

CORPORATE GOVERNANCE STATEMENT RELX NV 2016

In accordance with best practice provision I.1 of the Dutch Corporate Governance Code 2008 (the **Dutch Code**), RELX NV explains the broad outline of the corporate governance structure of the company in a separate chapter of the annual report, partly by reference to the principles mentioned in the Dutch Code, indicating expressly to what extent it applies the best practice provisions in the Dutch Code and to explain to what extent it does not.

The Dutch Monitoring Committee published a revised Dutch Corporate Governance Code in December 2016 (2016 Dutch Code), which applies to accounting periods beginning on or after 1 January 2017. Compliance with the 2016 Dutch Code will be tabled as a separate agenda item for discussion at the general meeting in 2018.

In addition, in accordance with the *Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*, RELX NV publishes a statement relating to corporate governance annually as part of its annual report. As permitted under the regulations, RELX NV has opted to publish its corporate governance statement by making it available on the RELX Group website, www.relx.com. This Corporate Governance Statement is incorporated by reference in the RELX Group Annual Reports and Financial Statements 2016 and as such cannot be amended.

Corporate Structure

RELX PLC is a publicly-listed holding company with its shares traded on the London and New York stock exchanges. Its principal asset is the shares it owns in RELX Group plc, which represent 52.9% of the outstanding shares in RELX Group plc.

RELX NV is a publicly-listed holding company with its shares traded on the Amsterdam and New York stock exchanges. Its principal asset is the shares that it owns in RELX Group plc, which represent 47.1% of the outstanding shares in RELX Group plc. RELX Group plc holds all of the operating businesses, subsidiaries and financing activities of the Group. RELX NV and RELX PLC have equal voting rights in RELX Group plc. RELX NV and RELX PLC ADRs listed on the New York Stock Exchange represent one RELX NV share or one RELX PLC share respectively.

RELX NV and RELX PLC are parties to a Governing Agreement which regulates their relationship including the economic interests of the parties and the composition of their boards and the board of RELX Group plc. RELX PLC, RELX NV, RELX Group plc (and its subsidiaries, associates and joint ventures) are together known as RELX Group.

The Board

The Boards of RELX NV, RELX PLC and RELX Group plc (the Boards) are unitary boards and comprised of the same Directors. RELX NV may nominate for appointment up to two Non-Executive Directors who are not appointed to the boards of either RELX PLC or RELX Group plc. Currently, no such director has been appointed to the Board. The names of each director, their role on the Board, nationality and their biographical at the date of this statement appear on pages 66 and 67 of the 2016 RELX Group Annual Reports and Financial Statements. The Boards currently comprise two Executive Directors and eight Non-Executive Directors, of which one Non-Executive Director is the Chairman. Changes during the year in the composition of the Boards and Board Committees are set out on page 74. The charts on page 73 of 2016 RELX Group Annual Reports and Financial Statements illustrate in more detail the composition of the Board. A profile which identifies the skills and experience of each Director is available on our website at www.relx.com.

The number of Directors is determined by the Board. The number of Non-Executive Directors must always exceed the number of Executive Directors.

Directors shall be appointed by the General Meeting on the basis of a proposal of the Non-Executive Directors. In order to safeguard the agreed board alignment with the Board of RELX PLC, the articles of association of RELX NV provide that a resolution of the General Meeting to appoint a director other than in accordance with the proposal of the Non-Executive Directors, can only be taken by a majority of at least two-thirds of the votes cast if less than one-half of the company's issued capital is represented at the meeting. Given the still generally low attendance rate at shareholders' meetings in the Netherlands, the board believes that this qualified majority requirement is appropriate for this purpose.

Under the articles of association of RELX NV, Directors are appointed for a three-year term, with the possibility of re-appointment. Notwithstanding these provisions in the articles of association and in compliance with the provisions of the UK Code, all Directors seek annual re-appointment at the Annual General Meeting except for those Directors retiring immediately after the respective Annual General Meetings. This is to ensure alignment of the arrangements regarding appointment for the Boards of both RELX NV and RELX PLC.

As a general rule, Non-Executive Directors serve for two three-year terms. The Nominations Committee may recommend that individual Directors serve up to one additional three-year term. The overview with the anticipated dates of retirement of the Non-Executive Directors is published on the RELX Group website, www.relx.com.

Each Director can at any time be suspended or dismissed by the General Meeting.

A Director shall not participate in the discussions and decision making if he has a direct or indirect personal interest in the matter which is conflicting with the interests of the company and the business connected to it (articles 16 clause 6 and 20 clause 6 of the articles of association). In 2016, no (potential) conflicts of interest were reported that are of material significance to the company.

Executive Directors

The Executive Directors are entrusted with the management of the company. The Board functions as a collective body with shared responsibility.

The Board has established rules regarding the decision-making process and working methods of the executive Directors in accordance with article 16 clause 3 of the articles of association of RELX NV. These Rules for the Board of RELX NV have been revised to align them with the Dutch Code and are available on the RELX Group website, www.relx.com.

Each Executive Director can at any time be suspended by the Board, which suspension can be discontinued by the General Meeting at any time.

Executive Directors may not be a member of the supervisory board of more than two large companies or chairman of the supervisory board or one tier board of a large company. Membership of the supervisory board or the board of any other RELX company does not count for this purpose. Acceptance of external supervisory board memberships or Non-Executive Directorships is subject to approval by the Non-Executive Directors. This is in line with provision II.1.8 of the Dutch Code.

In line with the remuneration policy adopted by the General Meeting in April 2005 as amended in April 2008, April 2010 and April 2013, the remuneration of the executive Directors is determined by the Non-Executive Directors at the recommendation of the Remuneration Committee of RELX Group plc. At the 2017 AGM, a proposal for a new remuneration policy will be put for approval, see pages 81 to 83 of the RELX Group Annual Reports and Financial Statements 2016.

For further information on remuneration of the Executive Directors, see the Director's Remuneration Report on pages 91 to 104 in the 2016 RELX Group Annual Reports and Financial Statements.

Non-Executive Directors

The duties of the Non-Executive Directors are to supervise the management of the Executive Directors, to supervise the policies of the Executive Directors and the general course of affairs in the company and the business connected with it, and to assist the Executive Directors by constructively challenging them and providing them advice. The Non-Executive Directors contribute to the development of strategy, monitor the delivery of strategy and scrutinise the performance of management in meeting agreed goals.

The Non-Executive Directors have established rules regarding the decision-making process and working methods of the Non-Executive Directors in accordance with article 20 clause 5 of the articles of association of RELX NV. These Rules for the Board of RELX NV are available on the RELX Group website, www.relx.com.

The profile which identifies the skills and experience of the Non-Executive Directors – see page 72 of the 2016 RELX Group Annual Reports and Financial Statements and the RELX Group website, www.relx.com, shall be taken into account for a proposal for appointment as Non-Executive Director. All Non-Executive Directors are independent within the meaning of best practice provision III.2.2 of the Dutch Code.

As per the provisions of the Governing Agreement, the Non-Executive Directors will also hold office as a Non-Executive Director of RELX PLC and RELX Group plc, it being understood that a maximum of two Directors may be excluded from holding such office.

Non-Executive Directors may hold executive or non-executive directorships and other offices with companies or organisations not related to the Group, provided these have been disclosed to the company and do not interfere with their functioning as a member of the Board. Such will be determined by the Chairman of the Board. A Non-Executive Director shall restrict memberships of the supervisory boards of Dutch listed companies to such an extent that the proper performance of his duties is assured.

The maximum number of memberships of supervisory boards or non-executive positions in a unitary board of Dutch large companies is five, for which purpose the chairmanship of a supervisory board or unitary board counts double. Membership of the supervisory board or the board of any other Group company does not count for this purpose. This is in line with provision III.3.4 of the Dutch Code.

The Chairman of the Board is responsible for the proper functioning of the Board and acts on behalf of the Non-Executive Directors as the main contact for the Executive Directors and for shareholders regarding the Board members. The Chairman sets the agenda of the Board, chairs the meetings of the Board, monitors the efficient functioning of the Board and of the Committees and chairs the Nominations and the Corporate Governance Committees. The Chairman facilitates effective communication among Directors. He ensures the effective induction and development and that the performance of the Board is assessed annually. He ensures, as Chairman, the orderly and efficient conduct of the General Meeting. The Chairman has such further duties and authorities as are set out in the Rules for the Boards of RELX NV, which are available on the RELX Group website, www.relx.com.

The Senior Independent Director or vice-Chairman, who is a Non-Executive Director, shall deputise for the Chairman when the occasion arises. The Senior Independent Director leads the annual assessment of the performance of the Chairman and acts as an intermediary between the other Directors. The Senior Independent Director is available to meet with institutional shareholders and to assist in resolving concerns in cases where alternative channels are inappropriate. Dr Wolfhart Hauser succeeded Lisa Hook as Senior Independent Director with effect from April 2016.

The Chairman is assisted in his role by the Company Secretary. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the procedures for the Board of RELX NV and the arrangements under the Governing Agreement are followed and that the Board acts in accordance with its statutory obligations under the articles of association.

The Directors consider the evaluation of the Boards, its Committees and members to be an important aspect of corporate governance. Each year, the Board undertakes an annual evaluation of its own effectiveness and performance, and that of its Committees and individual Directors. In 2016, the Board undertook an internal evaluation, overseen by the Corporate Governance Committee and supported by the Company Secretary. Using questionnaires completed by all Directors, the Committee explored key areas including: the performance of the Boards; Board composition and succession planning; talent management and executive leadership succession; risk management, corporate governance and compliance; agenda planning and quality of information provided by management and Board Committee effectiveness. The Chairman conducted interviews with each of the Directors.

An independent external evaluation will be carried out in 2017/2018.

A review of the performance of the Chairman of the Board was led by the Senior Independent Director. The Chairman of the Board was not present during discussion amongst the Non-Executive Directors relating to his performance. The conclusions of the review were subsequently considered at a meeting of the Board.

The review confirmed that overall, the Directors are of the view that the Boards remain engaged and committed, and that there is a culture where openness and debate are encouraged around the Boardroom table. It further confirmed that the Directors believe that the Boards continue to be appropriately involved in key decisions taken by the Group, monitoring the performance of the Group and developing the Group's strategy. Feedback provided during the evaluation also confirmed that good progress is being made in response to the prior year's observations, particularly in ensuring a continued focus for the Boards on succession planning, so that an appropriate level of experience and knowledge of the Group is maintained as Board membership evolves.

Based on the findings of the review, the Corporate Governance Committee concluded that the Board and its Committees function effectively and collaboratively and with an appropriate level of engagement with management. The Committee also believes that the performance of each member of the Board continues to be effective and that they demonstrate commitment to their respective roles.

To ensure that the Group has the right strategy in place to drive shareholder value, it is established board practice that the Board discusses the corporate strategy and the main risks of the business, the result of the assessment by the Executive Directors of the design and effectiveness of the internal risk management and control systems as well as any significant changes thereto at least once a year. The strategy discussions were held during a meeting in June and September and the strategy was approved in December 2016, the assessment of the risks of the business and the internal risk management and control systems were discussed in July 2016 and February 2017.

The Group seeks to recruit Non-Executive Directors with the experience to contribute to the boards of a dual headed global business and with a balance of personal skills that will make a major contribution to the boards and their committee structures. Non-Executive Directors of RELX NV are also appointed as Non-Executive Directors of the Boards of RELX PLC and RELX Group plc. Non-Executive Directors, including the Chairman, serve under letters of appointment. As a general rule, Non-Executive Directors' letters of appointment provide that individuals will serve for an initial term of three years, and are typically expected to serve two three-year terms, although the Boards may invite an individual to serve for an additional period of three years. The notice period applicable to Non-Executive Directors is one month. The notice period applicable to the service contracts of the Executive Directors is 12 months. For further information, see the Director's Remuneration Report in the 2016 RELX Group Annual Reports and Financial Statements.

The Rules for the Boards of RELX NV comprise rules relating to ownership of securities other than in RELX NV. Under these rules, Directors are required to notify the Company Secretary annually of any interest which they hold in Dutch listed companies other than RELX NV, unless the Director has transferred the discretionary management of his securities portfolio to an independent third party.

In 2011, the General Meeting determined a maximum amount of remuneration for the Non-Executive Directors per annum which applies to the proportion of the fees borne by the company and not to the fees borne by RELX PLC and RELX Group plc. Non-Executive Directors other than the Chairman receive an aggregate annual fee in respect of their membership of the Boards of the company, RELX PLC and RELX Group plc, except for the Non-Executive Directors that only serve on the Board of RELX NV. Additional fees are payable to the Senior Independent Director and Committee chairmen and for membership of certain Board Committees. The total fee paid to each Non-Executive Director who also serves as a Non-Executive Director of the boards of RELX PLC and RELX Group plc is disclosed in the Director's Remuneration Report included in the RELX Group Annual Reports and Financial Statements 2016.

In article 28 of the articles of association, all current and former members of the Board are granted an indemnity from RELX NV to the extent permitted by law in respect of liabilities incurred as a result of their office.

Board induction and development, information and support

The Chairman and the Company Secretary of each Board are responsible for ensuring that an effective induction programme takes place for new Directors. Following appointment and as required, all new Directors receive a full, formal and tailored induction, which is designed to meet their individual needs based on their level of knowledge and experience. This includes the provision of a comprehensive briefing pack and induction programme, as well as other relevant information to assist that Director in performing his/her duties.

Upon joining the Boards as Non-Executive Directors in April 2016, the inductions for Robert MacLeod and Carol Mills were designed taking into account their previous knowledge and experience, and the roles that they were asked to undertake for RELX Group. Both received briefings from the leaders of the main business operating units across RELX, and also from the Chief Strategy Officer, in order to enhance and deepen their understanding of RELX Group, its businesses and the competitive environment in which it operates. They also received presentations from the Group's key corporate functions, including finance, and from a number of the Group's principal external advisors. Given their first-time appointments to the Board of a Dutch-listed NV, each was provided with an in-depth briefing on their duties as a Director. Ms Mills also received a similar briefing in respect of her duties as a director of a UK-listed company.

Following their appointment to the Remuneration Committees of the Boards, Mr MacLeod and Ms Mills received a briefing on executive remuneration from the Human Resources Director, and having joined the Audit Committee, Ms Mills undertook a comprehensive audit committee induction programme, including a

briefing from the external auditor, designed to ensure familiarisation with the Committee's oversight responsibilities.

In addition to scheduled Board and Board Committee meetings held during the year, the Non-Executive Directors attend other meetings and site visits to support their continuing development. The Non-Executive Directors also have opportunities to meet RELX Group Management Business Leaders and other senior executives.

All Non-Executive Directors have full and timely access to the information required to discharge their responsibilities fully and efficiently. They have access to the services of the respective Company Secretaries, who are responsible for the accurate and timely flow of information to the Boards and advising the Chairman on all corporate governance matters. The Company Secretary of each Board attends all of its meetings. The Non-Executive Directors also have access to other members of the Group's management and staff, and external advisors. Non-Executive Directors may take independent professional advice in the furtherance of their duties, at the relevant company's expense.

Each of the Non-Executive Directors is expected to attend all meetings of the Boards and Committees of which they are a member. Where a Non-Executive Director was unable to attend a Board or Committee meeting during 2016, this was due to a long-standing conflict with prior work conflicts. They were provided with all relevant papers and information relating to that meeting and are able to discuss issues arising with the respective chairmen and other Board and Committee members both prior to and after the meeting had taken place. They were additionally provided with a copy of the meeting minutes.

Committees

In accordance with the principles of good corporate governance, the following Committees, all of which have written terms of reference, have been established by the respective Boards. The terms of reference of the Committees are available on the RELX Group website, www.relx.com.

Audit Committees: RELX PLC, RELX NV and RELX Group plc have established Audit Committees that are responsible for the oversight of financial reporting, risk management and internal control policies, and the effectiveness of the internal and external audit processes. The Committees comprise only Non-Executive Directors and are chaired by Ben van der Veer. A report of the Audit Committees, setting out the role of the Committees and their main activities during the year, appears on pages 105 and 106 of the RELX Group Annual Reports and Financial Statements 2016.

Remuneration Committee: RELX Group plc has established a Remuneration Committee, which is responsible for recommending to the Board the remuneration for the executive Directors of RELX NV and for determining the remuneration for the executive Directors of RELX Group plc and RELX PLC and advising on the remuneration of senior executives below Board level. The Committee comprises only Non-Executive Directors and is chaired by Dr Wolfhart Hauser. A Directors' Remuneration Report, which has been approved by the boards of RELX Group plc, RELX PLC and RELX NV, is included on pages 81 to 104 of the RELX Group Annual Report and Financial Statements 2016. This report also serves as disclosure of the Directors' remuneration policy and the remuneration and interests of the Directors in the shares of the two parent companies, RELX NV and RELX PLC.

Nominations Committee: RELX PLC and RELX NV have established a joint Nominations Committee, which is responsible for keeping under review the composition of the Board and the Board Committees, and the recruitment of new Directors. The Committee comprises only Non-Executive Directors and is chaired by Anthony Habgood. A report of the Nominations Committee, setting out its role and main activities during the year, appears on page 80 of the RELX Group Annual Reports and Financial Statements 2016.

Corporate Governance Committee: RELX NV and RELX PLC have established a joint Corporate Governance Committee, which is responsible for reviewing ongoing developments and best practice in corporate governance, assessing the performance of the Directors and recommending the structure, operation and membership of the various committees of the Board. The Committee comprises only Non-Executive Directors and is chaired by Anthony Habgood.

Attendance at meetings of the Boards and Board Committees

The table below shows the attendance of Directors at meetings of the Boards and the Board Committees during the year. Attendance is expressed as the number of meetings attended out of the number eligible to be attended.

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Director	Committee appointments	Boards ⁽¹⁾	Audit	Remuneration	Nominations	Corporate Governance
Anthony Habgood (Chairman)	R N C	7/7	-	4/4	3/3	5/5
Erik Engstrom	-	7/7	-	-	-	-
Nick Luff	-	7/7	-	-	-	-
Wolfhart Hauser	R N C	7/7	-	4/4	3/3	5/5
Adrian Hennah	A C	7/7	5/5	-	-	5/5
Lisa Hook ⁽²⁾	R N C	0/2	-	1/1	1/2	0/1
Marika van Lier Lels	A C	7/7	5/5	-	-	5/5
Robert MacLeod ⁽³⁾	R C	5/5	-	3/3	-	4/4
Carol Mills ⁽³⁾	A R C	5/5	3/3	3/3	-	4/4
Robert Polet ⁽²⁾	R C	2/2	-	0/1	-	1/1
Linda Sanford	A C	7/7	5/5	-	-	5/5
Ben van der Veer	A N C	7/7	5/5	-	3/3	5/5

Board Committee membership key

- A Audit
- R Remuneration
- N Nominations
- C Corporate Governance
- Committee Chairman

(1) The Boards of RELX PLC, RELX NV and RELX Group plc. In addition to the seven scheduled meetings above, in 2016 serving Directors attended two full-day strategy and business review meetings.

(2) Ms Hook and Mr Polet retired from the Boards with effect from the respective 2016 Annual General Meeting of each company. Ms Hook retired as a member of the Remuneration, Nominations and Corporate Governance Committees, and Mr Polet retired as a member of the Remuneration and Corporate Governance Committees, on 21 April 2016. Due to longstanding conflicts, Ms Hook was unable to attend the February and April Boards and Corporate Governance Committee meetings, and Mr Polet was unable to attend the February Remuneration Committee meeting.

(3) Mr MacLeod and Ms Mills were appointed as Non-Executive Directors with effect from the respective 2016 Annual General Meeting of each company. Mr MacLeod was appointed as a member of the Remuneration and Corporate Governance Committees on 21 April 2016. Ms Mills was appointed as a member of the Audit, Remuneration and Corporate Governance Committees on 21 April 2016.

Key activities of the Board in 2016

The Board holds regular scheduled meetings throughout the year and in 2016 held seven scheduled meetings. The Boards' schedules ensure that all relevant matters are considered during those meetings. The schedule is set by the Chairman, with support from the Company Secretary.

In 2016, the Board considered the following:

- reports from the Chief Executive Officer and Chief Financial Officer on the Group's actual and forecasted operational and financial performance
- strategic and business presentations, including two full-day strategy reviews
- annual and interim results
- dividend declarations and policy, together with returns to shareholders through share buybacks
- returns made on capital previously invested by the Group
- budgets and annual strategy plan 2016-2019
- capital structure and funding requirements
- the Group's principal risks and review and ongoing monitoring of risk management and internal control
- the Terms of Reference for each of their Committees
- Board succession and executive talent management
- appointments and re-appointments to the Board and appointments to Board Committees
- the Group's Operating and Governance Principles
- investor relations activities
- litigation update
- their own performance, that of their Committees and of each Director
- updates on major acquisitions, investments and disposals
- reports from the Committee Chairmen on the key activities of the Board Committees.

Authorisation for issue of shares and purchase of shares in the capital of the Company¹

In accordance with article 9 clause 3 of the articles of association, at the 2016 General Meeting a resolution was passed to extend the authority given to the Board to purchase up to 10% of shares by off or on-market purchase for a period of 18 months from the date of the 2016 General Meeting to and including 19 October 2017. A resolution to further extend the authority is to be put to the 2017 General Meeting.

At the 2016 General Meeting of the Company, the shareholders approved the reduction of the capital of the Company by the cancellation of up to 30,000,000 of its ordinary shares held in treasury. Subsequently 30 million ordinary shares in the Company were cancelled effective on 22 December 2016. A resolution to reduce the capital of the Company by cancellation of shares held in treasury will be put to the agenda of the 2017 General Meeting.

In accordance with articles 6 clause 2 and 7 clause 4 of the articles of association, at the 2016 General Meeting the Board was authorised, until 19 October 2017, to issue shares and to grant rights to subscribe for shares representing up to 10% of the issued capital of the company (other than to meet obligations resulting from the rights to acquire shares under share option schemes) and an additional 10% of the issued share capital of the Company in relation with mergers or acquisitions and to restrict or cancel pre-emptive rights of existing shareholders in respect of any such issuance. A resolution to renew such authority will be put to the 2017 General Meeting.

Shares may be issued pursuant to a resolution of the 2016 General Meeting or by the Board insofar as the Board has been designated by the General Meeting as the authorised body to issue shares. The resolution to designate the Board as the authorised body to issue shares must stipulate the aggregate nominal value up to which shares may be issued pursuant to a resolution of the Board. The same provisions are applicable to the granting of rights to subscribe for shares.

Approach to Corporate Governance Compliance

The Boards of RELX NV and RELX PLC have implemented standards of corporate governance and disclosure policies applicable to companies listed on the Amsterdam, London and New York stock exchanges. The effect of this is that a standard applying to one will, where not in conflict, be observed by the other. On 8 December 2016, the Dutch Monitoring Committee Corporate Governance Code issued a new revised Dutch Code, which is expected to apply to financial years starting on or after 1 January 2017. The Dutch Code and 2016 can be found on <https://commissiecorporategovernance.nl>. The UK Financial Reporting Council (FRC) published a revised UK Corporate Governance Code in April 2016 (the 2016 UK Code), which applies to RELX Group for the accounting period beginning on 1 January 2017. A copy of the UK code can be found on the FRC website at <https://www.frc.org.uk>.

The Board supports the principles and provisions of corporate governance contained in the UK Corporate Governance Code 2014 (the UK Code) and the Dutch Code, with due regard for the recommendations of the Monitoring Committee in its annual reports and subject to certain exceptions as explained below. The Board expects to comply in full with the 2016 UK Code during the 2017 reporting period. RELX PLC, which has its primary listing on the London Stock Exchange, and RELX NV, which has its primary listing on Euronext Amsterdam, have complied throughout the financial year ending on 31 December 2016 with the UK Code and, subject to limited exceptions as explained below, have applied the Dutch Code.

RELX NV may not apply fully the verbatim language of all principles and best practice provisions of the UK Code, but does fully support and apply the best practice provisions of the UK Code. The following recommendations of the Dutch Code are not fully applied for reasons explained below:

> Best practice provision II.2.5: Executive Directors are required to build up a minimum shareholding and RELX Group uses long term incentive arrangements in the form of awards of shares which may vest after three years and meeting the relevant shareholding requirement is both a condition of the vesting of awards as well as a pre-requisite to maintain eligibility to receive a future award under the multi-year incentives. The intent of this shareholding policy is to align the interests of senior executives and shareholders. This intent is in compliance with the Dutch Code. Shares received on joining the company in compensation for vested benefits under incentive schemes from a previous employer are not to be considered as part of the minimum shareholding in this context.

¹ Information pursuant to Decree Article 10 Take-over Directive

> **Best practice provision II.2.8:** RELX Group has arrangements that are commensurate with local legal requirements to ensure a competitive employment offering to its board members. Executive Directors have service contracts under English law that provide for a notice period not exceeding 12 months. There are currently no Executive Directors with employment agreements under Dutch law. In the event of dismissal, notice is given in accordance with the agreed notice period. The notice period applicable to the service contracts to both executive members of the Board is 12 months. The payment during the notice period may be mitigated if the director finds other employment within this period. The application of this arrangement may fall within the best practice provision that remuneration in the event of dismissal may not exceed the fixed component of one year's salary. There are no other severance arrangements in place for the Executive Directors and none of the service contracts contain severance pay arrangements. Although the principle that severance pay should not exceed the fixed component of one year's salary is supported, there may be exceptional circumstances where this maximum would be manifestly unreasonable that could justify additional compensation on termination for loss of variable remuneration components. Full disclosure on remuneration in the event of dismissal is provided in the Director's Remuneration Report in the RELX Annual Reports and Financial Statements.

> **Best practice provisions II.2.13 and II.2.14:** In view of their detailed specificity and complexity and because of the confidential or potentially commercially sensitive nature of the information concerned, individual performance targets and achievements relevant for variable executive remuneration will only be disclosed in general terms.

> **Best practice provision II.3.4 and III.6.3:** The disclosure of transactions where Directors have a conflict of interest, as required by these provisions, shall be qualified to the extent required under applicable rules and laws pertaining to the disclosure of price sensitive information, confidentiality and justified aspects of competition.

> **Principle III.7:** The remuneration of Non-Executive Directors is determined by the Board in the context of the board alignment with RELX PLC and RELX Group plc, having regard for the maximum per annum approved by the General Meeting of Shareholders.

> **Best practice provision IV.1.1:** Appointments, suspensions or removal procedures of Directors are set out above. In order to safeguard the agreed board alignment with the Board of RELX PLC, the articles of association of RELX NV provide that a resolution of the General Meeting to appoint a member of the Board other than in accordance with the proposal of the Non-Executive Directors can only be taken by a majority of at least two-thirds of the votes cast if less than one-half of the company's issued capital is represented at the meeting. Given the still generally low attendance rate at shareholders' meetings in the Netherlands, the Board believes that this qualified majority requirement is appropriate for this purpose.

> **Best practice provision IV.3.1:** It is considered impractical and unnecessary to provide access for shareholders to all meetings with analysts and all presentations to investors in real time. Price sensitive and other information relevant to shareholders is disclosed as required or as appropriate and made available on the website. Presentations made following the announcement of the interim and full-year results are simultaneously webcast. Investor seminars are also webcast.

Internal control and risk management

RELX Group has established internal controls and risk management practices that are embedded into the operations of the businesses, based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Details of the principal risks facing the Group and how these are mitigated are set out on pages 60 to 63 of the RELX Group Annual Reports and Financial Statements 2016.

Additionally, in order to provide reasonable assurance against material inaccuracies or loss, and on the effectiveness of the systems of internal control and risk management, the Group has adopted the three lines of defence assurance model shown below.

RELX Group Operating and Governance Principles

1st Line of Defence

Group businesses maintain systems of internal control which are appropriate to the nature and scale of their activities and address all significant strategic, operational, financial and legal compliance risks that they face.

2nd Line of Defence

Central functions that are responsible for 1) designing policies, 2) introducing and sharing best practice, 3) monitoring and evaluating compliance with RELX policies and relevant legislation and regulation and appropriate remediation.

3rd Line of Defence

Internal auditors provide independent assurance on the effectiveness of the 1st and 2nd lines of defence.

THE BOARDS AND AUDIT COMMITTEES

The Boards of RELX NV and RELX PLC have each adopted a schedule of matters which are required to be brought to them for decision. During 2016, the Boards of RELX NV and RELX PLC exercised independent supervisory roles over the activities and systems of internal control of RELX Group plc. The Boards of RELX NV and RELX PLC also approved the strategy and the annual budgets of RELX Group plc, and received regular reports on its operations, including the treasury and risk management activities. Major transactions proposed by the Board of RELX Group plc required approval of the Boards of both RELX NV and RELX PLC.

The Audit Committee met on a regular basis to review the systems of internal control and risk management of RELX Group plc.

The Board of RELX Group plc is responsible for the system of risk management and internal control of the Group and has implemented an ongoing process for identifying, assessing, monitoring and managing the principal risks faced by its businesses. This process was in place throughout the year ended 31 December 2016, and up to the date of the approvals of the Annual Reports and Financial Statements 2016. The Board monitors these systems of internal control and risk management and annually carries out a review of their effectiveness.

RELX Group plc has an established framework of procedures and internal control, with which the management of each business is required to comply. The Board has adopted a schedule of matters that are required to be brought to it for decision. The Group operates authorisation and approval processes throughout all of its operations. Access controls exist where processes have been automated to ensure the security of data. Management information systems have been developed to identify risks and to enable assessment of the effectiveness of the systems of internal control.

RELX Group plc has a Code of Ethics and Business Conduct that provides a guide for achieving its business goals and requires officers and employees to behave in an open, honest, ethical and principled manner. The Code also outlines confidential procedures enabling employees to report any concerns about compliance, or about the Group's financial reporting practice. The Code is available on our website, www.relx.com

Each business area has identified and evaluated its principal risks, the controls in place to manage those risks and the levels of residual risk accepted. Risk management and control procedures are embedded into the operations of the business and include the monitoring of progress in areas for improvement that come to management and Board attention.

The principal risks facing RELX Group businesses are regularly reported to and assessed by the Board and Audit Committee. With the close involvement of business management and central functions, the risk management and control procedures ensure that the Group is managing its business risks effectively and in a co-ordinated manner across the businesses with clarity on the respective responsibilities and interdependencies. Litigation and other legal regulatory matters are managed by legal directors in the business.

The RELX Group plc Audit Committee receives regular reports on the identification and management of material risks and reviews these reports. The Audit Committee also receives regular reports from both internal and external auditors on internal control and risk management matters. In addition, each business area is required, at the end of the financial year, to review the effectiveness of internal controls and risk management and report its findings on a detailed basis to the management of RELX Group plc. These reports are summarised and, as part of the annual review of effectiveness, submitted to the Audit Committee. The Chairman of the Audit Committee reports to the Board on any significant internal control matters arising.

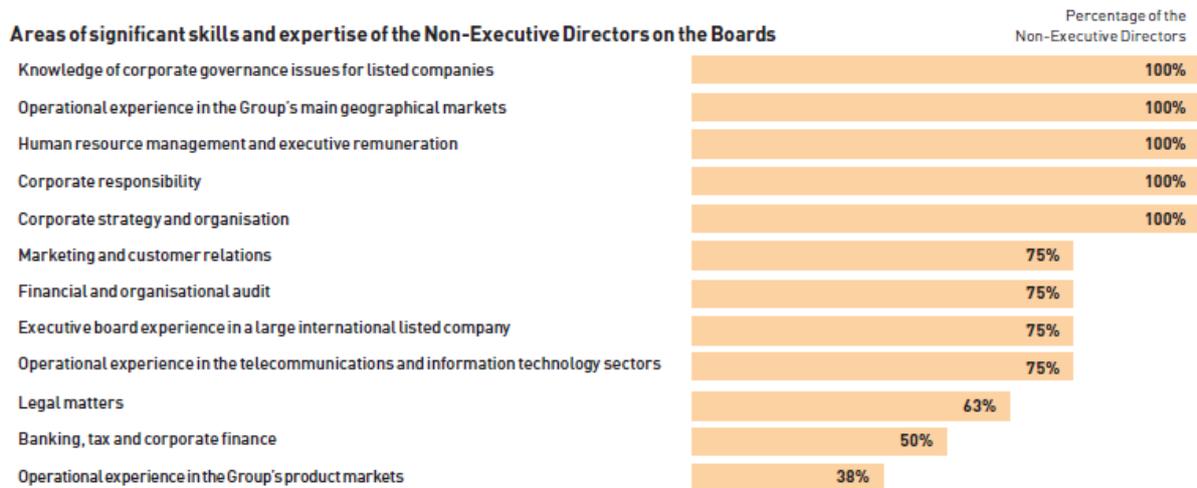
Annual review

As part of the year-end procedures, the Audit Committees and Boards reviewed the effectiveness of the systems of internal control and risk management, including the Group's willingness to take on risk during the last financial year. This includes consideration of risk appetite (defined as the Group's willingness to take on risk) for each principal risk. Risk appetite is based on an assessment of the level of residual risk, taking account of inherent risk and mitigation effort. The assessment is rated, in relation to the Group's objectives for the current level of residual risk, in three broad categories: reduce, accept and willing to extend. The level of residual risk which the Group is prepared to accept will vary, with high level of mitigation effort over operational, financial and compliance risks. The residual risk level for external and strategic risks may be extended if doing so is in line with the Group's strategic objectives, values and stakeholder interests and if shareholder returns could be increased. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Boards have confirmed, subject to the above, that as regards financial reporting risks, the respective risk management and control systems provide reasonable assurance against material inaccuracies or loss and have functioned properly during the year.

Gender diversity

The Board comprises a balance of executive and Non-Executive Directors who bring a wide range of skills and experience to the deliberations of the Board. It is keen to aim for a diverse composition in terms of such factors as inter alia gender. In recommending appointments to the boards, the Nominations Committee considers the knowledge, experience and background of individual Directors and has regard to diversity. The Board currently has ten members and the age and gender diversity in the composition of the Board is deemed to be balanced and appropriate. Seven Directors are men and three are women. The composition of the Board meets the requirement of a balanced composition of the Board.





General Meeting

In accordance with article 42 of the articles of association of RELX NV, certain provisions in the articles of association including those governing appointments and dismissals of Directors can be amended by a simple majority of shareholders in a General Meeting and only upon a proposal of the Board. Otherwise, a resolution to amend the articles of association requires an absolute majority of the votes cast provided that the resolution is passed at the proposal of the Board (and otherwise requires a two-thirds majority of the votes cast).

At least once a year, a General Meeting is held. Notices of a General Meeting are available on the website and are made in accordance with the relevant provisions of the law. This means that the meeting is called at no less than 42 calendar days' notice by an announcement on the RELX Group website. The agenda and explanatory notes for the General Meeting are published in advance on the website and are available at the listing agent and at the offices of RELX NV from the day of the notice.

The Board values participation by shareholders in the decision making process at the General Meeting. The articles of association provide for a record date and this has been used at the recent General meetings. In accordance with Dutch law, the record date will be the 28th day before the date of the General Meeting and the holder of shares as per the record date will be entitled to vote, irrespective of any transfer of such shares between the record date and the date of the General Meeting.

RELX NV has only ordinary shares of 0.07 euro nominal value. At the General Meeting, each ordinary share is entitled to cast one vote. The Annual General Meeting discusses the annual report, adopts the annual accounts, resolves on a proposal to pay a dividend and votes on release of the Directors from liability as separate agenda items in the Annual General Meeting.

Shareholder Engagement

RELX NV and RELX PLC participate in regular dialogue with institutional shareholders. Each reports to its shareholders through the publication of the Group's interim and full year reports, following which presentations are made by the Chairman, the Chief Executive Officer and the Chief Financial Officer on the Group's business, and these are simultaneously webcast. In addition, quarterly trading updates are provided ahead of the Annual General Meeting and towards the end of the financial year. A conference call with investors was held following the third quarter trading update for 2016.

In addition, a teach-in focused on developments in the Legal business was held for analysts and investors in November 2016, which was also made available on our website, www.relx.com.

The Chief Executive Officer, the Chief Financial Officer and the investor relations team meet institutional shareholders on a regular basis and the Chairman also makes himself available to major institutions as appropriate.

The interim and annual results announcements and presentations, together with the trading updates, other important announcements and corporate governance documents concerning the Group, are available on the RELX website, www.relx.com. RELX NV has formulated an outline policy on bilateral contacts with shareholders, which is also available on the RELX website, www.relx.com. Periodic reports on the attitudes

and views of the company's institutional shareholders are commissioned and the results are presented to the Board. The Board also receives regular updates from the Group's Head of Investor Relations on the views of shareholders through a briefing which is a standing agenda item for all meetings of the Board.

The Annual General Meetings provide an opportunity for the Boards to communicate with individual shareholders. The Chairman, the Chief Executive Officer, the Chief Financial Officer, the chairmen of the Board Committees, other Directors and a representative of the external auditors are available to answer questions from shareholders. Both RELX PLC and RELX NV offer electronic voting facilities in relation to proxy voting at shareholder meetings. RELX NV uses the e-voting system offered by ABN AMRO Bank N.V. to enable shareholders to cast votes electronically at the General Meeting. Shareholders that use this system receive confirmation that the votes have been cast as per the instruction and receive an automatic alert for each next shareholder's meeting.

In conformity with relevant laws and regulations, RELX NV and RELX PLC provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price, taking into account possible exceptions permitted by those laws and regulations. Procedures for externally communicating inside information are set out in the Disclosure Policy.

The Board shall procure that the General Meeting will receive all information that it reasonably requires for the exercise of its powers.

Existing or potential anti-takeover measures

RELX NV has no specific anti-takeover measures. Reference is made to page 179 of the RELX Group Annual Reports and Financial Statements 2016 for information on the Governing Agreement, which contains provisions that govern a takeover of RELX PLC and RELX NV and may be regarded as having an anti-takeover effect in respect of either company standing alone.

Corporate Social Responsibility

RELX has a Corporate Responsibility Forum that is chaired by the Director of Corporate Affairs, which sets objectives in respect of corporate responsibility encompassing governance, people, health and safety, customers, supply chain, environment and community. It also sets performance measures against these objectives. As part of its annual reporting process, RELX also reports on its corporate responsibility achievements in the Corporate Responsibility Report that is available on the RELX Group website, www.relx.com.

Code of Ethics and Business Conduct

The Board, together with the board of Directors of RELX PLC, has adopted a Code of Ethics and Business Conduct that must be observed by the Directors and employees of the Group. The Code is intended to procure the observance of ethical behaviour by the Directors or employees, both internally and externally, and observance of the rules and procedures laid down to protect the interests of the company, the Group and their stakeholders and to promote sustainable development.

Auditor/financial reporting

The principles and best-practice provisions regarding the role, appointment, remuneration and assessment of the functioning of the external auditor (principle V.2) are supported. The external auditor shall attend the Annual General Meeting to address the meeting in case of any queries in relation to the report of the fairness of the financial statements from the auditor. The external auditor attends the meeting of the Board at which the financial statements are determined.

The Audit Committee reports annually to the Board on the independence of the external auditor, including on the desirability of rotating the responsible partner of the external audit firm that provides audit services and on non-audit services provided by the external auditor to RELX Group.

A thorough assessment of the functioning of the external auditor is conducted by the executive Directors and the Audit Committee on an annual basis. This assessment has been integrated into the processes of internal control of financial reporting. The main conclusions of this assessment are communicated to the Annual General Meeting.

The Group has an internal audit function that operates under the responsibility of the Board of RELX Group plc and has direct access to both the Chief Executive Officer and the chairman of the Audit Committee of RELX Group plc. The internal audit function also has direct access to the external auditor. Findings of the internal audit function are shared with the Audit Committee and the external auditor.

The Directors of RELX NV are required by the Dutch Code to make certain statements in relation to provisions contained in the Dutch Code. The location of those statements is set out as follows:

- Page 179 of the RELX Group Annual Reports and Financial Statements 2016: The internal control statement: (II.1.4) the description of the main risk related to the strategy of the company; (II.1.4) the description of the design and effectiveness of the company, including any major failings in the internal risk management and control systems discovered in the financial year; and (II.1.5) the statement that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the control systems worked properly in the year under review.

RELX NV, 22 February 2017