and the company's long-term growth, value creation, and profitability.

Additionally, Ms. McKinstry and Mr. Entricken participate in health and wellness programs as well as the defined contribution retirement savings plan of Wolters Kluwer United States.

Governance and contracts

The Selection and Remuneration Committee engaged an outside compensation advisor to provide recommendations and information on market practices for compensation structure and levels. The Committee had extensive discussions, supported by its external advisor, to review the composition and key drivers of remuneration. In accordance with the Dutch Corporate Governance Code, the Selection and Remuneration Committee and Supervisory Board made scenario analyses when they determined the level and structure of the Executive Board's remuneration. The Committee has also taken into consideration to which extent the variable remuneration might expose the company to risks, taking into consideration the overall risk profile and risk appetite of the company, as described in *Risk Management*. The Committee believes that the remuneration policy provides management with good incentives to create long-term value, without increasing the overall risk profile of the company.

In line with the revised Dutch Corporate Governance Code, the Selection and Remuneration Committee has taken notice of the views of the members of the Executive Board with respect to the amount and structure of their remuneration.

The pay-ratio, obtained by dividing the total 2017 remuneration for the CEO by the average of the total 2017 remuneration of all employees worldwide, is 82. For this purpose, the total CEO remuneration is based on the remuneration costs as stated in *Note 35 – Remuneration of the Executive Board and Supervisory Board*, minus tax-related costs. The average employee remuneration is obtained by dividing the 2017 total personnel expenses as stated in *Note 12 – Personnel Expenses* (after subtracting the CEO's remuneration), by the reported average number of FTEs (minus one). As such, both the total CEO remuneration (minus tax-related costs) and the average total remuneration of all employees (minus the CEO's remuneration) are based on IFRS valuation standards.

In line with the Dutch Corporate Governance Code, as a policy, future appointments of Executive Board members will take place for a period of four years. As such, the appointment of Mr. Entricken at the Annual General Meeting of Shareholders in 2013, took place for an initial period of four years. At the Annual General Meeting of Shareholders of April 20, 2017, Mr. Entricken was re-appointed for a second four-year term. The existing contract of Ms. McKinstry, who was appointed before the introduction of the first Dutch Corporate Governance Code and has an employment contract for an indefinite period, will be honored. Periods of notice vary between 45 days and 180 days.

With respect to future Executive Board appointments, the company will, as a policy, comply with the Best Practice Provision of the Dutch 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.

The contracts of the Executive Board members contain stipulations with respect to a change of control of the company. According to these stipulations, in case of a change of control, the Executive Board members 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 period has not yet ended. In addition, they are entitled to a cash severance payment if their employment agreement would end following a change of control.

Executive Board remuneration 2017 and 2018

Fixed and variable compensation and other considerations for members of the Executive Board in 2017 are detailed in *Note 35 – Remuneration of the Executive Board and Supervisory Board*.

In 2017, the Executive Board members received a regular base salary increase of 2.5%. For 2018, the Supervisory Board approved an increase in base salary for the Executive Board members of 2.7%, which is in line with the overall budgeted 2018 salary increase for Wolters Kluwer employees in the Netherlands.

Short-Term Incentive Plan

The Wolters Kluwer STIP grants Executive Board members a cash bonus if specific targets are met. The Supervisory Board determines the targets on an annual basis. Payment of the STIP bonus for each Executive Board member only takes place after verification by the external auditor of the financial statements of the company, including the financial performance indicators on which the financial STIP targets are based.

The STIP bonus for performance in 2017 (payout in 2018) for the members of the Executive Board was based on the achievement of targets with respect to revenue performance (33.3%), adjusted net profit (33.3%), adjusted free cash flow (28.3%), and a sustainability-related target being revenues from digital products as a percentage of total revenues (5%). The Supervisory Board selected this target because the use of digital products reduces paper consumption and increases productivity, which contributes to an improved sustainability performance for Wolters Kluwer and its customers and is in line with the company's strategic focus on digital expert solutions. The achieved percentages, earned based on performance in 2017 and payable in March 2018, will be 150.59% of base salary for Ms. McKinstry and 120.59% of base salary for Mr. Entricken. The chart on *page 74* shows performance against target for each of the STIP measures in 2017.

Since these bonuses are related to 2017 performance, the costs are included in the total remuneration costs for 2017 as shown in *Note 35 – Remuneration of the Executive Board and Supervisory Board*.

For 2018, the Supervisory Board has approved the same target payout percentages for the Executive Board members as for 2017: 125% of the base salary for the CEO and 95% of the base salary for the CFO. The maximum achievable payouts will be 175% for the CEO and 145% for the CFO. These maximum amounts would only be payable if the actual performance for all individual measures exceeds 110% of target. There is no payout for individual measures with results below 90% of target. These payout percentages were determined through market benchmarking and have remained unchanged for the CEO and CFO level since 2007.

For 2018, the Supervisory Board has approved the same measures as for 2017: revenue performance (33.3%), adjusted net profit (33.3%), adjusted free cash flow (28.3%), and revenues from digital products as a percentage of total revenues (5%).

Long-Term Incentive Plan

The Long-Term Incentive Plan aligns the organization and its management with the strategic goals of the company, thus rewarding the creation of shareholder value. The plan uses performance shares, and at the beginning of a three-year period a conditional award of shares is established. The total number of shares that the Executive Board members will actually receive at the end of the three-year performance period depends on the achievement of predetermined performance conditions.

As approved by the Annual General Meeting of Shareholders in 2011, for 50% of the value of shares conditionally awarded at the beginning of a three-year period, the payout at the end of the performance period depends on a target based on Wolters Kluwer's Total Shareholder Return (TSR) in relation to a group of peer companies (TSR Related Shares). For the other 50% of the value of the shares conditionally awarded at the beginning of a three-year performance period, the payout at the end of the performance period will depend on a target based on diluted earnings per share (EPS) performance (EPS Related Shares). Payout of the performance shares at the end of the three-year performance period will only take place after verification by the external auditor of the achievement of the TSR and EPS targets.

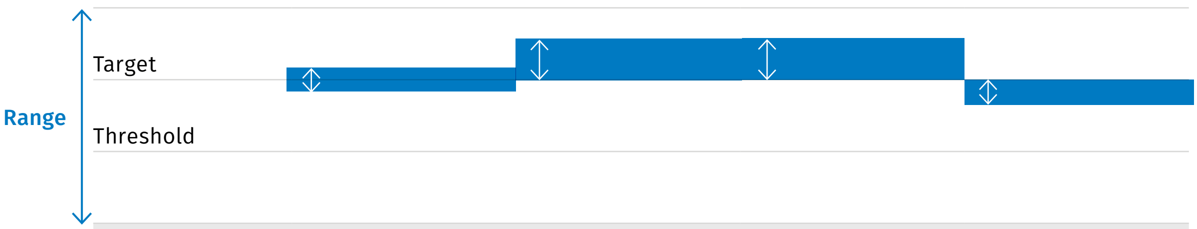
TSR peer group and incentive zones

TSR is calculated as the share price appreciation over a three-year period including dividend reinvestment. By using a three-year performance period, there is a clear relation between remuneration and long-term value creation. As a policy, 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 volatility in the stock markets around year-end.

In 2017, the TSR peer group consisted of the following companies: Arnoldo Mondadori, Axel Springer, Daily Mail & General, Dun & Bradstreet, Grupo PRISA, Informa, John Wiley & Sons, Lagardère, McClatchy, Pearson, RELX, S&P Global, Thomson Reuters, Trinity Mirror, and UBM. This peer group is consistent with the peer group at the launch of the plan in 2004, except for companies that have been replaced because their shares are no longer publicly traded. The Supervisory Board has carefully reviewed and established the criteria for selecting companies for the peer group.

The Executive Board can earn 0-150% of the number of conditionally awarded TSR Related Shares at the end of the three-year performance period depending on Wolters Kluwer's TSR performance compared to the peer group (TSR Ranking). As approved in the 2007 Annual General Meeting of Shareholders, there will be no payout for the Executive Board with respect to TSR Related Shares if Wolters Kluwer ends below the eighth position in the TSR Ranking, 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% payout for seventh or eighth position. These incentive zones are in line with best practice recommendations for the governance of long-term incentive plans.

2017 Short-Term Incentive Target Performance



Measure	Revenues *in millions of euros*	Adjusted net profit *in millions of euros*	Adjusted free cash flow *in millions of euros*	% Revenues from digital products
Weighting	33.33%	33.33%	28.33%	5.0%

TSR performance 2014-16 and 2015-17

For the three-year performance period 2014-16, Wolters Kluwer reached the first position in the TSR Ranking. As a result, in 2017, the Executive Board members received 150% of the number of conditional rights on TSR Related Shares that were awarded to them in 2014.

For the three-year performance period 2015-17, Wolters Kluwer reached the second position in the TSR Ranking. As a result, in 2018, the Executive Board members will receive 150% of the number of conditional rights on TSR Related Shares that were awarded to them in 2015.

EPS Targets and payout schedules

With respect to the EPS Related Shares, the Executive Board members can earn 0-150% of the number of conditionally awarded EPS Related Shares, depending on Wolters Kluwer's EPS performance over the three-year performance period. For calculation purposes, the definition of diluted EPS as disclosed in the Annual Reports of Wolters Kluwer will be used, the definition of which is similar to 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), except that the weighted average number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares. Using EPS as a performance measure for LTIP leads to a strong alignment between the successful execution of the strategy to generate long-term shareholder value and management compensation.

At the end of the three-year performance period, the Executive Board members will receive 100% of the number of conditionally awarded EPS Related Shares if the performance over the three-year period is on target. There will be no payout if the performance over the three-year period is less than 50% of the target. In case of overachievement of the target, the Executive Board members can earn up to a maximum of 150% of the conditionally awarded shares. The Supervisory Board determines the exact targets for the EPS Related Shares for each three-year performance period. The targets will be based on the EPS performance in constant currencies, to exclude benefits or disadvantages based on currency effects over which the Executive Board has no control.

EPS performance 2014-16 and 2015-17

The EPS target that was set for the 2014-16 performance period was based on a Compound Annual Growth Rate (CAGR) for EPS of 6.6%. The company outperformed the target. Due to the outperformance, in 2017, the Executive Board members received 140% of the number of conditional rights on EPS Related Shares that were awarded to them in 2014.

The EPS target that was set for the 2015-17 performance period was based on a Compound Annual Growth Rate (CAGR) for EPS of 5.1% (calculated based on 2014 EPS after adjustment for certain tax-related one-off effects, as agreed upon at the time of target setting). The company outperformed the target. Due to the outperformance, the Executive Board members will receive 150% of the number of conditional rights on EPS Related Shares that were awarded to them in 2015.

Conditional share awards

The conditional share awards for the Executive Board members are determined by the comparable market information from European and U.S. companies. The actual number of conditional rights on shares awarded over the performance periods 2016-18 and 2017-19 can be found in *Note 35 – Remuneration of the Executive Board and Supervisory Board*.

As explained above, shares are conditionally awarded at the beginning of a three-year performance period. The 2007 Annual General Meeting of Shareholders also approved the proposal to determine awards of conditional rights on shares for the Executive Board on a fixed percentage of base salary determined by individual benchmarking. For the 2018-20 performance period, these percentages are determined to be 285% for the CEO, and 175% for the CFO. These percentages are determined through a benchmarking process and have remained unchanged for the CEO and CFO level since 2007.

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. The actual amount granted can vary from year to year, depending upon benchmark salary reviews. Because the fair value of TSR Related Shares can be different from the fair value of EPS Related Shares, the number of conditionally awarded TSR Related Shares can deviate from the number of conditionally awarded EPS Related Shares.

Senior management remuneration

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

Alphen aan den Rijn, February 20, 2018

Supervisory Board

2017 Financial Statements

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

in millions of euros, unless otherwise stated, for the year ended December 31		2017	2016*
Revenues	*Note 5*	4,422	4,286
Cost of sales		1,335	1,315
Gross profit	*Note 5*	3,087	2,971
Sales costs	*Note 9*	818	808
General and administrative costs	*Note 10*	1,447	1,394
Total operating expenses	*Note 5*	2,265	2,202
Other operating income and (expense)	*Note 11*	47	(3)
Operating profit	*Note 5*	869	766
Financing results	*Note 14*	(108)	(113)
Share of profit of equity-accounted investees, net of tax	*Note 19*	4	2
Profit before tax		765	655
Income tax expense	*Note 15*	(94)	(165)
Profit for the year		671	490
Attributable to:			
– Owners of the company		670	489
– Non-controlling interests	*Note 16*	1	1
Profit for the year		671	490
Earnings per share (EPS) (€)			
Basic EPS	*Note 6*	2.35	1.68
Diluted EPS	*Note 6*	2.33	1.66

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

Consolidated Statement of Comprehensive Income

in millions of euros, for the year ended December 31		2017	2016
Comprehensive income			
Profit for the year		671	490
Other comprehensive income			
Items that are or may be reclassified subsequently to the statement of profit or loss:			
Exchange differences on translation of foreign operations		(499)	126
Exchange differences on translation of equity-accounted investees	*Note 19*	(1)	1
Reclassification of foreign exchange differences on loss of control	*Note 7*	0	(1)
Net gains/(losses) on hedges of net investments in foreign operations		24	(7)
Effective portion of changes in fair value of cash flow hedges		(14)	20
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss	*Note 14*	14	(10)
Tax on other comprehensive income		0	0
Items that will not be reclassified to the statement of profit or loss:			
Remeasurements on defined benefit plans	*Note 28*	27	(22)
Tax on other comprehensive income	*Note 21*	(14)	7
Other comprehensive income for the year, net of tax		(463)	114
Total comprehensive income for the year		208	604
Attributable to:			
• Owners of the company		206	603
• Non-controlling interests		2	1
Total		208	604

Consolidated Statement of Cash Flows

in millions of euros, for the year ended December 31		2017		2016	
Cash flows from operating activities					
Profit for the year		671		490	
Adjustments for:					
Financing results	*Note 14*	108		113	
Share of profit of equity-accounted investees, net of tax	*Note 19*	(4)		(2)	
Income tax expense	*Note 15*	94		165	
Amortization, impairments, and depreciation	*Note 13*	396		360	
Additions to provisions for restructuring	*Note 29*	25		25	
Release of provisions for restructuring	*Note 29*	0		(3)	
Fair value changes of contingent considerations	*Note 11*	9		(1)	
Book (profit)/loss on divestments of operations	*Note 7*	(74)		(11)	
Share-based payments	*Note 31*	23		18	
Autonomous movements in working capital		(34)		43	
Paid financing costs		(87)		(100)	
Paid corporate income tax	*Note 21*	(156)		(108)	
Appropriation of provisions for restructuring	*Note 29*	(27)		(31)	
Additional defined benefit plan contributions		(6)		(25)	
Other		2		(6)	
Net cash from operating activities			940		927
Cash flows from investing activities					
Capital expenditure	*Note 5*	(210)		(224)	
Acquisition spending, net of cash acquired	*Note 7*	(313)		(450)	
Receipts from divestments, net of cash disposed	*Note 7*	94		14	
Dividends received	*Note 19*	1		2	
Cash from settlement of derivatives		19		(11)	
Net cash used in investing activities			(409)		(669)
Cash flows from financing activities					
Repayment of loans	*Note 26*	(18)		(5)	
Proceeds from new loans	*Note 26*	497		2	
Collateral received/(paid)	*Note 26*	(5)		5	
Repurchased shares	*Note 30*	(302)		(198)	
Dividends paid		(232)		(223)	
Net cash used in financing activities			(60)		(419)
Net cash flow			471		(161)

Consolidated Statement of Cash Flows (continued)

in millions of euros, for the year ended December 31		2017	2016
Net cash flow		471	(161)
Cash and cash equivalents less bank overdrafts at January 1		389	527
Foreign exchange differences on cash and cash equivalents and bank overdrafts		(109)	23
		280	550
Cash and cash equivalents less bank overdrafts at December 31	*Note 24*	751	389
Add: Bank overdrafts at December 31	*Note 26*	288	551
Less: Cash included in assets classified as held for sale at December 31	*Note 8*	(19)	–
Cash and cash equivalents at December 31	*Note 24*	1,020	940

Consolidated Statement of Financial Position

in millions of euros, at December 31		2017		2016	
Non-current assets					
Goodwill and intangible assets	*Note 17*	5,581		6,113	
Property, plant, and equipment	*Note 18*	101		126	
Investments in equity-accounted investees	*Note 19*	11		10	
Financial assets	*Note 20*	16		30	
Deferred tax assets	*Note 21*	93		109	
Total non-current assets			5,802		6,388
Current assets					
Inventories	*Note 22*	95		118	
Trade and other receivables	*Note 23*	1,312		1,375	
Income tax receivable	*Note 21*	9		18	
Cash and cash equivalents	*Note 24*	1,020		940	
Assets classified as held for sale	*Note 8*	248		–	
Total current assets			2,684		2,451
Current liabilities					
Deferred income		1,412		1,555	
Trade and other payables		335		414	
Income tax payable	*Note 21*	12		23	
Short-term provisions	*Note 29*	22		26	
Short-term bonds	*Note 26*	750		–	
Borrowings and bank overdrafts	*Note 26*	288		556	
Other current liabilities	*Note 25*	618		628	
Liabilities classified as held for sale	*Note 8*	81		–	
Total current liabilities			3,518		3,202
Working capital			(834)		(751)
Capital employed			4,968		5,637

Consolidated Statement of Financial Position (continued)

in millions of euros, at December 31		2017	2016
Non-current liabilities			
Long-term debt:			
Bonds		1,627	1,878
Private placements		396	410
Other long-term debt		17	26
Total long-term debt	*Note 26*	2,040	2,314
Deferred and other tax liabilities	*Note 21*	451	505
Employee benefits	*Note 28*	150	191
Provisions	*Note 29*	2	1
Total non-current liabilities		2,643	3,011
Equity			
Issued share capital	*Note 30*	35	36
Share premium reserve		87	87
Legal reserves		(17)	458
Other reserves		2,216	2,040
Equity attributable to the owners of the company	*Note 44*	2,321	2,621
Non-controlling interests	*Note 16*	4	5
Total equity		2,325	2,626
Total financing		4,968	5,637

Consolidated Statement of Changes in Total Equity

in millions of euros			Legal reserves			Other reserves				
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2016	36	87	78	(141)	398	(205)	2,219	2,472	5	2,477
Total comprehensive income/ (loss) for the year 2016				3	126		474	603	1	604
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							18	18		18
Release LTIP shares						49	(49)	0		0
Cash dividend 2015							(167)	(167)	(1)	(168)
Interim cash dividend 2016							(55)	(55)		(55)
Repurchased shares						(250)		(250)		(250)
Other movements			(6)				6	0	0	0
Balance at December 31, 2016	36	87	72	(138)	524	(406)	2,446	2,621	5	2,626
Total comprehensive income/ (loss) for the year 2017				24	(501)		683	206	2	208
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							23	23		23
Cancellation of shares	(1)					358	(357)	0		0
Release LTIP shares						51	(51)	0		0
Cash dividend 2016							(172)	(172)	(3)	(175)
Interim cash dividend 2017							(57)	(57)		(57)
Repurchased shares						(300)		(300)		(300)
Other movements			2				(2)	0		0
Balance at December 31, 2017	35	87	74	(114)	23	(297)	2,513	2,321	4	2,325

Notes to the Consolidated Financial Statements

Note 1 – General and Basis of Preparation

General

Reporting entity
Wolters Kluwer is a global leader in professional information, software solutions and services for the health, tax and accounting, finance, risk and compliance, and legal sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

The group maintains operations across North America, Europe, Asia Pacific, and other regions (Rest of the World). The company's ordinary shares are quoted on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices.

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

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, prevailing as of December 31, 2017, as endorsed for use in the European Union by the European Commission.

These financial statements were authorized for issuance by the Executive Board and Supervisory Board on February 20, 2018. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of Shareholders on April 19, 2018.

Consolidated financial statements
The consolidated financial statements of the company at and for the year ended December 31, 2017, comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates and jointly controlled entities. The significant accounting policies applied in the preparation of these consolidated financial statements are set out in *Note 2 - Significant Accounting Policies*. The group entities have consistently applied these policies.

A list of participations has been filed with the Chamber of Commerce in The Hague, the Netherlands, and is available from the company upon request.

Basis of preparation

Basis of measurement
The consolidated financial statements have been prepared under historical cost except for the following material items in the statement of financial position:
- Those financial assets and those financial liabilities (including derivative financial instruments) recognized at their fair value or their amortized costs;
- Share-based payments; and
- Net defined employee benefit assets/liabilities.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in *Note 3 - Accounting Estimates and Judgments*.

Going concern
The Executive Board and Supervisory Board have assessed, during the preparation of the consolidated financial statements of the group, the going concern assumptions. The Executive Board and Supervisory Board believe that no events or conditions give rise to doubt about the ability of the group to continue in operation within the next 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 strategic plan and budget, including expected development in liquidity and capital, as well as current credit facilities available, including contractual and expected maturities and covenants. Consequently, it has been concluded that it is reasonable to apply the going concern concept as the underlying assumption for the financial statements.

Comparatives
Where necessary, certain reclassifications have been made to the prior-year financial information and the related notes to conform to the current year presentation and to improve insights. These have had no impact on the shareholders' equity and profit for the year.

The comparatives for 2016 in the consolidated statement of profit or loss of the 2017 Financial Statements had been restated. There has been a presentation change for revenues and costs of sales in the operating segment for Tax & Accounting: customer credits for bank product services are treated as a deduction to revenues and no longer as cost of sales. Revenues and cost of sales have been restated for an amount of €11 million. This change had no impact on operating profit and the net profit for the year 2016.

Effect of new accounting standards

Except for the EU endorsed amendments below, the group has consistently applied the accounting policies set out in *Note 2 - Significant Accounting Policies*, to all periods presented in these consolidated financial statements. The group has adopted the amendments to the following standards:

- Annual Improvements Cycle - 2014-2016 – Amendments to IFRS 12;
- Recognition of deferred tax assets for unrealized losses – Amendments to IAS 12; and
- Disclosure initiative – Amendments to IAS 7.

The amendments to IFRS 12 clarifies that the disclosure requirements of IFRS 12 are applicable to interest in entities classified as held for sale. For further disclosure, we refer to *Note 8 – Assets/Liabilities Classified as Held for Sale*.

The group included a reconciliation of liabilities arising from financing activities following the amendments to IAS 7, see *Note 26 – Long-term Debt*. Consistent with the transition provisions of the amendments, the group has not disclosed prior-year financial information.

Changes in these amendments did not result in any other material effect on the 2017 Financial Statements.

Effect of forthcoming accounting standards

Three new standards and several amendments are not yet effective for the year ended December 31, 2017, and have not been adopted earlier in preparing these consolidated financial statements.

IFRS 9 – Financial Instruments
IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

The group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on January 1, 2018:

- The group's financial assets, except for derivative financial instruments, consist primarily of investments available for sale, trade and other receivables, and cash and cash equivalents. Following the new measurement and derecognition rules under IFRS 9, most of these financial assets remain largely unchanged from IAS 39 – Financial Instruments: Recognition and Measurement;

- There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The group does not have such liabilities. The derecognition rules have not been changed;
- The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. Generally, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. In addition, the forward points relating to foreign exchange forward contracts will in the future be deferred in a new cost category of the hedging reserve within equity. The deferred amounts will be recognized against the related hedged transaction when it occurs;
- The new impairment model for financial assets requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the group expects no material change to the loss allowance for trade receivables. The group will fine-tune the accounting policies and methodology for determining the expected credit losses in the first half of 2018; and
- IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

A further breakdown of our financial assets and liabilities and measurement under the current policies can be found under *Note 27 – Financial Risk Management*.
This standard must be applied for financial years commencing on or after January 1, 2018. The group will apply the new rules retrospectively from January 1, 2018. Comparatives for 2017 will not be restated.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 will supersede the current revenue recognition guidance, including IAS 18 – Revenue, IAS 11 – Construction Contracts, and the related interpretations, when it becomes effective on January 1, 2018. Per the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to determine performance obligations, consideration, and timing of revenue recognition. IFRS 15 also includes guidance on the presentation of contracts balances, assets and liabilities arising from contracts with customers, which are dependent on the relationship between the group's performance and the customer's payment.

The company elected to apply this standard retrospectively, with the use of several practical expedients. The most important practical expedient application is the relief for restating contracts which are already completed before the earliest period presented (i.e. before December 31, 2016) under the current accounting policies (the completed contract practical expedient in accordance with IFRS 15.C5(a)). Other practical expedients used are:
- For completed contracts that have a variable consideration, we used the transaction price at the date the contract was completed;
- For contracts that were modified before December 31, 2016, we considered the aggregate effect of all modifications before December 31, 2016, when determining the transaction price, and identifying the satisfied and unsatisfied performance obligations;
- We will not disclose the transaction price allocated to the remaining performance obligations for the reporting periods before January 1, 2018, and an explanation when the revenue will be recognized;
- The consideration is not adjusted for any significant financing component if we expect that the period between the transfer of goods and services to the customer and the payment will be less than one year; and
- Sales commissions relating to obtained contracts are recognized as an expense when incurred if the amortization period of the asset would be less than one year.

The group assessed the impact on the 2017 opening balance sheet of its consolidated financial statements resulting from the application of IFRS 15. The group identified an impact on the timing of revenue recognition and the cost associated with obtaining a contract. The financial statements will primarily be impacted by:
- Certain license/maintenance software business models whereby certain licenses will no longer be recognized immediately in the statement of profit or loss, but will be recognized as a right to access license under IFRS 15. As a result, revenue of these licenses will be recognized over the term of the underlying contract, or product life;

- A new approach towards the (un)bundling of multiple elements in a contract and discounts allocated as part of the transaction price. The (un)bundling and allocation of performance obligations are based on relative stand-alone selling prices, and may result in a different allocation of the transaction price and discounts and a different revenue recognition pattern;
- Presentation changes in the statement of profit or loss, with no impact on operating profit or profit after tax, following the re-assessment of principal/agent relationships; and
- The capitalization of incremental cost to obtain a contract, especially sales commissions, for contracts with an expected contract term longer than 12 months and amortized over the longer of the contractual term or product life period. Currently, sales commissions are expensed when incurred.

Based on our assessment, we expect that IFRS 15 will not have a material impact on our annual revenues. We derive most of our revenues from selling digital content, software solutions and services on a subscription basis and products of which the performance obligations are satisfied directly (non-recurring revenues and other transactional business). Consequently, most of our revenue will continue to be recognized ratably over the contract term of the subscription under IFRS 15 or recognized directly when performed.

The audited opening balance sheet position adjustments, per January 1, 2017, are as follows:

	2017
Contract assets (uninvoiced sales)	29
Contract assets (cost to obtain a contract)	25
Deferred tax assets/(liabilities)	26
Contract liabilities	142
Equity	(62)

The contract assets arise primarily because of capitalized sales commissions and the allocation of discounts in multi-year arrangements. The change in contract liabilities (our current deferred income) is the cumulative change due to deferring license revenues, (un)bundling multiple element arrangements and allocating discounts.

The deferred tax positions are based on our assessment of temporary differences per fiscal jurisdiction. A limited number of countries where we operate have concluded on the treatment of this accounting change in the tax returns. In 2018, we expect more guidance from the tax authorities and will update the presentation of current and deferred income tax positions accordingly.

In 2017, revenues were €4,422 million, of which €52 million must be deferred under the new standard and recognized normally over a period between one and five years, with most of the deferred revenue being released in the subsequent year.

In 2017, sales commission expenses were €160 million, of which €20 million must be capitalized and amortized under the new standard. Capitalized sales commissions will be amortized over useful lives of three or five years, or underlying contract life if longer, subject to the nature of the underlying performance obligations. Most of our sales commissions will continue to be expensed when incurred.

In 2018, a further review will be required to determine whether the corporate income tax adjustments are assessed being current or deferred pending the position taken by local tax authorities. In addition, we will review the disclosure requirements and whether certain contract assets and liabilities are to be disclosed net.

The use of practical expedients will result in a different opening balance on January 1, 2017, compared to the fully retrospective method without the use of any practical expedients; therefore the impact for 2017 will differ from the impact for the full year 2018.

	2017 Reported	IFRS 15 Restatement	2017 Restated
Revenues	4,422	(52)	4,370
Total operating expenses	2,265	(13)	2,252
Operating profit	869	(39)	830
Profit for the year	671	(34)	637
Diluted EPS (€)	2.33	(0.12)	2.21
Adjusted operating profit	1,009	(39)	970
Adjusted operating profit margin	22.8%		22.2%
Adjusted net profit	668	(29)	639
Diluted adjusted EPS (€)	2.32	(0.10)	2.22

	2017 Reported	Software licenses	Other revenues	Total revenue restatement	Total expense restatement[1]	2017 Restated
Health	1,168	–	(2)	(2)	–	1,166
Tax & Accounting	1,257	(10)	(13)	(23)	–	1,234
Governance, Risk & Compliance	1,080	(26)	–	(26)	–	1,054
Legal & Regulatory	917	–	(1)	(1)	–	916
Revenues	4,422	(36)	(16)	(52)	–	4,370
Health	293			(2)	6	297
Tax & Accounting	339			(23)	4	320
Governance, Risk & Compliance	319			(26)	2	295
Legal & Regulatory	110			(1)	1	110
Corporate	(52)			-	-	(52)
Adjusted operating profit	1,009			(52)	13	970

[1] The total expense restatement includes the net impact of capitalized and amortized sales commissions, presentation changes between cost and revenues, and deferral of licenses in cost of sales.

IFRS 16 – Leases

IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability for the lease installments are recognized. The only exceptions are short-term and low-value leases, for which IFRS 16 allows accounting and reporting reliefs. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases.

As at December 31, 2017, the group has non-cancellable operating lease commitments of €252 million, *see Note 34 – Commitments and Contingent Liabilities*. Most of these commitments that will be in scope of the standard relate to real estate and IT data centers, and, to a lesser extent, to automobile leases and other lease/rental arrangements. The current disclosure is only indicative for the impact of IFRS 16, since the accounting for among other renewals and discount rates will differ. However, the group has not yet assessed what other adjustments, if any, are necessary because of (for example) the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that should be recognized on adoption of the standard and how this may affect the group's profit or loss and classification of cash flows going forward.

The effective date for this standard is the financial year commencing on January 1, 2019. The group does not intend to early adopt the standard. The group is currently evaluating the appropriate transition method, either the retrospective transition approach or the simplified transition approach, and will further communicate on this once a decision has been finalized. The group has selected a tool for its lease accounting and is in the stage of data gathering and analysis. The data points for the most material lease category, real estate, have been almost finalized and readied for input into the lease accounting tool.

Other forthcoming amendments

The following other forthcoming amendments are not yet effective for the year ended December 31, 2017, and have not been adopted earlier in preparing these consolidated financial statements:

- Annual Improvements Cycle - 2014-2016;
- Classification and measurement of share-based payment transactions – Amendments to IFRS 2;
- Sale or contribution of assets between an investor and its associates or joint venture - Amendments to IAS 28;
- Transfer of investment property - Amendments to IAS 40;
- Foreign currency transactions and advance considerations - IFRIC 22; and
- Uncertainties over Income Tax Treatments – IFRIC 23.

The group expects no significant changes as result of these amendments.

Note 2 – Significant Accounting Policies

Except for the changes explained in *Note 1 - General and Basis of Preparation*, the group has consistently applied the following significant accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

Subsidiaries
Subsidiaries are all entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

Equity-accounted investees
Equity-accounted investees comprise interests in associates and joint ventures.

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost, which includes transaction costs. Associates and joint ventures are recognized from the date the group has significant influence or joint control, and recognition ceases the date the group has no significant influence or joint control over the equity investment. The carrying value of the group's investments in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

When an interest in an associate is increased to a controlling interest, the equity interest previously held is treated as if it were disposed of and re-acquired at fair value on the acquisition date. Accordingly, it is remeasured to its acquisition date fair value, and any resulting gain or loss compared to its carrying amount is recognized in profit or loss. Any amount that has previously been recognized in other comprehensive income, and that would be reclassified to profit or loss following a disposal, is similarly reclassified to profit or loss.

Loss of control
On 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 on the loss of control is recognized in profit or loss. If the group retains any equity interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently the remaining interest is accounted for as an equity-accounted investee or as available-for-sale financial asset depending on the level of influence retained.

Assets/Liabilities classified as held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

After the disposal takes place, the group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the group uses the equity method.

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

Transactions eliminated on consolidation
Intragroup balances and transactions, as well as income and expenses and any unrealized gains and losses arising from transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the group's 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 using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

However, 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;
- Available-for-sale equity investments (except for impairment); and
- Qualifying net investment hedges in foreign operations to the extent the hedge is effective.

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

Foreign operations

The assets and liabilities of group companies are translated to euros at foreign exchange rates prevailing at the end of the reporting period. Income and expenses of group companies are translated to euros at exchange rates on the dates of the transactions. All resulting exchange differences are recognized in the currency translation reserve as a component of other comprehensive income. When a foreign subsidiary is disposed of, exchange differences that were recorded in other comprehensive income prior to the sale are reclassified through profit or loss as part of the gain or loss on disposal.

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 reserve on exchange differences on translation of the foreign operations in other comprehensive income.

Main currency exchange rates

rates to the euro	2017	2016
U.S. dollar (average)	1.13	1.11
U.S. dollar (at December 31)	1.20	1.05

Business combinations

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

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognized in financing results.

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

Goodwill

The group measures goodwill at the acquisition date as the sum of the fair value of the consideration transferred and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the business is acquired in stages, the fair value of the existing equity interest in the acquiree is also included in the determination of goodwill.

Costs related to acquisitions which the group incurs in a business combination, are expensed as incurred. Any contingent consideration payable (such as earn-out arrangements) is recognized at fair value at the acquisition date.

Non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized for those transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Principles for the determination and presentation of results

Revenues
Revenues represent the revenues billed to third parties net of value-added tax and discounts. Shipping and handling fees billed to customers are included in revenues.

Subscriptions
Revenues related to subscriptions are recognized over the period in which the goods and/or content are dispatched and/or made available online, when the goods and/or content involved are similar in value over time. Subscription income received or receivable in advance of the delivery of goods and/or content is included in deferred income.

Licenses
License fees paid for the use of the group's software products and/or services are recognized in accordance with the substance of the agreement. Normally licenses representing a right to access are recognized as revenue on a straight-line basis. In case of a transfer of rights, which permits the licensee to exploit those rights freely and the group as a licensor has no remaining obligations to perform subsequent to delivery, revenue is recognized at the time of the sale.

Related implementation fees are normally recognized as revenues by reference to the stage of completion of the implementation.

Goods
Revenue from the sale of goods is recognized upon shipment and transfer of the significant risks and rewards of ownership to the customer, provided that the ultimate collectability and final acceptance by the customer is reasonably assured. Revenue from the sale of goods is recognized net of estimated returns for which the group has recognized a provision based on previous experience and other relevant factors.

Services
Revenue from the sale of services is recognized on a straight-line basis over the agreed or estimated service period, unless there is evidence that some other method is more representative for the stage of completion of the service at the end of the reporting period.

Multiple element contracts
In case a product consists of a combination of multiple goods and/or services (also known as "bundled product") the group will estimate the fair value of the individual contract obligations and recognize each obligation at the moment of delivery and/or when it is made available.

Agent/principal arrangements
If the group acts as an agent, whereby the group sells goods or services on behalf of a principal, the group recognizes the amount of the net consideration as revenues.

Cost of sales
Cost of sales comprises directly attributable costs of goods and services sold.

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

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

Sales costs
Sales-related costs relate to direct internal personnel expenses and direct external costs incurred for marketing and sales activities. Sales costs include sales commissions for obtaining contracts.

General and administrative costs
General and administrative costs include costs that are neither directly attributable to cost of sales nor to sales costs (sales and marketing activities). They include costs such as product development cost, information technology cost, general overhead, amortization of acquired identifiable intangible assets and impairments of goodwill and acquired identifiable intangible assets.

Other operating income and expense

Other operating income and expense relate to items which are different in their nature or frequency from operating items. They include results on divestments of operations (including direct 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 on contingent considerations.

Financing results

Financing results include interest payable/receivable on loans and borrowings for the period, calculated using the effective interest rate method, interest receivable on funds invested, divestment results of equity-accounted investees, dividend income on available-for-sale investments, gain or loss on the sale of financial assets classified as available-for-sale, impairments of financial assets (other than receivables), financing income or costs resulting from defined benefit plans, foreign exchange gains and losses on financial assets and liabilities, and gains and losses on hedging instruments that are recognized in profit or loss.

Share-based payments

The group's Long-Term Incentive Plan (LTIP) 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 the actual forfeitures due to participants' resignations before the vesting date.

Total Shareholder Return (TSR) condition

The fair value of the shares based on the TSR performance condition, a market condition under IFRS 2, is measured using a Monte Carlo simulation model, considering the terms and conditions upon which the shares were awarded.

Earnings Per Share (EPS) condition

The fair value of the shares based on the non-market performance condition of EPS is equal to the opening share price of the Wolters Kluwer shares in the year at the grant date, adjusted by the present value of the future dividend payments during the three-year performance period.

The amount recognized as an expense in each year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.

Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. 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 segment and assess its performance and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal financial reporting provided to the Executive Board.

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. Unallocated items are made up of mainly corporate assets and liabilities, corporate office expenses, and income tax assets and liabilities.

Operating segments that do not meet the quantitative thresholds and that have similar economic characteristics have been aggregated into a single reportable segment.

Principles underlying the statement of cash flows

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method; by adjusting the consolidated profit for the year for items and expenses that are not cash flows and for autonomous movements in operating working capital (excluding impact from acquisitions and foreign currency differences).

Cash payments to employees and suppliers are recognized as cash flow from operating activities. Cash flows from operating activities also include paid financing costs of operating activities, acquisition and divestment-related costs, spending on restructuring provisions, and corporate income taxes paid on operating activities.

Cash flows from investing activities
Cash flows from investing activities are those arising from net capital expenditure, from the acquisition and sale of subsidiaries and business activities.

Net capital expenditure is the balance of purchases of property, plant, and equipment less the book value of disposals, and expenditures on other intangible assets less the book value of disposals.

Dividends received relate to dividends received from equity-accounted investees and investments available-for-sale.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. The group has primarily used derivatives for hedging its net investments in the United States. As a result, cash receipts and payments from settlement from derivatives are either classified under cash flows from investing activities or cash flows from operating activities under paid financing costs.

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

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

Principles of valuation and presentation of assets and liabilities

Goodwill, acquired identifiable intangible assets, and other intangible assets

Goodwill
Goodwill recognized for acquisitions represents the consideration made by the group in anticipation of the future economic benefits from assets that are not capable of being individually identified and separately recognized. This includes - amongst other factors - expected synergies, skilled workforces, new customers expected to generate revenue streams in the future, revenues generated by new versions of the product, and the possibility to have an immediate significant presence in new markets through an existing customer base that can be leveraged by the group for other products and services.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and joint ventures. Goodwill is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity that is sold.

Goodwill acquired in a business combination is not amortized. Instead, the goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to cash-generating units for impairment testing purposes. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Acquired identifiable intangible assets
Acquired identifiable intangible assets acquired through business combinations consist of:
- Customer relationships: subscriber accounts and other customer relationships;
- Technology: databases, software, and product technology;
- Trademarks and titles: trademarks, imprints, product titles, and copyrights; and
- Other: license agreements, non-compete covenants, and favorable purchase agreements.

The fair value of the acquired identifiable intangible assets is computed at the time of the acquisition applying one of the following methods:
- Relief from royalty approach: this approach assumes that if the identifiable intangible asset was not owned, it would be acquired through a royalty agreement. The value of owning the asset equals the benefits from not having to pay royalty fees;
- Multi-period excess earnings method: under this approach, cash flows associated with the specific acquired identifiable intangible assets are determined. Contributory charges of other assets that are being used to generate the cash flows are deducted from these cash flows. The net cash flows are discounted to arrive at the value of the asset; or
- Cost method: the cost method reflects the accumulated cost that would currently be required to replace the asset.

Acquired identifiable intangible assets are stated at cost less accumulated amortization and any impairment losses, and are amortized over their estimated useful economic life by applying the straight-line method. The useful life of the acquired identifiable intangible assets is deemed finite, reflecting management's assessment of the life of the assets, usually supported by outside valuation experts, and considering the impact of technological change and changes in the marketplace. If, and to the extent that, acquired identifiable intangible assets are impaired in value, this impairment is immediately charged to profit or loss.

The estimated useful life for acquired identifiable intangible assets is five to thirty years.

Other intangible assets
Other intangible assets mainly relate to purchased and self-constructed information systems and software that are valued at cost less accumulated amortization and any impairment losses. Capitalized software is amortized using the straight-line method over the economic life of the software. If, and to the extent that, the assets are impaired in value, this is immediately recognized in profit or loss as impairment. The estimated useful life for other intangibles is three to ten years.

Impairment
The carrying amounts of the group's non-current assets other than deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

Irrespective of whether there is any indication of impairment, the group also: (1) annually tests for impairment any goodwill and acquired identifiable intangible assets acquired in a business combination; and (2) annually tests an intangible asset not yet available for use for impairment by comparing its carrying amount with its recoverable amount.

An impairment loss is immediately recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or Cash Generating Unit (CGU). For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the group will estimate the recoverable amount of that asset.

Financial instruments
Financial instruments comprise:
- Non-derivative financial assets and liabilities: investments, other receivables, trade and other receivables, cash and cash equivalents, borrowings and bank overdrafts, other current liabilities (excluding derivative financial instruments), and long-term debt; and
- Derivative financial assets and liabilities: single-currency and cross-currency interest rate swaps and forward contracts.

Financial assets and liabilities are offset and presented as net in the statement of financial position when the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the group is recognized as a separate asset or liability. The group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Non-derivative financial assets and liabilities
The group recognizes non-derivative financial assets and liabilities on the trade date.

Non-derivative financial assets
Loans and receivables comprise trade and other receivables, and non-current other receivables, and are measured at amortized cost, less accumulated impairment.

All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Non-derivative financial liabilities
Non-derivative financial liabilities comprise long-term debt (such as bond loans and other loans from credit institutions), trade and other payables, borrowings and bank overdrafts, and other current liabilities (excluding derivative financial instruments).

Non-derivative financial liabilities measured at amortized cost
The group initially recognizes non-derivative financial liabilities at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings, using the effective interest method.

Non-derivative financial liabilities designated at fair value through profit or loss
Non-derivative financial liabilities designated at fair value through profit or loss comprise contingent considerations and are measured at fair value. Changes therein are recognized in profit or loss.

Derivative financial instruments and hedging activities
The group holds derivative financial instruments to hedge risk exposures.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is concluded and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The group designates certain derivatives as either:
- Hedges of a risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The fair value of derivative financial instruments is classified as a non-current asset or long-term debt if the remaining maturity of the derivative financial instrument is more than twelve months and as a current asset or liability if the remaining maturity of the derivative financial instrument is less than twelve months after the end of the reporting period.

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 under the heading of effective portion of changes in fair value of cash flow hedges. The gain or loss relating to the ineffective part is recognized in profit or loss within financing income or costs. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the same periods the hedged item affects the statement of profit or loss. The gain or loss relating to the effective part of derivative financial instruments is recognized in profit or loss within the line where the result from the hedged transaction is recognized.

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 other comprehensive income at that time remains in other comprehensive income and is recognized 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 that was reported in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Net investment hedge
Fair value changes of derivative financial instruments that are used to hedge the net investment in foreign operations, which are determined to be an effective hedge, are recognized directly in other comprehensive income in the translation reserve. The ineffective part is recognized in profit or loss within financing results. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of. If a hedging relationship is terminated and the derivative financial instrument is not sold, future changes in its fair value are recognized in profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivatives 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.

Deferred income
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 revenue by means of the delivery of goods and services in the future. Deferred income is recognized at its nominal value.

Taxation
Corporate income tax on the result for the year is made up of current and deferred tax. Corporate income tax is recognized in profit or loss except to the extent that it relates to business combinations and/or items directly recognized in equity or other comprehensive income.

Current tax is the expected tax payable or tax receivable on the taxable income for the year, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable or tax receivable in respect of previous years. If the current tax shall be settled over more than 12 months and the amounts are material, the current tax will be discounted using the risk-free rate belonging to the corresponding period, and the jurisdiction.

The group recognizes deferred tax liabilities for all taxable temporary differences between the carrying amounts of assets or liabilities in the balance sheet for financial reporting purposes and their tax base for taxation purposes.

Deferred tax liabilities are not recognized for temporary differences arising on:
- Initial recognition of goodwill;
- Investments in subsidiaries and jointly controlled entities to the extent that the parent can control the timing of the reversal of the temporary difference, and it is probable that they will not reverse in the foreseeable future; and
- Initial recognition of an asset or liability in a transaction, which is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognized for deductible temporary differences and for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are not discounted and measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in tax rates on the deferred taxation is recognized in profit or loss if, and to the extent that, this provision was originally formed as a charge to profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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 tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution plans are recognized as an employee benefit expense 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 payment is available.

Defined benefit plans
The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit 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 contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability or asset, which are made up of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

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 then-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 expense related to defined benefit plans, like fund administration costs, are recognized in profit or loss.

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. A curtailment may arise from an isolated event, such as disposal or restructuring, discontinuance of an operation or termination and suspension of 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.

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, and the fair value of any related assets is deducted.

The group recognizes all remeasurement gains and losses arising from defined benefit plans immediately in the period in which they occur in other comprehensive income. All expenses related to defined benefit plans are presented in the statement of profit or loss.

Termination benefits
Termination benefits are recognized as an expense when the group is demonstrably committed - without realistic possibility of withdrawal - to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as result of an offer made to encourage voluntary redundancy.

Provisions
A provision is recognized when: (1) the group has a present legal or constructive obligation because of a past event; (2) it is probable that an outflow of resources in the form of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be reliably estimated.

Restructuring
The provision for restructuring relates to provisions for the integration of activities, including acquisitions, and other substantial changes of the organizational structure and onerous contracts. A provision for restructuring is recognized only when the general recognition criteria are met.

Note 3 – Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expense. Actual results may differ from those estimates, and may result in material adjustments in the next financial year(s).

Policies that are critical for the presentation of the financial position and financial performance of the group and that require estimates and judgments are summarized in this note.

Revenue recognition

Revenue recognition requires estimates and judgments as far as it relates to determining the nature of a license, bundling of multiple elements within a contract, determining the fair values of the elements in a contract (including allocation of discounts), estimating expected returns from customers and non-renewed orders. The group recognizes a provision for these delivered goods or rendered services based on historical rates. If these rates exceed a certain threshold, revenue is recognized only upon receipt of the payment or the order. Revenue of a combination of goods and services is recognized based on estimates of the fair value of the individual components.

Employee benefits

The net plan assets or liabilities of the defined employee benefit plans are presented in the statement of financial position of the group. The costs related to these pension and post-retirement medical plans are included in profit or loss, and are based upon actuarial and economic assumptions. The main economic assumptions are:

- Discount rate;
- Indexation;
- 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 upon statistics provided by the relevant entities based on past experiences.

Reference is made to *Note 28 – Employee Benefits*.

Capitalized software

Software development costs are capitalized if the group can demonstrate the technical feasibility of completing the software project so that it will be available for use or sale and if it can demonstrate that the project complies with the following requirements: the intention to complete the development project; the ability to sell or use the end-product; demonstration of how the end-product will yield probable future economic benefits; the availability of adequate technical, financial and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project.

Capitalized software is amortized using the straight-line method over the economic life of the software, between three and ten years. Capitalization of software depends on several assumptions as indicated above. 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 competitive pressures).

Reference is made to *Note 17 – Goodwill and Intangible Assets*.

Useful lives of assets

The useful life should be determined for assets such as acquired identifiable intangible assets, other intangible assets (including software development costs), and property, plant, and equipment. The useful lives are estimated based upon best practice within the group and in line with common market practice. The group reviews the remaining useful lives of its assets annually.

Reference is made to *Note 17 – Goodwill and Intangible Assets* and *Note 18 – Property, Plant, and Equipment*.

Valuation and impairment testing intangibles

Upon acquisition, the values of intangible assets acquired are estimated, applying the methodologies as set out under the accounting policies. These calculations are usually performed by the management of the acquiring division in close cooperation with an external consulting firm. These calculations require estimates like future cash flows, useful life, churn rate, and rate of return. The estimates are based upon best practice within the group and the methodology applied is in line with normal market practice.

The impairment test requires estimates of a discount rate, future cash flows, and a perpetual growth rate. These estimates are made by the management of the business with which the goodwill is associated. The future cash flows cover a five-year period, and are based on the Vision & Strategy Plans (VSP), prepared by management and approved by the Executive Board.

The fair value of the assets, liabilities, and contingent liabilities of a business combination should be measured within twelve months from the acquisition date. For some acquisitions, provisional fair values have been included in the statement of financial position and final valuation of the identifiable tangible assets is still pending, but will be completed within the twelve-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 combination contingent on future events (such as earn-outs), the group includes an initial fair value of that adjustment in the cost of the combination 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. Subsequent changes to the fair value are recognized in profit or loss.

Reference is made to *Note 17 – Goodwill and Intangible Assets*.

Accounting for income taxes

Corporate income tax is calculated based on income before taxation, considering the local tax rates and regulations. For each operating entity, the current corporate 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, which will be received in future periods.

A deferred tax asset is recognized for deductible temporary differences, 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 against which the unused tax losses and unused tax credits can be utilized. 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 and interest may be due. The group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. The assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact the corporate income tax expenses in the 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.

The United States Tax Cuts and Jobs Act was signed into law on December 22, 2017, and introduces significant changes in U.S. tax laws taking effect on January 1, 2018. A complete understanding of the implications of this Act may take some time and government guidance is expected with more accurate information on the impact of this Act and the modalities of its application. Reported corporate income tax amounts in the 2017 Financial Statements may therefore be subject to a higher degree of estimation uncertainty than usually the case and measurement adjustments may need to be made in subsequent reporting periods.

Reference is made to *Note 15 – Income Tax Expense* and *Note 21 – Tax Assets and Liabilities*.

Legal and judicial proceedings and claims

For legal and judicial proceedings and claims against the company and its operating entities, a liability is accrued only if an adverse outcome is probable and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability, and consequently may affect the actual result. The prediction of the outcome and the assessment of a possible loss by management are based on management's judgments and estimates. Management usually consults lawyers and other specialists for support.

Reference is made to *Note 34 – Commitments and Contingent Liabilities*.

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 statements of profit or loss and cash flows.

Benchmark figures

		2017	2016*	Δ	Δ CC
Revenues		4,422	4,286	3	5
Organic revenue growth (%)		3	3		
Adjusted operating profit		1,009	950	6	8
Adjusted operating profit margin (%)		22.8	22.2		
Adjusted net profit		668	618	8	10
Adjusted net financing costs	*Note 14*	(109)	(107)	2	2
Adjusted free cash flow		746	708	5	7
Cash conversion ratio (%)		97	100		
Return on invested capital (ROIC) (%)		10.2	9.8		
Net debt	*Note 26*	2,069	1,927	7	
Net-debt-to-EBITDA ratio		1.7	1.7		
Diluted adjusted EPS (€)		2.32	2.10	11	
Diluted adjusted EPS in constant currencies (€)		2.38	2.11		13
Diluted adjusted free cash flow per share (€)		2.59	2.40	8	10

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11).
* Restated. See *Note 1 – General and Basis of Preparation.*

Revenue bridge

	€ million	*%*
Revenues 2016*	4,286	
Organic change	142	3
Acquisitions	117	3
Divestments	(56)	(1)
Currency impact	(67)	(2)
Revenues 2017	4,422	3

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

Reconciliation between operating profit and adjusted operating profit

		2017	2016
Operating profit		869	766
Amortization of acquired identifiable intangible assets	*Note 13*	187	181
Non-benchmark items in operating profit	*Note 11*	(47)	3
Adjusted operating profit		1,009	950

Reconciliation between profit for the year and adjusted net profit

	2017	2016
Profit for the year attributable to the owners of the company (A)	670	489
Amortization of acquired identifiable intangible assets and impairments	187	181
Tax on amortization and impairments of acquired identifiable intangible assets and goodwill	(65)	(62)
Non-benchmark items, net of tax	(124)	10
Adjusted net profit (B)	668	618

Reconciliation between total financing results and adjusted net financing costs

		2017	2016
Total financing results	*Note 14*	(108)	(113)
Non-benchmark items in total financing results	*Note 14*	(1)	6
Adjusted net financing costs		(109)	(107)

Summary of non-benchmark items

		2017	2016
Included in operating profit:			
Other operating income and (expense)	*Note 11*	47	(3)
Included in total financing results:			
Other finance income/(costs)	*Note 14*	1	(6)
Total non-benchmark items before tax		48	(9)
Tax benefit/(expense) on non-benchmark items		6	(4)
Impact of changes in tax rates and mandatory repatriation tax		70	3
Non-benchmark items, net of tax		124	(10)

Reconciliation between net cash from operating activities and adjusted free cash flow

		2017	2016
Net cash from operating activities		940	927
Capital expenditure	*Note 5*	(210)	(224)
Acquisition-related costs	*Note 7*	3	11
Paid divestment expenses	*Note 7*	11	3
Dividends received	*Note 19*	1	2
Income tax on internal restructuring		5	–
Net tax benefit on previously divested assets and consolidation of platform technology		(4)	(11)
Adjusted free cash flow (C)		746	708

Return on invested capital (ROIC)

	2017	2016
Adjusted operating profit	1,009	950
Allocated tax	(261)	(255)
Net operating profit after allocated tax (NOPAT)	748	695
Average invested capital	7,303	7,084
ROIC (NOPAT/Average invested capital) (%)	10.2	9.8

Per share information

(in €)		2017	2016
Total number of ordinary shares outstanding at December 31 (in millions of shares)	*Note 30*	281.4	287.7
Weighted average number of ordinary shares (D) (in millions of shares)	*Note 6*	285.1	291.6
Diluted weighted average number of ordinary shares (E) (in millions of shares)	*Note 6*	287.7	294.6
Adjusted EPS (B/D)		2.34	2.12
Diluted adjusted EPS (minimum of adjusted EPS and [B/E])		2.32	2.10
Diluted adjusted EPS in constant currencies		2.38	2.11
Basic EPS (A/D)		2.35	1.68
Diluted EPS (minimum of basic EPS and [A/E])		2.33	1.66
Adjusted free cash flow per share (C/D)		2.62	2.43
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and [C/E])		2.59	2.40

Benchmark tax rate

		2017	2016
Income tax expense	Note 15	94	165
Tax benefit on amortization of acquired identifiable intangible assets and impairments		65	62
Tax benefit/(expense) on non-benchmark items		6	(4)
Impact of changes in tax rates and mandatory repatriation tax		70	3
Total income tax on non-benchmark items and amortization of acquired identifiable intangible assets		141	61
Tax on adjusted profit (F)		235	226
Adjusted net profit (B)		668	618
Adjustment for non-controlling interests		1	1
Adjusted profit before tax (G)		904	845
Benchmark tax rate (F/G) (%)		25.9	26.8

Cash conversion ratio

		2017	2016
Operating profit		869	766
Amortization, depreciation, and impairments	Note 13	396	360
EBITDA		1,265	1,126
Non-benchmark items in operating profit	Note 11	(47)	3
Adjusted EBITDA		1,218	1,129
Autonomous movements in working capital		(34)	43
Capital expenditure	Note 5	(210)	(224)
Adjusted operating cash flow (H)		974	948
Adjusted operating profit (I)		1,009	950
Cash conversion ratio (H/I) (%)		97	100

Non-benchmark items in operating profit
Non-benchmark items 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.

Acquisition integration costs
Acquisition integration costs are those one-time non-recurring costs incurred by the group to integrate activities acquired by business combination, and have been included in other operating income and expense in the consolidated statement of profit or loss.

Acquisition-related costs
Acquisition-related costs are one-time non-recurring cost incurred by the group resulting from acquisition activities. The acquisition-related costs are directly attributable to acquisitions, such as legal fees, broker's cost, and audit fees, and have been included in other operating income and expense in the consolidated statement of profit or loss.

Divestment-related results on operations
Divestment-related results are event-driven gains and losses incurred by the group from the sale of activities (subsidiaries and business operations). These results also include related divestment expenses and restructuring of stranded costs, and have been included in other operating income and expense 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 have been included in other operating income and expense in the consolidated statement of profit or loss.

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

Non-benchmark items in financing results

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 employee benefit plans.

Impairment of investments available-for-sale
Impairment loss on available-for-sale investments is based on fair value calculations. An impairment loss is recognized when the change in fair value is significant and prolonged.

Book results and fair value changes of investments available-for-sale
Fair value changes of available-for-sale investments, previously recognized in other comprehensive income, and any book results based on fair value calculations.

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

Revaluation gain or loss on equity-accounted investee following step acquisition
This item includes revaluation gains or losses on previously held equity-accounted investees in a step acquisition. When an interest in an associate is increased to a controlling interest, the equity interest previously held which qualified as an associate is treated as if it was disposed of and reacquired at fair value on the acquisition date. Accordingly, it is remeasured to fair value at its acquisition date fair value, and any resulting gain or loss compared to its carrying amount is recognized in profit or loss.

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

Note 5 – Segment Reporting

Segment reporting by division	**Health**		**Tax & Accounting**		**Governance, Risk & Compliance**		**Legal & Regulatory**		**Corporate****		**Total**	
	2017	2016	2017	2016*	2017	2016	2017	2016	2017	2016	2017	2016*
Revenues from third parties	1,168	1,106	1,257	1,162	1,080	1,091	917	927	–	–	4,422	4,286
Cost of sales	360	339	344	324	322	325	309	327	–	–	1,335	1,315
Gross profit	808	767	913	838	758	766	608	600	–	–	3,087	2,971
Sales costs	222	225	255	238	161	166	180	179	–	–	818	808
General and administrative costs	336	310	389	351	325	341	345	336	52	56	1,447	1,394
Total operating expenses	558	535	644	589	486	507	525	515	52	56	2,265	2,202
Other operating income and (expense)	(3)	(1)	(10)	(5)	51	17	9	(15)	0	1	47	(3)
Operating profit	247	231	259	244	323	276	92	70	(52)	(55)	869	766
Amortization of acquired identifiable intangible assets and impairments	43	39	70	66	47	50	27	26	0	0	187	181
Non-benchmark expense/ (income) in operating profit	3	1	10	5	(51)	(17)	(9)	15	0	(1)	(47)	3
Adjusted operating profit	293	271	339	315	319	309	110	111	(52)	(56)	1,009	950
Depreciation and amortization of other intangible assets	74	59	62	53	36	32	37	35	0	0	209	179
Goodwill and acquired identifiable intangible assets at December 31	1,385	1,670	1,666	1,490	1,154	1,402	867	960	0	0	5,072	5,522
Capital expenditure	48	64	70	69	54	50	38	41	0	0	210	224
Assets classified as held for sale at December 31	110	–	–	–	78	–	60	–	–	–	248	–
Liabilities classified as held for sale at December 31	48	–	–	–	20	–	13	–	–	–	81	–
Ultimo number of FTEs	3,162	3,064	6,738	6,276	4,187	4,511	4,110	4,363	118	104	18,315	18,318

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

** The corporate function does not represent an operating segment.

The four global operating divisions are based on strategic customer segments: Health, Tax & Accounting, Governance, Risk & Compliance, and Legal & Regulatory. This segment information by division is based on the group's management and internal reporting structure. The Executive Board reviews the financial performance of its segments and the allocation of resources based on revenues and adjusted operating profit. Internal deliveries between the divisions are conducted on an at-arm's-length basis with terms comparable to transactions with third parties. These revenues are limited and therefore not presented separately, and have been eliminated.

Costs and capital expenditure incurred on behalf of the segments by Global Business Services/Global Platform Organization and associated FTEs are allocated. Third-party revenues reported to the Executive Board are measured in a manner consistent with that in the statement of profit or loss.

There are no customers with a revenue stream that exceeds 1% of the group's total revenues.

Non-current liabilities, including interest-bearing liabilities, are not considered to be segment liabilities but are primarily managed by the central treasury and tax function. Operating working capital is not managed at the operating segment level but at a country or regional level.

Geographical segments
The geographical information can be summarized as follows:

Geographical information

Revenues were generated in the following regions:	2017		2016*	
		%		%
The Netherlands	170	4	159	4
Europe (excluding the Netherlands)	1,198	27	1,161	27
North America	2,710	61	2,635	61
Asia Pacific	257	6	247	6
Rest of the world	87	2	84	2
Total	4,422	100	4,286	100

Total non-current assets per region:	2017		2016	
		%		%
The Netherlands	595	10	455	7
Europe (excluding the Netherlands)	1,487	26	1,478	23
North America	3,597	62	4,314	68
Asia Pacific	71	1	78	1
Rest of the world	52	1	63	1
Total	5,802	100	6,388	100

Revenues by media format

Revenues were generated by the following media formats:	2017		2016*	
		%		%
Digital	3,362	76	3,153	74
Services	485	11	491	11
Print	575	13	642	15
Total	4,422	100	4,286	100

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

Note 6 – Earnings per Share

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

Basic earnings per share
Basic earnings per share is calculated by dividing the profit for the year of €670 million (2016: €489 million) attributable to the ordinary equity holders of the company, by the weighted average number of ordinary shares outstanding during the year of 285.1 million (2016: 291.6 million), after adjustment for own ordinary shares held (treasury shares).

Profit for the year

	2017	2016
Profit for the year attributable to the owners of the company (A)	670	489

Weighted average number of ordinary shares

in millions of shares		2017	2016
Outstanding ordinary shares at January 1	*Note 30*	301.9	301.9
Effect of cancellation of shares		(3.6)	–
Effect of repurchased shares		(13.2)	(10.3)
Weighted average number of ordinary shares (B) for the year		285.1	291.6
Basic EPS (€) (A/B)		2.35	1.68

Diluted earnings per share
Diluted earnings per share is determined by dividing the profit for the year of €670 million (2016: €489 million) attributable to ordinary shareholders of the company, by the weighted average number of ordinary shares outstanding of 287.7 million (2016: 294.6 million), after adjustments for own shares held (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

in millions of shares	2017	2016
Weighted average number of ordinary shares (B)	285.1	291.6
Long-Term Incentive Plan	2.6	3.0
Diluted weighted average number of ordinary shares (C) for the year	287.7	294.6
Diluted EPS (€) (minimum of basic EPS and [A/C])	2.33	1.66

Note 7 – Acquisitions and Divestments

Acquisitions

General

In 2017, the following main acquisition was completed:

On April 6, 2017, Wolters Kluwer Tax & Accounting acquired 100% of the shares of Tagetik Software Srl, a leading provider of corporate performance management solutions, supporting the processes and workflow of the office of the CFO. Tagetik had annualized unaudited revenues of €79 million in 2017 and has approximately 490 employees. The purchase price consideration, net of cash acquired and debt assumed, was €301 million in cash. The acquisition expands our existing portfolio of corporate tax compliance and internal audit solutions. Wolters Kluwer Tax & Accounting has brought together its existing corporate offerings, including its internal audit solution, TeamMate, with Tagetik to create a new business unit – Corporate Performance Solutions.

In addition, smaller acquisitions were completed, with a combined purchase price consideration, net of cash acquired, of €15 million, including deferred payments of €1 million, and combined annualized unaudited revenues of €8 million.

Acquisition spending

Total acquisition spending, net of cash acquired, in 2017 was €313 million (2016: €450 million) including deferred and contingent consideration payments of €12 million (2016: €5 million). Acquisition related costs amounted to €3 million in 2017 (2016: €11 million).

The goodwill relating to the 2017 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. This includes, among other, expected new customers who generate revenue streams in the future and revenues generated as result of new capabilities of the acquired product platforms.

The goodwill recognized in 2017 did not include amounts deductible for corporate income tax purposes (2016: €11 million).

The following tables provide information in aggregate for all business combinations in 2017:

Acquisitions

				2017	2016
		Carrying amount	Fair value adjustments	Recognized values	Recognized values
Consideration payable in cash				309	463
Non-controlling interests				–	0
Deferred and contingent considerations:					
Non-current				1	4
Current				0	2
Total consideration				310	469
Intangible assets	*Note 17*	1	194	195	345
Other non-current assets		2	–	2	2
Current assets		38	–	38	47
Current liabilities		(31)	–	(31)	(48)
Long-term debt		(15)	–	(15)	(10)
Employee benefits	*Note 28*	(1)	–	(1)	–
Provisions for restructuring commitments	*Note 29*	–	–	0	(1)
Deferred tax assets/(liabilities)	*Note 21*	0	(47)	(47)	(94)
Fair value of net identifiable assets/(liabilities)		(6)	147	141	241
Goodwill on acquisitions	*Note 17*			169	228
Cash effect of acquisitions:					
Consideration payable in cash				309	463
Cash acquired				(8)	(18)
Deferred and contingent considerations paid	*Note 27*			12	5
Acquisition spending, net of cash acquired				313	450

Contribution of acquisitions

	Revenues	Adjusted operating profit	Profit for the year
Totals excluding the impact of 2017 acquisitions	4,354	999	671
Contribution of 2017 acquisitions	68	10	0
Totals for the year 2017	4,422	1,009	671
Pro-forma contribution of 2017 acquisitions for the period January 1, 2017, up to acquisition date	19	(3)	(7)
Pro-forma totals for the year 2017	4,441	1,006	664

The above unaudited pro-forma information does not purport to represent what the actual results would have been had the acquisitions been concluded on January 1, 2017, nor is the information necessarily indicative for future results of the acquired operations. In determining the contributions by the acquisitions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same as if the acquisition had occurred on January 1, 2017.

Contingent and deferred considerations
The acquisitions completed in 2017 resulted in a maximum achievable undiscounted contingent and deferred consideration of €1 million. The fair value of this contingent and deferred consideration amounts to €1 million at December 31, 2017.

For further disclosure on contingent and deferred considerations, reference is made to *Note 27 – Financial Risk Management*.

Provisional fair value accounting
The fair value 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, identifies adjustments to the above amounts, or for any additional provisions that existed at the acquisition date. Subsequent changes in purchase price accounting for 2016 acquisitions were not material. Reference is made to *Note 17 - Goodwill and Intangible Assets*.

Divestments

General
The divestment-related results in 2017 predominantly relate to two divestments.

On June 30, 2017, Wolters Kluwer Governance, Risk & Compliance completed the divestment of its Transport Services unit, for a consideration of €83 million in cash, resulting in a positive divestment result of €56 million, net of divestment-related expenses. In 2017, the Transport Services unit contributed €20 million revenues (six months) to the group and had approximately 220 employees in 11 countries, mainly in Europe. The business focuses on transport management solutions, an area no longer considered core to the group.

On September 29, 2017, Wolters Kluwer Legal & Regulatory reached agreement on the divestment of certain U.K. information and publishing assets to the Peninsula Business Services Group for €9 million. The divestment is part of the division's plan to further sharpen its focus on markets where it sees the best opportunities for long-term growth. Legal & Regulatory will continue to serve its U.K. customers for legal & regulatory software and international legal information. The assets sold include information services for HR, health & safety, and compliance professionals, as well as online and print publications for accountants and tax consultants. In 2017, these product lines contributed €19 million revenues (nine months) to the group, reported as part of the Legal & Regulatory division, and employed approximately 100 employees.

For divestments announced in 2017 and not completed before year-end, reference is made to *Note 8 – Assets/ Liabilities Classified as Held for Sale*.

On November 29, 2017, Wolters Kluwer Legal & Regulatory sold its joint venture in Ipsoa Francis Lefebvre. This transaction resulted in a book gain of €6 million. Reference is made to note *Note 19 – Investments in Equity-accounted Investees*.

Divestment-related results on operations and equity-accounted investees

		2017	2016
Divestments of operations:			
Consideration receivable in cash		93	15
Consideration receivable		93	15
Intangible assets	*Note 17*	30	11
Other non-current assets	*Note 18*	1	0
Current assets		15	3
Current liabilities		(27)	(8)
Employee benefits		(1)	(1)
Deferred tax assets/(liabilities)	*Note 21*	1	–
Net identifiable assets/(liabilities)		19	5
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income		0	1
Book profit/(loss) on divestments of operations		74	11
Divestment expenses		(11)	(3)
Restructuring of stranded costs following divestments	*Note 29*	(3)	(4)
Divestment-related results included in other operating income and (expense)	*Note 11*	60	4
Divestments of equity-accounted investees and investments available-for-sale:			
Consideration receivable in cash		7	0
Carrying value of equity-accounted investee	*Note 19*	(1)	0
Divestment-related results included in total financing results	*Note 14*	6	0
Cash effect of divestments:			
Consideration receivable in cash		100	15
Cash included in divested operations		(6)	(1)
Receipts from divestments, net of cash disposed		94	14

Note 8 – Assets/Liabilities Classified as Held for Sale

	2017	2016
Assets classified as held for sale		
Disposal groups	248	–
Liabilities classified as held for sale		
Disposal groups	81	–
Net assets classified as held for sale	167	–

Disposal groups

General

	2017	2016
Health – ProVation Medical	50	–
Health – Medicom	12	–
Governance Risk & Compliance – Corsearch	58	–
Legal & Regulatory – Sweden	47	–
Net assets classified as held for sale	167	–

The following divestments were announced but were not yet completed as at December 31, 2017, and are therefore classified as Disposal groups within Assets/Liabilities classified as held for sale. We also refer to *Note 36 – Events after Balance Sheet Date*.

On October 23, 2017, Wolters Kluwer Governance, Risk & Compliance (GRC) announced that, following a strategic review, it agreed to sell Corsearch, its trademark solutions business, to Audax Private Equity for $140 million in cash. Corsearch had revenues of €53 million in 2017 and employs approximately 215 employees in 9 countries. On January 6, 2018, we announced the completion of this divestment.

On October 25, 2017, Wolters Kluwer Legal & Regulatory agreed to sell certain Swedish publishing and trade services assets to the Karnov Group. The agreed enterprise value of the transaction is SEK 656 million. This divestment is part of Wolters Kluwer's plan to further sharpen its focus on core markets where the Legal & Regulatory division is best positioned for long-term growth. The Swedish assets include legal and regulatory information, in print and digital formats, as well as printing and distribution services. These businesses to be sold had revenues of €22 million in 2017 and employ approximately 70 employees. On January 4, 2018, we announced the completion of this divestment.

On January 11, 2018, Wolters Kluwer Health announced the signing of an agreement to divest ProVation Medical, its medical documentation and order sets business, to ClearLake Capital Group, L.P. for $180 million in cash. This divestment is consistent with our evolving strategic focus on advanced clinical decision support, learning and research and terminology management solutions that significantly improve patient outcomes. ProVation Medical generated revenues of €69 million in 2017. The unit has approximately 200 employees.

Wolters Kluwer Health is in negotiation to sell 10% of its share in Medicom China. If successful, the group will no longer have majority ownership, and Medicom will no longer be consolidated. Medicom had revenues of approximately €8 million in 2017 and employs approximately 230 employees in China.

Assets and liabilities of disposal groups

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

	2017	2016
Non-current assets	176	–
Cash and cash equivalents	19	–
Other current assets	53	–
Current liabilities	(75)	–
Capital employed	173	–
Non-current liabilities	(6)	–
Net assets classified as held for sale	167	–

Result on disposals groups

In accordance with IFRS 5, we assessed whether the fair value less costs of disposal of the assets and liabilities held for sale is lower than the carrying value. The fair value less costs of disposal is based on the expected consideration minus the net debt related to these businesses. No impairment charge is recognized on the disposal groups.

The revenues and (adjusted) operating profit of the disposal groups can be specified as follows:

	2017	2016
Revenues	149	148
Adjusted operating profit	40	33
Operating profit	34	30

Note 9 – Sales Costs

	2017	2016
Marketing and promotion costs	240	235
Sales-related costs – sales commissions	160	160
Sales-related costs – other	321	317
Customer support costs	76	78
Changes in bad debt provisions	21	18
Total	818	808

Note 10 – General and Administrative Costs

		2017	2016
Research, development, and editorial costs		386	367
General and administrative operating expenses		874	846
Amortization of acquired identifiable intangible assets	*Note 13*	187	181
Total		1,447	1,394

Research, development, and editorial costs and general and administrative costs were largely impacted by the net impact of acquisitions and divestments and investments in platform migrations, product implementations, cloud networks, and cybersecurity.

Note 11 – Other Operating Income and (Expense)

		2017	2016
Divestment-related results on operations	*Note 7*	60	4
Additions to acquisition integration provisions	*Note 29*	(1)	0
Acquisition-related costs	*Note 7*	(3)	(11)
Fair value changes of contingent considerations	*Note 27*	(9)	1
Releases of provisions for restructuring	*Note 29*	0	3
Total		47	(3)

Note 12 – Personnel Expenses

		2017	2016
Salaries and wages		1,526	1,463
Social security charges		165	171
Costs of defined contribution plans		60	54
Expenses related to defined benefit plans	*Note 28*	18	7
Equity-settled share-based payment transactions	*Note 31*	23	18
Total		1,792	1,713
Employees			
Headcount at December 31		18,830	18,807
In full-time equivalents at December 31		18,315	18,318
Thereof employed in the Netherlands		931	892
In full-time equivalents average per annum*		18,982	18,910

* Average full-time equivalents per annum include temporary help and contractors, whereas headcount and its full-time equivalent only relate to staff on the payroll of the group.

The increase in personnel expenses is mostly due to the result of annual merit increases, the net impact of current year and previous year acquisitions and divestments, higher severance payments, and a U.S. Medicare plan amendment gain of €6 million in 2016 comparatives.

Note 13 – Amortization, Impairments, and Depreciation

		2017	2016
Amortization of acquired identifiable intangible assets	*Note 17*	187	181
Amortization of other intangible assets	*Note 17*	179	149
Depreciation of property, plant, and equipment	*Note 18*	30	30
Total		396	360

The amortization of other intangible assets increased from 2016 to 2017 as result of investments in technology and product development, as well as the full-year inclusion impact of the 2016 acquisitions.

Note 14 – Financing Results

		2017	2016
Financing income			
Interest income on short-term bank deposits		10	4
Derivatives - foreign exchange contracts		0	0
Other financing income		6	5
Total financing income		16	9
Financing costs			
Interest expense:			
Bank borrowings and overdrafts		0	0
Bonds and private placements		(102)	(97)
Other financing expense		(7)	(6)
Net foreign exchange gains/(losses)		(6)	(6)
Derivatives - foreign exchange contracts		(5)	(3)
Amortization of debt instruments		(3)	(2)
Items in hedge relationships:			
Interest rate swaps		(2)	(2)
Foreign exchange gains/(losses) on loans subject to cash flow hedge		14	(10)
Net change in fair value of cash flow hedges reclassified from other comprehensive income		(14)	10
Total financing costs		(125)	(116)
Net financing results		(109)	(107)
Other finance income/(costs)			
Divestment-related results on equity-accounted investees	*Note 7*	6	0
Financing component employee benefits	*Note 28*	(5)	(6)
Total other finance income/(costs)		1	(6)
Total financing results		(108)	(113)

Net foreign exchange gains or losses include currency hedging results and foreign exchange results on certain intercompany positions, which are not eliminated in consolidation of group results.

Note 15 – Income Tax Expense

Taxation on income recognized in statement of profit or loss

			2017		2016
Current tax expense			152		124
Adjustments previous years			7		6
Deferred tax expense:					
Changes in tax rates		(97)		(3)	
Origination and reversal of temporary differences		32		38	
Movements in deferred tax assets and liabilities	*Note 21*		(65)		35
Total			94		165

Reconciliation of the effective tax rate

	2017		2016	
	%		%	
Profit before tax		765		655
Normative income tax expense	25.1	192	24.4	160
Tax effect of:				
Tax incentives and exempt income	(6.0)	(46)	(4.1)	(27)
Recognized and unrecognized tax losses	0.6	4	3.3	22
Adjustments previous years	0.9	7	0.9	6
Changes in tax rates	(12.7)	(97)	(0.5)	(3)
Other taxes and U.S. repatriation tax	4.1	32	0.0	0
Non-deductible costs and other items	0.3	2	1.2	7
Total	12.3	94	25.2	165

The normative income tax expense has been computed as the weighted average statutory tax rates of the jurisdictions where the group operates, applied to the respective profit before tax.

The reported effective tax rate decreased to 12.3% (2016: 25.2%). For corporate income taxation recognized directly in statements of equity and other comprehensive income, reference is made to *Note 21 - Tax Assets and Liabilities*.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (U.S. tax reform) was enacted. Main changes include, among other, a lower federal tax rate in the U.S. from 35% to 21% and a deemed repatriation tax on undistributed foreign profits, both taking effect per January 1, 2018.

The reported effective tax rate was impacted positively by €97 million resulting from tax rates changes impacting the group's deferred tax position of which €90 million relates to the revaluation of the deferred tax position in the U.S. per December 31, 2017. The reported effective tax rate was impacted negatively by €32 million by other taxes of which €27 million results from the mandatory repatriation tax of the U.S. tax reform (of which €11 million is payable in the years 2019-2025).

Note 16 – Non-controlling Interests

Non-controlling interests are the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly, through subsidiaries, by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if these cause the non-controlling interest to have a debit balance.

The group's shares in significant consolidated subsidiaries that were not fully owned at December 31 are:

Ownership in %	2017	2016
Akadémiai Kiadó Kft. (Budapest, Hungary)	74	74
Chengdu Medicom Medical Information System Co., Ltd. (Chengdu, China)	55	55

The movements in non-controlling interests are as follows:

	2017	2016
Position at January 1	5	5
Dividends paid	(3)	(1)
Share of profit in non-controlling interests, net of tax	1	1
Foreign exchange differences and other movements	1	0
Position at December 31	4	5

Non-controlling interests of consolidated participations in the profit for the year of the group totaled €1 million in 2017 (2016: €1 million). Non-controlling interests in the equity of consolidated participations, totaling €4 million (2016: €5 million), are based on third-party shareholding in the underlying shareholders' equity of the subsidiaries.

Financial information of non-controlling interests combined, based on 100% ownership, can be summarized as follows:

	2017	2016
Revenues	14	13
Adjusted operating profit	4	3
Net profit	3	3
Total assets	16	14
Total liabilities	7	1
Total equity	9	13
Total gross external debt	–	–
Total cash and cash equivalents	1	12

The group's proportionate share of each line item in the financial statements of the non-controlling interests does not materially differ from the fully consolidated financial statements.

Note 17 – Goodwill and Intangible Assets

		Goodwill	Acquired identifiable intangible assets	Other intangible assets	2017	2016
Position at January 1						
Purchase value		4,094	2,883	1,542	8,519	7,738
Accumulated amortization and impairments		(9)	(1,446)	(951)	(2,406)	(2,188)
Book value at January 1		4,085	1,437	591	6,113	5,550
Movements						
Investments		–	–	196	196	204
Acquisitions through business combinations	*Note 7*	169	194	1	364	573
Divestments of operations	*Note 7*	(21)	(1)	(8)	(30)	(11)
Disposals of assets		–	–	0	0	(5)
Net expenditures		148	193	189	530	761
Amortization	*Note 13*	–	(187)	(179)	(366)	(330)
Reclassifications		–	8	(8)	0	0
Assets classified as held for sale	*Note 8*	(119)	(23)	(33)	(175)	–
Foreign exchange differences and other movements		(364)	(106)	(51)	(521)	132
Total movements		(335)	(115)	(82)	(532)	563
Position at December 31						
Purchase value		3,759	2,701	1,495	7,955	8,519
Accumulated amortization and impairments		(9)	(1,379)	(986)	(2,374)	(2,406)
Book value at December 31		3,750	1,322	509	5,581	6,113

Identifiable intangible assets acquired through business combinations mainly consist of customer relationships (subscriber accounts), technology (databases, software, and product technology), trademarks, and titles.

Other intangible assets mainly relate to purchased and self-constructed information systems and software. Investments include €133 million (2016: €123 million) relating to product development.

Impairment testing cash-generating units containing goodwill

Carrying amounts of goodwill and acquired identifiable intangible assets per segment, at December 31	**Goodwill**	**Acquired publishing rights**	**2017***	**2016**
Health	1,011	374	1,385	1,670
Tax & Accounting	1,299	367	1,666	1,490
Governance, Risk & Compliance	814	340	1,154	1,402
Legal & Regulatory	626	241	867	960
Total	3,750	1,322	5,072	5,522

* Excluding goodwill and acquired identifiable intangible assets classified as held for sale.

The group reviews at the end of each reporting period whether there is an indication that any of the cash-generating units (CGU) that contain goodwill and acquired identifiable intangible assets may be impaired. Furthermore, the group performs an annual impairment test by comparing the carrying amount of the CGU to which the goodwill and acquired identifiable intangible assets belong, net of related deferred taxes, to the recoverable amount of the CGU.

The recoverable amount is determined based on a calculation of its value-in-use, by discounting the future cash flows to be generated from the continuing use of the CGU. These valuations are based on non-observable market data. The value-in-use calculations in 2017 were determined in a consistent manner with prior years. The cash flow projections are based on actual operating results and the long-term Vision & Strategy Plans, as approved by the Executive Board.

The annual impairment test carried out in 2017 showed that the recoverable amount for all groups of CGUs for goodwill impairment testing exceeded their carrying amounts.

The 2017 acquisition of Tagetik has been reported in the CGU Tax & Accounting Americas and Asia Pacific for goodwill impairment testing purposes. The separate CGU for goodwill impairment testing purposes, Transport Services, was divested in 2017. The total number of CGUs for goodwill impairment testing purposes is six at year-end 2017 (2016: seven CGUs).

Key assumptions

The input to the group's key assumptions includes 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 weighted long-term average growth rate is 1.4% for the U.S. and 1.8% for Europe (2016: 1.2% for the U.S. and 0.5% 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 to be the best approximation for estimating future cash flows.

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital (WACC) between 8.5% and 17.5% (2016: between 8.8% and 17.4%), with a weighted average of 12.2% (2016: 12.1%).

In determining the WACC, the group used a risk-free rate based on the long-term yield on Dutch government bonds with a maturity of twenty years, considering country risk premiums and inflation differentials.

In determining the WACC, the group used the following assumptions:

Assumptions WACC current year

	2017	2016
Risk free rate U.S. (in %)	2.8	2.2
Risk free rate Europe (in %)	1.4	0.5
Market risk premium (in %)	6.5	6.5
Tax rate (in %)	25.0	25.0
Re-levered beta	0.96	1.10

Sensitivity analysis

The impairment testing also includes an assessment if a reasonably possible change in a key assumption would cause the carrying amount to exceed the recoverable amount. The outcome of the sensitivity analysis was that no reasonably possible change in one of the key assumptions would cause the carrying amount to exceed the recoverable amount.

The goodwill impairment sensitivity per CGU is as follows:

		Allowed change (in basis points)			
	Applied revenue growth rate	Decline in growth	Increase in discount rate	Decrease in adjusted operating profit margin	Allocated goodwill at December 31, 2017*
Health Learning, Research & Practice	1.6%	>300	>300	>300	516
Clinical Solutions	1.8%	>300	>300	>300	495
Tax & Accounting Americas and Asia Pacific	1.8%	>300	>300	>300	887
Tax & Accounting Europe	1.5%	>300	>300	>300	412
Governance, Risk & Compliance	1.8%	>300	>300	>300	814
Legal & Regulatory	1.8%	215	170	180	626
Total	1.7%				3,750

* Excluding goodwill and acquired identifiable intangible assets classified as held for sale.

Note 18 – Property, Plant, and Equipment

		Land and buildings	Other fixed assets	2017	2016
Position at January 1					
Purchase value		124	445	569	576
Accumulated depreciation and impairments		(71)	(372)	(443)	(448)
Book value at January 1		53	73	126	128
Movements					
Investments		1	27	28	26
Acquisitions through business combinations	*Note 7*	–	2	2	2
Divestments of operations	*Note 7*	–	(1)	(1)	0
Disposals of assets		(13)	(1)	(14)	(1)
Net expenditures		(12)	27	15	27
Depreciation	*Note 13*	(3)	(27)	(30)	(30)
Assets classified as held for sale	*Note 8*	–	(1)	(1)	–
Foreign exchange differences and other movements		(4)	(5)	(9)	1
Total movements		(19)	(6)	(25)	(2)
Position at December 31					
Purchase value		95	400	495	569
Accumulated depreciation and impairments		(61)	(333)	(394)	(443)
Book value at December 31		34	67	101	126

Property, plant, and equipment, consisting of land and buildings, and other assets such as office equipment and vehicles, are valued at cost less accumulated depreciation and any impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Land is not depreciated.

The estimated useful life for buildings is twenty to forty years, and for other assets three to ten years.

In 2017, as part of our real estate portfolio rationalization strategy, we sold property in the U.S., the Netherlands, and Hungary. The sale of these building resulted in a net book gain of €3 million and a cash inflow of €16 million.

Note 19 – Investments in Equity-accounted Investees

The group's share in equity-accounted investees as at December 31 are:

Ownership in %	2017	2016
Ipsoa Francis Lefebvre (Assago, Italy)	–	50
Manz Schulbuch GmbH (Wien, Austria)	40	40
Manz'schen Verlags- und Universitätsbuchhandlung GmbH (Wien, Austria)	40	40
Logical Images Inc. (Rochester, NY, USA)	35	31
HaoYisheng (Beijng, China)	22	22

The movement in equity-accounted investees is as follows:

		2017	2016
Position at January 1		10	9
Divestments	*Note 7*	(1)	0
Dividends received		(1)	(2)
Share of profit in equity-accounted investees, net of tax		4	2
Foreign exchange differences and other movements		(1)	1
Position at December 31		11	10

In 2016, equity-accounted investees included one joint venture, Ipsoa Francis Lefebvre in Italy. This joint venture, with a carrying value of €1 million, was sold in the second half of 2017, resulting in a book gain of €6 million.

For the equity-accounted investees, present at December 31, 2017, and December 31, 2016, respectively, the financial information (at 100%) and the group's weighted proportionate share is as follows:

	Total equity-accounted investees		Group's share	
	2017	2016	2017	2016
Total assets	43	48	14	16
Total liabilities	35	45	10	13
Total equity	8	3	4	3
Revenues	60	79	22	29
Net profit/(loss) for the year	6	3	4	2

Note 20 – Financial Assets

		2017	2016
Investments available-for-sale		3	3
Other receivables		13	16
Derivative financial instruments	*Note 26*	–	11
Total		16	30

Other receivables predominantly relate to long-term advance payments.

Note 21 – Tax Assets and Liabilities

Deferred tax assets and deferred and other tax liabilities

	Assets	Liabilities	2017	2016
Intangible assets	21	(448)	(427)	(581)
Property, plant, and equipment	5	(14)	(9)	(15)
Employee benefits	55	(1)	54	75
Interest carry-forward	11	–	11	95
Tax value of loss carry-forwards recognized	49	–	49	54
Other items	105	(141)	(36)	(24)
Subtotal	246	(604)	(358)	(396)
Set-off of tax	(153)	153	0	0
Position at December 31	93	(451)	(358)	(396)

The actual recognition of the deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Based on projected future taxable income and available strategies, the group considers the future realization of these deferred tax assets as being probable.

Other items include uncertain tax positions of which most of the liabilities is expected to be settled beyond one year.

Movements in temporary differences and other movements, 2017

	Balance at January 1, 2017	Acquisitions/ divestments	Transfer to liabilities held for sale	Recognized in statement of profit or loss	Recognized in equity and other comprehensive income	Foreign exchange differences and other movements	Balance at December 31, 2017
Intangible assets	(581)	(47)	5	154	–	42	(427)
Property, plant, and equipment	(15)	–	–	5	–	1	(9)
Employee benefits	75	–	–	(1)	(14)	(6)	54
Interest carry-forwards	95	–	–	(77)	–	(7)	11
Tax value of loss carry-forwards recognized	54	–	–	(1)	–	(4)	49
Other items	(24)	(1)	–	(15)	0	4	(36)
Total	(396)	(48)	5	65	(14)	30	(358)

Movements in temporary differences and other movements, 2016

	Balance at January 1, 2016	Acquisitions/ divestments	Recognized in statement of profit or loss	Recognized in equity and other comprehensive income	Foreign exchange differences and other movements	Balance at December 31, 2016
Intangible assets	(482)	(106)	21	–	(14)	(581)
Property, plant, and equipment	(19)	–	5	–	(1)	(15)
Employee benefits	81	–	(15)	7	2	75
Interest carry-forwards	117	–	(26)	–	4	95
Tax value of loss carry-forwards recognized	47	9	(3)	–	1	54
Other items	(10)	3	(17)	0	0	(24)
Total	(266)	(94)	(35)	7	(8)	(396)

Movements in overall tax position

		2017	2016
Position at January 1			
Tax receivable		18	43
Tax payable		(23)	(26)
Deferred tax assets		109	102
Deferred and other tax liabilities		(505)	(368)
Overall tax position		(401)	(249)
Movements			
Total income tax expense	*Note 15*	(94)	(165)
Deferred tax from acquisitions and divestments	*Note 7*	(48)	(94)
Current tax from acquisitions and divestments		2	0
Deferred tax on items recognized directly in other comprehensive income		(14)	7
Paid corporate income tax		156	108
Transfer to liabilities classified as held for sale		10	–
Foreign exchange differences and other movements		28	(8)
Total movements		40	(152)
Position at December 31			
Tax receivable		9	18
Tax payable		(12)	(23)
Deferred tax assets		93	109
Deferred and other tax liabilities		(451)	(505)
Overall tax position		(361)	(401)

Unrecognized tax losses

The group has not recognized deferred tax assets that relate to unused tax losses amounting to €221 million (2016: €218 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 13% (2016: 17%) expire within the next five years, 8% (2016: 4%) expire after five years, and 79% (2016: 79%) carry forward indefinitely.

Deferred tax on items recognized immediately in other comprehensive income and equity

	2017			2016		
	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Exchange differences on translation of foreign operations and net investment hedges	(476)	0	(476)	119	0	119
Gains/(losses) on cash flow hedges	0	–	0	10	–	10
Remeasurement gains/(losses) on defined benefit plans	27	(14)	13	(22)	7	(15)
Tax in other comprehensive income	(449)	(14)	(463)	107	7	114
Share-based payments	23	–	23	18	–	18
Tax in equity	23	0	23	18	0	18

The total amount recognized for corporate income tax in other comprehensive income is impacted by €6 million resulting from changes in corporate income tax rates.

Note 22 – Inventories

	2017	2016
Work in progress	19	37
Finished products and trade goods	76	81
Total	95	118

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories also include internally developed commercial software products. The cost price of internally produced goods includes the developing, manufacturing, content, and publishing costs. Trade goods purchased from third parties are valued at the purchase price.
Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to complete the sale.

At December 31, 2017, the provision for obsolescence deducted from the inventory carrying values amounted to €20 million (2016: €24 million). In 2017, an amount of €2 million was recognized as an expense for the change in the provision for obsolescence (2016: €2 million) and presented as part of cost of sales in the statement of profit or loss.

Note 23 – Trade and Other Receivables

		2017	2016
Trade receivables		1,083	1,175
Prepayments		188	152
Derivative financial instruments	*Note 26*	1	0
Other receivables		40	48
Total		1,312	1,375

Trade receivables are shown net of impairment losses amounting to €56 million (2016: €63 million). The fair value of the receivables approximates the carrying amount. Impairment losses on trade receivables are presented as part of sales costs in the statement of profit or loss.

For further information on credit risk, reference is made to *Note 27 – Financial Risk Management*.

Note 24 – Cash and Cash Equivalents

		2017	2016
Deposits		447	194
Cash and bank balances		573	746
Total cash and cash equivalents in the Statement of Financial Position	*Note 26*	1,020	940
Minus: Bank overdrafts used for cash management purposes	*Note 26*	(288)	(551)
Plus: Cash included in assets classified as held for sale	*Note 8*	19	–
Total cash and cash equivalents including cash included in assets classified as held for sale in the Statement of Cash Flows		751	389

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are shown within borrowings and bank overdrafts in current liabilities. An amount of €1 million (2016: €12 million) relates to cash and cash equivalent balances of entities that the group does not fully own, see *Note 16 - Non-controlling Interests*.

All deposits are demand deposits that are readily convertible into cash. Bank balances include an amount of approximately €17 million (2016: €29 million) of restricted cash, primarily due to local exchange control regulations that provide for restrictions on exporting cash and/or capital from the country.

Note 25 – Other Current Liabilities

		2017	2016
Salaries and holiday allowances		231	223
Social security premiums and other taxation		78	76
Pension-related payables		22	21
Royalties payable		81	85
Interest payable		67	61
Share buyback commitment	*Note 30*	50	50
Derivative financial instruments	*Note 26*	–	0
Deferred and contingent acquisition payments	*Note 27*	12	8
Other liabilities and accruals		77	104
Total		618	628

Note 26 – Long-term Debt

	Nominal value	Effective interest rate in %	Nominal interest rate in %	Repayment commit-ments 1-5 years	Repayment commit-ments >5 years	2017	2016
Bonds 2008-2018	€750	6.472	6.375	–	–	–	749
Bonds 2008-2028	€36	6.812	6.748	–	36	36	36
Bonds 2013-2023	€700	2.950	2.875	–	697	697	697
Bonds 2014-2024	€400	2.640	2.500	–	397	397	396
Bonds 2017-2027	€500	1.575	1.500	–	497	497	–
Subtotal bonds					1,627	1,627	1,878
Private placement 2008-2038	¥20,000	3.330	3.330	–	148	148	162
Private placement 2010-2020	€250	4.425	4.200	248	–	248	248
Subtotal private placements				248	148	396	410
Deferred and contingent acquisition payments				2	–	2	9
Other debt				12	–	12	17
Derivative financial instruments				–	3	3	–
Subtotal other long-term debt				14	3	17	26
Total long-term debt				262	1,778	2,040	2,314

Reconciliation long-term debt to net debt

		2017	2016
Total long-term debt		2,040	2,314
Borrowings and bank overdrafts:			
Other short-term debt		0	0
Collateral		–	5
Bank overdrafts	*Note 24*	288	551
Total borrowings and bank overdrafts		288	556
Short-term bond		750	–
Deferred and contingent acquisition payments	*Note 25*	12	8
Derivative financial instruments	*Note 25*	–	0
Total short-term debt		1,050	564
Gross debt		3,090	2,878
Minus:			
Cash and cash equivalents	*Note 24*	(1,020)	(940)
Derivative financial instruments:			
Non-current receivable	*Note 20*	–	(11)
Current receivable	*Note 23*	(1)	0
Net debt		2,069	1,927

Reconciliation of liabilities arising from financing activities

	Balance at January 1, 2017	Cash flows	Acquisitions/ Divestments	Unwinding of cost	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2017
Bonds	1,878	497	–	1	–	(749)	1,627
Private placements	410	–	–	–	(14)	–	396
Other debt	26	(18)	16	–	(2)	(5)	17
Total long-term debt	2,314	479	16	1	(16)	(754)	2,040

The other non-cash movements in bonds mainly relate to a reclassification to short-term bonds.

Loan maturity

The following amounts of gross debt at December 31, 2017, are due within and after five years:

	2017
2019	7
2020	249
2021	6
2022	–
Due after 2022	1,778
Long-term debt	2,040
Short-term debt (2018)	1,050
Total	3,090

Bonds

The group has senior bonds outstanding for an amount of €1,627 million at December 31, 2017 (2016: €1,878 million).

On April 2, 2008, the group issued a ten-year senior Eurobond of €750 million. The bonds have been priced at an issue price of 99.654 per cent and carry an annual coupon of 6.375%.

On August 28, 2008, the group issued a twenty-year senior Eurobond of €36 million. The bonds have been priced at an issue price of 100 per cent and carry an annual coupon of 6.748%.

On March 21, 2013, the group issued a ten-year senior Eurobond of €700 million. The bonds have been priced at an issue price of 99.709 per cent and carry an annual coupon of 2.875%.

On May 12, 2014, the group issued a ten-year senior Eurobond of €400 million. The bonds have been priced at an issue price of 99.164 per cent and carry an annual coupon of 2.500%.

On March 14, 2017, the group issued a ten-year senior Eurobond of €500 million. The bonds have been priced at an issue price of 99.659 per cent and carry an annual coupon of 1.500%.

The nominal interest rates on the bonds are fixed until redemption.

Private placements

On February 26, 2008, the group entered into four bilateral private loan agreements for a total amount of ¥20 billion (carrying value at December 31, 2017: €148 million; at December 31, 2016: €162 million) with a maturity of 30 years. The loans denominated in Japanese yen were swapped to euro. The value of the collateral for this credit contingency adjusted cross-currency interest rate swap is €0 million at December 31, 2017 (2016: €5 million).

On July 28, 2010, the group entered into a bilateral private loan agreement of €250 million (carrying value at December 31, 2017: €248 million; at December 31, 2016: €248 million) with a maturity of 10 years. The receipt of the cash proceeds took place in December 2010. The private loan has been priced at an issue price of 98.567 per cent and carries an annual coupon of 4.200%.

Multi-currency roll-over credit facility

In July 2014, Wolters Kluwer signed a €600 million multi-currency roll-over credit facility with a five-year maturity in 2019 and two one-year extension options. The credit facility is for general corporate purposes. In June 2016, the group concluded the final extension of the €600 million multi-currency revolving credit facility maturing in July 2020, to €550 million maturing in July 2021. The relevant terms and conditions remain unchanged.

At December 31, 2017, no amounts were drawn under the facility (December 31, 2016: no amounts drawn). The multi-currency roll-over facility is subject to customary conditions, including a financial credit covenant.

The credit facility covenant requires that the consolidated net senior borrowings (excluding fully subordinated debt) to adjusted EBITDA shall not exceed 3.5. In 2017, the group was comfortably within the thresholds stipulated in the financial covenants of the credit facility. At December 31, 2017, the indebtedness ratio was 1.7 (2016: 1.7).

Other bilateral bank loans
In 2017, the group renewed a bilateral bank loan of $100 million (undrawn at December 31, 2017; undrawn at December 31, 2016).

There were no defaults or breaches on the loans and borrowings during 2017 and 2016.

The interest rates on the multi-currency roll-over credit facility and other bilateral bank loans are variable.

Other loans
The group has immaterial outstanding finance lease arrangements at December 31, 2017, and December 31, 2016.

Note 27 – Financial Risk Management

Risk management framework
The group's activities are exposed to a variety of financial risks, including market, liquidity, and credit risk. Financial risk identification and management is carried out by the central treasury department (Corporate Treasury), whereby the treasury operations are conducted within a framework of policies and guidelines (Treasury Policy), which have been approved by the Executive Board and Supervisory Board. The Treasury Policy may change on an annual basis considering market circumstances and market volatility, and is based on assumptions concerning future events, subject to uncertainties and risks that are outside the group's control. The Treasury Committee, comprising the Vice President Group Accounting & Reporting, Controller Corporate Office, Senior Vice President Treasury & Risk, and representatives of the Corporate Treasury and Treasury Back-Office, meets quarterly to review treasury activities and compliance with the Treasury Policy and reports directly to the Executive Board and the Audit Committee. The Treasury Back-Office reports deviations directly to the CFO and the Senior Vice President Treasury & Risk.

The Internal Audit Department reviews the Corporate Treasury Department on financial risk management controls and procedures of Corporate Treasury, both according to a fixed schedule and on an ad-hoc basis. Corporate Treasury reports on a quarterly basis to the Audit Committee about its hedging status.

The group's funding activities are carried out by Corporate Treasury, using a mixture of long-term capital market instruments and committed credit facilities. A variety of instruments is used 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, 2017, the net-debt-to-EBITDA ratio was 1.7 (2016: 1.7).

All treasury activities - in particular, the use of derivative financial instruments - are subject to the principle of risk minimization and are transacted by 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 practice that material currency translation and variable interest exposures are partially hedged by Corporate Treasury, in accordance with the annual treasury plan approved by the Audit Committee. The group does not purchase or hold derivative financial instruments for speculative purposes. The group's risk profile is defined and reviewed regularly. Although the economic environment has become more challenging because of the volatility on financial markets, the exposure to financial risks for the company has not significantly changed, nor the approach to these risks.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The group has identified transaction and translation risks as the main currency risks. The transaction risk exposure within individual Wolters Kluwer entities is immaterial. The prices that the group charges its customers for

products and 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 statement of profit or loss, balance sheet, and statement of cash flows of foreign subsidiaries to the group's presentation currency (the euro) for consolidation purposes.

It is the group's practice that material currency translation exposures are partially hedged by Corporate Treasury. Currency exposures which impact the consolidated statement of financial position and statement of profit or loss by 10% or more are considered material. The translation exposure on the statement of cash flows is partly mitigated by matching cash inflows and outflows in the same currency. The group's main translation risk is its exposure to the U.S. dollar.

The following table details the group's sensitivity on the group's financials to a 1% weakening of the U.S. dollar against the euro:

	2017	2016
Revenues	(29)	(28)
Adjusted operating profit	(8)	(8)
Operating profit	(7)	(7)
Adjusted net profit	(5)	(6)
Profit for the year	(5)	(6)
Shareholders' equity at December 31	(35)	(38)
Adjusted free cash flow	(6)	(7)

To hedge the net investment in the United States (defined as total group's investment in equity and long-term receivables of the U.S. operations), the group had U.S. dollar forward contracts (net investment hedges) outstanding for a total notional amount of €167 million ($200 million) at December 31, 2017 (2016: €190 million or $200 million). These hedges create a U.S. dollar balance sheet cover with a future settlement date. The hedges have a carrying value of €1 million receivable at December 31, 2017, see *Note 26 - Long-term Debt*.

The group had U.S. dollar liabilities outstanding for a total notional amount of €181 million ($217 million) at December 31, 2017 (2016: €208 million or $219 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 5% (2016: 5%) is defined as the 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.

The group swapped 51% (2016: 51%) of the net financing results of €109 million (2016: €107 million) into U.S. dollars, using foreign exchange derivatives of $60 million (2016: $60 million). The fair value changes on these foreign exchange derivatives are recognized in profit or loss in total financing results.

Based on the percentage of 51% for net financing results payable in U.S. dollars, an instantaneous 1% decline of the U.S. dollar against the euro from its exchange rate at December 31, 2017, with all other variables held constant, would result in a decrease of approximately €0.5 million of net financing results (2016: approximately €0.5 million).

Interest rate risk

The group is exposed to interest rate risk, mainly regarding the euro. 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 possible use of derivative financial instruments. At December 31, 2017, the group's interest rate position (excluding cash and cash equivalents) is fully fixed.

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, 2017, with all other variables held constant, would hardly result in an increase of the net financing results.

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 sufficient liquidity to meet its liabilities when they are due.

The group actively manages liquidity risk by maintaining sufficient cash and cash equivalents and the availability of committed borrowing capacity. To reduce liquidity risk, the group has established the following minimum requirements:

- No more than 25% of outstanding fixed rate debt should be repayable within a 12 months-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 equivalent, and receivable derivative financial instruments, minus other short-term debt, deferred acquisition payments, (current payable) derivative financial instruments, and bank overdrafts).

Per December 31, 2017, the group has access to the unused part of the committed credit facilities of €683 million in total (2016: €695 million) and has cash and cash equivalents of €1,020 million, (receivable) derivative financial instruments of €1 million, minus other short-term debt, deferred acquisition payments, bank overdrafts and (current payable) derivative financial instruments of in total €300 million. The headroom was €1,404 million at year-end 2017 (2016: €1,082 million).

No property has 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. The amounts for the non-derivative financial instruments are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual cash flows 2017

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bonds:						
Bonds 2008-2018	750	798	798	–	–	–
Bonds 2008-2028	36	62	2	2	7	51
Bonds 2013-2023	697	820	20	20	60	720
Bonds 2014-2024	397	470	10	10	30	420
Bonds 2017-2027	497	577	8	8	23	538
Private Placements:						
Private placement 2008-2038	148	250	5	5	15	225
Private placement 2010-2020	248	283	11	11	261	–
Long- and short-term deferred and contingent acquisition payments	14	14	12	2	–	–
Other long and short-term debt	12	12	–	5	7	–
Bank overdrafts	288	288	288	–	–	–
Trade and other payables	335	335	335	–	–	–
Total	3,422	3,909	1,489	63	403	1,954
Derivative financial liabilities						
(Receipts)		(164)	(164)	–	–	–
Payments		167	167	–	–	–
Foreign exchange derivatives	(1)	3	3	–	–	–
(Receipts)		(250)	(5)	(5)	(15)	(225)
Payments		283	8	8	23	244
Cross-currency interest rate swaps	3	33	3	3	8	19
Total	2	36	6	3	8	19

The table shows net cash flow amounts for derivative financial liabilities that have simultaneous cash settlements.

Contractual cash flows 2016

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bonds:						
Bonds 2008-2018	749	846	48	798	–	–
Bonds 2008-2028	36	64	2	2	7	53
Bonds 2013-2023	697	840	20	20	60	740
Bonds 2014-2024	396	480	10	10	30	430
Private Placements:						
Private placement 2008-2038	162	278	5	5	16	252
Private placement 2010-2020	248	293	11	11	271	–
Long- and short-term deferred and contingent acquisition payments	17	17	8	5	4	–
Other long and short-term debt	17	17	–	17	–	–
Collateral	5	5	5	–	–	–
Bank overdrafts	551	551	551	–	–	–
Trade and other payables	414	414	414	–	–	–
Total	3,292	3,805	1,074	868	388	1,475
Derivative financial liabilities						
(Receipts)		(188)	(188)	–	–	–
Payments		190	190	–	–	–
Foreign exchange derivatives	0	2	2	–	–	–
(Receipts)		(278)	(5)	(5)	(16)	(252)
Payments		291	8	8	23	252
Cross-currency interest rate swaps	(11)	13	3	3	7	0
Total	(11)	15	5	3	7	0

The table shows net cash flow amounts for derivative financial liabilities that have simultaneous cash settlements.

Credit risk

Credit risk represents the loss that would be recognized if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure and amounts to €2,159 million (2016: €2,182 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 practice to conclude financial transactions under ISDA (International Swap Dealers Association) master agreements. Cash is invested and financial transactions are concluded only with financial institutions with strong credit ratings, i.e. at least a credit rating of A-/A3. Furthermore, credit limits per counterparty are in place and are monitored periodically.

At December 31, 2017, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A+ (2016: A+). The aim is to spread transactions among counterparties. No credit limits were materially exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties on current outstanding contracts.

Trade receivables

The group has a natural exposure to credit risk in its operational business. This exposure of the group's operating companies to credit risk is inherently limited, as there is no customer who represents more than 1% of the group's revenues and a substantial part of the transactions is prepaid by customers. The group's operating companies actively monitor the solvency of their key accounts.

Trade receivables include an amount of €478 million (2016: €506 million) past due, but not impaired. The aging analysis of trade receivables that are past due, but not impaired, is as follows:

Aging analysis of trade receivables

	2017	2016
Past due up to 30 days	211	218
Past due between 30 and 90 days	134	140
Past due over 90 days	133	148
Total past due, not impaired	478	506

The trade receivables that are neither past due nor impaired have sound credit worthiness. The trade receivable balance of total past due, but not impaired, is relatively high as in certain business units invoices are due upon receipt.

Fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2017 Carrying value	2017 Fair value	Level 1	Level 2	Level 3	2016 Carrying value	2016 Fair value
Non-derivative financial instruments:							
Investments available-for-sale	3	3			3	3	3
Other receivables (non-current)*	13	13				16	16
Trade receivables*	1,083	1,083				1,175	1,175
Other receivables (current)*	40	40				48	48
Cash and cash equivalents*	1,020	1,020				940	940
Total non-derivative financial assets	2,159	2,159	0	0	3	2,182	2,182
Bonds 2008-2018 (in €)	750	763	763			749	811
Bonds 2008-2028 (in €)	36	54	54			36	55
Bonds 2013-2023 (in €)	697	783	783			697	800
Bonds 2014-2024 (in €)	397	440	440			396	447
Bonds 2017-2027 (in €)	497	511	511			–	–
Private placement 2008-2038 (in ¥)	148	203		203		162	211
Private placement 2010-2020 (in €)	248	277		277		248	284
Long and short-term deferred and contingent acquisition payments	14	14			14	17	17
Other debt*	12	12				17	17
Other short-term debt*	0	0				0	0
Collateral*	–	–				5	5
Bank overdrafts*	288	288				551	551
Trade and other payables*	335	335				414	414
Total non-derivative financial liabilities	3,422	3,680	2,551	480	14	3,292	3,612
Derivative financial instruments:							
Non-current receivable	–	–		–		(11)	(11)
Current receivable	(1)	(1)		(1)		0	0
Non-current payable	3	3		3		–	–
Current payable	–	–		–		0	0
Total derivative financial instruments	2	2		2		(11)	(11)

* Fair value approximates the carrying amount.

Fair value hierarchy

The fair value has been determined by the group based on market data and appropriate valuation methods/ quotes. Valuation methods include:

- Level 1: reference to quoted prices (unadjusted) in active markets for similar assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability that may have a significant impact on the fair value, either directly (i.e. as prices) or indirectly (i.e. derived from prices) based on discounted cash flow analysis, using data input of observable financial markets and financial institutions; and
- Level 3: inputs for the asset or liability that are not based on observable market data. The valuation method can be based on discounted cash flow analysis or other instruments that are substantially identical. The assets in this category are held across several locations and valuations are managed locally.

There has been no change in the fair value hierarchy compared to 2016.

The level 3 fair value movements in non-derivatives financial liabilities are as follows:

		2017	2016
Balance at January 1		17	17
Acquired through business combinations	*Note 7*	1	6
Fair value changes of contingent considerations	*Note 11*	9	(1)
Unwinding of discount		–	–
Settlements	*Note 7*	(12)	(5)
Foreign exchange differences and other movements		(1)	0
Balance at December 31		14	17

Level 3 financial liabilities comprise deferred and contingent acquisition payments relating to numerous acquisitions. The group has re-assessed the fair values of the various deferred payments outstanding at December 31, 2017, and recognized fair value changes in the statement of profit or loss for €9 million for acquisitions stemming from previous years (2016: €1 million gain).

Deferred and contingent acquisition payments

The fair value of the deferred and contingent acquisition payment balance as at December 31, 2017, amounts to €14 million (2016: €17 million).

	Fair value December 31, 2017	Of which: short-term	Of which: long-term	Maximum exposure (undiscounted)	Fair value December 31, 2016
Total	14	12	2	16	17

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 adjusted operating profit and/or revenue scenarios, the amount to be paid under each scenario, and the probability of each scenario. The estimated fair value could potentially increase (or decrease) if annual growth rates and/or adjusted operating profit margins are higher (or lower).

Hedge accounting

At year-end, the outstanding derivative financial instruments qualify for hedge accounting. In 2017, the group did not record ineffectiveness of hedging (2016: no results recorded).

Sensitivity analysis

A sensitivity analysis on the derivative financial instruments portfolio shows the following results assuming an instantaneous 1% decline of the U.S. dollar and Japanese yen against the euro from their levels at December 31, 2017, and an instantaneous 1% increase of the U.S. dollar, Japanese yen, and euro interest rates respectively:

in millions of euros	Hedged risk	Amount *in millions*	Type instrument	Exchange rate movement	Interest rate movement
Cash flow hedge	Changes in ¥ floating interest payments and ¥ exchange rates	¥20,000	Cross-currency interest rate swaps	(2)	(2)
Net investment hedge	Changes of the U.S. dollar net investments due to fluctuations of U.S. dollar exchange rates	$200	Forward contracts	2	0

For the effective part of the hedge, the sensitivity of the hedging instrument (derivative) is offset by the sensitivity of the hedged item (for instance, the net investment in a foreign operation). The hedge effectiveness is measured at the inception, reporting, and maturity dates of the hedged item by using the U.S. dollar-offset method. The results of these effectiveness tests all satisfied the effectiveness criterion (between 80 and 125%) as defined in IAS 39.

Note 28 – Employee Benefits

	2017	2016
Retirement plans	60	91
Other post-employment benefits plans	78	89
Other long-term employment benefits	12	11
Total	150	191

Provisions for retirement and other post-employment benefits plans
The provisions for retirement plans and other post-employment plans relate to defined employee benefit plans. The group has arranged pension schemes in various countries for most of its employees in accordance with the legal requirements, customs, and local situation of the countries involved. These retirement schemes are partly managed by the group itself and partly entrusted to external entities, such as company pension funds and insurance companies. In addition, the group provides certain employees with other benefits upon retirement. These benefits include contributions towards medical health plans in the United States, where the employer refunds part of the insurance premium 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		Open	
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 benefits accruals. The group has frozen plans in the United States, the United Kingdom, and Canada; these plans will have a service cost of zero.

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, 2017, followed by the U.S. and the U.K. with defined benefit obligations of €137 million and €114 million respectively, as of December 31, 2017. There are also retirement plans in Belgium, Canada, and Australia. All plans are funded schemes. The largest defined benefit plans in the Netherlands, U.S., and U.K. are insured with the company's self-administrated pension funds, which are separate legal entities with plan assets being held independently of the group.

The Netherlands
In the Netherlands, the scheme is a career average salary scheme; members accrue a portion of their current salary at a rate calculated to enable them to reach a pension level based on their average salary. The Dutch pension plan falls under the supervision of the Dutch Central Bank (DNB). The scheme funding level is determined by the new Financial Assessment Framework (nFTK), whereby funding liabilities are determined based on a 120-month moving average of the 20-year forward rate. Benefit reductions, if necessary, will be smoothed over time when recovery to

full funding within eight years is not expected. Reductions will amount to one-eighth of the deficit at the measurement date. Indexation of pension entitlements will not be allowed at funding ratios below 110%, while full indexation will be allowed only at funding ratios higher than approximately 125% (these are year and plan-specific).

The retirement age increased from age 67 to age 68, effective January 1, 2018. This has resulted in a minor plan amendment gain in the 2017 pension expense.

The Dutch pension scheme has an unaudited coverage ratio - as determined under the nFTK - of 110.4%, at December 31, 2017 (2016: 102.6%). If the nFTK funding ratio is below 104%, a rolling eight-year recovery plan should be submitted to DNB in the event of funding shortfalls, on an annual basis. The pension contributions are based on contributions by the employer (two-thirds) and employees (one-third). The total annual pension contribution is currently determined at 24% of base salary. As of January 1, 2015, the pension base is capped at €100,000, which 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 scheme is a final average pay plan and is closed to new hires. The active participants accrued their pension benefits based on their final average monthly compensation and years of credited service. The pay and benefit accruals are frozen. The plan fiduciaries of the scheme are required by law to act in the interest of the funds' 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 service costs are zero. The trustees of the pension fund are required by law to act in the interest of the funds' beneficiaries. The trustees of the pension fund 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. Indexation 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.

Other post-employment plans
Other post-employment plans consist of post-employment plans in the U.S., Canada, and Italy. These other post-employment plans have no plan assets and are unfunded. The main plan is the post-employment medical plan in the U.S. 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 various plans are based on local legislation and separate actuarial valuations for which the assumptions differ from the assumptions used under IAS 19. The funding requirements are based on each pension fund's actuarial measurement framework set out in the funding policies of the individual plans.

In the Netherlands, there is no formal requirement to fund deficits of the Dutch 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. Pensions 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 re-assessed annually.

The trustees of the U.K. plan are required to act in the best interest of the plan's participants. The group and the trustees finalized the latest triennial valuation 2014 for funding purposes in 2015. The parties agreed to have an additional funding of £1.4 million per annum for the years 2016 up to and including 2018. For 2019, a final payment is scheduled of £0.3 million. However, in 2017, the group paid a deficit reduction contribution of £4 million, which includes an early payment of the instalment due in 2018 plus an additional £2.6m. This has led to an increase in the current year contributions and a subsequent reduction in the expected contributions for next year. The funding will be reassessed based on a new triennial valuation to be finalized in 2018. The U.K. Pensions Regulator has the power to demand more funding and support where a pension scheme has been exposed to unacceptable risk. As part of the 2015 actuarial funding valuation, a £7.5 million parent company guarantee and a negative pledge (issued by a Wolters Kluwer U.K. group company) were agreed with the trustees in addition to the deficit contributions.

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, investments 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 benefits 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 investments 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, but 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 a qualified actuary.

The following weighted average principal actuarial assumptions were used to determine the retirement plans' expenses and other post-employment plans' expenses and defined benefit obligations at the end of the reporting period:

in %	**2017**	**2016**
Retirement plans		
Discount rate to discount the net obligations/assets at year-end	2.1	2.1
Discount rate of pension expenses	2.1	2.6
Expected rate of pension increases (in payment) at year-end	1.4	1.2
Expected rate of pension increases (in deferment) at year-end	1.3	1.1
Expected rate of inflation increase for pension expenses	1.9	1.9
Other post-employment benefit plans		
Discount rate used to discount the obligations at year-end	3.1	3.6
Discount rate for pension expenses	3.6	3.8
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 the 'Towers Watson Rate: Link methodology', which uses mid-price AA corporate bond data from Bloomberg. Bonds with options are excluded, as are bonds whose yields are among the top and bottom 10% within each maturity category (outliers). The 30-year spot rate is assumed constant beyond 30 years. For the U.S. plans, the discount rate is based on the yield curve/cash flow matching approach which uses spot yields from the Citigroup Above Median Yield Curve 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 2016, including fund specific 2016 experience loading (2016: AG projection table 2016, including fund specific 2016 experience loading);
- U.S.: RP-2006 Mortality Table with MP 2017 projections, being the current standard mortality table (2016: RP-2006 Mortality Table with MP 2016 projections); and
- U.K.: SAPS S2 (Year of Birth) CMI 2016 projections with 1.5% long-term improvement rate (2016: SAPS S2 (Year of Birth) - CMI 2013 projections with 1.5% long-term improvement rate.

Assumptions regarding future mortality experience are set based on actuarial advice and best estimate mortality tables in the applicable countries.

The current life expectancy underlying the value of the defined benefit retirement obligations at December 31, 2017, are as follows:

in years	The Netherlands	United States	United Kingdom
Life expectancy at age of 65 now – Male	21.6	20.7	22.3
Life expectancy at age of 65 now – Female	25.6	22.7	24.1
Life expectancy aged 65 in 20 years – Male	24.0	22.3	24.0
Life expectancy aged 65 in 20 years – Female	27.8	24.2	26.0

In 2017, the life expectancies went up slightly for the pension plans in the Netherlands. The life expectancy in the U.S. and the U.K. plans went down due to updated mortality projection scales, which resulted in slightly shorter life expectancies.

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 of actuarial assumptions

The sensitivity for a 1% change in the discount rate, a 0.5% change in inflation, and a 0.5% change in the pension increase rate is as follows for the retirement plans:

Sensitivity retirement plans

in millions of euros		Gross service cost		Defined benefit obligations
2017 Baseline		16		1,482
Change compared to baseline	***Decrease of assumption***	***Increase of assumption***	***Decrease of assumption***	***Increase of assumption***
Discount rate (change by 1%)	+6	(4)	+303	(232)
Inflation increase rate (change by 0.5%)	(1)	+2	(78)	+85
Mortality table (change by one year)	n.a.	0	n.a.	+53
Pension increase rate (change by 0.5%)	(2)	+2	(105)	+120

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 expenses.

Sensitivity defined benefit obligations (DBO) retirement plans and defined benefit expense retirement plans (P&L)

	The Netherlands		United States		United Kingdom	
	DBO	P&L	DBO	P&L	DBO	P&L
Discount rate sensitivity	✓	✓	✓	n.a.	✓	n.a.
Pension increase sensitivity	✓	✓	n.a.	n.a.	✓	n.a.
Inflation rate sensitivity	✓	✓	n.a.	n.a.	✓	n.a.
Mortality sensitivity	✓	✓	✓	n.a.	✓	n.a.

Pension rate increases are only applicable for the plans in the Netherlands and the U.K. 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 2017, this results in a Dutch pension increase assumption of 1.22% compared to 0.94% at year-end 2016. Since the plans in the U.S. and the U.K. are frozen, the service cost is zero and not sensitive for changes in discount rate, pension increases, inflation, and longevity.

Sensitivity of other post-employment plans

In millions of euros	Gross service costs	Defined benefit obligations
2017 Baseline	4	78
Change compared to baseline		
Discount rate (by -1%)	+1	+10
Discount rate (by +1%)	(1)	(9)

The actual medical cost trend rate in the U.S. exceeds the applied medical cost trend rate for its main medical plan which is capped at 3% (2016: 3%) according to the plan rules. The main U.S. medical plan is therefore not sensitive to medical cost increases. Participants over the age of 65, who retired after 1992, are not subject to a cap, but instead receive an annual Health Reimbursement Arrangement Subsidy based on years of service at retirement.

Plan liabilities and assets

		Defined benefit retirement plans		Other post-employment plans	
		2017	2016	2017	2016
Plan liabilities					
Fair value at January 1		1,494	1,426	89	84
Divestments		(4)	–	–	–
Employer service cost		12	11	4	3
Interest expense on the defined benefit obligations		30	36	3	3
Administration costs and taxes		2	2	–	–
Benefits paid by fund		(51)	(51)	(3)	(5)
Remeasurement (gains)/losses		21	101	(7)	7
Acquired through business combinations	*Note 7*	–	–	1	–
Contributions by plan participants		3	3	–	–
Plan amendments and curtailments		0	0	–	(6)
Settlements		–	(22)	–	–
Foreign exchange differences		(25)	(12)	(9)	3
Fair value at December 31		1,482	1,494	78	89
Plan assets					
Fair value at January 1		1,403	1,326	0	0
Divestments		(3)	–	–	–
Interest income on plan assets		28	33	–	–
Return on plan assets greater/(less) than discount rate		52	84	–	–
Benefits paid by fund		(51)	(51)	(3)	(5)
Settlements		–	(19)	–	–
Contributions by the employer		22	39	3	5
Contributions by plan participants		3	3	–	–
Foreign exchange differences		(21)	(12)	–	–
Fair value at December 31		1,433	1,403	0	0
Funded status					
Deficit/(surplus) at December 31		49	91	78	89
Change in irrecoverable surplus		11	–	–	–
Net liability at December 31		60	91	78	89
Pension expenses					
Employer service cost		12	11	4	3
Past service costs plan amendments		0	0	–	(6)
Settlement gains		–	(3)	–	–
Interest expense on irrecoverable surplus		–	0	–	–
Interest expense on defined benefit obligations		30	36	3	3
Interest (income) on plan assets		(28)	(33)	–	–
Administration costs and taxes		2	2	–	–
Total pension expenses		16	13	7	0
Of which included in:					
Personnel expenses	*Note 12*	14	10	4	(3)
Other finance (income)/costs	*Note 14*	2	3	3	3

There were no major events, like plan changes and amendments, in 2017.

In 2016, there were three main events within the U.S. plans:
- A voluntary contribution of $25 million on top of the legally required contributions;
- A one-time terminated vested lump sum window for U.S. deferred members resulting in a settlement gain of €3 million; and
- A plan amendment in the U.S. post-retirement medical plan because of over 65 non-RMSA (Retiree Medical Savings Account) retirees being sent to a private exchange program with a comparable company provided credits, effectively January 1, 2017, which led to a past service credit in the 2016 pension expense. This gain was partially offset by a cost due to the recognition of dental subsidies introduction, with an effective date of January 1, 2016.

The group's employer contributions to be paid to the defined benefit retirement plans in 2018 are estimated at €14 million (2017: actual employer contributions of €22 million). The expected contributions for 2018 decline as 2017 included prepayments for 2018.

In 2017, there was an asset ceiling of €11 million in the U.K. pension plan; the surplus is not recognised as a pension asset as there is no unconditional right to a refund of this surplus from the U.K. scheme. In 2016, there was no asset ceiling.

Remeasurements

The pre-tax cumulative amount of remeasurement gains/losses recognized in the statement of comprehensive income is as follows:

Remeasurements

	2017	2016
Position at January 1	(201)	(179)
Recognized in other comprehensive income	27	(22)
Cumulative amount at December 31	(174)	(201)

Remeasurement gains/(losses) for the year

	2017	2016
Remeasurement gains/(losses) due to experience on defined benefit obligations	28	2
Remeasurement gains/(losses) due to demographic assumptions in defined benefit obligations	7	(14)
Remeasurement gains/(losses) due to financial assumption changes in defined benefit obligations	(49)	(96)
Remeasurement gains/(losses) on defined benefit obligations	(14)	(108)
Return on plan asset greater/(less) than discount rate	52	84
Change in irrevocable surplus, other than interest	(11)	2
Recognized in other comprehensive income	27	(22)

Experience adjustments are defined as adjustments resulting from changes such as changes in plan populations, data corrections, and differences in cash flows. Demographic assumption changes relate to differences between the current and previous actuarial assumptions in mortality tables, rate of employee turnover, disability, and early retirement.

Financial assumption changes relate to differences between the current and previous actuarial assumptions like changes in discount rate, indexation, and future salary and benefit levels.

The remeasurement losses on defined benefit obligations declined significantly compared to 2016 due to the lower volatility in the discount rates in 2017; in 2016, the decline in discount rates compared to previous year was more significant.

The actual return on plan assets for the year ended December 31, 2017, amounted to a gain of €80 million (2016: gain of €117 million). The actual returns on plan assets were lower in 2017 compared to 2016 but in line with market returns; in 2017, the plan assets had relatively high returns on shares.

Duration

The liability-weighted duration for the defined benefit plan liabilities is as follows:

number of years	Duration 2017	Duration 2016
Retirement plans		
The Netherlands	18.8	18.5
United Kingdom	17.0	18.8
United States	11.6	11.5
Other post-employment plans		
United States	12.0	11.2

Duration is an indicator of the plan liabilities' sensitivity for changes in interest rates.

Investment mix

The breakdown of plan assets as of December 31 is as follows:

Breakdown of plan assets at December 31

	2017	Quoted	Unquoted	2016	Quoted	Unquoted
Equity						
Equity	396	396	–	391	391	–
Private equity	8	–	8	12	–	12
Bonds						
Government bonds	453	453	–	444	444	–
Corporate bonds	400	400	–	399	399	–
Other						
Insurance contracts	60	–	60	62	–	62
Real estate	87	47	40	85	43	42
Derivatives and other	22	22	–	9	9	–
Cash	7	7	–	1	1	–
Total	1,433	1,325	108	1,403	1,287	116

At December 31, 2017, 92% of the plan assets relate to quoted financial instruments (2016: 92%).

Plan assets do not include any direct investments in the group or financial instruments issued by the group, nor do they include any property or other assets used by the group. However, pension plans invest in index funds and as a result these plans may indirectly hold financial instruments issued by the group.

Proportion of plan assets

in %	2017	2016
Equity	28	29
Bonds	60	60
Other	12	11
Total	100	100

Note 29 – Provisions for Restructuring Commitments

		Restructuring	Acquisition integration	2017	2016
Position at January 1		1	0	1	1
Add: short-term commitments		25	1	26	33
Total at January 1		26	1	27	34
Movements					
Acquired through business combinations	*Note 7*	–	–	–	1
Additions for restructuring of stranded costs following divestments	*Note 7*	3	–	3	4
Additions to acquisition integration	*Note 11*	–	1	1	0
Additions for restructuring existing businesses		21	–	21	21
Total additions		24	1	25	26
Appropriation of provisions for restructuring		(26)	(1)	(27)	(31)
Release of provisions		0	–	0	(3)
Exchange differences and other movements		(1)	0	(1)	1
Total movements		(3)	0	(3)	(7)
Total at December 31		23	1	24	27
Less: short-term commitments		(21)	(1)	(22)	(26)
Position at December 31		2	0	2	1

Additions for restructuring existing businesses of €21 million mainly relate to restructuring programs announced in Legal & Regulatory, with the remainder spread across the other divisions.

The majority of provisions will be settled within the next twelve months (€22 million). The remaining long-term part of the provisions (€2 million) is expected to be settled in 2019 and beyond.

Restructuring
The restructuring provision mainly relates to expected redundancy payments, and to a lesser extent, onerous contracts.

Acquisition integration
The acquisition integration provision relates to non-recurring expenses to be incurred for the integration of activities acquired through business combinations, and mainly consists of expected redundancy payments, IT migration costs, and onerous contracts.

Note 30 – Capital and Reserves

Share capital and number of shares
The authorized capital amounts to €143.04 million, consisting of €71.52 million in ordinary shares (nominal value of €0.12 per ordinary share) and €71.52 million in preference shares.

Ordinary shares
The issued share capital consists of ordinary shares. In 2017, the number of issued ordinary shares was reduced to 290.3 million, with a value of €35 million at December 31, 2017 (2016: 301.9 million, with a value of €36 million).

On September 25, 2017, the company completed the reduction in ordinary share capital approved by shareholders at the Annual General Meeting of Shareholders held on April 20, 2017. In 2017, the company cancelled 11,579,879 ordinary shares previously held as treasury shares.

Incremental costs directly attributable to the issue 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 6 – Earnings per Share*.

Number of shares

in thousands	Number of ordinary shares		Number of treasury shares		Total number of ordinary shares outstanding	
	2017	2016	2017	2016	2017	2016
At January 1	301,897	301,897	(14,198)	(10,155)	287,699	291,742
Cancellation of shares	(11,580)	–	11,580	–	–	–
Repurchased shares	–	–	(7,768)	(5,826)	(7,768)	(5,826)
Long-Term Incentive Plan	–	–	1,430	1,783	1,430	1,783
At December 31	290,317	301,897	(8,956)	(14,198)	281,361	287,699

Treasury shares
Treasury shares are recorded at cost, representing the market price on the acquisition date. This reserve is not available for distribution. Treasury shares are deducted from retained earnings. The company has announced that it will offset the dilution of its performance share issuance annually via share repurchases.

In 2017, the company executed a share buyback of €300 million (2016: €200 million). The company repurchased 7.8 million (2016: 5.8 million) of ordinary shares under this program at an average stock price of €38.62 (2016: €34.28). In 2017, the company used 1.4 million shares held in treasury for the vesting of the LTIP grant 2014-16.

On September 26, 2017, the company announced a non-discretionary program to repurchase further ordinary shares up to the value of €100 million. At December 31, 2017, share buybacks have been executed for an amount of €50 million under this mandate and an accrual was recognized in respect of this non-discretionary commitment for €50 million, see *Note 25 – Other Current Liabilities*. A further 1.2 million ordinary shares of Wolters Kluwer have been repurchased up to February 20, 2018.

Legal reserve participations
Legal reserve participations contains appropriations of profits of group companies, which are allocated to a legal reserve based on statutory and/or legal requirements. This includes reserves carried in respect of amounts capitalized for development costs. This legal reserve is not available for distribution.

Hedge reserve

Hedge reserve relates to the effective portion of the change in fair value of the hedging instrument 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, exchange differences that were recorded in equity prior to the sale are reclassified from equity to profit or loss as part of the gain or loss on divestment. The translation reserve is a legal reserve and is not available for distribution.

Dividends

Dividends are recognized as a liability upon being declared.

Pursuant to Article 29 of the Articles of Association, and with the approval of the Supervisory Board, a proposal will be submitted to the Annual General Meeting of Shareholders to make a total distribution of €0.85 per share over financial year 2017 (dividend over financial year 2016: €0.79 per share).

The group applies a semi-annual dividend frequency. On February 21, 2017, the Supervisory Board and Executive Board of Wolters Kluwer resolved to distribute an interim dividend of €0.20 per share on September 19, 2017. Subject to the approval of the Annual General meeting of Shareholders of April 19, 2018, a final dividend of €0.65 per ordinary share will be paid in cash on May 17, 2018.

The company has a progressive dividend policy under which the company expects to increase the total dividend per share each year.

Free distributable reserves

The share premium reserve, the 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 reference is made to *Note 44 - Shareholders' Equity*.

Note 31 – Share-based Payments

Long-Term Incentive Plan

General
Executive Board members and senior management are awarded shares under the equity-settled Long-Term Incentive Plan (LTIP); the performance conditions are based on Diluted Earnings per Share (EPS) at constant currencies and Total Shareholder Return (TSR).

For the Executive Board, the LTIP awards depend partially on the TSR performance (50% of the value of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the value of the conditionally awarded rights on shares).

For senior management, the LTIP awards depend partially on the TSR performance (50% of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the conditionally awarded rights on shares). The TSR-related LTIP awards for the Executive Board and senior management are based on the same payout schedules. 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.

In 2017, €23 million has been recognized within personnel expenses in profit or loss (2016: €18 million) related to the total cost of the LTIP grants for 2015-17, 2016-18, and 2017-19, *Note 12 - Personnel Expenses*. The costs related to the share-based payments increased compared to the prior year, mainly due to the recognition of the higher payout ratio of 150% for EPS-grant 2015-2017 in the third year of the grant, whereas in 2016 the higher payout ratio of 150% was already foreseen in the second year of the EPS-grant 2014-2016, which was subsequently lowered in the third year of the grant to 140%. Further, there was a higher number of forfeitures in 2016 compared to 2017.

Conditionally awarded TSR related LTIP-shares
For the conditional TSR awards that were awarded up to and including 2017, 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 non-market condition that the participant stays with the group until the plan's maturity.

The expense of the TSR-related LTIP is recognized ratably in profit or loss over the performance period. Actual awards at the end of the performance period will range anywhere from 0% to 150% of the norm payout.

There will be no payout for the Executive Board and senior management if the group ends below the eighth position in the TSR ranking, while other payouts will be made as follows: 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% for seventh or eighth position.

LTIP 2017-19 and 2016-18 Executive Board and senior management

	LTIP 2017-19	LTIP 2016-18
Fair value of EPS shares at grant date (€)	31.90	28.68
TSR shares – key assumptions		
Fair value of TSR-shares at grant date (€)	23.42	20.87
Share price at grant date (€)	34.42	30.97
Expected volatility	20%	19%
Expected life	3 years	3 years
Annual dividend increase	5.1%	1.3%
Risk free interest rate (yield on Dutch 3-year government bonds)	0.00%	0.00%

Conditional awarded EPS-related LTIP shares
The amount recognized as an expense in a year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date. For the EPS-related shares, there will be no payout if the performance over three years is less than 50% of the target. In case of overachievement of the target, the Executive Board members and senior management can earn up to a maximum of 150% of the conditionally awarded shares. For more details, see *Remuneration Report*.

The fair value of each LTIP 2017-19 EPS-related performance share granted to the Executive Board and senior management is estimated at €31.90 (LTIP 2016-18: €28.68; LTIP 2015-17: €23.19).

LTIP 2014-16
The LTIP 2014-16 vested on December 31, 2016. Total Shareholder Return (TSR) ranked first relative to the peer group of 15 companies, resulting in a payout of 150% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 140%. A total number of 1,430,347 shares were released on February 23, 2017, at a volume-weighted average price of Wolters Kluwer N.V. of €38.081.

LTIP 2014-16

Number of shares	Outstanding at December 31, 2016	Additional number of TSR-shares (50%)	Additional number of EPS-shares (40%)	Total shares vested/released at February 23, 2017	Cash value vested shares paid out in 2017[1]
Executive Board	254,371	73,763	42,738	370,872	14,123
Senior Management	730,670	182,671	146,134	1,059,475	40,346
Total	985,041	256,434	188,872	1,430,347	54,469

[1] Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume weighted average share price on February 23, 2017.

LTIP 2015-17
The LTIP 2015-17 vested on December 31, 2017. On Total Shareholder Return (TSR) Wolters Kluwer ranked second relative to its peer group of 15 companies, resulting in a payout of 150% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%. The shares will be released on February 22, 2018.

The volume weighted average price for the shares released will be based on the average exchange prices traded at the Euronext Amsterdam N.V. on February 22, 2018, the first day following the company's publication of its annual results.

Number of shares outstanding, corrected for the actual performance of the respective LTIP-grants

LTIP 2015-17

Number of shares	Total	EPS-condition	TSR-condition
Total grant	1,027,117	495,352	531,765
Forfeited in previous years	(112,652)	(56,326)	(56,326)
Shares outstanding at January 1, 2017	914,465	439,026	475,439
Forfeited during the year	(45,306)	(22,653)	(22,653)
Effect of 150% vesting based on EPS-ranking	208,188	208,188	–
Effect of 150% vesting based on TSR-ranking	226,394	–	226,394
Vested at December 31, 2017	1,303,741	624,561	679,180

LTIP 2016-18

Base number of shares at 100% payout	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2016	849,996	409,611	440,385
Forfeited in previous years	(12,934)	(6,467)	(6,467)
Shares outstanding at January 1, 2017	837,062	403,144	433,918
Forfeited during the year	(52,948)	(26,474)	(26,474)
Outstanding at December 31, 2017	784,114	376,670	407,444

LTIP 2017-19

Base number of shares at 100% payout	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2017	760,967	366,742	394,225
Forfeited during the year	(11,544)	(5,772)	(5,772)
Outstanding at December 31, 2017	749,423	360,970	388,453

Overall overview of outstanding performance shares: LTIP 2017-19 and LTIP 2016-18

Base numbers of shares at 100% payout	LTIP 2017-19	LTIP 2016-18	Total
Conditionally awarded grant 2016		849,996	849,996
Forfeited in previous years		(12,934)	(12,934)
Shares outstanding at January 1, 2017		837,062	837,062
Conditionally awarded grant 2017	760,967		760,967
Forfeited in 2017	(11,544)	(52,948)	(64,492)
Outstanding at December 31, 2017	749,423	784,114	1,533,537

Fair value summary of conditionally awarded shares per LTIP-grant
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 outside consulting firm, is summarized as follows:

Fair value of conditionally awarded shares under each LTIP-grant

In euro	**Fair value EPS shares**	**Fair value TSR shares**
LTIP 2017-19	31.90	23.42
LTIP 2016-18	28.68	20.87
LTIP 2015-17	23.19	16.48

The fair values of the conditionally awarded shares under the LTIP 2017-19 grants increased compared to the previous year, mainly because of the higher share price of Wolters Kluwer at January 1, 2017, compared to January 1, 2016.

Note 32 – Related Party Transactions

The company has a related party relationship with its subsidiaries, equity- accounted investees, joint venture, the pension funds, and members of the Supervisory Board and the Executive Board. Wolters Kluwer N.V. has filed a list of the subsidiaries at the Trade Register in The Hague. Related party transactions are conducted on an at-arm's-length basis with terms comparable to transactions with third parties. For transactions with key management, reference is made to *Note 35 - Remuneration of the Executive Board and Supervisory Board*.

Related party transactions
The group had one joint venture in Italy accounted for under the net equity method in the consolidated financial statements of the group, which was divested in the second half of 2017.

The group has no significant transactions or outstanding balances with its equity-accounted investees other than its equity-interest holdings.

Note 33 – Audit Fees

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the company, its subsidiaries, and other consolidated entities. Deloitte is not involved in most of the statutory audits of operating companies that are not within the scope of the group audit.

Audit fees 2017

in millions of euros	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	0.9	2.8	3.7
Other assurance services	0.0	0.3	0.3
Tax advisory services	–	0.0	0.0
Other non-audit services	–	0.0	0.0
Total	0.9	3.1	4.0

Audit fees 2016

in millions of euros	Deloitte Accountants B.V.	Other Deloitte member firms and and affiliates	Total Deloitte
Statutory audit of annual accounts	0.7	1.8	2.5
Other assurance services	0.0	0.0	0.0
Tax advisory services	–	0.0	0.0
Other non-audit services	–	0.1	0.1
Total	0.7	1.9	2.6

The audit fees 2017 include final invoicing with respect to the statutory audit of 2016.

Note 34 – Commitments and Contingent Liabilities

Leases
The group leases several offices under operating leases. The leases typically run for a period of 1-10 years, often with an option to renew the lease. Lease payments are increased to reflect market rentals. None of the leases include contingent rentals.

At December 31, 2017, annual commitments under rental and operating lease agreements amounted to €107 million (2016: €103 million*). The average term of these commitments is approximately 3.5 years (2016: 4.0 years*).

Non-cancellable operating lease rentals are payable as follows:

	2017	2016*
Less than one year	90	88
Between one and five years	136	160
More than five years	26	42
Total undiscounted expected operating lease payments	252	290

*The comparative figures are restated due to newly identified lease contracts.

Some of the leased property is sublet by the group. Sublease payments of €1 million (2016: €3 million) are expected to be received during the following financial year. The group has recognized a provision of €0 million related to these subleases (2016: €0 million).

Guarantees
At December 31, 2017, the group has outstanding guarantees regarding royalty payments to health institutions during the coming years of €5 million (2016: €1 million).

At December 31, 2017, the group has issued formal guarantees for bank credit facilities for a total amount of €191 million (2016: €212 million) on behalf of several of its foreign subsidiaries. Of these credit facilities, €5 million had been utilized (2016: €3 million).

At December 31, 2017, other bank guarantees had been issued at the request of the company or its subsidiaries for a total amount of €25 million (2016: €28 million). These guarantees mainly relate to rent for real estate. In addition, there are outstanding parental performance guarantees to third parties for an amount of €13 million at December 31, 2017 (2016: €14 million).

The company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €8 million (2016: €9 million).

Legal and judicial proceedings, claims
The group is involved in legal and judicial proceedings and claims in the ordinary course of business. Liabilities and contingencies relating to these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists.

A liability is accrued only if an adverse outcome is probable and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability, and consequently may affect the financial performance and position of the group.

Note 35 – Remuneration of the Executive Board and Supervisory Board

For details on the group's remuneration policy, see *Remuneration Report.*

Remuneration costs Executive Board under IFRS, on accrual and cost basis

The table below provides the accounting costs of the total compensation of the Executive Board recognized in the statement of profit or loss:

	Salary	STIP	Defined contribution pension plan	Social security	Other Benefits	Share-based payments (LTIP)[2]	Subtotal	Tax related cost	Total
in thousands of euros									2017
N. McKinstry, Chairman[1,3]	1,276	1,805	47	21	220	4,292	7,661	1,640	9,301
K.B. Entricken[4]	657	396	422	47	267	1,314	3,103	718	3,821
Total	1,933	2,201	469	68	487	5,606	10,764	2,358	13,122

	Salary	STIP	Defined contribution pension plan	Social security	Other Benefits	Share-based payments (LTIP)[2]	Subtotal	Tax related cost	Total
in thousands of euros									2016
N. McKinstry, Chairman[1,3]	958	1,176	844	20	236	3,415	6,649	4,652	11,301
K.B. Entricken[4]	654	362	385	42	254	1,000	2,697	(705)	1,992
Total	1,612	1,538	1,229	62	490	4,415	9,346	3,947	13,293

[1] In 2017, Ms. McKinstry's salary is $1,353,000 (€1,275,703). In 2017, Ms. McKinstry elected not to defer part of her base salary and variable compensation to pension. The 2017 STIP bonus is calculated on a U.S. dollar denominated equivalent of total salary as: $1,353,000 x 150.59% ($2,037,422 equivalent to €1,804,625).

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

[3] The 2017 tax related cost decreased compared to 2016 due to the lower deferral of compensation for Ms. McKinstry.

[4] In 2016, there was no tax equalization cost for Mr. Entricken since the 30% Dutch tax ruling was still in effect and no deferral election was made. Hence, the hypothetical U.S. taxes well exceeded Dutch tax liabilities. In 2016, Mr. Entricken elected to defer 50% (equivalent to €362,458) of the accrued 2016 STIP bonus, once paid in 2017, and 50% of the payout of the vested LTIP shares under grant 2014-2016 to pension in 2017, which increases the company's tax equalization costs. Also, in 2017, Mr. Entricken elected to defer 50% of the accrued 2017 STIP bonus, once paid in 2018, and 50% of the payout of the vested LTIP shares under grant 2015-2017 to pension in 2018.

Long-Term Incentive Plan (LTIP) for Executive Board members

LTIP 2014-16 vesting and payout
The LTIP 2014-16 vested on December 31, 2016. On Total Shareholder Return (TSR) Wolters Kluwer ranked first relative to its peer group of 15 companies, resulting in a payout of 150% of the conditional base number of shares awarded to the Executive Board members. The EPS-related LTIP 2014-2016 grant ended at a 140% payout to the Executive Board.

The volume weighted average price of the shares of Wolters Kluwer N.V. was €38.081 on February 23, 2017 (February 25, 2016: €33.27).

LTIP 2014-16

Number of shares	Outstanding at December 31, 2016	Additional number of TSR-shares (50%)	Additional number of EPS-shares (40%)	Total shares vested/released at February 23, 2017	Cash value vested shares paid out in 2017[1]
N. McKinstry, Chairman	200,464	58,131	33,681	292,276	11,130
K.B. Entricken	53,907	15,632	9,057	78,596	2,993
Total	254,371	73,763	42,738	370,872	14,123

[1] Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume weighted average share price on February 23, 2017.

In 2017, the total payout for the vested LTIP shares under grant 2014-16 for Ms. McKinstry was €11.1 million of which 20% (€2.2 million) was deferred to pension in 2017.

LTIP 2015-17
The LTIP 2015-17 vested on December 31, 2017. On Total Shareholder Return (TSR) Wolters Kluwer ranked second relative to its peer group of 15 companies, resulting in a payout of 150% of the conditional base number of shares awarded to the Executive Board members. The EPS-related LTIP 2015-17 grant ended at 150% of target.

Number of shares	Outstanding at December 31, 2017	Additional number of TSR-shares (50%)	Additional number of EPS-shares (50%)	Total shares vested/to be released at February 22, 2018
N. McKinstry, Chairman	166,997	48,811	34,688	250,496
K.B. Entricken	48,278	14,111	10,028	72,417
Total	215,275	62,922	44,716	322,913

Vesting LTIP 2015-17 shares will be released on February 22, 2018. The volume-weighted average price for the shares released will be based on the average exchange prices traded at the Euronext Amsterdam N.V. on February 22, 2018, the first day following the company's publication of its annual results.

LTIP 2017-19 and LTIP 2016-18
The Executive Board members have been conditionally awarded the following number of shares based on a 100% payout, subject to the conditions of the LTIP grants for 2017-19 and 2016-18, as described in *Remuneration Report*.

Base numbers of shares at 100% payout	Conditionally awarded TSR based shares LTIP 2017-19	Conditionally awarded EPS based shares LTIP 2017-19	Conditionally awarded TSR based shares LTIP 2016-18	Conditionally awarded EPS based shares LTIP 2016-18	Total conditionally awarded shares December 31, 2017
N. McKinstry, Chairman	78,345	57,519	85,664	62,336	283,864
K.B. Entricken	25,042	18,385	27,346	19,900	90,673
Total	103,387	75,904	113,010	82,236	374,537

Shares owned by Executive Board members

At December 31, 2017, the Executive Board jointly held 326,650 shares (2016: 249,781 shares), of which 292,014 shares (2016: 218,945 shares) were held by Ms. McKinstry and 34,636 shares (2016: 30,836) by Mr. Entricken.

Remuneration of Supervisory Board members

in thousands of euros	Member of Selection and Remuneration Committee	Member of Audit Committee	Remuneration 2017	Remuneration 2016
F. J.G.M. Cremers, Chairman[1]	✓		60	–
D.R. Hooft Graafland, Vice-Chairman[2]		✓	80	80
B.F.J. Angelici		✓	72	75
J. A. Horan[3]	✓		88	52
B.J. Noteboom		✓	72	75
F. M. Russo[3]		✓	87	54
A. Ziegler[4]	✓		57	–
P.N. Wakkie[5]			25	88
L.P. Forman[5]			32	98
R. Qureshi[6]			–	23
Total			573	545

[1] Mr. Cremers has been appointed as a new member of the Supervisory Board at the Annual General Meeting of Shareholders on April 20, 2017. After his appointment, Mr. Cremers succeeded Mr. Wakkie as Chairman of the Supervisory Board.
[2] Mr. Hooft Graafland has been appointed as Vice-Chairman of the Supervisory Board at the Annual General Meeting of Shareholders of 2017.
[3] Ms. Horan and Ms. Russo were each appointed as a member of the Supervisory Board at the Annual General Meeting of Shareholders on April 21, 2016.
[4] Ms. Ziegler has been appointed as member of the Supervisory Board at the Annual General Meeting of Shareholder of 2017.
[5] Mr. Wakkie and Mr. Forman have retired from the Board after the Annual General Meeting of Shareholders of 2017.
[6] Ms. Qureshi stepped down after the Annual General Meeting of Shareholders of 2016.

Shares owned by Supervisory Board members

At December 31, 2017, Mr. Noteboom held 4,865 shares (2016: 4,865) in the company. The other members of the Supervisory Board do not own shares in Wolters Kluwer.

Note 36 – Events after Balance Sheet Date

The following subsequent events were evaluated up to February 20, 2018, which is the date the 2017 Financial Statements included in this Annual Report were approved:

On January 4, 2018, Wolters Kluwer Legal & Regulatory announced the completion of the divestment of certain Swedish assets.

On January 6, 2018, Wolters Kluwer Governance, Risk & Compliance announced the completion of the divestment of Corsearch.

On January 11, 2018, Wolters Kluwer Health announced the agreement to divest ProVation Medical, its procedure documentation and order set management software business, to ClearLake Capital Group, L.P. for $180 million in cash.

Company Financial Statements

Company Financial Statements

Statement of Profit or Loss of Wolters Kluwer N.V.

in millions of euros		2017	2016
General and administrative costs		(66)	(70)
Other operating income/(expense)		0	0
Operating profit		66	70
Financing income/(expense) third parties		(118)	(102)
Financing income/(expense) related parties		6	13
Profit/(loss) before tax		(46)	(19)
Income tax expense		(24)	(6)
Profit/(loss) after tax		(70)	(25)
Results from subsidiaries, net of tax	*Note 38*	740	514
Profit for the year		670	489

Statement of Financial Position of Wolters Kluwer N.V.

in millions of euros and before appropriation of results, at December 31		2017		2016	
Non-current assets					
Financial assets	*Note 38*	5,920		6,220	
Deferred tax assets		21		27	
Total non-current assets			5,941		6,247
Working capital					
Current receivables	*Note 39*	721		517	
Cash and cash equivalents	*Note 40*	320		197	
Total current assets		1,041		714	
Short-term bonds	*Note 26*	750		–	
Total current liabilities	*Note 41*	1,346		1,701	
Working capital			(1,055)		(987)
Capital employed			4,886		5,260

Statement of Financial Position of Wolters Kluwer N.V. (continued)

in millions of euros and before appropriation of results, at December 31			2017		2016
Non-current liabilities					
Long-term debt:					
Bonds	*Note 26*	1,627		1,878	
Private placements	*Note 26*	396		410	
Derivative financial instruments	*Note 26*	3		–	
Total long-term debt			2,026		2,288
Long-term debt to subsidiaries	*Note 42*		539		351
Total non-current liabilities			2,565		2,639
Equity					
Issued share capital	*Note 30*	35		36	
Share premium reserve		87		87	
Legal reserves		(17)		458	
Other reserves		1,546		1,551	
Profit for the year		670		489	
Shareholders' equity	*Note 44*		2,321		2,621
Total financing			4,886		5,260

Notes to the Company Financial Statements

Note 37 – Significant Accounting Policies

General
Unless otherwise indicated, the amounts in these financial statements are in millions of euros.

Comparatives
Where necessary, certain reclassifications have been made to the prior-year financial information and the related notes to conform to the current year presentation and to improve insights. These have had no impact on shareholders' equity and profit for the year.

Accounting policies
The financial statements of Wolters Kluwer N.V. are prepared in accordance with the Dutch Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to the Consolidated Financial Statements.

Subsidiaries are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union.

Any related party transactions between subsidiaries, associates, investments, and with members of the Supervisory Board and the Executive Board, and the ultimate parent company Wolters Kluwer N.V. are conducted on an at arm's length basis with terms comparable to transactions with third parties.

For the following disclosures reference is made to the notes to the consolidated financial statements:
- *Note 26 – Long-term Debt*;
- *Note 30 – Capital and Reserves*;
- *Note 31 – Share-based Payments*;
- *Note 32 – Related Party Transactions*, including loans, advances and guarantees to Executive Board, Supervisory Board, and key employees;
- *Note 35 – Remuneration of the Executive Board and Supervisory Board*; and
- *Note 36 – Events after Balance Sheet Date.*

Note 38 – Financial Assets

	2017	2016
Equity value of subsidiaries	5,920	6,209
Long-term receivables from subsidiaries	0	0
Derivative financial instruments	–	11
Total	5,920	6,220

Movement equity value of subsidiaries

	2017	2016
Position at January 1	6,209	3,638
Results from subsidiaries, net of tax	740	514
Net capital payments	–	1,937
Dividend received from subsidiaries	(539)	–
Remeasurement gains/(losses) on defined benefit plans, net of tax	14	(14)
Foreign exchange differences	(504)	134
Position at December 31	5,920	6,209

Movement long-term receivables from subsidiaries

	2017	2016
Position at January 1	0	1,966
Redemptions	–	(1,957)
Foreign exchange differences	0	(9)
Position at December 31	0	0

Note 39 – Current Receivables

	2017	2016
Receivables from subsidiaries	717	510
Derivative financial instruments	1	0
Current tax receivable	0	5
Other receivables	3	2
Total	721	517

Note 40 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are shown within *Note 41 - Current Liabilities*. There is no restricted cash.

All deposits are demand deposits that are readily convertible into cash.

Note 41 – Current Liabilities

		2017	2016
Debts to subsidiaries		918	1,022
Bank overdrafts		284	532
Derivative financial instruments		0	0
Interest payable		67	61
Share buyback commitment	*Note 30*	50	50
Other liabilities		27	36
Total		1,346	1,701

Note 42 – Long-term Debt to Subsidiaries

Long-term debt to subsidiaries consists of intercompany loans with interest at market-based rates. The movement of the long-term debt to subsidiaries is as follows:

	2017	2016
Position at January 1	351	57
New debt	239	293
Foreign exchange differences	(51)	1
Position at December 31	539	351

Note 43 – Personnel Expenses

		2017	2016
Salaries and wages		27	25
Social security charges		3	7
Costs of defined contribution plans		0	0
Expenses related to defined benefit plans		1	1
Equity-settled share-based payment transactions	*Note 31*	23	18
Total		54	51
Employees			
In full-time equivalents at December 31		136	127
Thereof employed outside the Netherlands		33	30
In full-time equivalents average per annum*		134	127

* Average full-time equivalents per annum include temporary help and contractors, whereas full-time equivalents at December 31 only relate to staff on the payroll of the company.

Note 44 – Shareholders' Equity

			Legal reserves			Other reserves			
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	Shareholders' equity
Balance at January 1, 2017	36	87	72	(138)	524	(406)	1,957	489	2,621
Items that are or may be reclassified to the statement of profit or loss:									
Exchange differences on translation of foreign operations					(500)				(500)
Exchange differences on translation of equity-accounted investees					(1)				(1)
Recycling of foreign exchange differences on loss of control					0				0
Net gains/(losses) on hedges of net investments in foreign operations				24					24
Effective portion of changes in fair value of cash flow hedges				(14)					(14)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				14					14
Tax on other comprehensive income					0				0
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							27		27
Tax on other comprehensive income							(14)		(14)
Other comprehensive income/(loss) for the year, net of tax	0	0	0	24	(501)	0	13	0	(464)
Profit for the year								670	670
Total comprehensive income/(loss) for the year	0	0	0	24	(501)	0	13	670	206
Appropriation of profit previous year							489	(489)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							23		23
Cancelation of shares	(1)					358	(357)		0
Release LTIP shares						51	(51)		0
Cash dividend 2016							(172)		(172)
Interim cash dividend 2017							(57)		(57)
Repurchased shares						(300)			(300)
Other movements			2				(2)		0
Balance at December 31, 2017	35	87	74	(114)	23	(297)	1,843	670	2,321

	Issued share capital	Share premium reserve	Legal reserves: Legal reserve participations	Legal reserves: Hedge reserve	Legal reserves: Translation reserve	Other reserves: Treasury shares	Other reserves: Retained earnings	Other reserves: Undistributed profit	Shareholders' equity
Balance at January 1, 2016	36	87	78	(141)	398	(205)	1,796	423	2,472
Items that are or may be reclassified to the statement of profit or loss:									
Exchange differences on translation of foreign operations					126				126
Exchange differences on translation of equity-accounted investees					1				1
Recycling of foreign exchange differences on loss of control					(1)				(1)
Net gains/(losses) on hedges of net investments in foreign operations				(7)					(7)
Effective portion of changes in fair value of cash flow hedges				20					20
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				(10)					(10)
Tax on other comprehensive income					0				0
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							(22)		(22)
Tax on other comprehensive income							7		7
Other comprehensive income/(loss) for the year, net of tax	0	0	0	3	126	0	(15)	0	114
Profit for the year								489	489
Total comprehensive income/(loss) for the year	0	0	0	3	126	0	(15)	489	603
Appropriation of profit previous year							423	(423)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							18		18
Release LTIP shares						49	(49)		0
Cash dividend 2015							(167)		(167)
Interim cash dividend 2016							(55)		(55)
Repurchased shares						(250)			(250)
Other movements			(6)				6		0
Balance at December 31, 2016	36	87	72	(138)	524	(406)	1,957	489	2,621

The legal reserves and treasury shares reserve are not available for dividend distribution to the owners of the company.

Note 45 – Commitments and Contingent Liabilities

Guarantees
Pursuant to section 403 of the Dutch Civil Code, Book 2, the company has assumed joint and several liabilities for the debts arising out of the legal acts of several subsidiaries in the Netherlands. The relevant declarations have been filed with and are open for inspection at the Trade Register for the district in which the legal entity respective to the liability has its registered office.

At December 31, 2017, the company has issued formal guarantees for bank credit facilities for a total amount of €191 million (2016: €212 million) on behalf of a few foreign subsidiaries. Of these credit facilities, €5 million had been utilized (2016: €3 million).

In addition, parental performance guarantees to third parties have been issued for €13 million (2016: €14 million).

The company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €8 million (2016: €9 million).

Other
The company forms part of a Dutch fiscal unity and pursuant to standard conditions has assumed joint and several liabilities for the tax liabilities of the fiscal unity.

Note 46 – 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, Sections 379 and 414) is filed at the offices of Chamber of Commerce of The Hague, the Netherlands.

Note 47 – 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.

in millions of euros	2017	2016
Proposed cash distribution	239	227

At the 2018 Annual General Meeting of Shareholders, Wolters Kluwer will propose a final dividend distribution of €0.65 per share, to be paid in cash on May 17, 2018. This will bring the total dividend for 2017 to €0.85 per share, an increase of 7.6% over the prior year.

Authorization for Issuance

Alphen aan den Rijn, February 20, 2018

Executive Board
N. McKinstry, CEO and Chairman of the Executive Board
K.B. Entricken, CFO and member of the Executive Board

Supervisory Board
F.J.G.M. Cremers, Chairman
D.R. Hooft Graafland, Vice-Chairman
B.F.J. Angelici
J.A. Horan
B.J. Noteboom
F. Russo
A. Ziegler

Other Information on the Financial Statements

Independent auditor's report

To the shareholders and the Supervisory Board of Wolters Kluwer N.V.

Report on the audit of the financial statements for the year ended December 31, 2017, included in the 2017 Annual Report.

Our opinion

We have audited the accompanying financial statements for the year ended December 31, 2017, of Wolters Kluwer N.V., based in Alphen aan den Rijn. The financial statements include the consolidated financial statements and the company financial statements as set out on pages 77 to 172 of this Annual Report.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at 31 December 2017, and of its result and its cash flows for the year ended December 31, 2017, 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.

- The company financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at December 31, 2017, and of its results for the year then ended in accordance with Part 9 of Book 2 of Dutch Civil Code.

What have we audited

1. The following statements for the year ended December 31, 2017: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in total equity;
2. The consolidated statement of financial position as at December 31, 2017; and
3. The notes to the consolidated financial statements comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company statement of profit or loss for the year ended December 31, 2017;
2. The company statement of financial position as at December 31, 2017; and
3. The notes to the company financial statements comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Wolters Kluwer N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, 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.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 45 million. The materiality is based on 1.0% of Revenues and 5.9% of Profit before tax. Materiality increased compared to prior year due to the increase in both Revenues and Profit before tax; there were no changes in our method for applying materiality. 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	€ 45 million
Basis for materiality	5.9% of profit before tax; 1% of revenues
Threshold for reporting misstatements	€ 2.25 million

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group audit team, taking into account the materiality of the financial statements as a whole and the reporting structure within the group. Component materiality did not exceed € 22.5 million.

We agreed with the Supervisory Board that misstatements in excess of € 2.25 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Wolters Kluwer N.V. is at the head of a group of entities. The financial information of this group is included in the 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 a material misstatement for significant account balances 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 audit team and by component auditors. 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 appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The group audit team directed the planning, reviewed the results of the work undertaken by component auditors and assessed and discussed the findings with the component auditors during conference calls and site visits. The components conducted work for significant components in four key geographical segments (The Netherlands, Europe, North America, and the Rest of the World).

In the current year, the group audit team visited components in several geographical segments.

The group consolidation, financial statement disclosures and a number of complex items were audited by the group audit team. These include impairment testing on goodwill and acquired identifiable intangible assets, the acquisition of Tagetik, group accounting for current and deferred income taxes, share-based payments, and critical accounting positions subject to management estimates.

As part of our year-end audit procedures we have considered our assessment of significant group entities in order to ensure that we have obtained appropriate coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified.

In summary, the group audit team has:
- Performed procedures on group level on the centralized key audit matters;
- Performed audit procedures at Wolters Kluwer N.V. company only;
- Used the work of other Deloitte component auditors when auditing the significant components in Europe (17), the United States (10) and the Rest of the World (1); and
- Performed analytical procedures or specific audit procedures at the other group entities.

The group entities subject to full-scope audits and audits of specified account balances comprise approximately 77% of consolidated revenues, approximately 89% of profit before taxation and approximately 86% of consolidated total assets. For these 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 and disclosures that we have identified.
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 about the financial statements.

Audit coverage	
Audit coverage of consolidated revenues	77%
Audit coverage of profit before tax	89%
Audit coverage of consolidated total assets	86%

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.

These 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. The results from our audit procedures were sufficient and appropriate in the context of our audit on the 2017 financial statements to address the risks of material misstatements from these key audit matters.

Key Audit Matter	How the key audit matter was addressed in the audit
Valuation of goodwill and acquired identifiable intangible assets The group has € 3,750 million of goodwill and € 1,322 million of acquired identifiable intangible assets (December 31, 2016: € 4,085 million and € 1,437 million respectively), as disclosed in *Note 17 – Goodwill and Intangible Assets*. Goodwill and acquired identifiable intangible assets represent 59.8% of total assets and 218.2% of equity. Goodwill is subject to an annual impairment test. The value-in-use of goodwill and acquired identifiable intangible assets is dependent on expected future cash flows from the underlying group Cash Generating Units (CGUs) for goodwill and individual CGUs for acquired identifiable intangible assets. The impairment assessment prepared by management includes a variety of internal and external factors, which represents significant estimates that require the use of valuation models and a significant level of management judgment, particularly the assumptions related to the weighted average cost of capital and the perpetual growth rates.	We obtained an understanding of the process in place and identified controls in the impairment assessment of Wolters Kluwer N.V. for goodwill and acquired identifiable intangible assets. We obtained management's impairment assessment and have evaluated the impairment models. We involved valuation specialists to assess the models used and the key assumptions applied as outlined in *Note 17 – Goodwill and Intangible Assets*. We challenged management's key assumptions used for cash flow projections, weighted average cost of capital, and perpetual growth rates. We compared rates in use with historical trends and external data and performed sensitivity analyses. We reconciled forecasted cash flows per group CGU to authorized budgets and obtained an understanding how these budgets were compiled. Our valuation specialists assisted us in challenging the discount rates, future growth rates, and other rates applied by benchmarking against independent data. We also evaluated the adequacy of the disclosures provided by the group in *Note 17 – Goodwill and Intangible Assets* in relation to its impairment assessment.

Key Audit Matter	How the key audit matter was addressed in the audit
Acquisition accounting for significant new business combinations During the year ended December 31, 2017, the group made a number of acquisitions as detailed in *Note 7 – Acquisitions and Divestments*. The most significant acquisition was Tagetik for a total consideration of €291 million. Also management reassessed the preliminary purchase price adjustments that were prepared for the 2016 acquisitions. The company assessed, with the assistance of third-party valuation specialists, the fair value of identifiable assets acquired and liabilities assumed in the acquiree. The determination and recognition of the fair value of the acquired identifiable intangible assets required significant management judgment. The critical accounting judgment in respect to the identification of acquired identifiable intangible assets is disclosed in *Note 7 – Acquisitions and Divestments*. Completeness of assets and liabilities identified in relation to the fair value adjustments applied to the book values of other assets acquired requires careful consideration including due diligences. Further information with respect to completed and preliminary purchase price allocations is described in *Note 7 – Acquisitions and Divestments*.	We have considered the main processes and procedures in place at Wolters Kluwer N.V. for acquisitions. We assessed and evaluated for material business combinations the share purchase agreements and challenged the acquisition accounting assessments made by management with the assistance of third-party valuation specialists. Our audit procedures included the involvement of internal valuation specialists to assess the appropriateness of the methodology applied by management in determining the fair valuation of acquired identifiable intangible assets and other assets and liabilities acquired. Key assumptions challenged were discount rates, (terminal) growth rates, cash flow projections, net assets acquired, and useful lives assigned. We also assessed the completeness of the fair value adjustments recognized by reading e.g. sale and purchase agreements, board papers, and due diligence reports. We challenged and evaluated adjustments made to preliminary purchase price allocations made during prior year including the required disclosures. We also evaluated the adequacy of the disclosures provided by the group in *Note 7 – Acquisitions and Divestments* in relation to its acquisitions.
Revenue recognition Revenue (transactions) may be subject to manual adjustments for open-end contracts at balance sheet date. There is a risk of material misstatement that these revenue transactions are based on non-valid, inaccurate, and improper period allocation manual journal entries. The company's revenue recognition policies are disclosed in *Note 3 – Accounting Estimates and Judgments*. Significant new and amended revenue may also require careful consideration and judgment in determining the correct revenue recognition pattern in accordance with IAS 18. The company may fail to defer revenue recognition in accordance with IAS 18 requirements associated with significant new and amended revenue arrangements.	The revenue recognition testing procedures performed on existing contracts was focused on manual adjustments, which could impact the accuracy, occurrence, and cut-off of recorded revenue especially around period-end. We considered controls and segregation of duties in place deemed relevant to our audit. Analytical reviews were performed by segment, product category and geographical location. Manual entries made were challenged with authorized source documents like contracts, third-party delivery confirmations, and customer acceptance forms. Component auditors were involved in assessing the accounting methodologies and revenue recognition policies applied for significant new and amended contracts. Revenue and deferred income were challenged for recognition in accordance with the underlying contract, agreement, acceptance, usage or delivery form. We further evaluated the adequacy of the company's revenue recognition policies and revenue disclosures as included in the consolidated financial statements in *Note 3 – Accounting Estimates and Judgments*.

Key Audit Matter	How the key audit matter was addressed in the audit
Accounting for complex current and deferred income taxes (including uncertain tax positions) The company, due to its international and decentralized operating model, has a complex tax structure, mainly in the U.S. and Europe. The tax positions taken in the various income tax returns are subject to periodic challenges by local tax authorities. Insufficient understanding of the local requirements may result in tax positions that are not supported by local laws and regulations. The assessment process of these current and deferred income tax balances is complex and requires careful consideration and judgment. The current and deferred tax positions, including uncertain tax positions, are disclosed in *Note 21 – Tax Assets and Liabilities*.	We involved our tax specialists to obtain an understanding of the company's tax strategy, including current transfer pricing arrangements, royalty agreements and other agreements. We considered controls and segregation of duties in place relevant to the assessments made by management in determining current and deferred income tax positions and adopted a substantive audit approach. We analysed the accounted permanent and temporary differences, (potential) tax risks, legislative developments and the status of ongoing local tax authority audits. We challenged the company's positions by independently testing assumptions and estimates in use with correspondence from e.g. tax authorities, historical track records, and tax opinions. Our audit procedures included the involvement of tax specialists to assess the appropriateness of deferred and uncertain tax positions. Contingencies were evaluated for triggers that could result in provisions for uncertain tax positions and vice versa. New positions taken were evaluated and discussed with tax experts on compliance with local laws and regulations and substance requirements. We also evaluated the adequacy of the disclosure on the current and deferred tax positions as included in *Note 21 – Tax Assets and Liabilities*.
Internal controls over financial reporting The company has its businesses in a large number of countries and locations. The company operates various IT systems, processes and procedures locally that are important for the continuity of its business operations and for the reliability of its financial reporting.	We have considered the company'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 company's controls over financial reporting. We have tailored our audit procedures to the diverse (local) IT landscapes and the implemented internal controls. We have included specialized IT auditors in our audit teams to test the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the financial statement audit. Where relevant for the audit we have tested the operating effectiveness of (IT) controls and performed additional audit procedures where deemed needed. We refer to *Risk Management*, where the Internal Control Framework for financial reporting is described.

Report on the other information included in the 2017 Annual Report

In addition to the financial statements and our auditor's report thereon, the 2017 Annual Report contains other information that consists of:

- Report of the Executive Board;
- Report of the Supervisory Board;
- Corporate Governance and Risk Management; and
- Other Information as required by Part 9 Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements; and
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Wolters Kluwer N.V. on April 23, 2014, as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

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 audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company'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 e.g.:

- 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 company'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 company'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 company to cease to continue as a going concern;
- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits 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, 2018

Deloitte Accountants B.V.

Signed on the original

B.C.J. Dielissen

Other Information

Report of the Wolters Kluwer Preference Shares Foundation

Activities

The Board of the Wolters Kluwer Preference Shares Foundation met twice in 2017. The matters discussed included the 2016 full-year results of Wolters Kluwer, the 2017 half-year 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. A representative of the Executive Board of the company and corporate staff attended the meetings to give the Board of the Foundation information about the developments within Wolters Kluwer.

The Board of the Foundation also followed developments of the company outside of board meetings, among other through receipt by the board members of press releases. As a result, the Board of the Foundation has a good view on the course of events at Wolters Kluwer. The Board of the Foundation also closely monitored the developments with respect to corporate governance and relevant Dutch legislation, and discussed that topic during the meetings. Furthermore, the financing of the Foundation and the composition of the Board of the Foundation were discussed. The Foundation acquired no preference shares during the year under review.

Exercise of the preference shares option

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

Composition of the Board of the Wolters Kluwer Preference Shares Foundation

The third term of Mr. Voogd and the second term of Mr. Bouw expired in 2017. They were both reappointed.

The Foundation is a legal entity that is independent from the company as stipulated in clause 5:71 (1) sub c of the Act on financial supervision (Wet op het financieel toezicht). All members of the Board of the Foundation are independent from the company.

Alphen aan den Rijn, February 20, 2018

Board of Wolters Kluwer Preference Shares Foundation
R.P. Voogd, Chairman
P. Bouw, Vice-Chairman
J.H.M. Lindenbergh
J.S.T. Tiemstra

Additional Shareholder Information

Stock exchange listing
Wolters Kluwer ordinary shares are listed on Euronext Amsterdam under the symbol WKL. The Euronext exchange is the primary trading venue for the shares. The average daily trading volume in Wolters Kluwer shares on Euronext Amsterdam in 2017 was 719,093 shares (2016: 912,468), according to Euronext. Alternative trading venues include among other BATS Chi-X Europe and Turquoise. The shares are included in the AEX and many other stock market indices.

Wolters Kluwer weight in selected indices

Index	Weight %
AEX	2.38
Euronext 100	0.48
EURO STOXX	0.30
EURO STOXX Media	13.19
EURO STOXX Select Dividend 30	1.96
STOXX Europe 600	0.15
STOXX Europe 600 Media	6.77
Sustainability	
Dow Jones Sustainability Europe	0.34
FTSE4Good Europe	0.18

Source: Euronext, STOXX, S&P Global, FTSE Russell as of December 29, 2017

American Depositary Receipts
The company has a sponsored Level I over-the-counter American Depositary Receipt (ADR) program. The ratio of ADRs to ordinary shares is 1:1. The ADRs are denominated in U.S. dollars and are traded on the over-the-counter (OTC) securities market in the U.S. The ADRs receive the same dividends as the ordinary shares converted into U.S. dollars at the prevailing €/$ exchange rate. The Wolters Kluwer ADR price (quoted in U.S. dollars) has appreciated 152% over the five years to December 31, 2017.

ADR Depositary Bank:
Deutsche Bank Trust Company Americas
c/o American Stock Transfer & Trust Company
Peck Slip Station, P.O. Box 2050
New York, NY 10272-2050, United States

Share capital
Shares issued and outstanding
The number of issued ordinary shares on December 31, 2017, was 290.3 million (December 31, 2016: 301.9 million) following the cancellation of 11.6 million treasury shares in September 2017. The number of ordinary shares outstanding (excluding treasury shares) was 281.4 million (December 31, 2016: 287.7 million).

The weighted average number of ordinary shares outstanding was 285.1 million in 2017 (2016: 291.6 million). The diluted weighted average number of ordinary shares used to compute the diluted per share figures was 287.7 million in 2017 (2016: 294.6 million).

Market capitalization
Based on the issued ordinary shares (including treasury shares), the market capitalization as of December 31, 2017, was €12.6 billion (December 31, 2016: €10.4 billion).

Financial calendar

2018

April 19	Annual General Meeting of Shareholders
April 23	Ex-dividend date: 2017 final dividend
April 24	Record date: 2017 final dividend
May 9	2018 first-quarter trading update
May 17	Payment date: 2017 final dividend ordinary shares
May 24	Payment date: 2017 final dividend ADRs
August 1	2018 half-year results
August 27	Ex-dividend date: 2018 interim dividend
August 28	Record date: 2018 interim dividend
September 19	Payment date: 2018 interim dividend ordinary shares
September 26	Payment date: 2018 interim dividend ADRs
October 31	2018 nine-month trading update

2019

February 20	2018 full-year results

Securities codes and ticker symbols

System	Code/Ticker
Ordinary shares	
ISIN	NL0000395903
Security	39590
SEDOL	5671519 NL
Bloomberg	WKL:NA
Thomson Reuters	WLSNc.AS
ADR	
ISIN	US9778742059
CUSIP	97787420 5
Bloomberg	WTKWY:US
Thomson Reuters	WTKWY

5-Year Key Figures

	2017	2016*	2015	2014	2013**
Revenues	4,422	4,286	4,208	3,660	3,565
Operating profit	869	766	667	569	619
Profit for the year from continuing operations, attributable to owners of the company	670	489	423	473	352
Profit for the year, attributable to owners of the company	670	489	423	473	345
Adjusted EBITDA	1,218	1,129	1,073	908	897
Adjusted operating profit	1,009	950	902	768	765
Adjusted net financing costs	(109)	(107)	(119)	(113)	(117)
Adjusted net profit	668	618	583	470	467
Adjusted free cash flow	746	708	647	516	503
(Proposed) Dividend/cash distribution	239	227	219	210	207
Acquisition spending	313	450	179	178	192
Capital expenditure	210	224	188	148	148
Amortization of other intangible assets and depreciation property, plant, and equipment, and impairments	209	179	171	140	132
Amortization of acquired identifiable intangible assets and impairments	187	181	214	192	185
Shareholders' equity	2,321	2,621	2,472	2,106	1,564
Guarantee equity	2,325	2,626	2,477	2,121	1,584
Net debt	2,069	1,927	1,788	1,897	1,988
Capital employed	4,968	5,637	5,329	4,943	3,950
Total assets	8,486	8,839	8,099	7,336	6,864
Ratios					
As % of revenues:					
Operating profit	19.7	17.9	15.8	15.6	17.4
Profit for the year from continuing operations, attributable to owners of the company	15.2	11.4	10.1	12.9	9.9
Adjusted EBITDA	27.5	26.4	25.5	24.8	25.2
Adjusted operating profit	22.8	22.2	21.4	21.0	21.5
Adjusted net profit	15.1	14.4	13.8	12.8	13.1
ROIC (%)	10.2	9.8	9.3	8.5	8.7
Dividend proposal in % of adjusted net profit	35.8	36.8	37.5	44.6	44.3
Dividend proposal in % of profit for the year, attributable to owners of the company	35.7	46.4	51.7	44.3	59.9
Cash conversion ratio (%)	97	100	100	100	95
Net interest coverage	9.2	8.9	7.6	6.7	6.5
Net-debt-to-EBITDA	1.7	1.7	1.7	2.1	2.2
Net gearing	0.9	0.7	0.7	0.9	1.3
Shareholders' equity/capital employed	0.47	0.46	0.46	0.43	0.40
Guarantee equity to total assets	0.27	0.30	0.31	0.29	0.23

	2017	2016*	2015	2014	2013**
Information per share (€)					
Total dividend proposal in cash per share	0.85	0.79	0.75	0.71	0.70
Basic EPS from continuing operations	2.35	1.68	1.44	1.60	1.19
Basic EPS from discontinued operations	–	–	–	–	(0.02)
Basic earnings per share	2.35	1.68	1.44	1.60	1.17
Adjusted EPS from continuing operations	2.34	2.12	1.98	1.59	1.58
Adjusted EPS from discontinued operations	–	–	–	–	(0.01)
Adjusted earnings per share	2.34	2.12	1.98	1.59	1.57
Adjusted free cash flow per share	2.62	2.43	2.21	1.74	1.70
On the basis of fully diluted:					
Diluted EPS from continuing operations	2.33	1.66	1.42	1.58	1.17
Diluted EPS from discontinued operations	–	–	–	–	(0.02)
Diluted earnings per share	2.33	1.66	1.42	1.58	1.15
Diluted adjusted EPS from continuing operations	2.32	2.10	1.96	1.57	1.56
Diluted adjusted EPS from discontinued operations	–	–	–	–	(0.01)
Diluted adjusted earnings per share for the group	2.32	2.10	1.96	1.57	1.55
Diluted adjusted free cash flow per share	2.59	2.40	2.18	1.72	1.68
Weighted average number of shares issued (millions)	285.1	291.6	293.6	295.9	295.7
Diluted weighted average number of shares (millions)	287.7	294.6	297.4	299.9	299.5
Stock exchange					
Highest quotation	44.80	38.69	33.56	25.67	21.01
Lowest quotation	34.25	28.24	24.71	18.62	14.41
Quotation at December 31	43.48	34.42	30.97	25.35	20.75
Average daily trading volume Wolters Kluwer on Euronext Amsterdam N.V., number of shares (thousands of shares)	719	912	1,232	781	856
Employees					
Headcount at December 31	18,830	18,807	18,692	19,266	19,054
In full-time equivalents at December 31	18,315	18,318	18,055	18,549	18,329
In full-time equivalents average per annum***	18,982	18,910	19,296	19,397	19,508

* Revenue 2016 is restated. See *Note 1 – General and Basis of Preparation*.
** The year 2013 is based on figures for continuing operations unless otherwise stated.
*** Average full-time equivalents per annum include temporary help and contractors, whereas headcount and its full-time equivalent only relate to staff on the payroll of the group.

Glossary

Adjusted
'Adjusted' refers to figures from continuing operations, 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.

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 net financing results
Total financing results adjusted for non-benchmark items in total financing results.

Adjusted net profit
Profit for the period from continuing operations attributable to the owners of the company, excluding the after-tax effect of non-benchmark items, amortization of acquired identifiable intangible assets, and impairments of goodwill and acquired identifiable intangible assets.

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 financing costs, income from investments, and share of profit of equity-accounted investees (net of tax).

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

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
Tax on adjusted profit, divided by adjusted profit before tax.

Capital expenditure (CAPEX)
Sum of capitalized expenditure on property, plant, and equipment and other intangible assets less any carrying value of assets disposed of.

Cash flow: cash conversion ratio
Adjusted operating cash flow divided by adjusted operating profit.

Cash flow: adjusted free cash flow
Net cash from operating activities less capital expenditure, plus paid acquisition and divestment expenses, plus dividends received, and one-off cash tax benefits. Adjusted free cash flow is the cash flow available for payments of dividend to shareholders, acquisitions, repayments of debt, and repurchasing of shares.

Cash flow: adjusted operating cash flow
Adjusted EBITDA plus or minus autonomous movements in working capital, less capital expenditure.

Constant currencies
Income, expense, and cash flows in local currencies are recalculated to euros, using the average exchange rates of the previous calendar year.

Continuing operations
The results of the group, excluding the results of those components that have been presented as discontinued operations.

Diluted adjusted earnings per share
Adjusted net profit divided by the weighted average number of ordinary shares outstanding (adjusted earnings per share).

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
Profit for the year attributable to the owners of the company divided by the weighted average number of ordinary shares outstanding (basic earnings per share) adjusted 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
EBITA (earnings before interest, tax, and amortization) is calculated as operating profit plus amortization and impairment of acquired identifiable intangible assets and impairment of goodwill.

EBITDA
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, and before amortization and impairment of other intangible assets, and depreciation and impairment of property, plant, and equipment.

Guarantee equity
Sum of total equity, subordinated (convertible) bonds and perpetual cumulative bonds.

Invested capital
Capital employed, excluding investments in equity-accounted investees, deferred tax assets, non-operating working capital and cash and cash equivalents, adjusted for accumulated amortization on acquired identifiable intangible assets and goodwill amortized, and goodwill written off to equity (excluding acquired identifiable intangible assets and goodwill impaired and/or fully amortized), less any related deferred tax liabilities.

Net debt
Sum of long-term debt, borrowings and bank overdrafts, and deferred and contingent acquisition payments minus cash and cash equivalents, divestment receivables, collateral deposited, and the net fair value of derivative financial instruments.

Net-debt-to-EBITDA ratio
Net debt divided by EBITDA, adjusted for divestment-related results on operations.

Net gearing
Net debt divided by total equity.

Net interest coverage
Adjusted operating profit, divided by adjusted 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: results from divestments of operations (including directly attributable divestment costs), additions to provisions for restructuring of stranded costs following divestments, acquisition-related costs, additions to acquisition integration provisions, subsequent fair value changes on contingent considerations, and other.

Non-benchmark items in total financing results: financing component employee benefits, impairment of investments available-for-sale, and divestment-related results on equity-accounted investees.

NOPAT
Net operating profit after allocated tax. Adjusted operating profit less allocated tax.

Operating accounts receivable
Operating accounts receivables consist of trade receivables, prepayments, and other receivables.

Operating current liabilities
Operating current liabilities consist of salaries and holiday allowances, social security premiums and other taxation, pension-related payables, royalty payables, and other liabilities and accruals.

Organic revenue growth
Calculated as revenue of the period, excluding the impact of acquisitions above a minimum threshold, divided by revenue of the period in the previous reporting period, adjusted for the impact of divestments of operations above a minimum threshold, all translated at constant currencies.

Tax on adjusted profit
Income tax expense adjusted for tax benefit on amortization of acquired identifiable intangible assets and impairments, tax on non-benchmark items, and the tax effect of any material changes in tax laws and tax rated in the jurisdictions where the group operates.

Working capital
Current assets less current liabilities.

Working capital: non-operating working capital
Non-operating working capital is the total of receivables/payables of derivative financial instruments, collateral, the short-term part of the restructuring provision, deferred and contingent acquisition payables, interest receivables/payables, income tax receivables/payables, share buyback commitments, and borrowings and bank overdrafts.

Working capital: operating working capital
Operating working capital is working capital minus non-operating working capital minus cash and cash equivalents.

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