



Plenary sitting

A9-0112/2022

13.4.2022

REPORT

on discharge in respect of the implementation of the budget of the European
Chemicals Agency for the financial year 2020
(2021/2125(DEC))

Committee on Budgetary Control

Rapporteur: Tomáš Zdechovský

CONTENTS

| | Page |
|---|-------------|
| 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION..... | 3 |
| 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION..... | 5 |
| 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION..... | 7 |
| OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY | 14 |
| INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE..... | 20 |
| FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE | 21 |

1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2020
(2021/2125(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Chemicals Agency for the financial year 2020,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 28 February 2022 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2020 (06003/2022 – C9-0080/2022),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 thereof,
- having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC⁴, and in particular Article 97 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and

¹ OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

² OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 396, 30.12.2006, p. 1.

Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵, and in particular Article 105 thereof,

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on the Environment, Public Health and Food Safety,
 - having regard to the report of the Committee on Budgetary Control (A9-0112/2022),
1. Grants the Executive Director of the European Chemicals Agency discharge in respect of the implementation of the budget of the Agency for the financial year 2020;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Chemicals Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

⁵ OJ L 122, 10.5.2019, p. 1.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Chemicals Agency for the financial year 2020
(2021/2125(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Chemicals Agency for the financial year 2020,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 28 February 2022 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2020 (06003/2022 – C9-0080/2022),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 thereof,
- having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC⁴, and in particular Article 97 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of

¹ OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.echa.europa.eu/en/Pages/DocItem.aspx?did=59697>.

² OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.echa.europa.eu/en/Pages/DocItem.aspx?did=59697>.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 396, 30.12.2006, p. 1.

the European Parliament and of the Council⁵, and in particular Article 105 thereof,

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on the Environment, Public Health and Food Safety,
 - having regard to the report of the Committee on Budgetary Control (A9-0112/2022),
1. Approves the closure of the accounts of the European Chemicals Agency for the financial year 2020;
 2. Instructs its President to forward this decision to the Executive Director of the European Chemicals Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

⁵ OJ L 122, 10.5.2019, p. 1.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2020
(2021/2125(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2020,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on the Environment, Public Health and Food Safety,
 - having regard to the report of the Committee on Budgetary Control (A9-0112/2022),
- A. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Chemicals Agency (the ‘Agency’) for the financial year 2020 was EUR 109 362 158 representing a decrease of 3,08 % compared to 2019; whereas approximately 29,41% of the Agency’s budget derives from fees and charges and 67,48% from the Union and third countries (in 2019 39,51 % from fees and charges and 57,61 % from the Union and third countries); whereas the inflation rate was 0,7% in the Union in 2020;
- B. whereas the Court of Auditors (the ‘Court’) in its report on the annual accounts of the Agency for the financial year 2020 (the ‘Court’s report’), states that it has obtained reasonable assurance that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Recognises that, since the final registration deadline under the REACH Regulation in 2018, the Agency's fee income has significantly decreased, requiring it to rely increasingly on the Union to finance its operations;
2. Notes that, in 2020, the Agency collected fee income totalling EUR 32,293 million (EUR 44,385 million in 2019) while the Union subsidy amounted to EUR 73,796 million (EUR 64,503 million in 2019) including contributions from third countries of EUR 1,851 million (EUR 1,615 million in 2019);
3. Stresses the need to ensure that the Agency is able to fulfil its mandate in the long term; calls, in this regard, for the lack of predictability of the Agency’s budget income to be addressed; while acknowledging the positive developments in the governance and financing structure of the Agency, notes the declining trend in fee income and believes that a new stable financing model should be developed and introduced without delay;

¹ OJ C 114, 31.03.2021, p. 126.

highlights the fact that, despite previous observations made by the Parliament and the Court of Auditors, an unforeseen and significant drop of EUR 7,0 million in fee income under the REACH Regulation was reported by the Agency in 2020;

4. Underlines the necessity of ensuring the Agency has adequate staffing levels that reflect the needs associated with the implementation of the European Green Deal and the Union Chemical Strategy for Sustainability, the Circular Economy Action Plan and the zero-pollution ambition in particular; notes the positive work undertaken by the Agency under Directive 2008/98/EC of the European Parliament and of the Council² and notes the need for continued efforts to be made towards establishing a fully sustainable financing model;
5. Notes with satisfaction that budget monitoring efforts during the financial year 2020 resulted in a budget implementation rate of 98,48 %, representing a slight decrease of 0,30 % compared to 2019 and that the payment appropriations execution rate was 94,16 %, representing an increase of 8,07 % in comparison to 2019;
6. Notes that, in follow-up to the observations received in the 2019 discharge procedure, the Agency continues its efforts to increase the efficiency of the system for ex-post verifications, aimed at reducing the time-lag between dossier submission and verification of the small and medium-sized enterprise (SME) status of an applicant; welcomes the fact that the additional registration fee income generated by the SME status verification process (included in the REACH registrations and updates income) amounted to EUR 1 370 000 (compared to EUR 700 000 in 2019); acknowledges that the increase can be attributed primarily to an effective 'SME campaign' that invited companies to correctly self-declare their company size before the start of the Agency's verification, waiving any administrative charge that would otherwise result from a previously declared incorrect size, and by prioritising companies with the highest financial reductions; notes that the company size of a total of 504 enterprises was verified in 2020 (compared to 333 in 2019) and, on top of the additional registration fees, the Agency generated EUR 1 050 000 in administrative charges (compared to EUR 1 010 000 in 2019), levied on companies that were not eligible for rebates that those companies had received; welcomes the fact that the Agency will continue its efforts in 2021 and is on track to complete the verification of the 2018 registration-deadline related claims by the end of 2023;
7. Observes that the European Chemicals Agency ('the Agency') is the driving force among regulatory authorities in implementing the Union's chemicals legislation for the benefit of human health and the environment, as well as for innovation and competitiveness; notes that the Agency provides information on chemicals, helps companies comply with legislation and promotes the safe use of chemicals; underlines that Regulation (EC) No 1907/2006 of the European Parliament and of the Council³ ("REACH Regulation") stipulates that this should be done in a way that ensures that

² Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

³ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (OJ L 396, 30.12.2006, p. 1).

animal testing is only ever a last resort and that the use of non-animal methods is promoted;

8. Acknowledges that the Agency continued to support the Union's efforts to reduce and replace animal testing by publishing new tools and expanding access to information, which facilitates the transition to alternatives that do not involve animal testing;
9. Stresses the need to allocate budgetary resources to the Agency to pursue closer cooperation to consolidate a unique Union chemical database with its sister agencies under the 'one substance-one assessment principle'⁴ in particular by incorporating New Approach Methodology (NAM) entries into the International Uniform Chemical Information Database⁵.
10. Emphasises that one of the Agency's fundamental tasks for the period ahead will continue to be implementation of the Chemicals Strategy for Sustainability⁶ adopted by the Commission on 14 October 2020;

Performance

11. Notes that the Agency adopted a programming document for 2020-2023 which sets out the objectives for the Agency, in line with the strategic plan for that four-year period, and which was accompanied by the resource planning until 2023 and the 2020 work programme; notes that the Agency achieved 194 out of 210 actions and outputs set in the 2020 work programme and that the 16 actions and outputs not met were not met mainly due to the COVID-19 pandemic;
12. Takes note of the conclusions of the analysis carried out by the Agency, the Commission and the Exchange Network on Exposure Scenarios as part of the third review of the REACH Regulation, according to which further efforts are needed, in particular by industry;
13. Notes that the Agency continues to collaborate with the Joint Research Centre on developing best available technology reference documents for ceramics, textiles, metals processing, and foundries under Directive 2010/75/EU of the European Parliament and of the Council⁷; notes that the Agency worked with Member States, the Commission and the industry to establish a development plan for REACH Review Action 3, aimed at improving the workability and quality of extended safety data sheets;
14. Notes that the Agency cooperates closely with other Union agencies, such as the European Food Safety Authority, the European Centre for Disease Prevention and Control and the European Medicines Agency, by means of memoranda of

⁴ https://echa.europa.eu/documents/10162/21877836/efsa-echa-position-paper-osoa_en.pdf/74b1ae31-290b-a608-85e9-05b340840b34#:~:text=We%20propose%20that%20%E2%80%9Cone%20substance,built%20around%20three%20main%20principles%3A&text=%2D%20Better%20coordination%20on%20or%20distribution,uses%20of%20the%20same%20chemical.

⁵ https://echa.europa.eu/documents/10162/29387629/annual_report_2020_en.pdf/09d078c5-ff40-6737-3e4c-41dea91a7738#:~:text=We%20note%20that%20the%20Agency's,final%20implementation%20rate%20of%2098.5%20%25. P63

⁶ COM(2020)0667.

⁷ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

understanding, to improve the exchange of information, to achieve better mutual understanding and, where appropriate, on joint projects; underlines the importance of such an approach as regards ensuring that the work of each agency is consistent with that of the other agencies and to meet the requirements of sound financial management; welcomes the sharing of services such as the Agency's internal audit capability with the European Union Agency for the Space Programme, and encourages cooperation among the Union agencies where and whenever possible;

15. Notes and welcomes the fact that the 271 full compliance checks covered 258 substances and that 76 targeted checks concerning 44 substances were carried out in 2020;
16. Welcomes the Agency's efforts to strengthen, clarify and speed up the process for approving and reviewing active substances with a biocidal effect under the Active Substances Action Plan;
17. Welcomes the Agency's analysis of the issue of microplastics and their unintentional release into the environment; agrees with the conclusion that a Union-wide ban under the REACH Regulation on products containing deliberately added microplastics which are released into the environment as a result of use is an appropriate approach to resolving this issue;

Staff policy

18. Notes that, on 31 December 2019, the establishment plan was 97,41 % executed, with 451 temporary agents appointed out of 463 temporary agents authorised under the Union budget (compared to 461 authorised posts in 2019); notes that in addition 122 contract agents and 3 seconded national experts worked for the Agency in 2020;
19. Regrets that the Agency, with regard to senior and middle management positions, reports that 23 (76,6 %) positions are filled by men and 7 (23,3 %) by women, and, with regard to the management board, that 14 positions are filled by men (37,8%) and 23 by women (62,2 %); notes that this gender imbalance has persisted for a long time; notes with regard to staff overall that the Agency reports to employ 266 men (46,7 %) and 306 women (53,3 %); asks the Agency to pro-actively ensure gender balance at management level in the future; reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when appointing their members to the management board of the Agency;
20. Notes that the Agency has an anti-harassment policy and related guidelines in place; acknowledges that the Agency's management is promoting appropriate behaviour by providing meetings between the staff and confidential counsellors;
21. Underlines that the specific budget for training should ensure that Agency staff are properly trained regarding the latest NAMs, to create increased internal capacity for tackling chemical pollution and its adverse effects properly, with the latest tools⁸ and

⁸ https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/european-partnerships-horizon-europe/candidates-european-partnerships-health_en

concepts⁹.

22. Welcomes the efforts made in the Agency's staff policy to promote teleworking and a healthy lifestyle and continues to encourage the Agency to pursue the development of a long-term human resources policy framework that addresses work-life balance, lifelong guidance and career development, gender balance, teleworking, the right to disconnect while respecting the balance between professional and private life, geographical balance and the recruitment and integration of people with disabilities;

Prevention and management of conflicts of interest, and transparency

23. Welcomes the fact that the Agency publishes on its website the CVs of all members of the management board and its committees, including those of its chairs who are Agency staff members, of the Executive Director and of all members of the board of appeal; welcomes the fact that the Agency's conflict of interest prevention policies cover the whole duration of the employment of staff and that, to safeguard independence, the external experts who participate in the scientific committees, management board and enforcement forum are screened against six targeted eligibility criteria;
24. Notes that one case of whistleblowing was reported in 2020, concerning a staff member who alleged retaliation for highlighting irregularities to his hierarchy concerning a procurement procedure, the alleged retaliation being a recommendation not to renew the staff member's contract of employment one year later; notes that an independent investigation into the allegations of irregularities in the procurement procedure was conducted and that the anonymity of the origin of the allegations was respected; notes that the investigation did not find any activities which would be in violation of the provisions of either the Agency's Financial Regulation or Regulation (EU, Euratom) 2018/1046; notes that the case is considered closed;

Internal control

25. Notes that in 2020 an internal audit was conducted by the Internal Audit Service (IAS) of the Commission on "Integrated regulatory strategy-screening, evaluation and regulatory management option analysis in 2020" and that the audit provided three important recommendations: improve the planning, monitoring and reporting of the integrated regulatory strategy, document procedures and workflows for review and approval, review and improve tools, and document internal processes for managing comments from Member State competent authorities; notes that the Agency is following up on those recommendations and that, furthermore, it is considering how to address one open action from the follow-up audit on performance management conducted in 2020, which is related to defining an approach for reclassification in cases where the third language eligibility criterion has not been fulfilled;
26. Notes that the Agency's internal audit capability conducted a consultative audit on the 'harmonised classification and labelling' activity and that the main recommendations were to review the need, focus, format and depth of the checks done on classification proposal dossiers to determine whether they are fit for processing, lighten the overall workload of the plenary committee for risk assessment, for instance through increased use of working groups, and analyse the work in relation to harmonised classification

⁹ <https://ec.europa.eu/jrc/en/science-update/next-generation-risk-assessment-cosmetics>

and labelling (CLH) dossiers and to scrutinise, together with Member States, the mechanisms to increase the impact of the CLH process;

27. Notes that the Agency's internal audit capability conducted an audit on the 'applications for authorisation' activity and that there were six important recommendations, namely to improve working methods, to improve knowledge management and consistency, to improve feedback mechanisms, to ensure sufficient resources for the Agency's secretariat and committees, to clarify the roles and responsibilities within the Agency, and to consider further process simplification and efficiency gains;

COVID-19 response and business continuity

28. Notes that the Agency made a smooth transition to large-scale teleworking for staff, continuing collaboration with external stakeholders and moving the operation of all of the Agency's bodies online following the outbreak of the pandemic; notes that, according to the Agency's report, the rapid transition to large-scale, long-term teleworking resulted in significant additional efforts for the Agency's security unit, not least because not all the Agency's contractors were prepared for such large-scale teleworking, and related arrangements had to be put in place, with high priority; calls on the Agency to carefully evaluate the arrangements in place, including from a cyber-security perspective, and related risks for business continuity;
29. Notes with satisfaction that the agency joined forces with the Commission to help Member States and companies place more disinfectants on the market;

Other comments

30. Notes the relocation of the Agency to new premises in early 2020 and that fire safety training and evacuation training courses were organised with the Helsinki Rescue Association, which were followed-up by internal fire safety walkthroughs and an evacuation exercise conducted in November 2020; welcomes the fact that the Agency developed, despite the teleworking conditions, an emergency plan for the new building, which was communicated to the Helsinki rescue authorities, making the return to the office of staff also possible from a safety perspective;
31. Regrets that the Agency has not yet acted on the recommendations of the discharge authority in its decision on discharge in respect of the implementation of the budget of the Agency for the financial year 2019 with regard to pro-active measures and resourcing for speeding up, improving and quantifying reductions in the number of animal tests and the replacement of such tests by NAMs, as well as the establishment within the Agency of a team exclusively dedicated to animal protection and the promotion of non-animal test methods;
32. Notes that the European Medicines Agency has a working group on the application of the 3Rs (Replacement, Reduction and Refinement) in Regulatory Testing of Medicinal Products and its 2025 strategy includes significant work on non-animal testing, and that the European Food Safety Authority includes in the remit of its Science Studies and Project Identification Office, the development of a roadmap to use non-animal methods to routinely address data gaps by 2027; regrets that the Agency lacks similar initiatives which could help to deliver the goal set out in the resolution of the European Parliament of 16 September 2021 on plans and actions to accelerate the transition to innovation

without the use of animals in research, regulatory testing and education¹⁰;

33. Notes that the Agency has adopted an environmental work plan which runs from 2020 to 2022; notes that the priority of the programme is to further reduce the Agency's CO₂ emissions from travel and utilities, namely to reduce building CO₂ emissions by 20%, travel (meeting participants) emissions by 75% and travel (staff missions) by 50%;
 34. Welcomes the Agency's decision to become climate-neutral in line with the Union's 2030 climate target and the Agency's ambition to extend environmental certification to the Union's eco-management and audit scheme;
 35. Notes that the Agency currently maintains the largest database on chemicals, which makes it possible to provide transparent information on chemicals used within the Union; welcomes the Agency's efforts to increase the transparency of that database by providing more detailed information to its users and the general public;
 36. Notes that the Agency made a special publicity effort with mainstream media and as a result increased its visibility in general-interest media outlets; notes that the staff continued active sharing of content via their own social media channels, reaching almost 3 million people in 2020;
 37. Welcomes the Agency's cooperation with UK-based companies at the end of the transition period that followed the withdrawal of the UK from the Union, thus helping to prevent significant disruption to the Union market;
 38. Highlights the importance of increasing the digitalisation of the Agency in terms of internal operation and management but also the importance of speeding up the digitalisation of procedures; stresses the need for the Agency to continue to be proactive in this regard in order to avoid, at all costs, a digital gap between the agencies; 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; calls on the Agency to develop its cybersecurity policy more swiftly, so that it can be delivered before 31 January 2023 and to report back to the discharge authority on this matter;
-
- ◦
39. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [...] 2022¹¹ on the performance, financial management and control of the agencies.

¹⁰ Not yet published in the Official Journal.

¹¹ Texts adopted, P9_TA(2022)0000.

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2020
(2021/2125(DEC))

Rapporteur for opinion: Pascal Canfin

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Observes that the European Chemicals Agency ('the Agency') is the driving force among regulatory authorities in implementing the Union's chemicals legislation for the benefit of human health and the environment, as well as for innovation and competitiveness; notes that the Agency provides information on chemicals, helps companies comply with legislation and promotes the safe use of chemicals; underlines that Regulation (EC) No 1907/2006 of the European Parliament and of the Council¹ ("REACH Regulation") stipulates that this should be done in a way that ensures that animal testing is only ever a last resort and that the use of non-animal methods is promoted;
2. Acknowledges that the Agency continued to support the Union's efforts to reduce and replace animal testing by publishing new tools and expanding access to information, which facilitates the transition to alternatives that do not involve animal testing;
3. Notes that the Agency's final budget for 2020 was EUR 109 597 785, representing a decrease of 2,1% compared to 2019;
4. Recognises that, since the final registration deadline under the REACH Regulation in 2018, the Agency's fee income has significantly decreased, requiring it to rely increasingly on the Union to finance its operations;
5. Notes that, in 2020, the Agency collected fee income totalling EUR 32,293 million (EUR

¹ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (OJ L 396, 30.12.2006, p. 1).

44,385 million in 2019) while the Union subsidy amounted to EUR 73,796 million (EUR 64,503 million in 2019) including contributions from third countries of EUR 1,851 million (EUR 1,615 million in 2019);

6. Stresses the need to ensure that the Agency is able to fulfil its mandate in the long term; calls, in this regard, for the lack of predictability of the Agency's budget income to be addressed; while recognizing the positive developments in the governance and financing structure of the Agency, notes the declining trend in fee income and believes that a new stable financing model should be developed and introduced without delay; highlights the fact that, despite previous observations made by the Parliament and the Court of Auditors, an unforeseen and significant drop of EUR 7,0 million in fee income under the REACH Regulation was reported by the Agency in 2020;
7. Underlines the necessity of ensuring the Agency has adequate staffing levels that reflect the needs associated with the implementation of the European Green Deal and the Union Chemical Strategy for Sustainability, Circular Economy Action Plan and zero pollution ambition in particular; notes the positive work undertaken by the Agency under Directive 2008/98/EC of the European Parliament and of the Council² and recognises the need for continued efforts to be made towards establishing a fully sustainable financing model;
8. Underlines that the specific budget for training should ensure that Agency staff are properly trained regarding the latest New Approach Methodologies (NAMs), to create increased internal capacity for tackling chemical pollution and its adverse effects properly, with the latest tools³ and concepts⁴.
9. Notes that budget monitoring efforts during the financial year 2020 resulted in a budget implementation rate of 98,5 %; notes, furthermore, that the 2020 payment appropriations' execution rate was 87,5 %;
10. Notes that the Agency cooperates closely with other Union agencies, such as the European Food Safety Authority, the European Centre for Disease Prevention and Control and the European Medicines Agency, by means of memoranda of understanding, to improve exchanges of information, to achieve better mutual understanding and, where appropriate, on joint projects; underlines the importance of such an approach as regards ensuring that the work of each agency is consistent with that of the other agencies and to meet the requirements of sound financial management; welcomes the sharing of services such as the Agency's internal audit capability with the European Union Agency for the Space Programme, and encourages cooperation among the Union agencies where and whenever possible;
11. Stresses the need to allocate budgetary resources to the Agency to pursue closer cooperation to consolidate a unique Union chemical database with its sister agencies under the 'one substance-one assessment principle'⁵ in particular by incorporating

² Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

³ https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/european-partnerships-horizon-europe/candidates-european-partnerships-health_en

⁴ <https://ec.europa.eu/jrc/en/science-update/next-generation-risk-assessment-cosmetics>

⁵ https://echa.europa.eu/documents/10162/21877836/efsa-echa-position-paper-oso_en.pdf/74b1ae31-290b-a608-85e9-

NAM entries into the International Uniform Chemical Information Database⁶.

12. Welcomes the fact that, in spite of the difficult working conditions in connection with the COVID-19 pandemic, the Agency completed 194 of 210 planned outputs; notes that, in view of these external circumstances, in the case of compliance checks, 271 substances were checked out of a planned 300 outputs;
13. Notes and welcomes the fact that the 271 full compliance checks covered 258 substances and that 76 targeted checks concerning 44 substances were carried out in 2020;
14. Highlights the Agency's role in tackling the COVID-19 pandemic, including by working with the Commission and the Member States to speed up the delivery of supplies of disinfectant to the Union market;
15. Welcomes the Agency's cooperation with UK-based companies at the end of transition period that followed the withdrawal of the UK from the Union, thus helping to prevent significant disruption to the Union market;
16. Emphasises that one of the Agency's fundamental tasks for the period ahead will continue to be implementation of the Chemicals Strategy for Sustainability⁷ adopted by the Commission on 14 October 2020;
17. Welcomes the Agency's decision to become climate-neutral in line with the Union's 2030 climate target and its ambition to extend environmental certification to the Union's eco-management and audit scheme;
18. Welcomes the Agency's efforts to strengthen, clarify and speed up the process for approving and reviewing active substances with biocidal effect under the Active Substances Action Plan;
19. Notes that the Agency currently maintains the largest database on chemicals, which makes it possible to provide transparent information on chemicals used within the Union; welcomes the Agency's efforts to increase the transparency of that database by providing more detailed information to its users and the general public;
20. Takes note of the conclusions of the analysis carried out by the Agency, the Commission and the Exchange Network on Exposure Scenarios as part of the third review of the REACH Regulation, according to which further efforts are needed, in particular by industry;
21. Welcomes the Agency's analysis of the issue of microplastics and their unintentional release into the environment; agrees with the conclusion that a Union-wide ban under the REACH Regulation on products containing deliberately added microplastics which

05b340840b34#:~:text=We%20propose%20that%20%E2%80%9Cone%20substance,built%20around%20three%20main%20principles%3A&text=%2D%20Better%20coordination%20on%20or%20distribution,uses%20of%20the%20same%20chemical.

⁶ https://echa.europa.eu/documents/10162/29387629/annual_report_2020_en.pdf/09d078c5-ff40-6737-3e4c-41dea91a7738#:~:text=We%20note%20that%20the%20Agency's,final%20implementation%20rate%20of%2098.5%20%25. P63

⁷ COM(2020)0667.

are released into the environment as a result of use is an appropriate approach to resolving this issue;

22. Welcomes the fact that the Court of Auditors has stated that it has obtained reasonable assurance that the Agency's annual accounts for 2020 are reliable and that the underlying transactions are legal and regular; welcomes the fact that the Court did not include comments in its opinion;
23. Recommends, based on the facts available, that discharge be granted to the Executive Director of the European Chemicals Agency in respect of the implementation of the Agency's budget for the financial year 2020.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

| | |
|---|--|
| Date adopted | 13.1.2022 |
| Result of final vote | +: 63 -: 10 0: 5 |
| Members present for the final vote | Bartosz Arłukowicz, Margrete Auken, Simona Baldassarre, Marek Paweł Balt, Traian Băsescu, Aurélie Beigneux, Monika Beňová, Sergio Berlato, Alexander Bernhuber, Malin Björk, Simona Bonafè, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Esther de Lange, Christian Doleschal, Bas Eickhout, Cyrus Engerer, Eleonora Evi, Agnès Evren, Pietro Fiocchi, Andreas Glück, Catherine Griset, Jytte Guteland, Teuvo Hakkarainen, Anja Hazekamp, Martin Hojsík, Pär Holmgren, Jan Huitema, Yannick Jadot, Adam Jarubas, Petros Kokkalis, Athanasios Konstantinou, Ewa Kopacz, Joanna Kopcińska, Peter Liese, Sylvia Limmer, Javi López, César Luena, Fulvio Martusciello, Liudas Mažylis, Joëlle Mélin, Tilly Metz, Giuseppe Milazzo, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Dan-Ștefan Motreanu, Ville Niinistö, Ljudmila Novak, Grace O’Sullivan, Jutta Paulus, Stanislav Polčák, Jessica Polfjård, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Sándor Rónai, Rob Rooken, Silvia Sardone, Christine Schneider, Günther Sidl, Ivan Vilibor Sinčić, Linea Søgaard-Lidell, Maria Spyraiki, Nicolae Ștefănuță, Nils Torvalds, Edina Tóth, Véronique Trillet-Lenoir, Petar Vitanov, Alexandr Vondra, Mick Wallace, Pernille Weiss, Emma Wiesner, Tiemo Wölken, Anna Zalewska |
| Substitutes present for the final vote | Danilo Oscar Lancini, Demetris Papadakis |

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

| 63 | + |
|-----------|--|
| ECR | Sergio Berlato, Pietro Fiocchi, Joanna Kopcińska, Giuseppe Milazzo, Alexandr Vondra, Anna Zalewska |
| NI | Edina Tóth |
| PPE | Bartosz Arłukowicz, Traian Băsescu, Alexander Bernhuber, Nathalie Colin-Oesterlé, Christian Doleschal, Agnès Evren, Adam Jarubas, Ewa Kopacz, Esther de Lange, Peter Liese, Fulvio Martusciello, Liudas Mažylis, Dolores Montserrat, Dan-Ștefan Motreanu, Ljudmila Novak, Stanislav Polčák, Jessica Polfjård, Luisa Regimenti, Christine Schneider, Pernille Weiss |
| Renew | Pascal Canfin, Andreas Glück, Martin Hojsík, Jan Huitema, Frédérique Ries, María Soraya Rodríguez Ramos, Nicolae Ștefănuță, Linea Sogaard-Lidell, Nils Torvalds, Emma Wiesner |
| S&D | Marek Paweł Balt, Monika Beňová, Simona Bonafè, Delara Burkhardt, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Cyrus Engerer, Jytte Guteland, Javi López, César Luena, Alessandra Moretti, Demetris Papadakis, Sándor Rónai, Günther Sidl, Petar Vitanov, Tiemo Wölken |
| Verts/ALE | Margrete Auken, Bas Eickhout, Eleonora Evi, Pär Holmgren, Yannick Jadot, Tilly Metz, Ville Niinistö, Grace O'Sullivan, Jutta Paulus |

| 10 | - |
|-----|--|
| ECR | Rob Rooker |
| ID | Simona Baldassarre, Aurélia Beigneux, Catherine Griset, Teuvo Hakkarainen, Danilo Oscar Lancini, Sylvia Limmer, Joëlle Mélin, Silvia Sardone |
| NI | Ivan Vilibor Sinčić |

| 5 | 0 |
|----------|---|
| The Left | Malin Björk, Anja Hazekamp, Petros Kokkalis, Silvia Modig, Mick Wallace |

Key to symbols:

+ : in favour

- : against

0 : abstention

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

| | |
|---|---|
| Date adopted | 31.3.2022 |
| Result of final vote | <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>24</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>6</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>0</div> </div> |
| Members present for the final vote | Matteo Adinolfi, Gilles Boyer, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, José Manuel Fernandes, Raffaele Fitto, Luke Ming Flanagan, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Mislav Kolakušić, Joachim Kuhs, Ryszard Antoni Legutko, Claudiu Manda, Alin Mituța, Jan Olbrycht, Younous Omarjee, Markus Pieper, Michèle Rivasi, Petri Sarvamaa, Angelika Winzig, Lara Wolters, Tomáš Zdechovský |
| Substitutes present for the final vote | Bas Eickhout, Tsvetelina Penkova, Viola Von Cramon-Taubadel |

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

| 24 | + |
|-----------|--|
| ECR | Ryszard Czarnecki, Raffaele Fitto, Ryszard Antoni Legutko |
| PPE | Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Jan Olbrycht, Markus Pieper, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský |
| Renew | Gilles Boyer, Olivier Chastel, Pierre Karleskind, Alin Mituța |
| S&D | Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Claudiu Manda, Tsvetelina Penkova, Lara Wolters |
| Verts/ALE | Bas Eickhout, Michèle Rivasi, Viola Von Cramon-Taubadel |

| 6 | - |
|----------|--|
| ID | Matteo Adinolfi, Jean-François Jalkh, Joachim Kuhs |
| NI | Mislav Kolakušić |
| The Left | Luke Ming Flanagan, Younous Omarjee |

| 0 | 0 |
|---|---|
| | |
| | |

Key to symbols:

+ : in favour

- : against

0 : abstention