

10 September 2021

European Chemicals Agency report on the follow-up to the 2019 budgetary discharge

Article 107 of the European Chemicals Agency's (ECHA's) Financial Regulation foresees that

- (1) *the Executive Director shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council; and that*
- (2) *at the request of the European Parliament or the Council, the Executive Director shall report on the measures taken in the light of those observations and comments. The Executive Director shall send a copy thereof to the Commission and the Court of Auditors.*

For the discharge 2020, the Secretariat of the European Parliament Committee on Budgetary Control asked all EU Decentralised Agencies for a follow-up report to the 2019 budgetary discharge to be submitted by 17 September 2021.

The report presented in the Annex to this note provides an overview of the relevant observations and recommendations from the European Parliament Resolution of 29 April 2021¹ on discharge in respect of the implementation of the budget of ECHA for the financial year 2019, together with the measures ECHA has taken in light of these. For completeness, replies to the comment accompanying the Council's Recommendation² of 5 February 2021 on the discharge of the Agency for the financial year 2019 are included as well.

On 29 April 2021 the European Parliament adopted also the resolution on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2019: performance, financial management and control (2020/2194(DEC)). This resolution is a horizontal report containing recommendations and observations that accompanied the individual 2019 discharge reports for each of the Agencies and Joint Undertakings. The follow-up actions to these recommendations where a collective response was identified by the Agencies Network will be presented in a separate report being prepared by the Agency holding the Chairing role of the EU Agencies' Network. ECHA has duly contributed to this report by providing information about its own actions.

¹ https://www.europarl.europa.eu/doceo/document/TA-9-2021-0194_EN.pdf

² <https://data.consilium.europa.eu/doc/document/ST-5793-2021-ADD-1/en/pdf>

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Annex

	Observation of the Discharge Authority	Response and measures taken by the Agency	Status/ Reference
1.	<p>1. Notes with satisfaction that budget monitoring efforts during the financial year 2019 resulted in a budget implementation rate of 98,79 %, representing a decrease of 1,13 % compared to 2018; notes with concern that the payment appropriations execution rate was 86,09 %, representing a decrease of 0,95 % in comparison to 2018;</p>	<p>ECHA operates under a mixed financing regime, according to which it receives its funding from registration and application fees from industry and the EU subsidy. Due to the inherent unpredictability of this model as regards the size and timing of the fees and charges income flow stemming from industry, the Agency is in position to place some of its commitments to order services only in Q3-Q4, which regularly results in a need to carry forward payment appropriations to pay for the ordered services the following financial year. Nonetheless, as an internal target, ECHA strives to always pay at least 85% of its commitments in the year of booking. For the longer-term, ECHA is working closely with the European Commission in its aim to ensure stable and predictable funding for ECHA's business operations (Ref. Observation No. 15 below).</p>	On-going
2.	<p>2. Emphasises that the Agency is partly financed from the fees it receives from companies that request the registration of chemicals as required under Regulation (EC) No 1907/2006; notes that the applicable fees depend on the size of the companies and the volume of chemicals registered (different thresholds); notes that, according to the Court's report, since the first registrations in 2009, some 26 % of the companies claimed to be micro, small or medium-sized; notes with concern, however, that thanks to the Agency's effective system of ex-post verifications, the Agency has identified that some 50 % of the companies had incorrectly declared their size, resulting in lower fees; stresses that this finding demonstrates the limitations of a system that relies excessively on self-declarations made by applicants; notes that, in order to mitigate this situation, the Agency has, over the years, invoiced and cashed fee corrections and administrative charges amounting to EUR 32,2 million, and that the Agency has made considerable progress in recovering undue fee</p>	<p>ECHA continues its effective system of ex-post verifications aimed at reducing the time-lag between dossier submission and SME verification. In 2020, the additional registration fee income generated through the SME size verification process (included in the REACH registrations and updates income) amounted to EUR 1.37 million (vs. EUR 0.70 million in 2019). The increase compared to 2019 can be attributed primarily to an effective SME campaign that invited companies to self-declare their correct company size before ECHA's verification starts, waiving any administrative charge that would otherwise result from a previous wrong size declaration, and by prioritising companies with highest financial reductions. A total of 504 enterprises were verified for their company size in 2020 (vs. 333 in 2019). On top of the additional registration fees, ECHA generated EUR 1.05 million in administrative charges (vs. EUR 1.01 million in 2019), levied on companies that were not eligible for the already received rebates. ECHA further continues its efforts in 2021 and is on track to completing the verification of the 2018 registration-deadline related claims by end-2023.</p>	On-going

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	<p>reductions and collecting overdue administrative charges; notes, however, that there is still a considerable verification workload ahead and that the remaining amount of necessary fee corrections was unknown at the end of 2019; calls on the Agency to report to the discharge authority on its efforts, and on the results achieved, to continue to reduce the considerable verification workload and to implement the fee corrections; asks the Commission to propose measures to solve this situation, thereby avoiding fraud in declaring the size of the applicants and granting more stable budget planning for the Agency;</p>		
3.	<p>6. Acknowledges, that the Agency reworked its performance management model for the 2019 Work Programme, with a view to better indicating the impact and outcome of its work; regrets that the Agency achieved 34 out of 53 of its key performance indicator targets in 2019; notes the Agency's comment that the 19 targets that were not met relate mainly to input and output indicators that are difficult to predict based on several factors; urges the Agency to strive to achieve 100 % fulfilment of its key performance indicator targets;</p>	<p>ECHA aims to set ambitious, yet realistic, estimates for its performance indicators and then strives to implement the work programme to meet such estimates where they are within the control of the Agency. ECHA achieved 194 out of the 210 actions and outputs set in the Work Programme 2020 despite the risks, constraints, unprecedented working conditions (Covid-related public health measures and prolonged teleworking) and unexpected developments in certain areas. The 16 actions and outputs that were not met relate mainly to the impact of the Covid-19 pandemic, prioritisation decisions taken in 2020 (reflecting resource constraints) and external factors.</p> <p>It is noted that input indicators remain to be related to the intentions of industry and are difficult for ECHA to predict (e.g. registration dossiers, applications for authorisation, SCIP notifications). Many of the output indicators are dependent on respective external input (e.g. the opinions of the Biocidal Products Committee for approval of active substances are dependent on Member States' input). ECHA recognises the importance of indicators as part of progress monitoring and reporting, which contribute to providing full picture together with qualitative reporting and external factors. Where the indicator estimates become targets, there may be a risk of achieving other than intended impact for the sake of reaching the numbers.</p>	On-going
4.	<p>9. Regrets the absence in the 2019-2023 strategic plan of any pro-active measures and resourcing for speeding up, improving and quantifying reductions in the number of animal tests and the</p>	<p>ECHA consistently works to avoid unnecessary testing on animals and promotes alternative test methods. Within its mandate, determined by the co-legislator, it ensures that animal testing is used only as a last resort, providing regulatory expertise and investing in worldwide platforms on chemicals data.</p>	On-going

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	<p>replacement of such tests by new approach methodologies; reiterates the importance of the principles of the 3Rs (Replacement, Reduction and Refinement) in animal testing; notes the recommendation made by Parliament in its resolution of 6 July 2020 on the Chemicals Strategy for Sustainability^{1a} that there should be a team established within the Agency exclusively dedicated to animal protection and the promotion of non-animal test methods; notes with concern the reply given by the Agency's Director in discussion with the Committee on Budgetary Control on 7 January 2021 that the Agency has not followed up on Parliament's call to reduce animal testing; urges the Agency to strongly reduce its reliance on animal testing; calls on the Agency to contribute to international activities aimed at promoting alternative test methods within its mandate and to regularly publish information on the use of alternative methods under REACH;</p>	<p>There are a number of activities ECHA undertakes by law to minimise animal testing, among others it facilitates data sharing among registrants and evaluates testing proposals and provides guidance and other support to companies to comply with the regulation, including the acceptance of alternatives. ECHA also assists the Commission's efforts to develop internationally agreed test methods at EU and OECD level. These activities, with the corresponding resources, are included in ECHA's Work Programme, which translates ECHA's Strategic Plan into concrete actions. In ECHA, there are over 100 trained officials implementing animal testing as the last resort.</p> <p>ECHA supports the Commission efforts to promote alternative methods at the international and European level. Examples of these are its participation in developing OECD test guidelines, which adhere to the requirements of refining, reducing and replacing animal tests (3Rs), as well as maintaining links with non-EU partner authorities. ECHA further supports the work of the European Platform for Alternatives to Animal testing (EPAA) and has been involved in steering projects within the EU research programmes (e.g. PARC most recently) to develop suitable alternatives for regulatory needs.</p> <p>The QSAR Toolbox is a software application that supports companies to identify data that may be relevant for assessing the hazards of chemicals. It enables industry and authorities to fill information gaps and assess properties of chemicals without relying on animal testing. ECHA funds, develops and manages the toolbox in cooperation with the OECD.</p> <p>Finally, ECHA regularly (every three years) publishes a specialised report on the use of alternatives to testing on animals for the REACH Regulation, which are publicly available (ref. the last report from 2020).</p> <p>Further information on Alternatives to animal testing under REACH, as well as a detailed description of ECHA's activities to avoid animal testing and promote alternative methods and approaches are available on ECHA's website.</p>	
5.	<p>11. Notes that the Agency continues to share its internal audit capability with the European Global Navigation Satellite Systems Agency, and that the Agency provided support to the Consumers, Health, Agriculture and Food Executive Agency for data protection services in 2019, furthermore, the Agency closely collaborates with other agencies, including by way of sharing services in the</p>	<p>ECHA cooperates closely with other EU decentralised agencies working in the field of environment and human health protection (i.e. EFSA, EMA, ECDC, EEA) and has concluded memoranda of understanding and working arrangements with some agencies (EMA, EFSA, EU-OSHA, JRC, EASA). In addition, in 2020, ECHA chaired the EU Agencies Network and, in this role, two examples where inter-Agency cooperation was intensified were ECHA's coordination of the peer review exercise among environmental Agencies and participating in inter-Agency working sessions to exchange good practices for performance and lean</p>	<p>On-going</p>

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	context of an inter-agency network and by way of sharing resources through memoranda of understanding; commends this cooperation as an example for other agencies that is worth following; encourages the Agency to seek further and broader cooperation with the Union's other agencies; encourages the Agency to initiate discussions on the topic of resources-sharing on overlapping tasks among other agencies with similar activities;	<p>management.</p> <p>ECHA continues to share its internal audit capability with the EU Agency for the Space Programme (EUSPA, formerly European Global Navigation Satellite Systems Agency).</p> <p>ECHA also continued its strategic cooperation with EFSA on providing the data format IUCLID as a service, delivered from the ECHA Cloud Services, for EFSA's work under the Plant Protection Products Regulation. This exemplifies where synergies with EFSA and ECHA's own legislation were found and as a result, economies of scale were achieved by building on existing IT platforms.</p> <p>More broadly, ECHA's cooperation with peer Agencies takes place within the EU Agencies' Network (EUAN), of which ECHA held the coordinating role in 2020-2021. During this period, the new multi-annual strategy of the EUAN was adopted, with new strategic objectives aiming to increase the efficiency of Agencies and Joint Undertakings through sharing of services, best practices and pooling of tasks and capabilities, as well as to develop expertise in sharing services, in particular in view of EU green, digital and resilience priorities.</p>	
6.	12. Calls on the Agency to continue to develop its synergies, increase cooperation and exchange of good practices with other Union agencies with a view to improving efficiency (human resources, building management, IT services and security);	ECHA is fully committed to the ideals and objectives of the EU Agencies' Network (EUAN), of which ECHA held the coordinating role in 2020-2021. The EUAN provides a platform for coordination and knowledge sharing among Agencies, resulting in closer cooperation in administrative matters and sharing of services (for example, in the field of human resources, finance, IT and performance management). ECHA continues to actively lead and participate in various fora under the EUAN umbrella, with the aim of optimising synergies and efficiency gains. By way of examples, ECHA engages in joint procurements with other Agencies in several activities, such as for the provision of quality certification services, communication services and joint recruitments of staff with similar job profiles (also with EFSA). Moreover, ECHA actively participates in the EUAN working group on diversity.	On-going
7.	13. Asks the Agency to develop guidance on the minimum information requirements needed to justify granting derogations concerning restrictions and to ensure that no derogation is accepted when registration dossiers are not compliant	Guidance on responding to the consultation on an Annex XV restriction dossier or a draft opinion of the Socio-Economic Assessment Committee has been developed by the Restriction Task Force and is available here: https://echa.europa.eu/documents/10162/17233/restriction_consultation_guidance_en.p df/7c4705d5-ad01-43ed-a611-06f1426a595c . The guidance has been endorsed by	Implemented

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	or updated;	Competent Authorities for REACH and CLP ("CARACAL").	
8.	<p>14. Stresses the importance of increasing the digitalisation of the Agency in terms of internal operations and management procedures; stresses the need for the Agency to continue to be proactive in this regard, in order to avoid a digital gap between the agencies at all costs; draws attention, however, to the need to take all the necessary security measures to avoid any risk to the online security of the information processed;</p>	<p>As largely an IT-based agency, ECHA views IT as key enabler for the regulatory work that it carries out. Efficiency of the digital solutions in use for internal operations and management is also pursued, subject to the availability of human and financial resources. The administration of personnel, finance, logistics and other administrative tasks in ECHA is digitalised, including tools and services available to ECHA staff.</p> <p>In terms of security, no breaches were reported in 2020 despite the mass teleworking (which creates new security challenges) and the increasing trend of cyber-attacks:</p> <ul style="list-style-type: none"> • A risk-based IT Security management strategy has been in place since 2014, which has proven to be a good bedrock to guide and prioritise IT Security actions and enabled constant evolution of the approach, for instance the identification of the need to redress the investment on Detection and Response measures over investment primarily in Prevention measures. • The prompt and secure transition of ECHA's business processes to remote working during the pandemic, in conjunction with transition of the security function to remote working which was able to detect and respond to several security threats during a period of increased activity by threat actors. • An improvement in the security of the ECHA workplace was implemented, most notably an increased technical capability to prevent, detect and investigate security threats in remotely located laptops. <p>The Agency implements a documented strategy for cyber security. ECHA has been keenly following the Cyber Security Regulation and Information Management Regulation discussions and will take that into account in any future review of its own strategy.</p>	On-going
9.	<p>15. Recalls the importance for the Agency of developing greater visibility in the media, on the internet, and in social media in order to make its work known;</p>	<p>ECHA uses its websites, social media channels and other communications vehicles to reach out to citizens and companies across Europe. Communication products as well as content and messaging are always tailored to the targeted audience group.</p> <p>The ECHA main website serving mainly professional audiences is updated daily with new information. For non-expert audiences and citizens, ECHA has a wide variety of communication products and channels. Lay-language information on chemicals is published on the Chemicals in Our Life website, fully targeting to EU citizens. In addition,</p>	On-going

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		<p>ECHA's social media channels are reaching wider audiences increasing awareness about chemicals safety. Special effort was made with mainstream media and as a result of this proactive media work, ECHA managed to increase visibility also in general-interest media outlets. In 2020, 64% of all media coverage was in general media.</p> <p>In 2020, ECHA introduced podcasts as a new communication product and continued sharing actively interesting, engaging and digestible content on its social media channels. Content was presented mostly in a visual, video or data visualization format. The number of online products and YouTube subscribers increased significantly in 2020.</p> <p>ECHA communicated proactively about e.g. new restrictions on chemicals, the Chemicals Strategy for Sustainability, new tools, such as SCIP database and the functioning of REACH and CLP.</p> <p>ECHA's media coverage in 2020 remained stable, with ca. 3 600 articles. In terms of social media, the number of people following ECHA on Twitter, LinkedIn and Facebook continued to increase significantly, following the earlier trend. The social media outreach and followers have grown by 500% and 28% compared to 2019. 181 million social media users were potentially reached in 2020 and ECHA gained almost 14 000 new followers (9 117 LinkedIn, 3 096 Twitter, 1 724 Facebook). ECHA staff continued active sharing of content via their own social media channels using the tool provided for this purpose (Smarp). A total of 124 employees used Smarp in 2020 reaching potentially almost 3 million people in 2020.</p>	
10.	<p>17. Notes that there was gender imbalance in 2019 with regard to the senior management positions (71 % male and 29 % female) and with regard to the management board (69 % male and 31 % female); asks the Agency to ensure there is gender balance at the senior management level in the future; asks the Commission and the Member States to take into account the importance of ensuring there is gender balance when appointing their members to the Agency's management board;</p>	<p>ECHA is committed to ensuring a gender-balanced staff population, including a gender-balanced management team. In 2020, ECHA has put in place a proactive approach to gender balance at management level, including the setup of an internal working group on diversity and an associated action plan. The action plan foresees proactive steps with respect to recruitment and selections, awareness raising and communication. Furthermore, ECHA actively participates in the diversity and inclusion working group of the EU Agencies' Network, which benefits from input from the Commission's specialised services. In addition, following a selection process launched in November 2020, the appointment of three new senior managers will double the current number of female senior managers at ECHA.</p>	On-going
11.	<p>19. Notes the publication of the Agency's vacancy notices on its website, on social media and on the EU</p>	<p>ECHA publishes vacancy notices on the website of EPSO, as well as on the job portal of the EU Agencies Network (EUAN). The vacancies are furthermore widely advertised on ECHA's</p>	Implemented

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	<p>Agencies Network's dedicated site, in order to publicise such notices more; notes the Agency's reply that it has started to review processes to be able to post vacancy notices on the website of the European Personnel Selection Office; calls on the Agency to publish vacancy notices on the website of the European Personnel Selection Office; calls on the Agency to explore further possibilities of attracting highly-qualified staff by broadening the reach of vacancy notices; calls upon the Agency to focus on disseminating the results of its research to the general public;</p>	<p>website, as well as on ECHA's social media channels. The latter is further amplified by the use of Smarp, an information hub with ready-made content about ECHA that staff members can easily share on their social networks.</p> <p>In 2020, ECHA started to produce specific HR videos to promote open vacancies, introducing the job and giving informative background for the candidates about the open position. In 2020, three videos were produced and published together with the vacancy notice. The videos turned out to be very popular offering an opportunity to popularise the vacancy notices and, most likely, also increased the number of received applications.</p> <p>ECHA disseminates the results of its work widely, using its website, which includes information on chemicals and regulatory processes, as well as its social media channels, next to engaging with the scientific, academic, industry and civil society community in regular meetings and conferences. The results of ECHA's work are furthermore made widely available in specific reports, for instance the recent 5-year report on the operation of REACH and CLP Regulations, which complements, among others, ECHA's Annual Reports, Integrated Regulatory Strategy Report and Reports on Alternatives to Animal Testing. Special attention and effort were made to make these reports even more clear and readable, e.g. by using more visual elements and data visualisation.</p>	
12.	<p>20. Welcomes the Agency's efforts to build a more diverse and inclusive work environment and culture by taking actions in favour of people with disabilities, asks the Agency to assess the possibilities of further strengthening and integrating the principles of equal opportunities in recruitment, training, career development and working conditions, as well as to raise staff awareness of these aspects; and requests the Agency to assess the possible reasonable improvements and modifications of the Agency's buildings (access, adequate office equipment) for people with reduced mobility or other disabilities;</p>	<p>ECHA moved into its modern purpose-built offices in January 2020, and as required in the tendering procedure, all facilities are accessible in accordance with Finland's National Building Code F1 "Esteetön Rakennus". These are integral to ECHA's lease agreement.</p> <p>In addition, ECHA ensures a user-friendly working environment for staff which takes into account mobility, fittings and ergonomics (office furniture and equipment). Lifts, doorways and other passages are equipped with motion sensors, access buttons and door pumps as appropriate for people with reduced mobility or other needs. Evacuation routes, corridors or equivalent are dimensioned according to the Finnish law; relevant standards and norms. Public areas are accessible to people with reduced mobility and include two independently accessible evacuation points. In addition, the premises are equipped with a safety alarm system in lavatories and rest rooms for persons with reduced mobility, and alarms from these rooms are indicated outside the respective door as well as in the alarm system at the reception.</p> <p>Currently, specific parking is provided on the surface close to the main entrances for persons with reduced mobility to facilitate access to the ECHA offices and, in the future,</p>	<p>Implemented</p>

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		<p>when the construction of the underground parking facilities of the adjacent building is completed in 2022, direct wheelchair access to ECHA's building is foreseen.</p> <p>Finally, further improvements in the long term will be considered based on feedback from staff, visitors and subject to changes to the National Building Code of Finland.</p>	
13.	<p>21. Encourages the Agency to pursue the development of a long term human resources policy framework which addresses work-life balance, lifelong guidance and career development, gender balance, teleworking, geographical balance and the recruitment and integration of people with disabilities;</p>	<p>ECHA's HR Strategy 2019-2023 accompanies its Strategic Plan and provides a long-term framework to enable the achievement of ECHA's strategic priorities by ensuring a work environment in ECHA that facilitates a culture of high performance and flexibility. It addresses career development, as well as leadership skills and flexibility. In acknowledgement of its practices in the field of human resources, ECHA was recognised as one of the 'Finland's most inspiring workplaces' in 2021.</p> <p>In addition, ECHA has established a dedicated diversity working group, with the objective of improving the recruitment and inclusion of a diverse workforce, including gender and geographical balance. Finally, ECHA has teleworking rules in place, which provide flexibility for its staff and which has proven to be essential during the COVID-19 crisis. ECHA understands that the Commission will publish new rules on hybrid work in 2021, which will be duly reflected in ECHA's own teleworking arrangements. A dialogue with management and all staff has commenced to define the 'new normal' (post-COVID-19), ways of working of ECHA.</p>	On-going
14.	<p>24. Calls on the Agency to align its practices with the recommendations of the European Ombudsman of 7 May 2020 in case 2168/2019/KR in particular by ensuring, where necessary, that the option of forbidding its senior staff from taking up certain positions after their term-of-office has ended is invoked, by setting out criteria for when it will forbid moves of staff to the private sector; by informing applicants for senior posts in the Agency of the criteria when they apply, and by putting in place internal procedures so that once a member of its staff moves to another job, their access to confidential information is cut off with</p>	<p>ECHA has guidelines in place for all staff, including senior managers, which provide guidance on the rules and procedures applicable when a staff member leaves the service at ECHA. They aim to ensure that staff members after leaving the service at ECHA will not represent their new employer or client before ECHA, its Board of Appeal or any law court in an ongoing procedure or negotiation on an issue for which they had responsibility during their service at ECHA; will not take unfair advantage of sensitive information that they acquired while being employed by ECHA to benefit themselves or their new employer; nor seek to influence outside of normal consultation processes their former colleagues to the benefit of themselves or their new employer.</p> <p>The guidelines foresee for senior managers (Directors), that they are, in principle, forbidden during the first 12 months after leaving the service from engaging in lobbying or advocacy, vis-à-vis staff of the Agency, on behalf of their business, clients or employers on matters for which they were responsible during the last three years in the service. ECHA</p>	Implemented

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	immediate effect;	<p><u>publishes</u> information annually on its website on how the provisions regarding former senior managers are implemented, including a list of the cases assessed.</p> <p>Finally, such possible restrictions to future employment are duly notified to applicants for senior posts in the Agency already in the vacancy notice (see e.g. this recent vacancy notice for a post as member in the ECHA Board of Appeal: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:C2020/205/09&from=EN)</p>	
15.	<p>26. According to the Agency, its budgeted fee income for 2019 represents circa 39,5 % of its total income; acknowledges that the Agency has an exemplary system of monitoring and for preventing any conflicts of interest, and its view that there is a limited danger of such conflicts arising, due to the cost-covering purpose of the fees and the regular assessment of the Agency's staff involved in opinion-making to ensure there is independence; notes that the Agency would welcome a solution whereby the Commission would collect the fees on behalf of the Agency, thereby facilitating the Agency's financial management and helping to mitigate the risks of shortfalls; notes that the fees paid by industry vary substantially year by year, and that it is therefore not possible for the Agency to estimate the need for a balancing subsidy from the Union budget at a reasonable margin, which complicates budgetary planning; calls for a dialogue on how to reform the financing mechanism of the Agency, with the aim of putting it on a sustainable basis;</p>	<p>ECHA's financing model presents five main challenges, as follows:</p> <ol style="list-style-type: none"> 1. It is not possible to accurately predict its fee income and it is only possible to foresee wide ranges, which is incompatible with EU financial rules. 2. Budget implementation is hindered by the unpredictable and often late timing of fee income over the course of any financial year. 3. ECHA's declining fee income makes it increasingly reliant on EU balancing subsidy (by way of example, ECHA's fee income made up 79% of its overall income in 2018, compared to 30% in 2021 (forecast)). 4. The fee discounts for SMEs requires ex-post verification by ECHA, which is a significant effort in terms of resources invested. The system of self-declaration is furthermore prone to errors (between 2011-2021, 1907 registrants (47%) self-identified incorrectly as SME, vs. 2126 registrants (53%) correctly). 5. Finally, maintaining different budget lines for the different regulations/directives ECHA implements is a considerable administrative burden. <p>ECHA has engaged proactively with the Commission services to work towards ensuring sustainable financing and overcoming the above challenges in its financing model. The Commission, in its Chemicals Strategy for Sustainability, committed to making a proposal to strengthen the governance of ECHA and increase the sustainability of its financing model. The proposals is expected to be published in 2023 and ECHA is contributing with technical input to the Commission's preparatory work, as requested, to achieve stable and predictable funding for its business operations.</p>	On-going
16.	<p>30. Notes from the Court's report, that the decision making process in recruitment procedures was not</p>	<p>ECHA uses an electronic workflow system in which all Selection Committee decisions are approved, dated and recorded. This system provides a clear audit trail for each step in any</p>	Implemented

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	sufficiently structured and exhaustive to provide for a clear, chronological trail showing when the documents had been approved and by whom; notes the Agency's reply that it has altered its procedures to ensure that standard emails are sent to selection committee members after each meeting to record the meeting minutes and decisions taken by the Committee, furthermore, the Agency ensures that, after each meeting, electronic approval flows are finalised before advancing in the selection; calls on the Agency to improve its selection procedures so as to ensure that the processes are diligently carried out and transparent;	selection process. With respect to the example included in the Court's report, technical issues required an exceptional restart of the workflow at the conclusion of the selection. As an outcome of this audit finding, ECHA altered its process to ensure that standard emails are sent to Selection Committee members after each meeting to record the meeting minutes and decisions taken by the Committee. Moreover, a step has been added to the process to ensure that, after each meeting, electronic approval flows are finalised before advancing in the selection. On the basis of these actions, in the Court's preliminary observations for 2020, the Court considered that the actions taken by ECHA were satisfactory and marked the status of this observation 'completed'.	
17.	32. Notes with concern that, in May 2019, the Agency faced a crisis with an outage of all of the Agency's IT systems during the migration of servers to new infrastructure; the crisis was resolved in 48 hours; recommends that the Agency implement IT best practice procedures when performing IT operations with a high risk of disruption for the primary processes of the Agency;	<p>This migration concerned ECHA's IT infrastructure as well as the servers. Any migration of infrastructure carries inherently a high risk as a replacement infrastructure is not viable. The Agency had invested significantly to prepare the migration over several years in order to mitigate the risks. This was the third time the Agency has carried out such an operation, while this was the first-time a significant incident occurred. Risk management measures were in place following best practices. Nevertheless, further improvements were identified as necessary for the future.</p> <p>As part of ECHA's risk management toolbox, a crisis management process has been developed, and was invoked during the incident for the first time, and proved successful in managing such a crisis.</p>	Implemented
18.	33. Asks the Agency to improve the transparency and the user-friendliness of its database, and the interface between evaluation and follow-up risk management, including, for example, a short note on the Agency's registered substances in the database with regard to the compliance and evaluation status of the dossiers, adding the outcome of the substance evaluation (whether further risk management is needed or not), stating explicitly whether the dossier was found	<p>ECHA continuously improves the transparency of all its activities, including its database. Highlights from 2019-2020 include mapping over 21 000 REACH registered substances in its 'chemical universe', publicly available on the website, as well as improving ECHA's Dissemination portal with additional data and better search functionalities.</p> <p>A new interactive flowchart on ECHA's Integrated Regulatory Strategy (IRS) explains how ECHA deals with substances of concern and guides users to the various interrelated processes. The early information on the planned and ongoing activities under these different processes is kept updated in the Public Activities Coordination Tool (PACT). PACT includes also substance evaluation and informs which regulatory risk management activities are initiated. Information on the early assessment of the groups of substances,</p>	On-going

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	<p>non-compliant and on what ground, and adding the outcome of Board of Appeal decisions as well as the follow-up delivered or intended to be delivered by the Agency;</p>	<p>including whether and what type of regulatory work is currently considered necessary for the different substances belonging to these groups, will soon be added to PACT.</p> <p>The Dissemination portal was enhanced with a new view that provides transparency on the activities and status of registrants such as when a substance was registered, when a registration has been updated, and when a company ceases manufacture or has a registration revoked. Information from registrations covering nanoforms were also made available, as well as key lists for persistent organic pollutants (POPs). The use of the portal has been continuously increasing with over 40 000 daily users currently.</p> <p>In addition to the Dissemination portal, ECHA continued to make available the results from studies submitted via the REACH Registration process in a downloadable format to facilitate its use. The REACH study results data set includes information related to physical-chemical properties, environmental fate and pathways, as well as ecotoxicology and toxicological information. In addition, ECHA has provided data extracts from its database upon request and when resources were available, to the Commission, Member States and Stakeholders as input to various initiatives, further expanding the use of the data collected under the different legislations in scope of ECHA.</p> <p>In 2021, ECHA also made progress in improving companies' access to relevant information in its database. Under REACH, companies registering the same chemical need to do so by way of a joint submission. We improved in 2021 the transparency among the members of the joint submission, by developing in REACH-IT (the IT system used to securely submit, process and manage data on chemicals) a section 'ECHA Dossier Evaluation Status'. This allows the members of the joint submission to keep track of past or ongoing dossier evaluation activities concerning substances that they have registered, also when the decision has not been addressed to all members of the joint submission. This helps companies to improve the compliance of their registration dossiers.</p> <p>ECHA supports the initiative of the European Parliament to build an open data platform on chemicals and is providing its expertise to the ongoing feasibility study run by the Commission. Further development of ECHA's Dissemination portal and other data availability initiatives will bear in mind this long-term goal to increase transparency and enhance the use of the information collected by different stakeholders to increase chemical safety.</p>	
19.	35. Encourages the Agency to pursue its efforts to perform its dossier evaluation checks under	ECHA and the Commission jointly committed to address significant and continued shortcomings in industry dossiers in 2019. This includes 15 actions to increase the	On-going

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	<p>Regulation (EU) No 1907/2006 and to make the process more effective; recalls that dossier evaluation checks on over 2 000 dossiers covering 700 substances revealed that 70 % of the dossiers were not compliant with the legal information requirements of Regulation (EU) No 1907/2006 or did not contain sufficient information to ensure safe use for Union citizens and the environment;</p>	<p>efficiency and effectiveness of dossier evaluation checks and raises the ratio of dossiers to check for compliance from 5% to 20% per tonnage band by 2027.</p> <p>ECHA is fully committed to implementing this ambitious plan and has prioritised this in its work, including allocating the necessary resources to this area. ECHA's Integrated Regulatory Strategy is a key element in making this a reality. Under this strategy, chemicals are grouped by structural similarity, assessed by ECHA experts and conclusions is drawn for each substance in the group. This helps to increase speed and consistency of the process, select the best regulatory action, avoid regrettable substitution and reduce the need for tests on animals. ECHA is on track to meet the targets set in the Evaluation Joint Action Plan: since 2019, ECHA has screened ten times more chemicals and conducted a check of twice as many registrations than before.</p>	
20.	<p>36. Notes that the process of moving to the Agency's new premises in Helsinki began on 21 December 2019 and that the new building was open and operational for the Agency's staff at the beginning of January 2020, concluding four years of preparations for relocating staff; invites the Agency to ensure its employees' well-being by providing sustainable and environmentally friendly working conditions;</p>	<p>The protection of the environment is one of the principal areas of focus in ECHA's mission. Therefore, together with its quality management system, environmental management and promoting the sustainable use of resources has become an integral part of the Agency's management system. This is supported by ECHA's Environmental Policy which underlines ECHA's commitment to:</p> <ul style="list-style-type: none"> - promote the careful use of natural resources in the Agency's day-to-day operations and strive to reduce adverse impacts on the environment, - set and implement environmental objectives and targets, and regularly measure their achievement in line with ECHA's environmental Work Programme, and - continually raise staff awareness and encourage staff to act sustainably and contribute actively to achieving the environmental objectives and targets. <p>The wellbeing of ECHA's staff is paramount for ECHA. This is ensured through sustainable and environmentally-friendly working conditions that were prioritised during the building design process (Ref Observation No. 12 above) and are outlined in ECHA's Environmental Work Programme. This includes decisions taken by ECHA in both the choices made when the new offices were fitted-out and furnished (automation of building systems, lighting, heating, air quality, ergonomic furniture, flooring materials) and in the actions that are taken on a day-to-day basis where ECHA as an organisation and staff can make a difference (reduction of printing, recycling facilities for waste, staff awareness raising etc).</p>	<p>Implemented</p>
21.	<p>While welcoming the progress made by the Agency through ex post verifications to check the claimed size of smaller companies, the Council urges the Agency</p>	<p>See replies to Observations No. 2 and No. 15 above.</p>	<p>On-going</p>

	Observation of the Discharge Authority	Response and measures taken by the Agency	Status/ Reference
	<p>to continue improving the process to recover the fee corrections and overdue administrative charges from companies who have declared the wrong size. The Council is concerned about the risk of a mismatch between the Agency's expenditure and revenues, and calls on the Agency to work with the Commission to explore the possibilities for a new financing model that would also reduce the current administrative burden.</p>		
22.	<p>The Council, while taking note of the Agency's reply and actions taken, encourages the Agency to further improve its public procurement procedures, including the appropriate establishment of tender specifications, to ensure full compliance with the applicable rules and best value for money procurements.</p>	<p>ECHA continuously strives to improve its public procurement procedures and at all times respects the applicable rules. Since 2018, ECHA has undertaken to regularly carry out preliminary market research and consultation to prepare the procurement procedures and their specifications to better align them with the given market and ensure that ECHA obtains best value for money in the changing markets.</p> <p>The Court of Auditors has included no remark or observation with respect to ECHA's public procurement procedures in its preliminary observations for the financial year 2020.</p>	On-going
23.	<p>The Council regrets the shortcomings found by the Court in two recruitment procedures, especially the insufficiently structured and non-exhaustive decision making process. While taking note of the Agency's reply and actions taken, it calls on the Agency to take appropriate measures with respect to the Court's observation.</p>	<p>See reply to Observation No. 16 above.</p> <p>On the basis of the actions taken by ECHA, in the Court's preliminary observations for 2020, the Court considered that the actions taken were satisfactory and marked the status of this observation 'completed'.</p>	Done