



Netherlands Authority for the Financial Markets  
Attn. Mr. G.J. Everts  
P.O. Box 11723  
1001 GS AMSTERDAM

Amsterdam, 13 December 2012

Ref: B2012.67

Subject: Limitation of standard explanatory notes to annual report and accounts

Dear Mr. Everts,

As you know, at the beginning of October Eumedion sent its spearheads letter for the 2013 annual reports and AGM season to the 75 largest Dutch listed companies. The spearheads letter comprises subjects that the institutional investors who are Eumedion participants would like to bring to the attention of the listed companies and that they may raise in discussions at the regular shareholders' meetings in 2013 or elsewhere. Eumedion and VNO-NCW are writing to you with regard to spearhead number 2, the text of which is as follows:

“Avoidance of boilerplate language in the Annual Report and Accounts

The ‘cutting the clutter’ project aims for reducing immaterial disclosures in the Annual Report and Accounts that inhibit the ability of shareholders to identify and understand relevant company information, as well as for removing explanatory information that remains unchanged from year to year. This would not only benefit shareholders (an information ‘clutter’ may indeed obscure key relevant information for a shareholder which may result in important messages being lost), but may also reduce costs for the reporting entity. The most striking example where insight often is hampered by an overflow of boilerplate language is the

paragraph 'Significant accounting policies' in the notes to the Annual Accounts. Often, this paragraph contains descriptions that are a repetition of what financial reporting standards prescribe and regularly mirrors definitions that shareholders can also find in IFRS/IAS. As a result of this information overload shareholders have difficulty identifying the truly significant accounting policies. We would like to suggest confining this section to those accounting policies that are relevant for shareholders' understanding or decision making, e.g. the accounting choices that the management board has made under IAS/IFRS in case IAS/IFRS provides certain accounting options."

In discussions between Eumedion and various Dutch listed companies and in consultations between Eumedion and VNO-NCW it has become clear that there is great willingness to comply with this spearhead. At the same time, there is some concern that notifications concerning the 2012 Annual Accounts will be received from the Netherlands Authority for the Financial Markets (AFM) - and the statutory auditor - when a listed company substantially curtails the paragraph on significant accounting policies by removing all kinds of standard texts. Generally speaking, an improvement may be achieved by for example reporting only what has changed in a certain year compared with previous years, or by applying an other criterion.

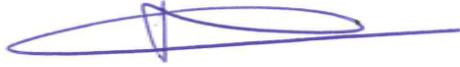
The aforementioned concern exists, despite the AFM's recent recommendation that "boilerplate language" should be eliminated from the disclosures in the Annual Accounts. This recommendation is made clear, for example, in the following passage from 'Considerations for financial reporting 2012' published in September 2012:

#### "3.2.3. Communication and strict compliance

The AFM cannot escape the impression that when drafting their disclosures, companies are to a large extent letting themselves be guided by the texts of the IFRS standards and the check lists of disclosure requirements. This impression stems from the use of non-specific 'boilerplate' language and in some cases the illogical sequence in which the disclosures are presented, in combination with limited clarity. In order to avoid an unnecessary increase in the size and complexity of the financial statements, the AFM calls on companies to devote more attention to the manner in which the relevant information concerning the company is communicated in their financial reporting. The disclosures are, after all, intended to give the user of the financial statements a true and fair view of the financial consequences of transactions, other events and circumstances, in combination with the balance sheet, the income statement and the cash flow statement."

The AFM could respond to the wishes of investors, listed companies and statutory auditors by indicating how the AFM believes that listed companies could adequately curtail the paragraph in question and make it more relevant, while remaining within the IFRS framework. Speed is of the essence, since the 2012 Annual Reports are already being prepared. Furthermore, we call on the AFM to play a leading role in this context on an international level as well.

Yours sincerely,



Rients Abma  
Executive Director Eumedion



Martin W. Noordzij  
Secretary VNO-NCW (Confederation of  
Netherlands Industry and Employers)

Copy to: Mr. B. Wammes (The Netherlands Institute of Chartered Accountants)

**Disclaimer**

This is an unofficial translation of the Dutch version of this letter. Should different interpretations arise between the Dutch and the English version of this letter, the Dutch language version prevails.