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BANKING AND FINANCE

# Public consultation on non-binding guidelines on methodology for reporting non-financial information

Fields marked with \* are mandatory.

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## Introduction

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The [Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups](#) entered into force on 6 December 2014, after having been published in the EU Official Journal on 15 November 2014. The [Directive 2014/95/EU](#) amends [Directive 2013/34/EU](#) on the annual financial statements, consolidated statements and related reports of certain types of undertakings.

The [Directive 2014/95/EU](#) aims at improving the transparency of certain large EU companies as regards non-financial information, and focuses on relevant, useful information.

Following Article 1 of the Directive, the new disclosure requirements apply to large public-interest entities with more than 500 employees. The concept of public-interest entities is defined in Article 2 of [Directive 2013/34/EU](#), and includes companies listed in EU markets, as well as some unlisted companies, such as credit institutions, insurance companies, and other companies that are so designated by Member States because of their activities, size or number of employees.

Article 1 of the Directive establishes that companies concerned shall include in the management report a non-financial statement containing information relating to, as a minimum:

- Environmental matters
- Social and employee matters
- Respect for human rights
- Anti-corruption and bribery matters.

Article 1 of the Directive also establishes that the non-financial statement shall include:

1. a brief description of the undertaking's business model;
2. a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;
3. the outcome of those policies;
4. the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;
5. non-financial key performance indicators relevant to the particular business.

Companies, investors and society at large will benefit from increased transparency as it leads to stronger long-term performance. This is important for Europe's long-term competitiveness and the creation of jobs. Investors

are more and more interested in non-financial information in order to have a comprehensive understanding of a company's position and performance, and to analyse and factor this information in their investment-decision process. The [Directive 2014/95/EU](#) aims at enhancing the consistency and comparability of non-financial information disclosed throughout the Union (recital 6).

The Directive has been designed in a non-prescriptive manner, and leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful. Companies may rely on national frameworks, Union-based frameworks such as the Eco-Management and Audit Scheme (EMAS), or international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN 'Protect, Respect and Remedy' Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation's ISO 26000, the International Labour Organisation's Tripartite Declaration of principles concerning multinational enterprises and social policy, the Global Reporting Initiative, or other recognised international frameworks (recital 9). Companies may also consider the sectorial OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as appropriate.

In order to provide further guidance and help companies implement these provisions the co-legislators have tasked the Commission with the preparation of non-binding guidelines on methodology for reporting non-financial information. Article 2 of the Directive refers to "guidance on reporting", and sets out that "the Commission shall prepare non-binding guidelines on methodology for reporting non-financial information, including non-financial key performance indicators, general and sectoral, with a view to facilitating relevant, useful and comparable disclosure of non-financial information by undertakings. [...]" The objective of the non-binding guidelines is to facilitate the disclosure of non-financial information by undertakings (recital 17).

The purpose of this public consultation is to collect information and views from stakeholders on guidance on reporting of non-financial information by companies across all sectors.

At this time, it is premature to prejudge what form the guidelines should take. This will depend on the outcome of this consultation. The guidelines should be relevant and useful across all economic sectors, and cover appropriately general principles, methodology, and non-financial key performance indicators.

In providing their input to this consultation, stakeholders are invited to consider the companies and groups concerned under Article 1 of the Directive. The new disclosure requirements relating to non-financial information apply to large public-interest entities with more than 500 employees. The concept of public-interest entities is defined in Article 2 of [Directive 2013/34/EU](#), and includes companies listed in EU markets as well as some unlisted companies, such as credit institutions, insurance companies, and other companies that are so designated by Member States because of their activities, size or number of employees.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-non-financial-reporting-guidelines@ec.europa.eu](mailto:fisma-non-financial-reporting-guidelines@ec.europa.eu).

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

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## 1. Information about you

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\* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

\* First name and last name:

\* Name of your organisation:

The Association of Chartered Certified Accountants (ACCA)

\* Name of the public authority:

Contact email address:

The information you provide here is for administrative purposes only and will not be published

@ jimmy.greer@accaglobal.com

\* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes  
 No

\* If so, please indicate your Register ID number:

4227861124-34

\* Type of organisation:

- Academic institution  Company, SME, micro-enterprise, sole trader  
 Consultancy, law firm  Consumer organisation  
 Industry association  Media  
 Non-governmental organisation  Think tank  
 Trade union  Other

\* Please specify the type of organisation:

Global Professional Accountancy Body

\* Type of public authority

- International or European organisation  
 Regional or local authority  
 Government or Ministry  
 Regulatory authority, Supervisory authority or Central bank  
 Other public authority

\* Please specify the type of public authority:

\* Where are you based and/or where do you carry out your activity?

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- The Netherlands
- United Kingdom
- Other country

\* Please specify your country:

Headquartered in London, ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. ACCA supports its 178,000 members and 455,000 students in 181 countries, helping them to develop successful careers in accounting and business, with the skills required by employers

\* Field of activity or sector (if applicable):

at least 1 choice(s)

- Accounting
- Auditing

Rating agencies

- 
- Banking
- Insurance
- Reporting/Communication
- Corporate Social Responsibility/ Sustainability
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Other
- Not applicable

\* Please specify your activity field(s) or sector(s):



## Important notice on the publication of responses

\* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

(see [specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation/company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

## 2. Your opinion

**For the purposes of this public consultation:**

**“The GUIDELINES”:**

The non-binding guidelines on methodology for reporting non-financial information that the Commission will prepare in accordance with Article 2 of [Directive 2014/95/EU](#) on disclosure of non-financial and diversity information by certain large undertakings and groups (“the DIRECTIVE”).

**“KPIs”:**

Key performance indicators.

## I. General principles and key attributes of the non-financial information

Q1. What aspects of disclosure of non-financial information do you think that should be addressed by the GUIDELINES?

Please, order in terms of importance (1 least important, 9 most important)

	1 (least important)	2	3	4	5	6	7	8	9 (most important)
Materiality/Relevance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Usefulness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Avoiding undue administrative burden	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comprehensiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fairness and balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Understandability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reliability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Please specify what other aspect of disclosure of non-financial information should be addressed by the GUIDELINES:

The IASB conceptual framework identifies faithful representation - covering fairness and balance and reliability - as a fundamental characteristic of financial information. This should apply also to non-financial information.

Q2. Who should be considered in your opinion the main audience of the non-financial statement?

Please, check the box of the alternative that you consider more appropriate.

- The shareholders
- The investment community in a broad sense
- Users of information with an economic interest, such as suppliers, customers, employees, etc.
- All users of information (including consumers, local communities, NGOs, etc.)
- Other

\* Please specify who else should be considered in your opinion the main audience of the non-financial statement:

\* Q2.1 Could you please provide a brief explanation on your answer regarding who should be considered the main audience of the non-financial statement?

400 character(s) maximum

Non-financial information within the Directive's scope is relevant for a wide range of stakeholders. Investors should be considered the main audience for the purposes of defining materiality, because the interests of consumers, communities & NGOs have

a direct impact on investors' decisions & because the needs of investors are often deemed to meet the requirements of a wider group of stakeholders.

**Q3. In your opinion, what features make a piece of information relevant (or material) for the purposes of the non-financial statement?**

Please, order in terms of importance (1 least important, 7 most important)

	1 (least important)	2	3	4	5	6	7 (most important)
Useful for the management/directors of the company	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevant for shareholders or investors' decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevant for stakeholders in general	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Necessary to understand the impacts of the company's activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Necessary to understand the company's development, performance and position	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Necessary to understand how the company manages non-financial risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Please specify what other features make a piece of information relevant (or material) for the purposes of the non-financial statement:

\* Q3.1 Could you please provide a brief explanation on your answer regarding the features which make a piece of information relevant (or material) for the purposes of the non-financial statement?

400 character(s) maximum

Refer to the <IR> Framework for an explanation of what makes a piece of information material.

## II. Content of the non-binding guidelines

Q4. Do you think that the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they put forward solutions in a detailed manner, including on specific sectoral issues?

	1	2	3	4	5	No opinion
Please, indicate on a scale from 1 to 5 (1 geared towards general principles, 5 high level of detail/prescription)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Q4.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they prescribe solutions in a detailed manner, including on specific sectoral issues?

*400 character(s) maximum*

The right balance between general principles and level of detail provides entities r  
equired to report with the flexibility to focus on what is most material for them. A  
degree of detail is needed in the guidelines, beyond setting out general principles,  
to ensure a certain level of comparability of information.

Q5. Please, provide a brief description of how you think that the following matters should be treated in the GUIDELINES, including as appropriate how they should be defined and described:

a. Business model:

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework.

b. Policies:

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework and GRI G4,

c. Due diligence process:

*400 character(s) maximum*

Due diligence processes and its relationship to policy pursuit needs to be better de  
fined. The guidelines should clarify if it is just about the policies or also about  
due diligence of outcomes.

d. Business relationships:

*400 character(s) maximum*

The guidelines should define business relationship information. The guidelines shoul  
d expand on what they mean and what types of relationships they would expect to be c



covered.

**e. Key performance indicators –KPIs:**

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework and GRI G4 and SASB for general and sector specific indicators.

**f. Outcome of policies:**

*400 character(s) maximum*

If relevant to the organisation they should be defined and described. the guidelines. The guidelines should refer to the <IR> Framework.

**g. Principal risks:**

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework.

**h. Impact of the activity:**

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework and GRI G4.

**i. Adverse impacts:**

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework and G4. Adverse impacts reporting will remind reporters about fair and balanced reporting.

**j. Information omitted in exceptional cases where disclosure would be seriously prejudicial:**

*400 character(s) maximum*

The guidelines should refer to the <IR> Framework and GRI G4.

**Q6. How do you think that the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?**

	1 (best option)	2 (second preferred option)
The GUIDELINES should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable	<input checked="" type="radio"/>	<input type="radio"/>
The GUIDELINES should make reference to KPIs proposed by other frameworks where addressing concrete matters or issues	<input type="radio"/>	<input type="radio"/>

The GUIDELINES should include a comprehensive list of KPIs, general and sectoral	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>

\* Please specify what other approach you would advocate:

\* Q6.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

400 character(s) maximum

The guidelines should refer to frameworks that already exist and that are widely used and that help companies disclose non-financial KPIs in an effective but also comparable way. Taken together, the <IR> Framework complemented by KPIs from GRI and SASB provide useful guides for best practice approaches to disclosure.

Q7. Do you think that the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

	1	2	3	4	5	No opinion
Please, indicate on a scale from 1 to 5 (1 geared towards general principles, 5 high level of detail/prescription)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Q7.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

400 character(s) maximum

No new standards or KPIs should be included in the guidelines to cover sectoral issues. The guidelines should refer to existing reporting frameworks, such as GRI G4, to provide those with specific impacts with the appropriate tools to report on their non-financial impacts.

### III. Interaction with other frameworks and other aspects

Q8. How do you think that the GUIDELINES should relate to existing national, international or other EU-based frameworks (such as UN Global Compact, the UN Guiding Principles on Business and Human Rights, OECD guidelines for multinational enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, EMAS, etc.)?

Please, order in line with your views (1 least in line, 6 most in line)

	1 (least in line)	2	3	4	5	6 (most in line)
The GUIDELINES should include detailed solutions and be an exhaustive document in a way that could make unnecessary for companies the use of other guidelines	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should be complementary to other frameworks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The GUIDELINES should make reference to other frameworks where addressing concrete matters or specific issues	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should get general inspiration from other frameworks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should explain how content produced in the context of other frameworks could be used in the non-financial statement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Please specify what other approach you would advocate:

The guidelines should refer to existing frameworks with regards to the presentation of non-financial information.

\* Q8.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should relate to existing national, international or other EU-based frameworks?

400 character(s) maximum

The guidelines should refer to the <IR> Framework, GRI G4 and SASB standards. Additionally, the IASB has issued relevant guidance on narrative reporting and should be referred to. Reference to these frameworks is important to ensure that companies can produce a level of disclosure that is materially relevant to them and assist comparability with peers.

\* Q9. Do you think that when preparing the GUIDELINES only the companies included in the scope of the DIRECTIVE should be considered, or that the interests, characteristics and/or requirements of other companies that prepare management reports should be taken into account as well?

Please, check the box of the alternative that you consider most appropriate.

- Specific to the requirements of the companies under scope of the DIRECTIVE
- Consider all large companies
- Consider all companies
- Focus on the requirements of the companies under the scope of the DIRECTIVE, but also propose best practice for other companies that prepare management reports

\* Q9.1 Accordingly, do you think that the content of the guidelines should be different according to the

targeted companies? Could you please provide a brief explanation?

*400 character(s) maximum*

The content of the guidelines should be broadly applicable to make sure that they are relevant to as many companies that are inside the scope as is possible. It is important to ensure that companies can understand the need for interconnectedness between financial & non-financial information. This will be relevant to companies producing a management report including non-financial information.

**Q10. Does your company disclose annually relevant non-financial information?**

Please, check the box of the alternative that you consider most appropriate.

- Yes  
 No  
 Don't know / no opinion / not relevant

If your company does disclose annually relevant non-financial information, does it use any existing reporting framework(s)?

Please, check the box of the alternative that you consider most appropriate.

- Yes  
 No  
 Don't know / no opinion / not relevant

If your company does use any existing reporting framework(s), could you please indicate which one(s)?

*100 character(s) maximum*

The <IR> Framework.

## IV. Disclosures related to board diversity policy

**\* Q11. Should the GUIDELINES provide more clarity on what companies should disclose as regards their board diversity?**

Please, check the box of the alternative that you consider most appropriate.

- Yes  
 No  
 Don't know / no opinion / not relevant

**\* Q11.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should provide more clarity on what companies should disclose as regards their board diversity policy?**

*400 character(s) maximum*

The guidelines should provide more clarity to explain the link between the objective of board diversity and the disclosure of specific policies.

### 3. Additional information

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Please, upload, as needed, any relevant document or information that you consider useful for the purposes of this consultation.

In doing so, you are invited to take into account the content of recital 7 of the [DIRECTIVE](#):

*“Where undertakings are required to prepare a non-financial statement, that statement should contain, as regards environmental matters, details of the current and foreseeable impacts of the undertaking’s operations on the environment, and, as appropriate, on health and safety, the use of renewable and/or non-renewable energy, greenhouse gas emissions, water use and air pollution. As regards social and employee-related matters, the information provided in the statement may concern the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety at work and the dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities. With regard to human rights, anti-corruption and bribery, the non-financial statement could include information on the prevention of human rights abuses and/or on instruments in place to fight corruption and bribery”.*

**Additional\_statement.docx**

#### Useful links

Consultation details ([http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/index\\_en.htm](http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/index_en.htm))

Consultation document ([http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/consultation-document\\_en.pdf](http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/consultation-document_en.pdf))

Specific privacy statement ([http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/privacy-statement\\_en.pdf](http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/privacy-statement_en.pdf))

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

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#### Contact

✉ [fisma-non-financial-reporting-guidelines@ec.europa.eu](mailto:fisma-non-financial-reporting-guidelines@ec.europa.eu)

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