

Corporate Governance

General

Corporate governance is an important subject for Wolters Kluwer. The Executive Board and the Supervisory Board are responsible for the corporate governance structure of the company. An outline of the broad corporate governance structure will be provided in this chapter. Wolters Kluwer complies with all of the Principles and Best Practice Provisions of the Dutch Corporate Governance Code (the 'Code'), unless stipulated otherwise in this chapter. Potential material future corporate developments might justify deviances from the Code at the moment of occurrence. The Code is available on www.commissiecorporategovernance.nl.

Executive Board

The Executive Board is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results, and corporate social responsibility/sustainability issues that are relevant to the company. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure of 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. N. McKinstry (CEO and Chairman of the Executive Board), Mr. B.L.J.M. Beerkens (CFO and member of the Executive Board), and Mr. J.J. Lynch, Jr. (member of the Executive Board). The remuneration of the members of the Executive Board is determined by the Supervisory Board, based on the advice of the Selection and Remuneration Committee. In line with the Code, the remuneration policy and the Long-Term Incentive Plan (LTIP) for the Executive Board were adopted and approved by the Annual General Meeting of Shareholders in 2004. In connection with a number of changes to the remuneration policy and to the LTIP, these subjects were submitted to the Annual General Meeting of Shareholders again in 2007. The Annual General Meeting of Shareholders adopted and approved the amendments. The Annual General Meeting of Shareholders held on April 27, 2011, approved the proposal to change the Long-Term Incentive Plan of the Executive Board. As a result hereof, Diluted Earnings per Share has been added as a second performance measure to the Executive Board LTIP 2011-2013 and future plans, in addition to Relative Total Shareholder Return. Wolters Kluwer has added a target focused on corporate sustainability to the Short-Term Incentive Plan for 2011, which is in line with Best Practice Provision II.2.3 of the Code. The Supervisory Board resolved to use revenues from electronic products as a percentage of total revenues as the new sustainability related target. Electronic products reduce paper consumption and increase productivity which contributes to sustainability of Wolters Kluwer and its customers.

Long-Term Incentive Plan

Under the LTIP, Executive Board members can earn ordinary shares after a period of three years from the date of the conditional award. Earning of the ordinary shares is subject to clear and objective three-year performance criteria established in advance. After earning ordinary shares, the Executive Board members are not required to retain them for a period of five years or until the end of their employment, as recommended in Best Practice Provision II.2.5 of the 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. A five-year holding period will have no added value in this respect.

Term of appointment

In line with Best Practice Provision II.1.1 of the Code, as a policy, future appointments of Executive Board members will take place for a period of four years. In line with the Code, at the Annual General Meeting of Shareholders that was held in 2007, Mr. J.J. Lynch, Jr. was appointed as member of the Executive Board for a term of four years, until 2011. The Annual General Meeting of Shareholders held on April 27, 2011, reappointed Mr. Lynch as member of the Executive Board for a second period of four years. The existing contracts with Ms. McKinstry and Mr. Beerkens, who were appointed before the introduction of the first Dutch Corporate Governance Code and have employment contracts for an indefinite period of time, will be honored.

Severance arrangements

The company recognizes a change in market practice with respect to severance arrangements. With respect to future Executive Board appointments, the company will, as a policy, comply with Best Practice Provision II.2.8 of the Code that stipulates that remuneration in the event of dismissal may not exceed a one year salary. Therefore, after reappointment by the Annual General Meeting of Shareholders in 2011, the contract of Mr. Lynch has been amended to reflect this Best Practice Provision. However, the company will honor existing arrangements with current Executive Board members who were appointed before the introduction of the first Dutch Corporate Governance Code.

Memberships of supervisory boards

Ms. McKinstry currently is member of the supervisory board of three listed companies, which exceeds the number of two supervisory board positions as recommended in Best Practice Provision II.1.8 of the Code. This is a temporary deviation. The company benefits from the knowledge and experience that Ms. McKinstry acquires in these positions.

Code of Conduct on Insider Trading

Wolters Kluwer has a very strict Code of Conduct on Insider Trading. The Executive Board members are only allowed to trade in Wolters Kluwer securities during open periods of a maximum of four weeks after publication of the full-year results and the half-year results respectively, and of a maximum of two weeks after publication of the trading updates of the first and the third quarter. There are also restrictions on trading in securities of peer group companies.

Risk management

The company has an internal risk management and control system in place that in the view of the Executive Board is suitable to the company. The main aspects of the internal risk management and control systems of the company including its group companies, as it relates to financial reporting, include:

- Hiring and retention policies and practices for key finance professionals throughout the company;
- A standard planning and reporting cycle on a divisional and operational entity level, consisting of the annual Business Development Plans (three-year strategic plan), the annual budget, quarterly forecasts, and monthly financial reporting;
- Periodic business reviews in which divisional and operating company management discuss the progress against plan and actions to mitigate business risks with the Executive Board;
- A Risk Committee facilitating the internal process of enterprise risk management. The Committee meets every quarter and aims at getting oversight of the main risks and controls within the company;
- Standard financial and non-financial procedures and policies including the Insider Trading Code, Risk Manual, Company Values and Business Principles, Accounting Manual, Internal Audit Department Manual, Mergers & Acquisitions Manual, and Whistleblower Policy, as well as Letters of Representation signed quarterly by all divisional and operating company CEOs and CFOs and senior corporate staff members;
- Internal audits, planned and carried out globally, based on risk assessments to ensure compliance with policies and procedures, evaluate effectiveness of established controls, and ensure that existing controls provide adequate protection against actual risks. Since 2009, the internal audit department has been using TeamMate, a Wolters Kluwer ARC Logics product;
- Reporting control issues arising from management reviews, internal audits, and external audits and the status of remediating the issues to the Audit Committee on a quarterly basis; and
- The Wolters Kluwer Internal Control Framework, consisting of approximately 100 key controls, is designed to ensure that the results of business processes are adequately reflected in its internal and external financial reporting.

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 is committed to corporate social responsibility/sustainability. A sustainability report is published every year. In addition, a separate section of the company's website is dedicated to sustainability. The company is listed in the Dow Jones Sustainability Index. For more information, reference is made to the [Sustainability Report](#).

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 Supervisory Board also has due regard for corporate social responsibility/sustainability issues which may be relevant to Wolters Kluwer. The By-Laws of the Supervisory Board include a list of Executive Board resolutions that have to be approved by the Supervisory Board. These resolutions include the operational and financial aims of the company, the strategy designed to achieve those aims, resolutions in which there are conflicts of interest with Executive Board members that are of significant interest for the company or the Executive Board member, acquisitions or divestments of which the value is at least equal to one percent of the consolidated sales of the company, the issuance of new shares or granting of rights to subscribe for shares, the issue of bonds or other external financing of which the value exceeds 2.5% of annual consolidated revenues, and a proposal to amend the Articles of Association. The By-Laws of the Supervisory Board can be found on the company website www.wolterskluwer.com.

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. A. Baan (Chairman), Mr. P.N. Wakkie (Deputy Chairman), Mr. B.F.J. Angelici, Ms. B.M. Dalibard, Mr. L.P. Forman, Mr. S.B. James, and Mr. H. Scheffers. At present, all Supervisory Board members are independent from the company. The second term of Mr. Scheffers expires in 2012. Mr. Scheffers is not available for reappointment. At the General Meeting of Shareholders that will be held on April 25, 2012, the Supervisory Board will propose to appoint Mr. D.R. Hooft Graafland as new member of the Supervisory Board. 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. None of the Supervisory Board members is a member of more than five supervisory boards of Dutch listed companies, with any chairmanships counting as two memberships. The Supervisory Board recognizes the importance of diversity. Elements of diversity include nationality, gender, age, and expertise. In its current composition, the Supervisory Board to a large extent reflects these various elements. More specifically, the current composition of the Supervisory Board comprises expertise within the broad information industry as well as specific market segments in which the company operates, such as healthcare, and reflects the international nature of the company.

Provision of information

Wolters Kluwer considers it important that the Supervisory Board members are well-informed about the business and operations of the company. Towards this end, operating managers, including divisional CEOs, hold presentations to the Supervisory Board with respect to their businesses on a regular basis. 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.

Remuneration and Code of Conduct on Insider Trading

The Annual General Meeting of Shareholders shall determine 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 Annual General Meeting of Shareholders held on April 27, 2011, adopted the proposal to increase the remuneration of the members of the Supervisory Board. The members are bound by the same Code of Conduct on Insider Trading as the Executive Board members. At present, none of the Supervisory Board members owns any securities in Wolters Kluwer.

Audit Committee

As part of its responsibilities, the Audit Committee focuses on the operation of internal risk management and control systems, and on the role and functioning of the internal audit department and external auditors. The Audit Committee consists of at least three people. Currently, the Audit Committee consists of Mr. H. Scheffers (Chairman), Mr. B.F.J. Angelici, Mr. A. Baan, and Mr. L.P. Forman. In line with the Code, the Terms of Reference of the Audit Committee determine that at least one member of the Audit Committee shall be a financial expert. In the current composition, both Mr. Scheffers and Mr. Forman are financial experts.

Selection and Remuneration Committee

The Supervisory Board also has installed a Selection and Remuneration Committee. Because appointments and remuneration are often closely related, the Supervisory Board sees no advantages in two separate committees. Installing two separate committees consisting of the same members would only increase the administrative burden. The Chairman of the Supervisory Board will not be the Chairman of the Selection and Remuneration Committee. The Selection and Remuneration Committee currently consists of Mr. L.P. Forman (Chairman), Mr. A. Baan, Mr. S.B. James, and Mr. P.N. Wakkie. The Selection and Remuneration Committee shall in any event be responsible for drafting policies associated with remuneration within the company and for a proposal to the Supervisory Board regarding the specific remuneration of individual Executive Board members. The Selection and Remuneration Committee is also responsible for drawing up selection criteria and appointment procedures for Supervisory Board members and Executive Board members. Furthermore, the Selection and Remuneration Committee monitors the succession planning at the company.

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 adoption of the financial statements, the report of the Supervisory Board, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Executive and Supervisory Boards 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, or who represent alone or jointly a block of shares at least worth €50 million, shall have the right to request the Executive Board or Supervisory Board that items be put on the agenda of the Annual General Meeting of Shareholders.

Voting at Shareholders Meeting

In 2011, Wolters Kluwer again took active steps to try to reach the highest possible percentage of shares 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 with the question whether they intended to vote during the Annual General Meeting of Shareholders. As a result, approximately 56% of the issued capital of the company was present or represented at the Annual General Meeting of Shareholders in 2011.

Amendment Articles of Association

A resolution to amend the Articles of Association may only be passed at the proposal of the Executive Board subject to the approval of the Supervisory Board.

Issuance of shares

The Articles of Association of the company determine that shares 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 27, 2011, the Executive Board has been 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, to be increased by a further 10% of the issued capital on that date in the case the issuance is effectuated in connection with, or on the occasion of, a merger or acquisition.

Acquisition of own shares

Acquisition of own shares 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 27, 2011, the authorization to acquire own shares has been 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.

Audit functions

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that this responsibility is fulfilled.

External auditor

The external auditor is appointed by the General Meeting of Shareholders. Wolters Kluwer intends to have the external auditor appointed by the General Meeting of Shareholders every four years after a thorough assessment of the performance of the external auditor. This appointment occurred at the Annual General Meeting of Shareholders of April 21, 2009. In addition to this thorough assessment every four years, the Executive Board and the Audit Committee shall report their dealings with the external auditor to the Supervisory Board on an annual basis. The Supervisory Board also has the discretion to put the appointment of the external auditor on the agenda of the General Meeting of Shareholders before the lapse of a four-year period, if so warranted. The external auditor may be questioned by the General Meeting of Shareholders in relation to his auditor's opinion on the financial statements. The external auditor shall therefore attend and be entitled to address the General Meeting of Shareholders. The company has a policy on auditor independence in place, which is available on the company's website www.wolterskluwer.com.

Internal auditor

The internal auditor operates under the responsibility of the Executive Board. The external auditor and the Audit Committee are involved in drawing up the work schedule of the internal auditor. The work schedule is based on an overall risk assessment within the company. The findings of the internal auditor and follow-up actions will be presented to the external auditor and the Audit Committee.

Preference shares

Wolters Kluwer 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 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.

Major shareholdings per December 31, 2011

According to the Dutch Act on financial supervision, shareholders with an interest of 5% or more of the issued capital are required to notify their interest with the Authority Financial Markets. As at December 31, 2011 the following shareholders notified an interest of 5% or more in the company: Bestinver Gestion SGIIC S.A. has a 5.02% interest (disclosed on 24 May 2011). Silchester International Investors LLP has a 10.04% interest (disclosed on July 27, 2011), of which 5.04% via its affiliate Silchester International Investors International Value Equity Trust (disclosed on August 1, 2011).

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 can receive cash compensation if their employment agreement would end following a change of control.

Information pursuant to Decree Clause 10

Take-over Directive

The information specified in both clause 10 of the Take-over Directive and the Decree, which came into force on December 31, 2006 (Decree Clause 10 Take-over Directive), can be found in this chapter and in [Information for Shareholders and Investors](#).

Information pursuant to Clause 5:25f of the Act on Financial Supervision

The information and documents specified in clause 5:25f of the Act on financial supervision (*Wet op het financieel toezicht*) can be found on the company website, www.woltersklower.com, where all material press releases of the company issued in 2011 can be found under Press.

Information and statements pursuant to the Decree of December 23, 2004

This chapter also contains information and the statements pursuant to the Decree of December 23, 2004, to determine additional regulations regarding the content of the Annual Report, as amended most recently with effect as of January 1, 2010, including the relevant information from the Decree Clause 10 Take-over Directive.

Legal structure

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