

# **TERMS OF REFERENCE AUDIT COMMITTEE**

**Wolters Kluwer N.V.**

**POLICY DETAILS**

Name of policy	<b>Terms of Reference Audit Committee</b>
<i>Short description</i>	These Terms of Reference provide a guideline on the structure, composition, and the duties of the Audit Committee.
<i>Owner</i>	Corporate Legal Affairs
<i>Contact details</i>	<a href="mailto:HQ-companysecretary@wolterskluwer.com">HQ-companysecretary@wolterskluwer.com</a>
<i>To whom is this policy binding</i>	Supervisory Board
<i>Approval level</i>	Supervisory Board (SB)

**POLICY VERSION CONTROL**

<i>Version number</i>	<i>Last review</i>	<i>Last amendments</i>	<i>Changes at last amendment</i>	<i>Approved by</i>
1.0	July 27, 2017	July 27, 2017	Aligned with new SB By-Laws according to new Dutch Corporate Governance Code	SB
1.0	December 6, 2018	July 27, 2017	n/a	Company Secretary
1.0	October 30, 2019	July 27, 2017	n/a	Company Secretary
1.1	August 26, 2020	August 26, 2020	Removed erroneous references to Annex 5 and 6	Company Secretary
1.1	October 4, 2021	August 26, 2020	n/a	Company Secretary

## 0. INTRODUCTION

- 0.1 These terms of reference have been drawn up by the Supervisory Board pursuant to clause 5.4 of the By-Laws of the Supervisory Board and in accordance with best practice provision 2.3.3 of the Dutch Corporate Governance Code.
- 0.2 The Audit Committee is a standing committee of the Supervisory Board.
- 0.3 Certain capitalised or uncapitalised terms used but not defined in these terms of reference have the meanings given to them in the By-Laws of the Supervisory Board and the List of Definitions attached to these By-Laws as Annex 1.

## 1. COMPOSITION

- 1.1 The Audit Committee shall consist of at least three members. All members of the Audit Committee must also be members of the Supervisory Board. More than half of the members of the Audit Committee shall be independent within the meaning of clause 1.5 of the By-Laws of the Supervisory Board.<sup>1</sup>
- 1.2 At least one member of the Audit Committee shall have competence in accounting or auditing.<sup>2</sup>
- 1.3 The members of the Audit Committee shall be appointed and may be replaced at any time by the Supervisory Board. The Supervisory Board shall appoint one of the members of the Audit Committee as chairman of the Audit Committee.<sup>3</sup> The Audit Committee shall not be chaired by the Chairman of the Supervisory Board or by a former member of the Management Board.<sup>4</sup>
- 1.4 The term of office of a member of the Audit Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Supervisory Board as a whole and that of other committees from time to time. The Supervisory Board will review the Committee composition on an annual basis.
- 1.5 The Company Secretary shall act as secretary to the Audit Committee. The Company Secretary may delegate his duties, or parts thereof, under these terms of reference, to a deputy appointed by him in consultation with the chairman of the Audit Committee.

## 2. DUTIES AND POWERS

- 2.1 Working within the Supervisory Board, the Audit Committee is charged in particular with:<sup>5</sup>
- (i) the monitoring of the financial-accounting process and preparation of proposals to safeguard the integrity of said process;

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<sup>1</sup> Dutch Corporate Governance Code, best practice provision 2.3.4.

<sup>2</sup> Audit Committee Decree 2016, article 2(3).

<sup>3</sup> Audit Committee Decree 2016, article 2(3).

<sup>4</sup> Dutch Corporate Governance Code, best practice provision 2.3.4.

<sup>5</sup> Audit Committee Decree 2016, Article 2(2) (b-f).

- (ii) the monitoring of the efficiency of the internal management system, the internal audit system, and the risk management system with respect to financial reporting;
- (iii) the monitoring of the statutory audit of the annual accounts and consolidated accounts, and in particular the process of such audit (taking into account the review of the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten (AFM)*) in accordance with Section 26 EU-Regulation 537/2014);
- (iv) the review and monitoring of the independence of the External Auditor or audit firm, with a special focus on other services provided to the Company; and
- (v) the adoption of a procedure for the selection of the External Auditor or audit firm and the nomination for appointment of the external auditor with respect to the statutory audit of the annual accounts and consolidated accounts.

2.2 Working within the Supervisory Board, the Audit Committee is furthermore charged with:

- (a) the preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Among other things, it focuses on monitoring the Executive Board with regard to:<sup>6</sup>
  - (i) relations with, and following up of comments by, the internal audit function and the External Auditor;
  - (ii) the financing of the Company;
  - (iii) the application of information and communication technology (ICT), including risks relating to cyber security; and
  - (iv) the Company's tax policy.
- (b) the preparation of meetings of the Supervisory Board with the Executive Board where the Report of the Executive Board, the Annual Accounts and the interim figures of the Company are discussed.

2.3 The following Annexes to these terms of reference contain further details on some of the duties of the Audit Committee described in clause 2.1 and clause 2.2:

**Annex 1** – Supervision of External Auditor and internal audit function;

**Annex 2** – Supervision of financial reporting and publications;

**Annex 3** – Supervision of compliance with legislation and regulations;

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<sup>6</sup> Dutch Corporate Governance Code, best practice provision 1.5.1.

#### **Annex 4 – Financing and finance-related strategies;**

- 2.4 Each member of the Audit Committee has access to all relevant books, records and offices of the Company and the authority to interview officers and employees of the Company to the extent necessary or useful for the proper performance of his duties. Members of the Audit Committee shall exercise this right in consultation with the chairman of the Audit Committee and the Company Secretary.
- 2.5 When performing its duties, the Audit Committee may seek assistance or information from one or more experts appointed by it at a price agreed upon with the Audit Committee, which will be paid by the Company.
- 2.6 While the Audit Committee has the responsibilities and powers set forth in these terms of reference, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.
- 2.7 The Audit Committee may only exercise such powers as are explicitly attributed to it by the Supervisory Board and may never exercise powers beyond those exercisable by the Supervisory Board as a whole.

### **3. DUTIES REGARDING THE EXTERNAL AUDITOR AND THE INTERNAL AUDIT FUNCTION**

- 3.1 The Audit Committee shall advise the Supervisory Board regarding the External Auditor's nomination for appointment, reappointment or dismissal and shall prepare the selection of the External Auditor. During the aforementioned tasks the Audit Committee shall give due consideration to the Executive Board's observations.<sup>7</sup> Furthermore, the (preparation of the) selection of the External Auditor shall be in accordance with Section 16 EU-Regulation 537/2014.
- 3.2 The Audit Committee shall submit a proposal to the Supervisory Board for the External Auditor's engagement to audit the financial statements, taking into account the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board shall resolve on the engagement.<sup>8</sup>
- 3.3 The Audit Committee shall determine whether, and if so, how the External Auditor should be involved in the content and publication of financial reports of the Company other than the Financial Statements.<sup>9</sup>
- 3.4 The Audit Committee shall request that the External Auditor include in his report the matters which the External Auditor wishes to bring to the attention of the Executive Board and the Supervisory Board in relation to his audit of the Financial Statements and the related audits.

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<sup>7</sup> Dutch Corporate Governance Code, best practice provision 1.6.1.

<sup>8</sup> Dutch Corporate Governance Code, best practice provision 1.6.3.

<sup>9</sup> Dutch Corporate Governance Code, best practice provision 1.7.3.

- 3.5 When drafting the internal audit plan by the internal audit function, the Executive Board, the External Auditor and the Audit Committee will be involved. The audit plan should be submitted to the Executive Board and then to the Supervisory Board for approval. In the internal audit plan, attention should be paid to the interaction with the external auditor.<sup>10</sup>
- 3.6 The internal audit function reports its audit results to the Executive Board and the essence of its audit results to the Audit Committee and shall inform the External Auditor thereof. The internal audit function shall have direct access to the External Auditor and the Audit Committee.<sup>11</sup>
- 3.7 The Company shall publish a press release, after consultation with the Audit Committee, in the event the early termination of the relationship with the external audit firm.<sup>12</sup>

#### **4. MEETINGS**

- 4.1 The Audit Committee shall meet as often as required for a proper functioning of the Audit Committee. The Audit Committee shall meet at least four times a year. The Audit Committee shall meet at least once a year (and more often if deemed necessary) with the External Auditor without the Executive Board being present.<sup>13</sup> The meetings are as much as possible scheduled annually in advance and are held as far as possible shortly before the meetings of the Supervisory Board. The Audit Committee shall meet earlier if this is deemed necessary by the chairman of the Audit Committee or by two other members of the Audit Committee.
- 4.2 Meetings of the Audit Committee are in principle called by the (delegated) secretary of the Audit Committee in consultation with the chairman of the Audit Committee. Save in urgent cases, to be determined by the chairman of the Audit Committee, the agenda for the meeting shall be sent at least five working days before the meeting to all members of the Audit Committee. To the extent possible, written explanations and/or other related documents will be enclosed for each item on the agenda.
- 4.3 The head of the internal audit function, the External Auditor and the CFO shall attend the Audit Committee meetings, unless the Audit Committee decides otherwise. The Audit Committee shall decide if and when the CEO should attend its meetings.<sup>14</sup> In addition, independent experts may be invited to attend meetings of the Audit Committee. Each member of the Supervisory Board may attend meetings of the Audit Committee.
- 4.4 The Audit Committee may require any officer or employee of the Company, its external legal advisers or the External Auditor to attend a meeting of the Audit Committee or to consult with members or advisers of the Audit Committee.
- 4.5 The (delegated) secretary of the Audit Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the Audit Committee.

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<sup>10</sup> Dutch Corporate Governance Code, best practice provision 1.3.3.

<sup>11</sup> Dutch Corporate Governance Code, best practice provision 1.3.4.

<sup>12</sup> Dutch Corporate Governance Code, best practice provision 1.6.5.

<sup>13</sup> Dutch Corporate Governance Code, best practice provision 1.7.4.

<sup>14</sup> Dutch Corporate Governance Code, best practice provision 1.5.2.

## **5. REPORTING TO THE SUPERVISORY BOARD**

- 5.1 The Audit Committee must inform the Supervisory Board in a clear and timely manner about the way it has used its powers and of major developments in the area of its responsibilities.
- 5.2 The Audit Committee shall report annually, and earlier if required, to the Supervisory Board on the functioning of and its dealings with the External Auditor.
- 5.3 The Audit Committee shall report to the Supervisory Board on its deliberations and findings. In this report attention shall in any event be paid to:<sup>15</sup>
- (i) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
  - (ii) the methods used to assess the effectiveness of the internal and external audit processes;
  - (iii) material considerations concerning the financial reporting; and
  - (iv) the way material risks and uncertainties referred to in the Report of the Executive Board have been analysed and discussed, along with a description of the most important findings of the Audit Committee.
- 5.4 The Audit Committee informs the Supervisory Board of the result of the statutory audit of the Annual Accounts and the consolidated accounts, with an explanation of the way in which the statutory audit contributes to the integrity of the financial reporting and the role of the Audit Committee in this process.<sup>16</sup>
- 5.5 The meeting documents and minutes of meetings of the Audit Committee are available for all members of the Supervisory Board.

## **6. MISCELLANEOUS**

- 6.1 The chairman of the Audit Committee (or one of the other Audit Committee members) shall be available to answer questions regarding the Audit Committee's activities at the annual General Meeting of Shareholders.
- 6.2 The Supervisory Board may occasionally decide at its sole discretion not to comply with these terms of reference, subject to applicable law and regulations.
- 6.3 The Audit Committee shall review and re-assess the adequacy of these terms of reference annually, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board. The Company Secretary can carry out the annual review on behalf of the Audit Committee and is authorized to make non-material (technical) adjustments to the Terms of Reference (including the Annexes) of which he will inform the Chairman of the Audit Committee.

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<sup>15</sup> Dutch Corporate Governance Code, best practice provisions 1.5.3 and 2.3.5.

<sup>16</sup> Audit Committee Decree 2016, Article 2(2) (a).

- 6.4 The Supervisory Board can at all times amend these terms of reference and/or revoke any powers granted by it to the Audit Committee.
- 6.5 Clauses 24.4 to 24.7 inclusive of the By-Laws of the Supervisory Board apply by analogy to the Audit Committee, while a power of the Supervisory Board or the Chairman referred to in those Clauses will be considered a power of the Supervisory Board or the Chairman for the application of these Terms of Reference as well.

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## ANNEX 1

### SUPERVISION OF EXTERNAL AUDITOR AND INTERNAL AUDIT FUNCTION

- (1) Assess and evaluate the External Auditor and the lead partner of the audit team of the External Auditor.
- (2) Obtain and review a report from the External Auditor (at least annually) regarding (i) the External Auditor's internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five months with respect to one or more independent audits carried out by the firm, (iii) any steps taken to deal with any such issues and (iv) all relationships between the External Auditor and the Company. Evaluate the qualifications, performance and independence of the External Auditor, including considering whether the External Auditor's quality controls are adequate, and taking into account the opinions of the Management Board and internal auditors.
- (3) Ensure the rotation of the lead (or co-ordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as well as the other members of the External Auditor, as required by law, regulation or the Company's Auditor Independence Policy.
- (4) Monitor compliance by the External Auditor as prescribed by legislation or regulation and the Company's Auditor Independence Policy.
- (5) Meet with the External Auditor prior to the audit to discuss the planning, scope and staffing of the audit.
- (6) Review the reports most significant to the Executive Board prepared by internal audit function and the Management Board's response.
- (7) Discuss with the External Auditor and the Executive Board the internal audit function's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
- (9) (10) Annually discussing with the External Auditor:<sup>17</sup>
  - (a) the scope and materiality of the audit plan and the principal risks of the financial statements identified by the External Auditor in the audit plan; and
  - (b) based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the Financial Statements and the management letter.

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<sup>17</sup> Dutch Corporate Governance Code, best practice provision 1.7.2.

## ANNEX 2

### SUPERVISION OF FINANCIAL REPORTING AND PUBLICATIONS

- (1) Review and discuss with the Executive Board and the External Auditor the Financial Statements and the Report of the Executive Board.
- (2) Review and discuss with the Executive Board and the External Auditor the Half Year financial statements prior to their release, including the results of any review by the External Auditors of the interim financial statements.
- (3) Review and discuss with the Executive Board the interim trading updates (first quarter and first nine-months).
- (4) Discuss with the Executive Board and the External Auditor significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, including the quality of earnings, significant deviations between planned and actual performance, any significant changes in the Company's selection or application of accounting principles, any issues as to the adequacy of the Company's internal controls and any special steps adopted in light of control deficiencies.
- (5) Review and discuss reports of the External Auditor on:
  - (i) all major elements of the accounting policies and the methods used;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Executive Board or any member thereof, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and
  - (iii) other important written communications between the External Auditor and the Executive Board or one of its members, e.g. management letters.
- (6) Discuss with the Executive Board the Company's (i) earnings press releases, including the use of non-GAAP/IFRS information and (ii) plans and policies of the Company with respect to comments on financial information and earnings guidance given by analysts and rating agencies.
- (7) Discuss with the Executive Board and the External Auditor the consequences of legislative or regulatory initiatives as well as of off-balance structures for the financial reporting by the Company.
- (8) Discuss with the Executive Board the Company's major financial risk exposures and the steps the Management Board has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

### ANNEX 3

#### **SUPERVISION OF COMPLIANCE WITH LEGISLATION AND REGULATIONS**

- (1) Obtain reports from the Executive Board, the head of the internal audit function of the Company and the External Auditor to the effect that the Company and its Subsidiaries comply with the applicable legislation and regulations and the internal rules of the Company. Review reports on and intended disclosures on insider and affiliated party transactions.
- (2) Discuss with the Executive Board and the External Auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
- (3) Discuss with the Executive Board and if deemed necessary the relevant persons in the legal department of the Company the legal issues that may materially affect the financial reports or the policy of the Company regarding its compliance with legislation and regulations.

#### **ANNEX 4**

##### **FINANCING AND FINANCE-RELATED STRATEGIES**

- (1) Review and discuss with the Executive Board at least once a year the general financial strategy of the Company, including financing instruments, refinancing of debt, use of cash, and the net-debt-to EBITDA ratio.
- (2) Review and discuss with the Executive Board the financial policy and financial procedures of the Company, including its currency (hedging) policies and procedures.

The discussions between the Audit Committee and the Executive Board on the above issues shall take place prior to the discussions on these issues between the Supervisory Board and the Executive Board.