

12 September 2023

## European Chemicals Agency report on the follow-up to the 2021 budgetary discharge

Article 107 of the Financial Regulation of the European Chemicals Agency (ECHA) 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 2022, the Secretariat of the European Parliament Committee on Budgetary Control asked all EU Decentralised Agencies for a follow-up report to the 2021 budgetary discharge to be submitted by 15 September 2023.

The report in Annex follows the requirements of the Financial Regulation and the request of the Committee. It provides an overview of the relevant observations and recommendations from the European Parliament Resolution of 10 May 2023<sup>1</sup> on discharge in respect of the implementation of the budget of ECHA for the financial year 2021, together with the measures ECHA has taken in light of the observations requesting a specific action.

All the other observations and recommendations of the Resolution have been analysed and ECHA will consider them in its work programming for the coming years. No comments accompanied the Council's Recommendation<sup>2</sup> of 13 February 2023 on the discharge of ECHA for the financial year 2021.

On 10 May 2023 the European Parliament also adopted its resolution on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2021: performance, financial management and control (2022/2134(DEC)). This resolution is a horizontal report containing recommendations and observations that accompanied the individual 2021 discharge reports for each Agency and Joint Undertaking. The follow-up actions to these recommendations, where a collective response was prepared by the EU 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 contributed to this report by providing information in relation to its own actions.

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<sup>1</sup> [https://www.europarl.europa.eu/doceo/document/TA-9-2023-0168\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/TA-9-2023-0168_EN.pdf)

<sup>2</sup> <https://data.consilium.europa.eu/doc/document/ST-6248-2023-ADD-1/en/pdf>

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## Annex

|    | Observation of the Discharge Authority   | Response and measures taken by the Agency   | Status/<br>Reference |
|----|--|---|----------------------|
| 1. | <p>4. Notes that the Agency reviewed the strategic plan for 2019-2023; notes that the Agency achieved 194 out of 214 actions and outputs set in the 2021 work programme and that the remaining 18 actions and outputs were not met mainly due to the COVID-19 pandemic, specifically, to delayed or less than foreseen input received from partners; appreciates that the key performance indicators were fulfilled and the fact that the Agency has drawn attention to measures that can improve the efficiency and effectiveness of the Agency's work; however <b>recommends that the Agency takes note of the indicators that have not yet been achieved or are lagging behind;</b></p> | <p>ECHA tracks all the actions and outputs that are planned to be delivered in each programming period, and reports on their completion, or lack thereof, to its Management Board and to the public. This covers ongoing actions defined for multiple years, as well as actions and outputs for a single year.</p> <p>For 2022, ECHA had defined 162 specific actions and outputs and accomplished 151 out of these. In addition, 8 actions were in progress at the end of the year. The three not completed actions would have required Member States' contribution or the work area was de-prioritised.</p> <p>ECHA's Management Board analyses and assesses the Agency's performance each year. For 2022, the Board concluded that the performance and quality of the outputs were high and acknowledged the on-going nature of the pending actions and outputs.</p> | <b>Implemented</b>   |
| 2. | <p>13. Regrets that the high gender imbalance within the Agency's senior and middle management increased, with 27 (82 %) positions occupied by men and 6 (18 %) by women; notes that the Agency reports, for the management board, a gender balance distribution of 15 men (42 %) and 21 women (58 %) and, for staff overall, 261 men (46 %) and 312 women (54 %); welcomes the fact that in March 2022, the Agency adopted its Charter on Diversity and Inclusion, which aims to increase the ratio of underrepresented genders at both support and management levels; <b>calls on the Agency to take concrete measures to</b></p>  | <p><b>Report on the progress in achieving gender balance</b></p> <p>ECHA remains fully committed to attaining gender balance at management level in the future and has made progress in this direction. As of the end of June 2023, 76% of senior and middle management positions were occupied by men and 24% by women. For Team Leader positions, which constitutes an important talent pool for future management positions at ECHA, 43% are filled by women and 57% by men (compared to 39% and 61%, respectively, one year ago).</p> <p>While the ECHA secretariat is not in a position to influence the composition of its Management Board, it welcomes the balanced representation of women and men on the Board.</p>   | <b>On-going</b>      |

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|  | <p><b>achieve gender balance at all levels of the Agency's hierarchy as soon as possible and report back to the discharge authority;</b></p> | <p><b>Measures to achieve gender balance</b></p> <p>ECHA has put in effect an action plan to implement the objectives of its <a href="#">Charter on Diversity and Inclusion</a>, including aiming to achieve gender balance in the management team. The relevant measures are:</p> <ul style="list-style-type: none"> <li>• Awareness raising on diversity and inclusion includes developing and publishing dedicated content on ECHA's intranet, which promotes an inclusive working environment; providing and promoting relevant training opportunities to ECHA staff; providing dedicated content in management development activities; <ul style="list-style-type: none"> <li>◦ Examples: Diversity and inclusion toolkit published for staff (Writing Guide on gender neutral language, gender-sensitive Communication, Guidelines for inclusive Communication and a guide to stop sexism at work), staff diversity report published to ECHA staff quarterly, unconscious bias training organised for staff</li> </ul> </li> <li>• Attracting female managerial talent includes pro-actively communicating ECHA's commitment to diversity, inclusive organisational culture, well-being and work-life balance, and strengthening ECHA's employer brand; increasing the visibility of ECHA's female managers; increasing efforts to secure gender balance of 50% among team leaders; communicating internally and externally in an inclusive way; <ul style="list-style-type: none"> <li>◦ Examples: Event for all staff to increase the visibility of all women managers (November 2022), honouring key dates on social media (e.g. EU diversity month, International women's day), dedicated paragraph in vacancy notices</li> </ul> </li> <li>• Conducting diverse and inclusive recruitment processes includes aiming for gender-balanced Selection Committees and inclusive candidate experience;</li> <li>• Adopting and implementing learnings from the EU Agencies Network Working Group on diversity &amp; inclusion <ul style="list-style-type: none"> <li>◦ Examples: Promoting participation in inter-agency conference on gender equality; participating in the production of on-line videos</li> </ul> </li> </ul> |                      |

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|    |   | from the <i>ENVI</i> agencies (ECHA, EMA, EEA, ECDC, EFSA) where women share their journey to science.   |                      |
| 3. | 18. Insists on the need to put in place more systematic rules on transparency, incompatibilities, conflicts of interest, illegal lobbying and revolving doors; notes nevertheless that members of the Agency's staff must notify new occupational activities for the first two years after leaving the service of the Agency and that the Agency can forbid the new activity or impose conditions in relation to the new activity; notes that the Agency's Anti-Fraud Strategy was revised by the Agency's management board in December 2016; <b>calls on the Agency to strengthen its internal control mechanisms, including the setting up of an internal anticorruption mechanism;</b> | <p>The 2023 assessment of ECHA's Internal control framework and Integrated Management System showed that the internal control framework is effective, and functions as intended. Areas identified for improvement related to areas such as risk management at all levels of decision-making, the practices with respect to ex-ante evaluations, stakeholder engagement and change management. It was furthermore noted that while ECHA has in place a comprehensive Conflict of Interest prevention policy, ensuring that the post-employment conditions are applied in practice remains a challenge.</p> <p>To address the above improvement area, <a href="#">ECHA's Conflict of Interest policy</a> was last revised by the Management Board in June 2023. The introduced changes strengthen the systematic monitoring of compliance with post-employment duties by former ECHA staff members, in line with the recommendations of the European Court of Auditors and observations of the Discharge authority in previous years.</p> <p>The <a href="#">ECHA Anti-Fraud Strategy</a> was last revised by the ECHA Management Board in December 2022 and focuses on maintaining and further developing the anti-fraud culture in the Agency and regularly reviewing key policies and procedures. The strategy strengthens the internal anticorruption mechanism by specifying the roles and responsibilities for fraud prevention and the means and resources which are engaged in tackling fraud. Moreover, the strategy objectives and actions include fostering anti-fraud culture and regular review of key policies and procedures for internal control. The results of the Anti-Fraud Strategy will be reported in the Annual Activity Report. There have not been any cases of conflict of interest / fraud detected in 2022, which is an indication of a well-functioning internal controls system. All ECHA staff participated in an anti-fraud training in 2022 and another one is planned for 2023.</p> | Implemented          |

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| 4. | <p>21. Notes that the Agency's internal audit capability conducted two follow-up audits to verify the implementation of the action plans, which reached the conclusion that one very important and two important actions are still being implemented; <b>calls on the Agency to report to the discharge authority any developments in that regard;</b></p>   | <p>Out of the three actions, one important action has been assessed as implemented (closed) by the Internal Audit Capability (IAC).</p> <p>The remaining one very important and one important action were ongoing as of 31 December 2022. They relate to planned and on-going IT developments, aiming at improving the assessment of alternatives to chemical substances of very high concern and at improving the knowledge management system of REACH authorisation applications.</p> <p>The IAC will follow-up the implementation of the remaining open recommendations in 2023.</p>   | On-going             |
| 5. | <p>26. Recalls the importance of increasing the digitalisation of the Agency in terms of internal operation and management, but also in order to speed up the digitalisation of procedures; <b>stresses the need for the agency to continue to be proactive in this regard in order to avoid a digital gap between the agencies;</b> draws attention, however, to the need to take all the necessary security measures to <b>avoid any risk to the online security of the information processed;</b></p> | <p>ECHA is an IT-based agency, viewing IT as a key enabler for delivery of its regulatory mandate. The availability of all data in digital format ensures accessibility and automation in the processing. Through this, ECHA can process a high number of files respecting legally binding deadlines, perform automated checks and disseminate the data.</p> <p>Investment in IT tools and operations comprise ca. 50% of ECHA's total IT budget. These tools enable efficiencies, both for companies who have regulatory obligations to submit data, and for authorities who are using those data for regulatory purposes. The tools also support disseminating the data to the public, including civil society organisations.</p> <p>Over the past years, ECHA has implemented a comprehensive cybersecurity approach as part of the Integrated Management System and has invested in preventative measures, and in its detection and response capabilities. In 2022, in addition to implementing improvement proposals stemming from an internal audit review of the IT security governance such as IT-wide risk assessment, the Agency conducted a cyber-crisis exercise, implemented improvement actions in line with CERT-EU guidelines, introduced regular IT security and business continuity reporting to its Management Board and reinforced its information security team.</p> <p>ECHA has prepared for the implementation of the EU cybersecurity and</p> | Implemented          |

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|    |  | information security regulations, in close cooperation with the CERT-EU. Subsequently, ECHA's cybersecurity policy was adopted in November 2022, bringing all existing elements and frameworks together, expanding and enhancing the formal governance framework as required by the new EU cyber security regulation to be compliant when it will enter force.   |                      |
| 6. | 27. Encourages the Agency to work in close cooperation with ENISA (European Union Agency for Cybersecurity) and CERT-EU (Computer Emergency Response Team for the EU Institutions, bodies and agencies) and to carry out regular risk assessments of its IT infrastructure and to ensure regular audits and tests are carried out on its cyber defences; suggests to offer regularly updated cybersecurity-related training programmes to all staff members within the Agency; <b>calls on the Agency to develop its cybersecurity policy more swiftly, deliver it before the 31<sup>st</sup> of December 2023 and report back to the discharge authority;</b> | As stated above, ECHA finalised and adopted its cybersecurity policy in November 2022. With respect to other actions related to cyber and IT security, ECHA's Internal Audit Capability conducted an audit on IT security in 2022 without major findings. The improvement actions proposed in this context are being implemented.<br><br>In 2023, ECHA conducted compulsory training courses on cybersecurity to all staff with the aim to better protect information entrusted to ECHA, and to increase knowledge about potential risks and how to act in case of any issues. There is a zero-tolerance policy in place for non-compliance with the compulsory security training. Furthermore, ECHA conducted a failover testing between its data centres and improved the resourcing of its IT security with a new specialist, increased the resourcing of the ICT continuity manager to full-time and finalised a staff selection procedure for an information security officer, who has started in 2023. | <b>Implemented</b>   |
| 7. | 29. Highlights the fact that the Agency has continued its efforts to phase out animal testing in Europe to the extent possible under the current regulatory framework; welcomes the fact that the Agency introduced a mandate for non-animal methods into its Computational Assessment Unit B2; acknowledges that this is a necessary step in the right direction, but it is not sufficient; <b>encourages the Agency therefore to work with all stakeholders in order to accelerate the transition to full use of non-animal</b>  | ECHA recognises that NAMs are very relevant in the current context of policy changes, and it is committed to contributing to the scientific debate and regulatory work to accelerate the transition to an animal-free regulatory system.<br><br>As per ECHA's revised approach for promoting alternatives to animal testing, the Agency has taken steps to increase the effectiveness and visibility of its efforts in supporting the uptake of alternative methods that are suitable for regulatory purposes. To achieve this, continued investments were made in its scientific and technical competences, including data management and tools that support the assessment of chemicals, such as the OECD QSAR Toolbox.<br><br>Collaboration with the European Commission and other stakeholders was   | <b>On-going</b>      |

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|    | <p><b>methods for chemical safety testing;</b> reiterates that the law requires companies to use alternative methods whenever possible, so companies should only carry out tests on animals as a last resort;</p> | <p>intensified, and support provided to the Commission in developing a roadmap towards the full replacement of animal testing for chemicals.</p> <p>With respect to engagement with relevant stakeholders, in May 2023, ECHA held a workshop with stakeholders on new approach methodologies to contribute to EU efforts towards building an EU roadmap for replacement of animal testing. The workshop was attended by over 500 participants focused on achieving a common understanding of what new approach methodologies can achieve in the short and long term. In particular, the workshop discussed ways to replace animal testing in the hazard assessment of industrial chemicals, whilst ensuring a high level of protection of human health and the environment. Moreover, the potential areas where new approach methodologies could be used to reduce regulatory dependence on data generated with animal tests was discussed, and how to accelerate their regulatory acceptance.</p>   |                           |
| 8. | <p>30. <b>Encourages the Agency to establish a taskforce focused on reducing and replacing animal testing;</b></p>  | <p>ECHA remains committed to engaging with stakeholders on NAM and playing its part in contributing to the scientific debate and regulatory work to accelerate the transition to an animal-free regulatory system.</p> <p>Internally, ECHA has re-organised its work on non-animal methods to ensure it has a single team coordinating all the Agency's activities across the different workstreams to ensure consistency and coherence in efforts in support of the reduction and replacement of animal testing. This includes, for example, further support for the development and use of predictive computational testing models (e.g., QSAR toolbox); contribution to EU research projects such as <a href="#">PARC</a> and <a href="#">ASPIS</a>; support to <a href="#">EPAA</a> (European Partnership for Alternative Approaches to Animal Testing), leading relevant OECD projects; communication and outreach, etc. The work on reduction and replacement of animal testing is a priority and is a concerted effort of ECHA experts with competence on hazard and risk assessment, computational tools, communication, etc.</p> <p>Since 2023, ECHA has also introduced a specific activity in its work programme on the promotion of alternatives to animal testing, with clear objectives, which</p> | <p><b>Implemented</b></p> |



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|    |   | will be reported in the Annual Activity Report.  |                           |
| 9. | <p>34. <b>Encourages the Agency to continue to develop its synergies</b> (for instance human resources, building management, IT services and security), and to <b>reinforce its cooperation, its exchange of good practices and its discussions regarding areas of mutual interest with other Union agencies with a view to improving efficiency.</b></p> | <p>ECHA cooperates closely with other Union agencies, such as the European Food Safety Authority (EFSA), the European Centre for Disease Prevention and Control (ECDC) and the European Medicines Agency (EMA), by means of memoranda of understanding.</p> <p>Concrete current examples are that ECHA shares its internal audit capability with the EU Agency for the Space Programme (EUSPA), and its cooperation with EFSA. With EFSA, working arrangements are in place to avoid diverging scientific opinions (One Substance, One Assessment) and, in addition, ECHA provides IT services (ECHA Cloud Services) to EFSA for its work under the Plant Protection Products Regulation. Furthermore, since 2022, ECHA participates in a joint social media initiative on Instagram with ECDC, the European Environment Agency (EEA), EFSA and EMA, focused on ‘One Health, One Environment’ and aimed at reaching out to the public, especially younger audiences interested in environment and health related topics. Equally, ECHA is an active member of the informal group of ENVI agencies in various topical groups, e.g., stakeholder engagement, internal communication, Management Board secretariats, etc.</p> <p>Since 2021, ECHA has worked with the European Environment Agency (EEA) to support the Commission with developing a framework of indicators on chemicals to monitor the drivers and impacts of chemical pollution and measure the effectiveness of chemicals legislation (under the EU’s 8th Environmental Action Programme). ECHA will continue to proactively cooperate with other EU Agencies working in the field of environment and human health protection to ensure consistency of implementation of EU policies and sound financial management. ECHA remains an active member of the European Union Agencies Network (<a href="#">EUAN</a>) which facilitates cooperation and cohesion among EU Agencies. In this forum, opportunities for shared services, synergies and efficiencies are identified for legal services, procurement and HR.</p> | <p><b>Implemented</b></p> |