

# Wolters Kluwer Governance Roadshow

Selection & Remuneration Committee of the  
Supervisory Board of Wolters Kluwer

September, 2020



Wolters Kluwer

# Forward-looking statements

*This presentation contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall", and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions, conditions in the markets in which Wolters Kluwer is engaged, behavior of customers, suppliers and competitors, technological developments, the implementation and execution of new ICT systems or outsourcing, legal, tax, and regulatory rules affecting Wolters Kluwer's businesses, as well as risks related to mergers, acquisitions and divestments. In addition, financial risks, such as currency movements, interest rate fluctuations, liquidity and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Growth rates are cited in constant currencies unless otherwise noted.*

# Agenda

- Introduction to Wolters Kluwer NV - Selection & Remuneration Committee
- How remuneration is aligned to our strategy and objectives
- The returns delivered to shareholders
- 2020 AGM vote on remuneration policy proposal
- Current thoughts on ESG measures
- Your views
- Appendices

# Selection & Remuneration Committee

*The Selection & Remuneration Committee is responsible for Executive Board succession planning and remuneration policy*



## **Frans Cremers**

- Chairman of the Supervisory Board
- Appointed in 2017
- Chairman of the Selection & Remuneration Committee dealing with selection and appointment matters
- Former CFO and member of the Executive Board of VNU N.V.
- Formerly, Chairman or Board Member SBM Offshore, Vopak, and other companies



## **Jeanette Horan**

- Member of the Supervisory Board
- Appointed in 2016 and reappointed in 2020
- Chairman of the Selection & Remuneration Committee dealing with remuneration matters
- Former Chief Information Officer at IBM
- Non-Executive Director Nokia Corporation

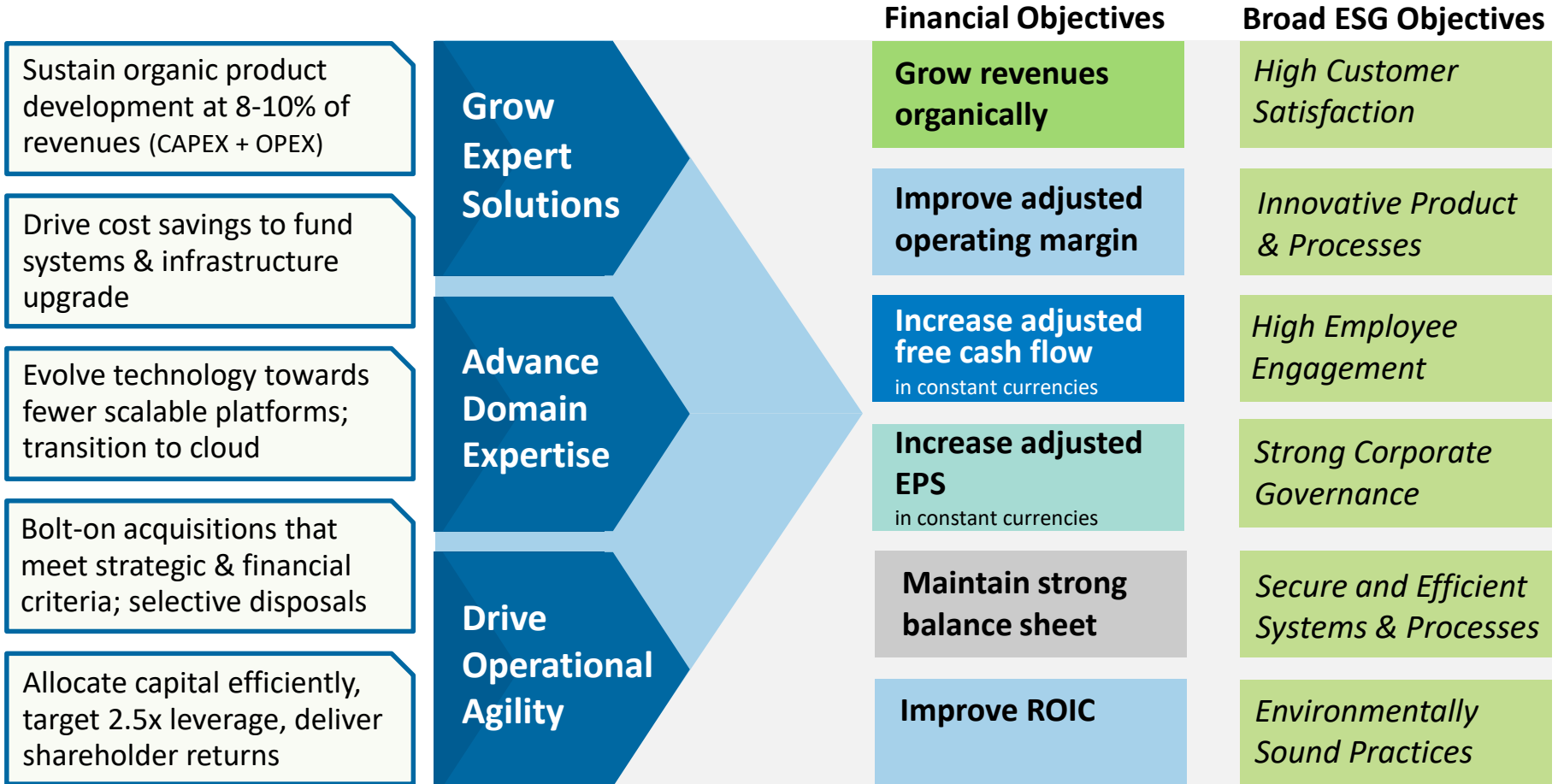


## **Ann Ziegler**

- Vice-Chairman of the Supervisory Board
- Appointed in 2017
- Member of the Selection & Remuneration Committee
- Former Senior Vice President, Chief Financial Officer and Executive Committee Member of CDW Corporation
- Non-Executive Director, Groupon Inc., Hanesbrands Inc. and US Foods

# Strategy and objectives

*Our strategy aims to create value for customers, employees, shareholders, and society; we measure performance with TSR, financial, and ESG measures*



TSR = Total Shareholder Return; EPS = Earnings per Share; ROIC = Return on Invested Capital

# Pay aligned to strategy

Our remuneration structure is closely linked to our strategic and financial objectives. We would like to strengthen this alignment and enhance the link to ESG

	Financial Objectives	Broad ESG Objectives	Remuneration Components & Current Measures
Grow Expert Solutions	Grow revenues organically	High Customer Satisfaction	<p><u>Base salary</u>: annual increases <b>aligned to Wolters Kluwer executives and employees</b> globally and to market practice</p> <p>+</p> <p><u>Short-term incentive</u>: annual bonus linked to annual targets for <b>revenue, adjusted net profit, adjusted free cash flow, and % digital revenues (ESG)</b>. No payout if achieve &lt;90% of target; CEO payout capped at 175% of salary</p>
	Improve adjusted operating margin	Innovative Product & Processes	
Advance Domain Expertise	Increase adjusted free cash flow <small>in constant currencies</small>	High Employee Engagement	<p>+</p> <p><u>Long-term incentive</u>:</p> <ul style="list-style-type: none"> <li>➤ <b>TSR shares</b> linked to 3-year performance on <b>Total Shareholder Return</b> relative to TSR peer group. No payout if rel. TSR below median pos.</li> <li>➤ <b>EPS shares</b> linked to 3-year performance against target <b>compound annual growth rate (CAGR) in Diluted EPS</b>. No payout if Diluted EPS performance is &lt;50% of target CAGR. CEO total LTIP (vesting) capped at 427.5% of salary</li> </ul>
	Increase diluted adjusted EPS <small>in constant currencies</small>	Strong Corporate Governance	
Drive Operational Agility	Maintain strong balance sheet	Secure and Efficient Systems & Processes	
	Improve ROIC	Environmentally Sound Practices	

# Remuneration policy objectives

*Our remuneration policy is closely linked to performance and aims to align management with long-term interests of shareholders while being competitive*

## Pay for performance and strategic progress

- Pay is linked to the achievement of key financial and ESG targets related to our strategy
- Over 75% of pay is variable and linked to performance against targets
- Short-term incentive is linked to annual targets
- Long-term incentive is linked to 3-year performance based on Relative TSR and 3-year targets for compound annual growth in Diluted EPS

## Align with long-term shareholder interests

- Majority of incentive is long-term and paid in Wolters Kluwer shares
- Policy aligns management with shareholders' interest and incentivizes management to create value for shareholders
- *Note: we proposed introducing formal ownership guidelines and a 2-year holding period*

## Be competitive in a global market for talent

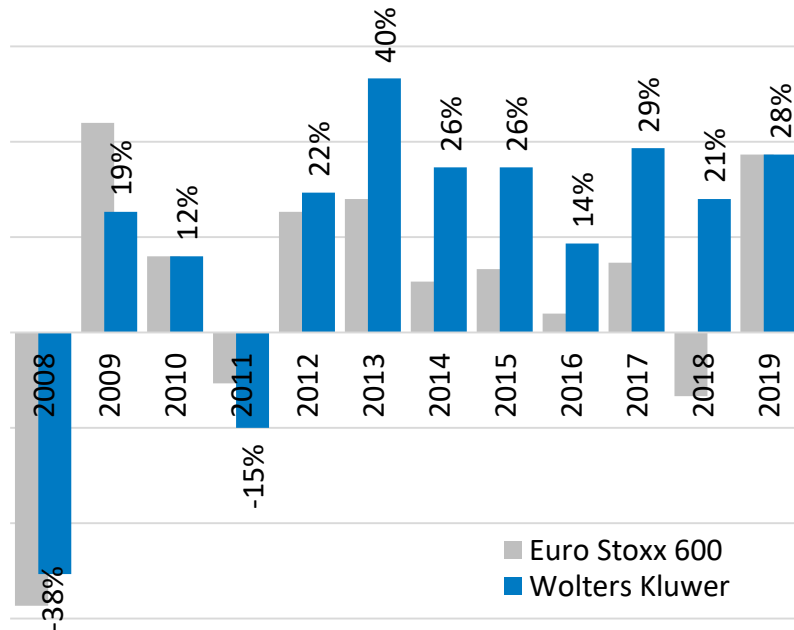
- On target pay is aligned with the median of a blended European and North American pay peer group
- Pay peer group is based on companies of similar size, industry, geographic scope, business complexity, and financial health
- TSR peer group also screens for TSR correlation and volatility

TSR = Total Shareholder Return; EPS = Earnings per Share

# TSR performance versus European index

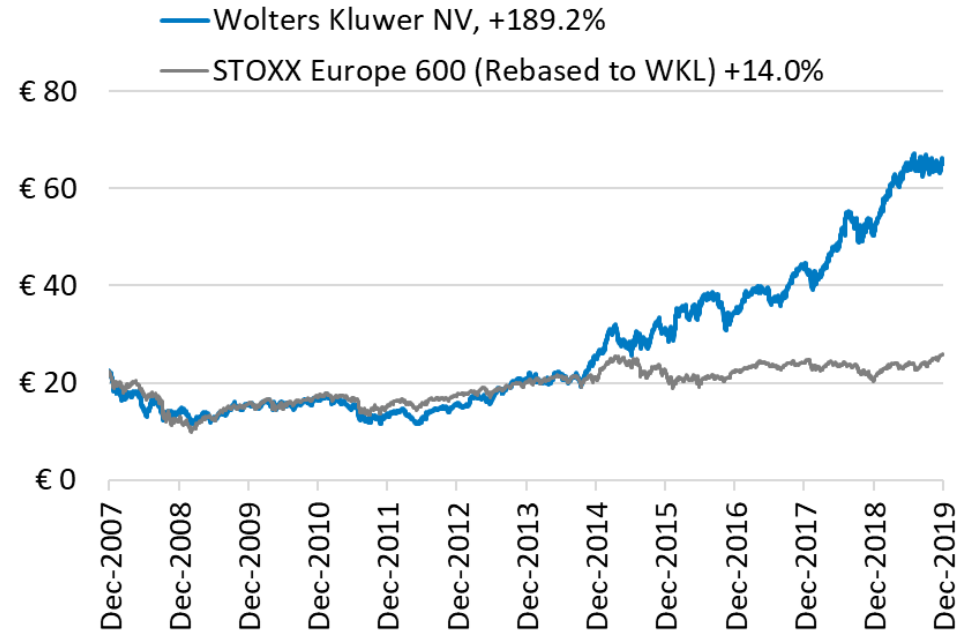
*In the past eight years, Wolters Kluwer has delivered total shareholder returns significantly ahead of the Euro Stoxx 600 in all but one year*

### Annual Total Shareholder Return (TSR) (%)



### Share Price Performance

(Begin 2008 to End 2019; Euro Stoxx 600 Rebased to WKL)



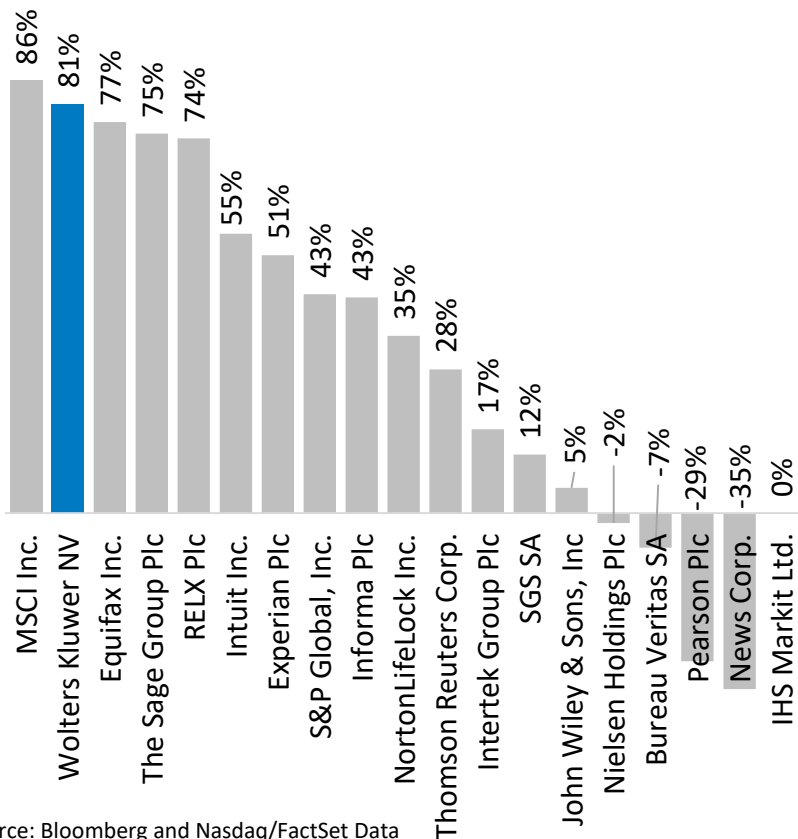
Note: TSR = Total Shareholder Return. Source: Bloomberg and Nasdaq/FactSet data



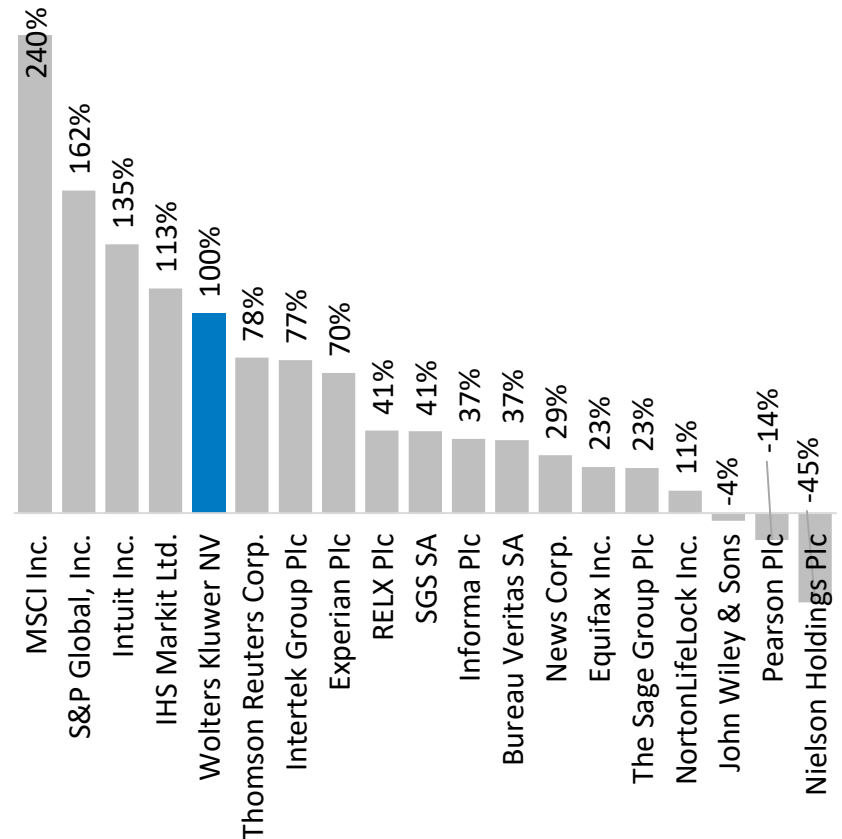
# TSR performance versus sector peers

*Wolters Kluwer TSR has even outperformed that of most European and North American sector peers*

3-Year TSR 2014-2016 (%)



3-Year TSR 2017-2019 (%)



Source: Bloomberg and Nasdaq/FactSet Data

# 2020 AGM results

*The Committee was disappointed with the voting outcome on 2020 AGM remuneration resolutions*

- At our 2020 AGM, we proposed changes to our remuneration policy, disclosed our pay peer group, and updated our TSR peer group
  - STIP: Pre-defined list of STIP measures, including ESG measures
  - LTIP: Proposed using Diluted Adjusted EPS instead of Diluted EPS; proposed introducing share ownership requirements and adding a 2-year holding period
- The proposed remuneration policy received **52%** of votes in favor, but not the 75% majority required to pass in The Netherlands
- Of the votes cast by our **top 20 shareholders**, **65%-70%\*** were in favor of the proposed new remuneration policy.
- Proxy advisor Glass Lewis recommended shareholders vote in favor of the proposed policy, but ISS advised voting against
- We are seeking feedback from more of our shareholders and will review and consider changes as appropriate

\*Estimate based on total holdings and identified votes at Asset Manager level at the 2020 AGM. Exact numbers are not available due to changes in fund positions and still limited disclosure by and response from Asset Managers and Custodians of their underlying fund positions following implementation of the Shareholder Rights Directive.

# Remuneration peer groups

*We benchmark pay against publicly-listed competitors and peers of similar size, industry, geographic scope, business complexity, and financial health*

Category	2019 Pay Peer Benchmark Group	2020-2022 LTIP TSR Peer Group	GICS Sub-Industry
<b>Wolters Kluwer Competitors</b>	-	John Wiley & Sons	<i>Publishing</i>
	IHS Markit Ltd.	IHS Markit Ltd.	<i>Research &amp; Consulting Services</i>
	Informa Plc	Informa Plc	<i>Advertising</i>
	Intuit Inc.	-	<i>Application Software</i>
	Pearson PLC	Pearson PLC	<i>Publishing</i>
	RELX PLC	RELX PLC	<i>Research &amp; Consulting Services</i>
	The Sage Group plc	The Sage Group plc	<i>Application Software</i>
<b>Wolters Kluwer GICS Sub-Industry</b>	Thomson Reuters Corporation	Thomson Reuters Corporation	<i>Research &amp; Consulting Services</i>
	Bureau Veritas SA	Bureau Veritas SA	<i>Research &amp; Consulting Services</i>
	Equifax Inc.	Equifax Inc.	<i>Research &amp; Consulting Services</i>
	Experian PLC	Experian PLC	<i>Research &amp; Consulting Services</i>
	Intertek Group plc	Intertek Group plc	<i>Research &amp; Consulting Services</i>
	Nielsen Holdings Plc	-	<i>Research &amp; Consulting Services</i>
	SGS SA	SGS SA	<i>Research &amp; Consulting Services</i>
<b>Other GICS Sub-Industries</b>	Verisk Analytics Inc	Verisk Analytics Inc	<i>Research &amp; Consulting Services</i>
	MSCI Inc. Class A	-	<i>Financial Exchanges &amp; Data</i>
	News Corporation Class A	News Corporation Class A	<i>Publishing</i>
	NortonLifeLock Inc.	-	<i>Systems Software</i>
	S&P Global, Inc.	S&P Global, Inc.	<i>Financial Exchanges &amp; Data</i>

Source:

Wolters Kluwer Annual Report 2019

Wolters Kluwer Annual Report 2019

Notes:

Norton LifeLock was formerly named Symantec prior to the sale of Symantec's enterprise security business to Broadcom Inc.

In case of delisting or merger of a peer, the Supervisory Board will select a replacement that meets strict pre-determined criteria. Criteria include: industry, geographic focus, company size, company financial health, TSR correlation and volatility, and historical TSR performance.

The Supervisory Board selects pay peers from companies of comparable size, complexity, industry or business profile, and international scope. The benchmark group is comprised of comparable companies in Europe and the US, taking into consideration the companies and geographic locations where Executive Board members might be recruited to or from.

# Short-term incentive

Note AGM 2020: the proposed policy received 52% of votes in favor, but not the three-quarters majority required to pass.

Pre-defined list of metrics, including potential additional STIP measures, proposed at AGM 2020 is shown in green below.

*In 2020, we proposed a pre-defined list of financial and ESG metrics for STIP (instead of current full flexibility) with an option to increase ESG weighting*

## Short-Term Incentive Plan (STIP)

Parameter	Existing Policy	
<b>Participants:</b>	CEO, CFO	
<b>Performance period:</b>	1 year	
<b>Performance measures:</b>	<b>Financial - 95%</b>	<b>Weighting</b>
	Revenues	33.3%
	Adjusted net profit	33.3%
	Adjusted free cash flow	28.3%
	<b>Non-Financial - 5%</b>	
	Digital revenues, as % of total revenues	5.0%
<b>Minimum payout:</b>	CFO: 0%	
<i>if achievement is &lt;90% of target</i>	CEO: 0%	
<b>Target payout:</b>	CEO: 125% of base salary	
<i>if achievement is 100% of target</i>	CFO: 95% of base salary	
<b>Maximum payout:</b>	CEO: 175% of base salary	
<i>if achievement is &gt;110% of target</i>	CFO: 145% of base salary	
<b>Vesting and Payment:</b>	Annual cash payment	
<b>Claw back:</b>	Yes	

Source: Wolters Kluwer Annual Report 2019

Proposed Policy & Application (AGM 2020)	
CEO, CFO	
1 year	
<b>Financial - minimum weighting of 60%</b>	<b>Weighting</b>
Revenues	33.3%
<b>Organic growth</b>	
Adjusted net profit	33.3%
<b>Adjusted operating profit</b>	
<b>Adjusted operating profit margin</b>	
Adjusted free cash flow	28.3%
<b>Cash conversion ratio</b>	
<b>Non-Financial - maximum weight 40%</b>	
Digital revenues, as % of total revenues	5.0%
<b>Expert Solutions, as % of total revenues</b>	
<b>Employee engagement scores</b>	
<b>Customer satisfaction scores</b>	
<b>Energy-consumption-based measures</b>	
CFO: 0%	
CEO: 0%	
CEO: 125% of base salary	
CFO: 95% of base salary	
CEO: 175% of base salary	
CFO: 145% of base salary	
Annual cash payment	
Yes	

Wolters Kluwer AGM 2020 Agenda and Appendices

# Long-term incentive

AGM 2020: proposed policy received 52% of votes in favor, but not the three-quarters majority required to pass.

Changes proposed at 2020 AGM shown in green.

Changes implemented (not requiring shareholder approval) are shown in blue.

*In 2020, we proposed shareholder-friendly improvements to the LTIP: minimum ownership requirements, 2-year holding period, as well as other changes*

## Long-Term Incentive Plan (LTIP)

Parameter	Existing Policy	
<b>Participants:</b>	CEO, CFO	
<b>Performance period:</b>	3 years	
<b>Share ownership requirements:</b>	None	
<b>Holding period:</b>	None	
<b>Performance measures:</b>	<b>Financial - 100%</b>	<b>Weighting</b>
<i>Conditional grant of shares which vest after 3 years with payout dependent on performance conditions determined in advance</i>	<b>Total Shareholder Return (TSR)</b>	50.0%
	Share price change over 3 years, relative to TSR peer group*	
	<b>Position</b>	<b>Payout</b>
	1-2	150%
	3-4	125%
	5-6	100%
	7-8	75%
	9-16	0%
	<b>Diluted EPS</b>	50.0%
<b>Minimum payout:</b> <i>(if TSR is below median; if EPS &lt;50% of target)</i>	CFO: 0%	
	CEO: 0%	
<b>Target payout:</b> <i>(if TSR is at position 5-6; if EPS at 100% of target)</i>	CEO: 285% of base salary	
	CFO: 175% of base salary	
<b>Maximum payout:</b> <i>(if TSR is at position 1-2; if EPS &gt; 110% of target)</i>	CEO: 427.5% of base salary	
	CFO: 262.5% of base salary	
<b>Vesting and Payment:</b>	Paid in Wolters Kluwer shares	
<b>Claw back:</b>	Yes	



Proposed Policy & Application (AGM 2020)		
<b>Participants:</b>	CEO, CFO	
<b>Performance period:</b>	3 years	
<b>Share ownership requirements:</b>	None	
<b>Holding period:</b>	<b>2 years</b>	
<b>Performance measures:</b>	<b>Financial - 100%</b>	<b>Weighting</b>
<i>Conditional grant of shares which vest after 3 years with payout dependent on performance conditions determined in advance</i>	<b>Total Shareholder Return (TSR)</b>	50.0%
	Share price change over 3 years, relative to TSR peer group*	
	<b>Position</b>	<b>Payout</b>
	1-2	150%
	3-4	125%
	5-6	100%
	7-8	75%
	9-16	0%
	<b>Adjusted Diluted EPS</b>	50.0%
<b>Minimum payout:</b> <i>(if TSR is below median; if EPS &lt;50% of target)</i>	CFO: 0%	
	CEO: 0%	
<b>Target payout:</b> <i>(if TSR is at position 5-6; if EPS at 100% of target)</i>	CEO: 285% of base salary	
	CFO: <b>200% of base salary</b>	
<b>Maximum payout:</b> <i>(if TSR is at position 1-2; if EPS &gt; 110% of target)</i>	CEO: 427.5% of base salary	
	CFO: <b>300% of base salary</b>	
<b>Vesting and Payment:</b>	Paid in Wolters Kluwer shares	
<b>Claw back:</b>	Yes	

Source: Wolters Kluwer Annual Report 2019

Source: Wolters Kluwer AGM 2020 Agenda and Appendices

Note: \*Based on a 60-day average of the share price at the beginning and end of each three-year performance period to reduce the influence of potential stock market volatility.

# Thoughts on ESG measures

We are considering the following quantifiable and independently verifiable ESG measures for STIP, with a weighting of 10%

	Broad ESG Objectives	Potential ESG Measures (Relevant to Wolters Kluwer)
Grow Expert Solutions	High Customer Satisfaction	<ul style="list-style-type: none"> <li>Customer satisfaction scores</li> <li><b>% of revenues from expert solutions</b></li> <li>Net promoter scores</li> </ul>
	Innovative Product & Processes	<ul style="list-style-type: none"> <li><b>Investment in product development as a % of revenues</b></li> <li>Number of patents registered</li> <li>Number of awards for innovation</li> </ul>
Advance Domain Expertise	High Employee Engagement	<ul style="list-style-type: none"> <li><b>Employee engagement score</b></li> <li>Employee turnover</li> <li><b>Qualitative measure for diversity, inclusion &amp; belonging</b></li> </ul>
	Strong Corporate Governance	<ul style="list-style-type: none"> <li>Non-discrimination policy; board composition</li> <li><b>% completion rate of annual compliance training, incl. ethics, privacy, IT and cybersecurity</b></li> </ul>
Drive Operational Agility	Secure and Efficient Systems & Processes	<ul style="list-style-type: none"> <li><b>Indexed cybersecurity maturity score</b></li> <li>Number of data breaches of personally identifiable information</li> <li>Number of performance issues</li> </ul>
	Environmentally Sound Practices	<ul style="list-style-type: none"> <li>% of revenue from digital solutions</li> <li><b>Number of servers migrated to the cloud</b></li> <li><b>Tons of CO<sub>2</sub>/FTE from business travel</b></li> </ul>

Preliminary

# Your views

*The Committee is seeking your feedback on the 2020 proposed remuneration policy as well as your views on ESG measures and other topics*

- **Peer groups**
  - Pay peer group (18)
  - TSR peer group (15)
- **Specific measures used in STIP**
  - Currently: revenue, adjusted net profit, adjusted free cash flow, % digital
- **Specific measures used in LTIP**
  - Currently: relative TSR and Diluted EPS
- **ESG measures and weighting**
- **Quantum**
- **Share ownership requirements and holding periods**
- **Disclosure**
- **Other**

# Appendix



Wolters Kluwer



# Chief Executive Officer

*Number 1 female CEO worldwide according to Harvard Business Review 2019*

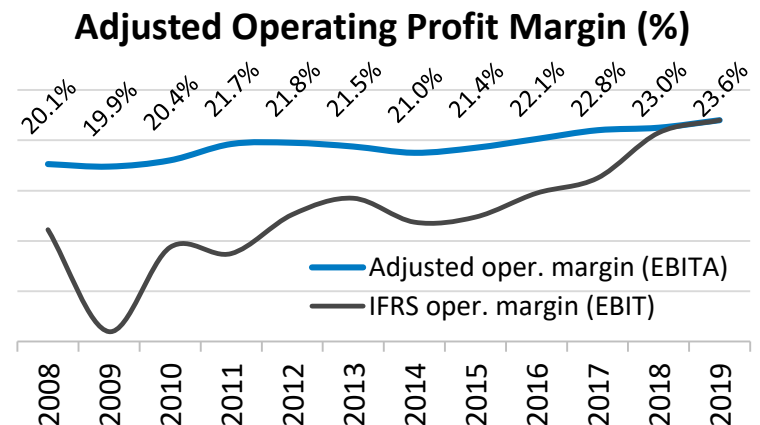
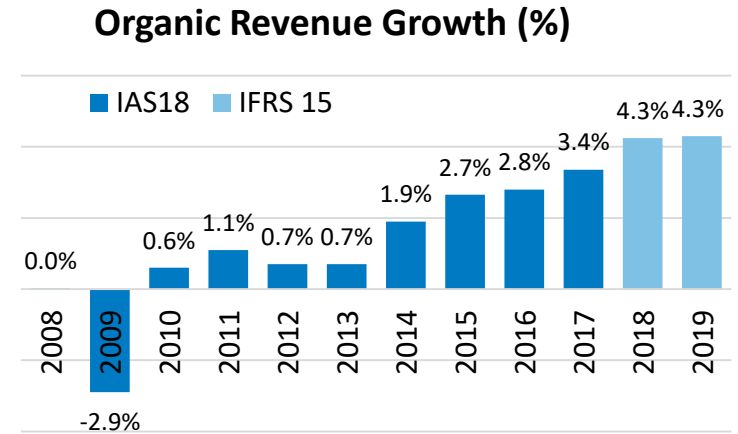
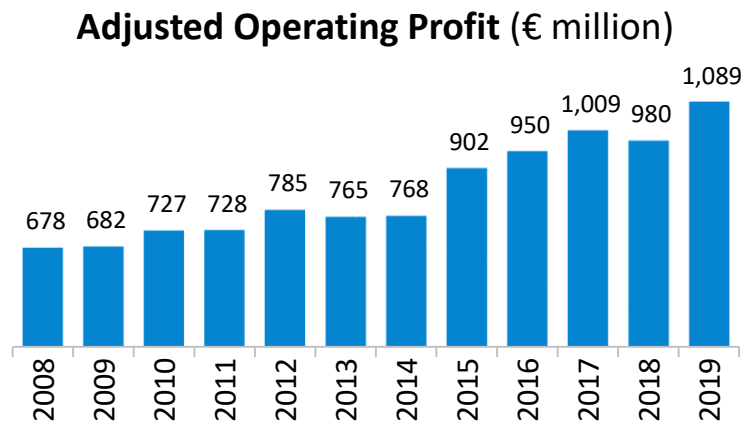
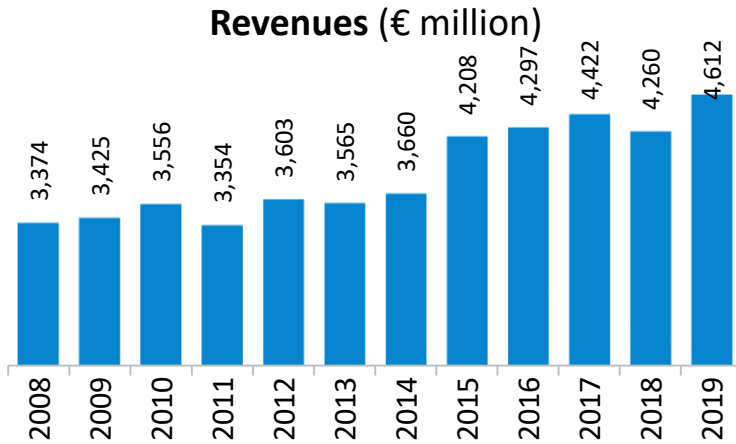


## **Nancy McKinstry**

- Joined Wolters Kluwer in 1995
- Chairman of the Executive Board since 2003
- Served as the CEO of Wolters Kluwer's operations in North America
- Harvard Business Review: *Best-Performing CEOs in the World 2019*
  - #16, Nancy McKinstry
  - #1 among female CEOs
- Member of the Board of Directors of Accenture, Abbott, and Russell Reynolds Associates
- Member of the European Round Table of Industrialists
- Board of Overseers of Columbia Business School
- Appointed by the Chinese State Council Information as a member of the Foreign Consultant Committee in view of her leadership in the global information industry

# Financial performance

Wolters Kluwer has a multi-year track record of improving organic growth and adjusted operating profit margin

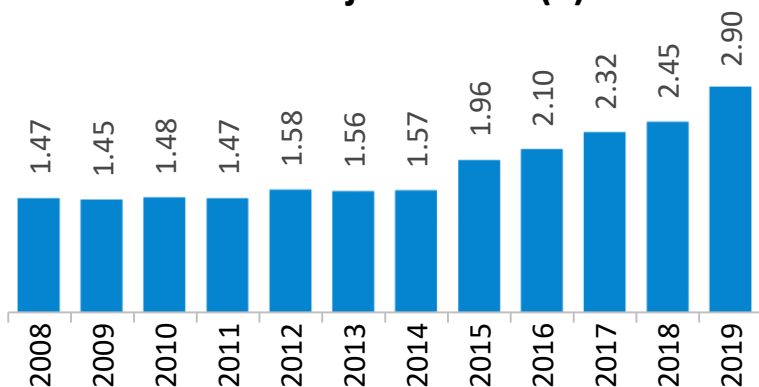


Source: revenue, organic growth, adjusted operating profit and margin as reported in annual report for corresponding year (excluding later restatements for changes in IFRS standards or for discontinued operations).

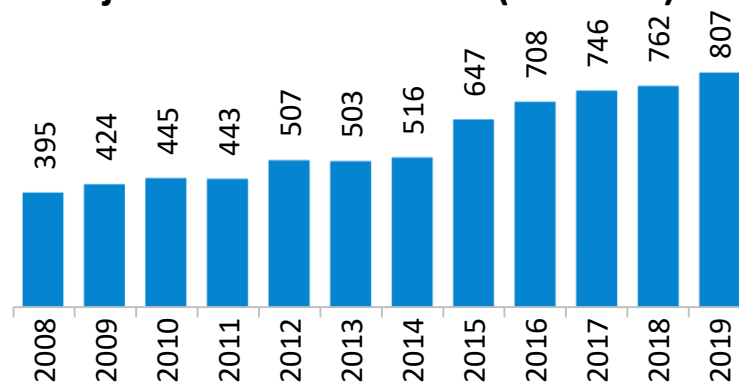
# Financial performance

*And has delivered increases in diluted adjusted EPS, adjusted free cash flow, and return on invested capital (ROIC)*

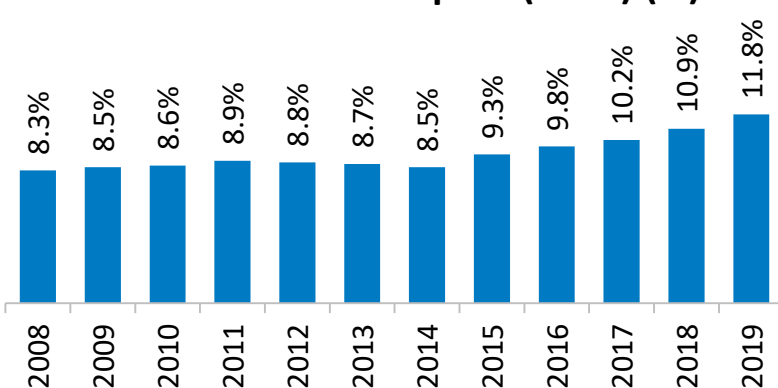
### Diluted Adjusted EPS (€)



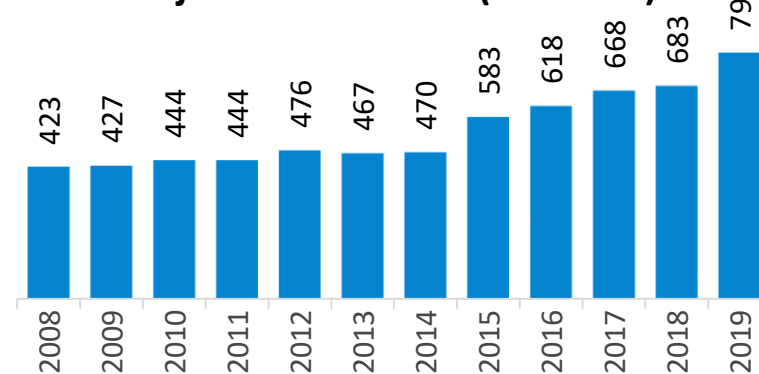
### Adjusted Free Cash Flow (€ million)



### Return on Invested Capital (ROIC) (%)



### Adjusted Net Profit (€ million)

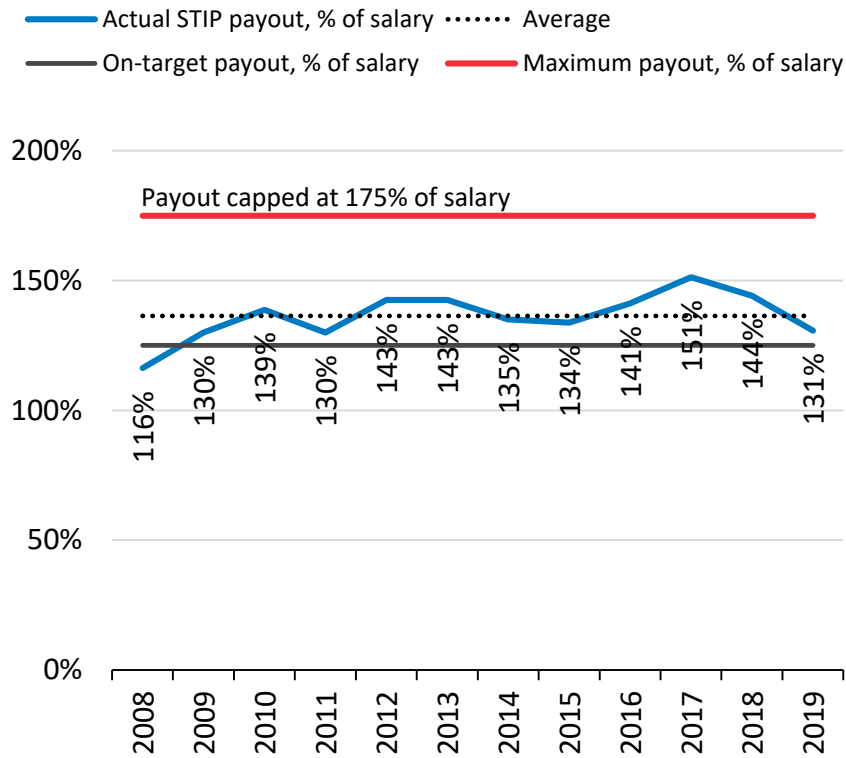


Source: diluted adjusted EPS, adjusted free cash flow, adjusted net profit and ROIC as reported in annual report for the corresponding year (excluding later restatements for changes in IFRS standards or for discontinued operations).

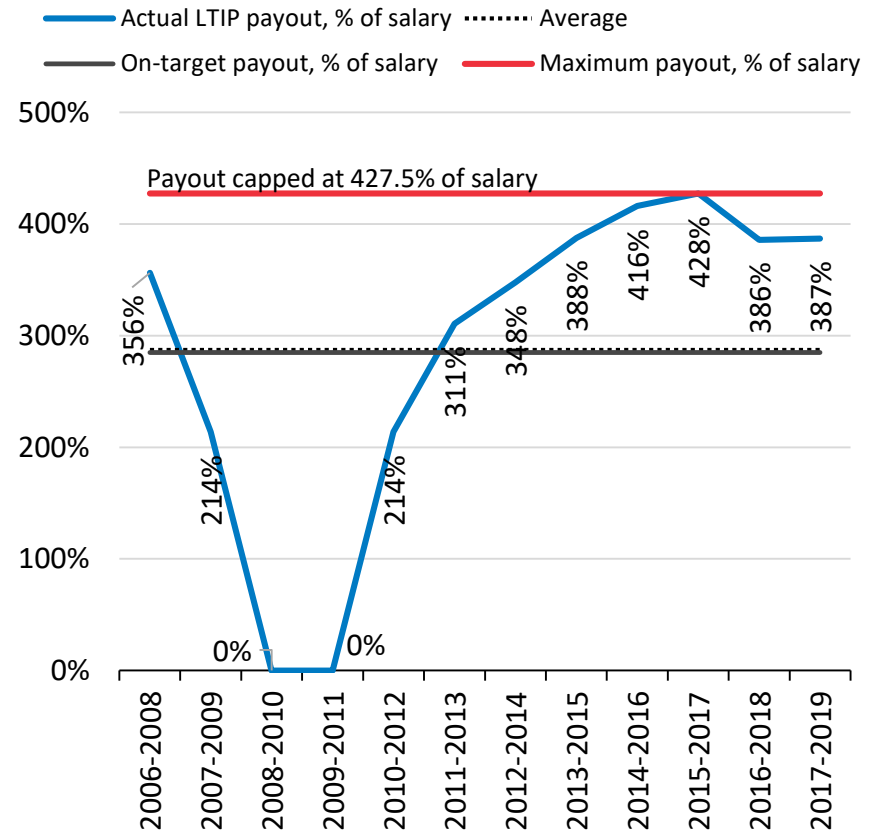
# CEO pay outcome

Over 12 years: average LTIP payout has been at target while average STIP payout has been slightly above

### Actual STIP Payout as % of Salary

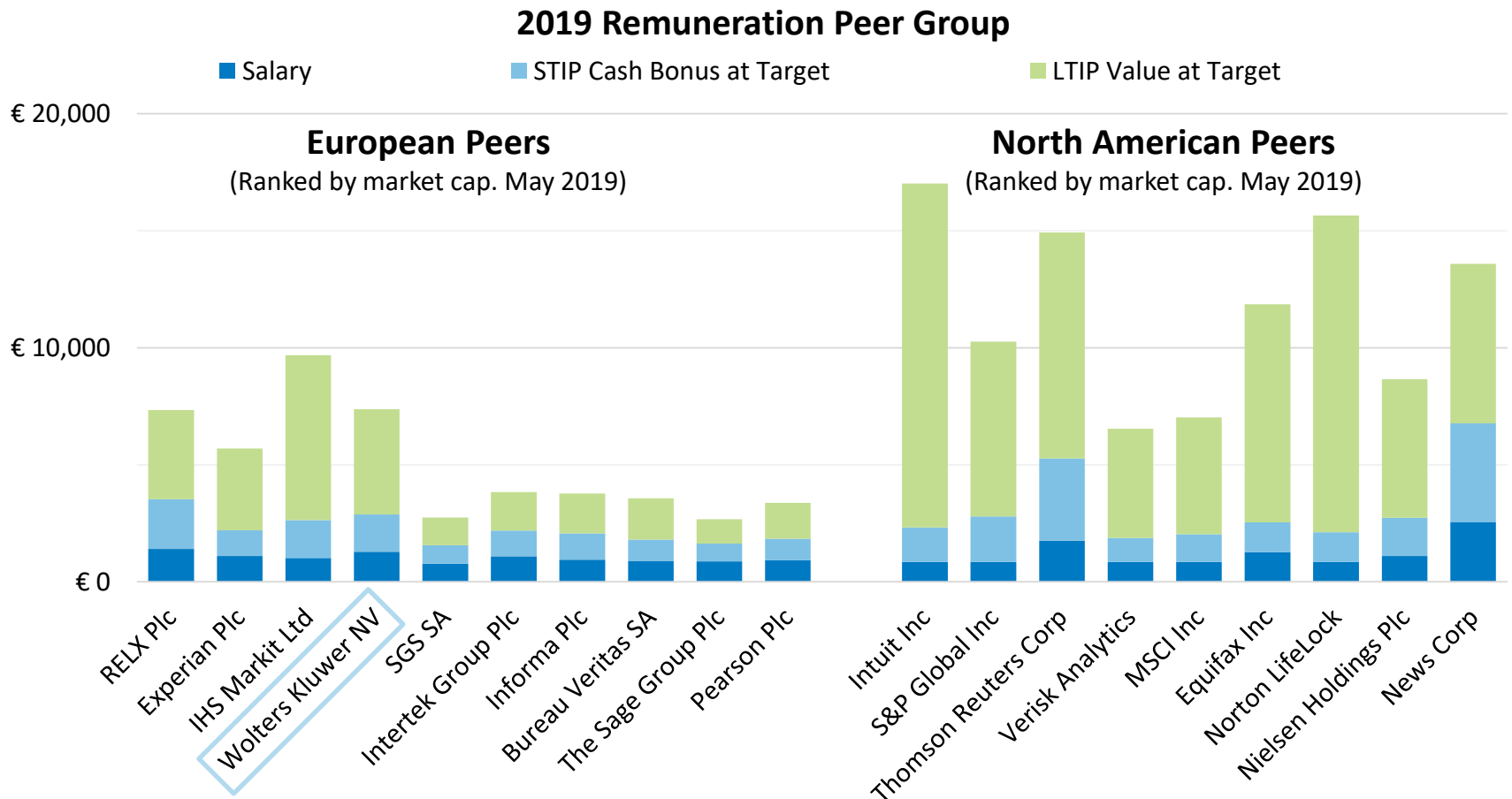


### Actual LTIP Payout as % of Salary



# CEO pay versus peers

At target pay is near median of balanced European/N. American pay peer group

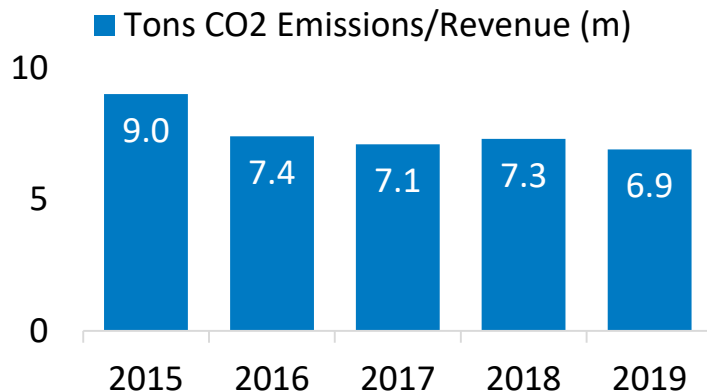


Source: Publicly disclosed data from 2019 annual reports and proxy statements. Amounts in €000's. At target amounts represent compensation for performance at 100% of target.

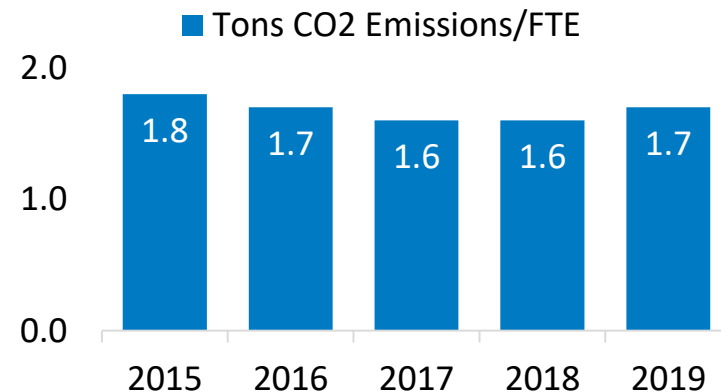
# Environmental

*There is scope to improve our environmental impact*

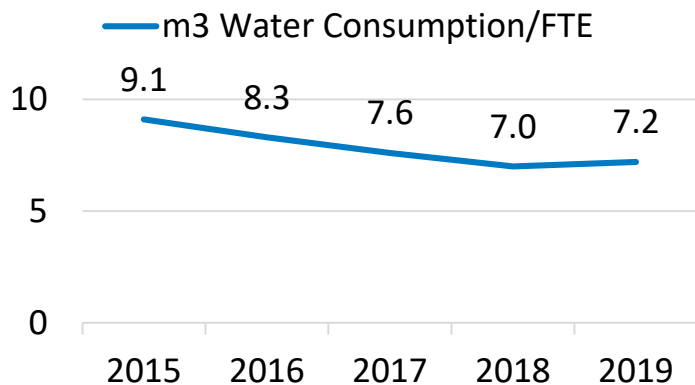
## CO<sub>2</sub> Emissions



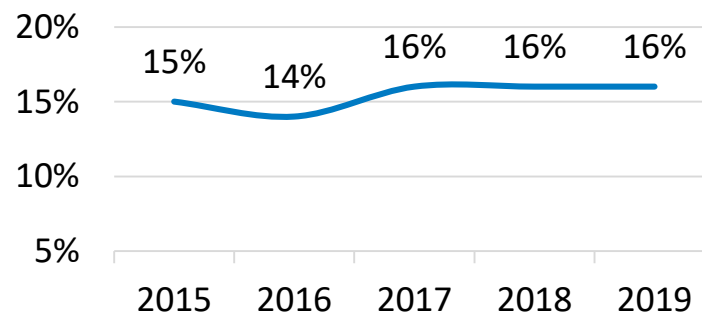
## CO<sub>2</sub> Emissions



## Water Consumption



## Electricity from Renewable Sources

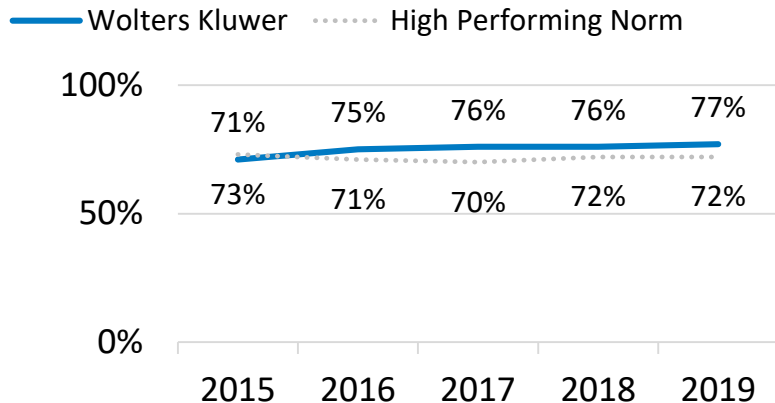


Note: ESG data is collected annually and not assured.

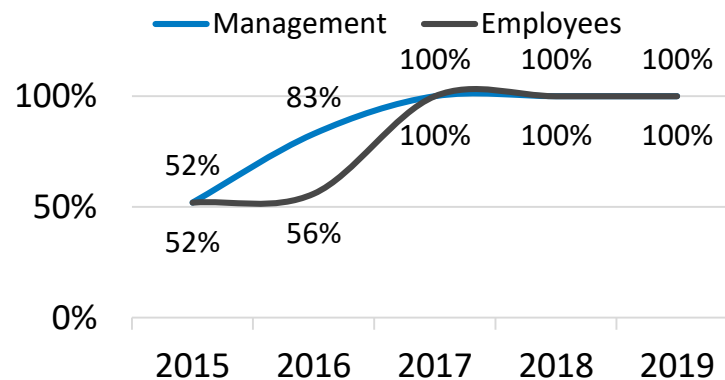
# Social

*We have driven improvement in employee engagement*

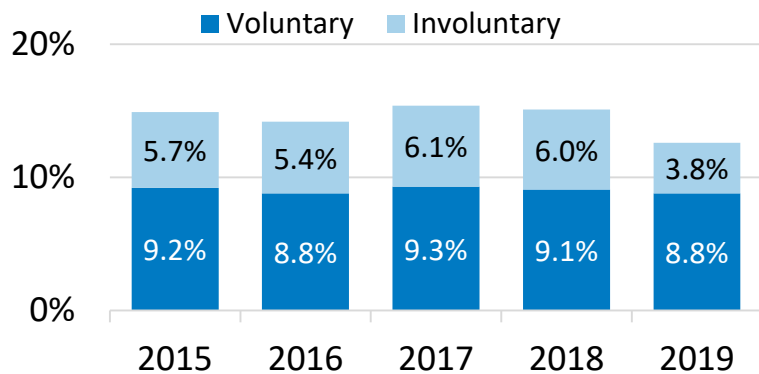
## Employee Engagement Score



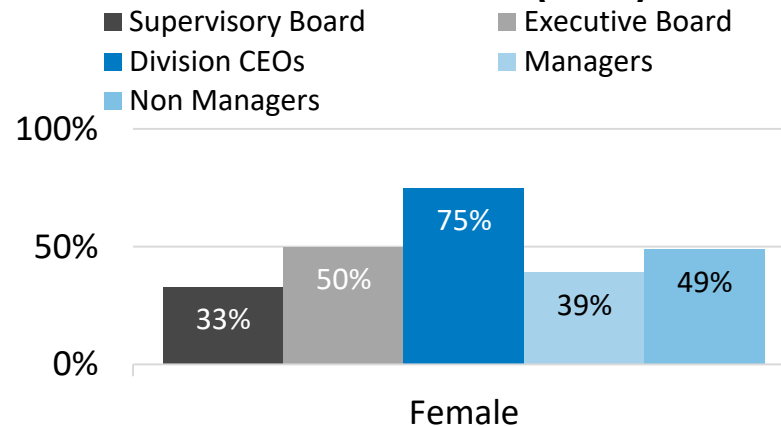
## Employees with Access to Learning



## Employee Turnover



## Female Inclusion (2019)

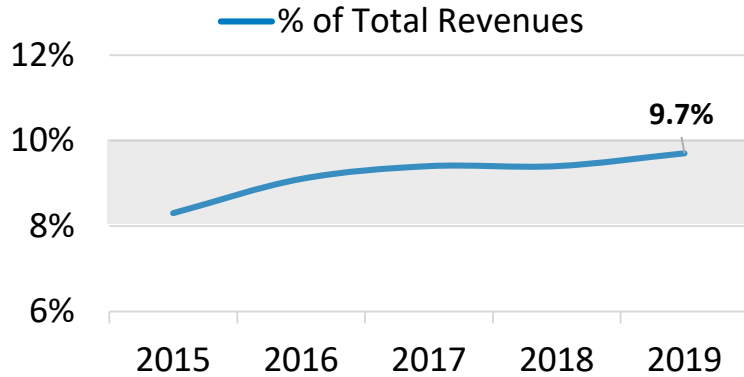


Note: ESG data is collected annually and not assured.

# Governance

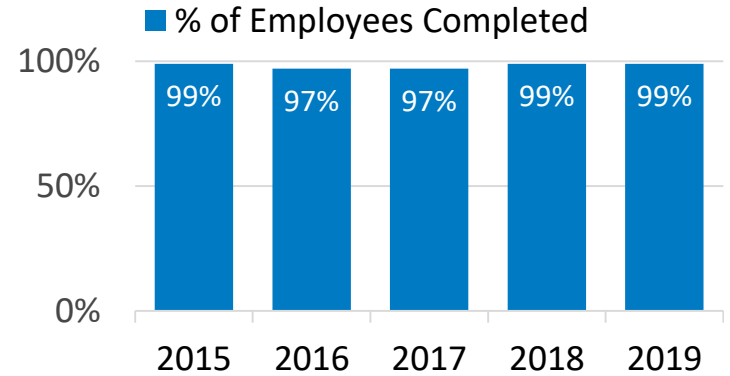
Management continues to focus on important governance matters

## Innovation & Product Development Spend

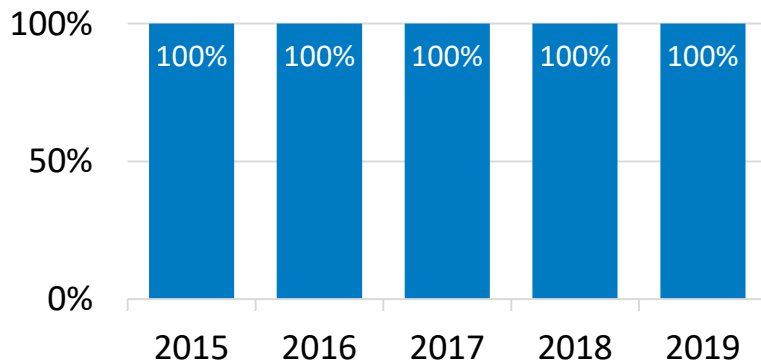


## Employee Compliance Training

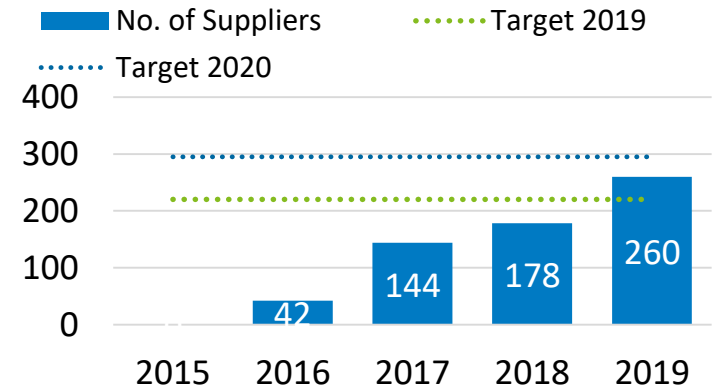
(includes ethics, data privacy, IT and cybersecurity)



## % Independent Board Members



## Suppliers Committed to Code of Conduct



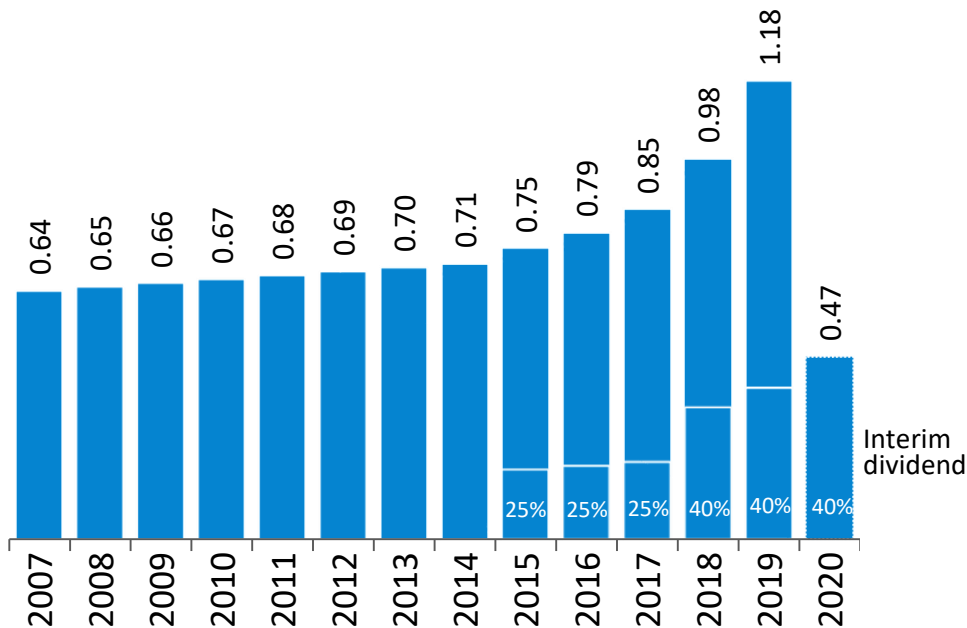
Note: ESG data is collected annually and not assured. Product development spend and board composition is collected more frequently.



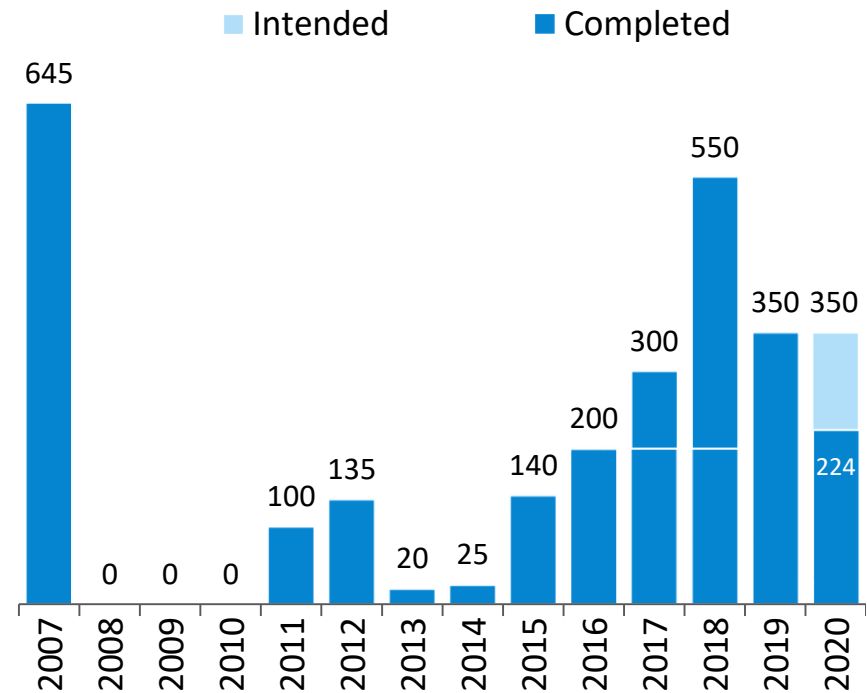
# Dividends and share buybacks

*Progressive dividend policy; anti-dilution policy; additional share buybacks as appropriate*

**Dividend per Share (€)**



**Share Buybacks (€ million)**



Note: Wolters Kluwer started paying an interim dividend in 2015. The interim dividend is currently set at 40% of prior year total. As per its anti-dilution policy (2011), the company is committed to offsetting incentive share issuance with share buybacks. Share buybacks for 2017 and 2018 included gross disposal proceeds. As of September 16, 2020, €224m of 2020 buyback has been completed.