



2019

Annual Activity Report

DG Justice and Consumers



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THE DG IN BRIEF

The Directorate-General for Justice and Consumers (DG JUST) has as its overarching mission to build a European Area of Justice for the benefit of everyone in the European Union. It aims to vindicate and strengthen the rights of people living in the European Union, and to remove barriers to their full participation in the internal market, whether acting as citizens, as consumers, as entrepreneurs, throughout the EU.

DG JUST is organised in five directorates, A "Civil and Commercial Justice", B "Criminal Justice", C "Fundamental rights and rule of law", D "Equality and Union citizenship" and E "Consumers". DG JUST has a single central "Programme management" unit, operating with a common financial circuit and financial management structure for the three main financial programmes of the DG: "Rights, Equality and Citizenship" (REC), "Justice" and "Consumer" programmes.

To uphold common values, DG JUST is ensuring and promoting respect of the rule of law, the Charter of Fundamental Rights and specific rights such as data protection, freedom of expression, free movement, electoral rights and other EU citizen's rights, gender equality, non-discrimination, rights of the child, consumer protection and rights to a fair trial and of defence in criminal proceedings.

DG JUST works on the modernisation of company and contract laws, fair market conditions for consumers and companies, equality for all and, social inclusion of vulnerable groups, including Roma, gender equality, judicial cooperation in civil and criminal matters, e-justice, and the fight against fraud against EU financial interests.

DG JUST has limited financial resources at its disposal to allow implementation of its policies on the ground (total 2019 budget amounting to EUR 185.32 million, representing 0.13% of the total EU budget).

DG JUST programmes are implemented through two management modes:

- The **direct management mode** - grants and procurement – by the Commission on the "REC" and Justice programmes, and with the support of the Consumers, Health, Agriculture and Food executive agency (CHAFAEA) for the Consumers programme. In terms of payments this represents 61.54% (EUR 110.77 million).

- The **indirect management mode**. The EU has established agencies in the area of Justice and Consumers to support EU Member States and their citizens in coping with new tasks of specific nature. Each agency is unique and fulfils an individual function. Together, the European Institute for Gender Equality (EIGE), the European Union Agency for Fundamental Rights (FRA) and the European Union's Judicial Cooperation Unit (EUROJUST) provide information and advice, prepare and take decisions, oversee operations and support policy making. DG JUST pays the subsidies voted by the budgetary authority for the agencies. In terms of payments this represents 38.45% (EUR 69.2 million).

As for its Human Resources, a total of 442 staff were working for DG JUST in 2019.

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of DG Justice and Consumers to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties¹.

The executive summary has four subsections:

- a) Key results and progress towards the achievement of general and specific objectives of the DG (executive summary of section 1; *what* we have delivered)²
- b) The most relevant Key Performance Indicators (KPIs) for the illustration of policy highlights identified in the DG's 2016-2020 Strategic Plan³
- c) Key conclusions on Financial Management and Internal control (executive summary of section 2.1; *how* we have delivered)
- d) Information to the Commissioner (confirming that the main elements of the AAR have been brought to the attention of the responsible Commissioner(s), in a standard text - see below)

¹ Article 17(1) of the Treaty on European Union.

² An Executive Agency uses as heading: "Implementation of the Agency's Annual Work programme - Highlights of the year".

³ For Executive Agencies, the KPIs identified in the 2017 Annual Work Programme.

a) Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives (executive summary of section 1)

In 2019, as in previous years, the justice and consumers' policies effectively contributed to the achievement of four of the ten key strategic objectives of the Juncker Commission, namely a Connected Digital Single Market, a Deeper and Fairer Internal Market with a Strengthened Industry Base, an Area of Justice and Fundamental Rights Based on Mutual Trust and a Union of Democratic Change.

To contribute to the attainment of a *Connected Digital Single Market*, the **Digital Contracts Directives** were adopted in May 2019 by the co-legislators. They aim to harmonise key consumer contract law rules across the EU, in order to ensure a high level of consumer protection and increase legal certainty for both consumers and traders.

In addition, the Commission continued assessing **the ethical and legal implications of Artificial Intelligence**. Justice and fundamental rights policies were reflected in the Communication on building trust in human centric Artificial Intelligence issued in April 2019. DG JUST also contributed to the Commission's preparatory work for the AI White Paper published in February 2020. An Expert Group on Liability and New Technologies provided their expertise on the applicability of the Product Liability Directive to traditional products, new technologies and new societal challenges. The group also assisted in developing guiding principles for possible adaptations of applicable laws related to new technologies.

In 2019, DG JUST also focused on the application of the General Data Protection Regulation and the data protection Law Enforcement Directive, which entered into application in May 2018.

To contribute to a *Deeper and Fairer Internal Market with a Strengthened Industry Base*, number of actions were taken under justice and consumers policies. Adoption of the **"Clean energy for all Europeans" package** has completed the overhaul of the EU energy policy framework. The package provides the regulatory preconditions for the transition to clean energy and better functioning retail markets, while introducing new rights for European household consumers. As part of the **New Deal for Consumers**, Directive (EU) 2019/2161 on better enforcement and modernisation of EU consumer protection rules was adopted in November 2019. The Directive adapts existing rules to digital developments and strengthens their enforcement.

Also, the new rules on **restructuring and insolvency** adopted in June 2019 will help viable businesses in distress to access an effective restructuring framework to prevent insolvency.

The **Company law package**, i.e. new Directives on the digitalisation of company law and on cross-border mobility of companies, were adopted in 2019, which give new opportunities to EU businesses and provide strong safeguards against fraud and abuse.

DG JUST took several important initiatives in 2019 to advance an *Area of Justice and Fundamental Rights Based on Mutual Trust*.

Directive (EU) 2019/1153 was adopted to complement the **EU anti-money laundering framework**, by setting out the precise conditions under which national authorities can use financial information for prevention, detection, investigation or prosecution of certain criminal offences. Also, in the area of anti-money laundering the Commission adopted the **first autonomous list of high- risk third countries**.

The Commission published a Report on **'golden passport' schemes** operated by certain Member States, in which identified the risks that **investor citizenship and residence**

scheme pose to the EU.

The Commission continued implementing the current **judicial training strategy** (2011-2020) and surpassed, together with national authorities and Union-level networks, the overall target that 5% of all legal practitioners attend training on EU law every year by 2020. This activity remains a key contribution to the Union's area of justice by consolidating mutual trust and ensuring the proper implementation of Union law.

Work towards the **setting up of the European Public Prosecutor's Office (EPPO)**, by the end of 2020, substantially progressed in 2019. The European Parliament and the Council appointed Ms Laura Kövesi as the first European Chief Prosecutor of the EPPO. The process of selection and appointment of the European Prosecutors is underway.

Regulation (EU) 2019/816 established a centralised **ECRIS-TCN** allowing for identification of the Member States holding criminal records information on third country nationals, and Directive (EU) 2019/884 regulated the subsequent exchanges of such information via the decentralised ECRIS.

The revised so-called Brussels IIa Regulation was adopted to improve the current legal rules to better protect children in cross-border parental responsibility disputes, such as those related to custody, access rights and child abduction.

The Directive on the protection of persons reporting on breaches of Union law was adopted. It sets EU-wide standards guaranteeing a high level of protection for **whistle-blowers**.

The Commission took concrete steps towards establishing the **European Rule of Law Mechanism** to deepen the monitoring of the situation of the rule of law in Member States. To this end two communications on the strengthening of rule of law were adopted in 2019. Moreover, in October 2019, the Commission decided to refer Poland to the Court of Justice of the European Union regarding a number of issues relating to the disciplinary regime for judges in Poland.

To complement the evaluation of the **EU Framework for National Roma Integration Strategies**, the Commission issued a report on the implementation of Roma inclusion measures in the areas of education, employment, health, housing, as well as fighting antigypsyism and poverty of Roma. With a detailed overview, the Commission intended to give implicit guidance to Member States for the revision of their strategies for the post-2020 period.

Significant progress was achieved in the implementation of the **Code of Conduct on countering illegal hate speech online** agreed by the Commission with Facebook, Twitter, YouTube and Microsoft. The French gaming company jeuxvideo.com also joined the Code of Conduct.

The Commission marked the EU's Equal Pay Day on 4 November 2019 by issuing a joint Statement by First Vice-President Timmermans and Commissioners Thyssen and Jourovà, and publishing relevant communication material and reports. The **Directive on Work-Life Balance** for Working Parents and Carers adopted in June 2019 will modernise family leaves and will allow for more-flexible working arrangements.

In the 2019 European Semester, seven Member States received a country-specific recommendation on the need to improve the effectiveness of their justice systems. DG JUST also monitored nine further Member States, in which justice reforms have been ongoing.

To ensure a *Union of Democratic Change*, broad efforts were made to protect the 2019 European Parliament elections. The Commission supported Member States in establishing and organising meetings of a European cooperation network on elections. The network

will continue to address potential risks and identify solutions, and contribute to building more resilient electoral and democratic systems across the EU.

b) Key Performance Indicators (KPIs)

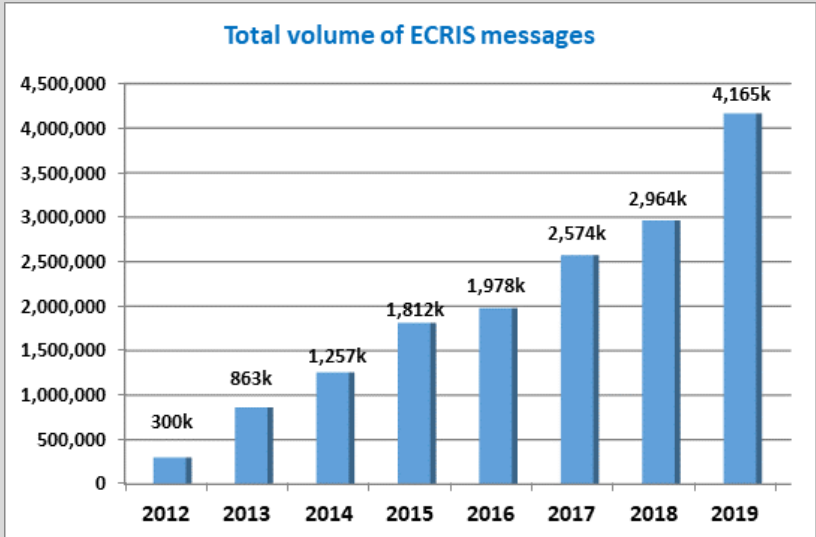
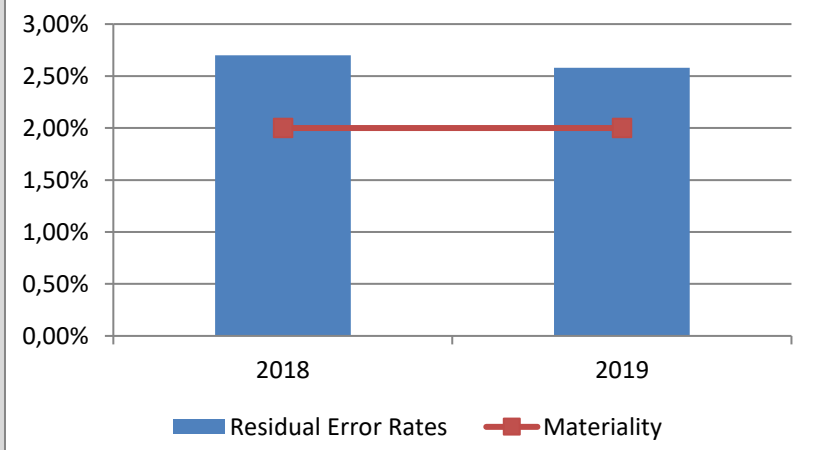
Result/Impact indicator (description)	Target (or milestones)	Latest known results as per Annual Activity Report															
<p>Variation in consumers' confidence in cross-border online shopping</p>	<p>Baseline: 36.7 % Target 2020: Increase of about 5 percentage points Latest known result (2018)⁴: 48.3 %</p>	<table border="1"> <caption>Variation in consumers' confidence in cross-border online shopping</caption> <thead> <tr> <th>Year</th> <th>Results</th> <th>Milestones/target</th> </tr> </thead> <tbody> <tr> <td>2014 (baseline)</td> <td>37</td> <td>37</td> </tr> <tr> <td>2016</td> <td>58</td> <td>38</td> </tr> <tr> <td>2018</td> <td>48</td> <td>40</td> </tr> <tr> <td>2020 (target)</td> <td>-</td> <td>42</td> </tr> </tbody> </table>	Year	Results	Milestones/target	2014 (baseline)	37	37	2016	58	38	2018	48	40	2020 (target)	-	42
Year	Results	Milestones/target															
2014 (baseline)	37	37															
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2020 (target)	-	42															
<p>Consumer conditions index</p>	<p>Baseline: 62 Target 2020:66 Latest known result (2018)⁵: 63.04</p>	<table border="1"> <caption>Consumer conditions index</caption> <thead> <tr> <th>Year</th> <th>Results</th> <th>Milestones/target</th> </tr> </thead> <tbody> <tr> <td>2014 (baseline)</td> <td>62</td> <td>62</td> </tr> <tr> <td>2016</td> <td>65</td> <td>63</td> </tr> <tr> <td>2018</td> <td>63</td> <td>64</td> </tr> <tr> <td>2020 (target)</td> <td>-</td> <td>66</td> </tr> </tbody> </table>	Year	Results	Milestones/target	2014 (baseline)	62	62	2016	65	63	2018	63	64	2020 (target)	-	66
Year	Results	Milestones/target															
2014 (baseline)	62	62															
2016	65	63															
2018	63	64															
2020 (target)	-	66															

⁴ Indicators collected every two years, last time in 2018

⁵ Indicators collected every two years, last time in 2018

Percentage of member states who in year y +1 implemented reforms to their judicial system made in the context of the European Semester in year y	Target 2020: 100 % of monitored Member States show some progress Latest known result (2019): 100%		
		Milestone/target	Result
	2015	4 Member States received justice-related country-specific recommendations (CSRs)	X
	2016 ⁶	6 Member States received justice-related CSRs (2 Members States from 2015 and 4 new ones)	100% (4 Member States made at least limited progress)
	2017	5 Member States received justice-related CSRs [2 MS from 2015 and 3 from 2016]	100% (the 6 MS that received justice-related CSR in 2016 made at least limited progress)
	2018	5 Member States received justice-related CSRs [2 MS from 2015 and 3 from 2016]	100% (the 5 MS that received justice-related CSR in 2017 made at least limited progress).
	2019	7 Member States received justice related CSRs (5 Member States from 2018 and 2 from 2019)	100% (the 5 MS that received justice-related CSRs in 2018 made at least limited progress; the progress made on the 2019 CSRs will only be assessed in 2020)
Number of exchanges of information in the European	Baseline: 300.000 (2012) Target 2020: 3.500.000 Latest known result: 3.525.000 until October 2019 (3.700.000 expected by the end of 2019)		

⁶ Target and result for 2016 were updated to enhance coherence of measurement.

<p>Criminal Records Information System (ECRIS)</p>	<p>Total number of ECRIS messages exchanged among the Member States since go live of the system in 2012.</p>  <table border="1"> <caption>Total volume of ECRIS messages</caption> <thead> <tr> <th>Year</th> <th>Volume (k)</th> </tr> </thead> <tbody> <tr><td>2012</td><td>300</td></tr> <tr><td>2013</td><td>863</td></tr> <tr><td>2014</td><td>1,257</td></tr> <tr><td>2015</td><td>1,812</td></tr> <tr><td>2016</td><td>1,978</td></tr> <tr><td>2017</td><td>2,574</td></tr> <tr><td>2018</td><td>2,964</td></tr> <tr><td>2019</td><td>4,165</td></tr> </tbody> </table>	Year	Volume (k)	2012	300	2013	863	2014	1,257	2015	1,812	2016	1,978	2017	2,574	2018	2,964	2019	4,165
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<p>Estimated residual error rate</p>	<p>Direct management: grant</p> <p>Target 2020: below 2%</p> <p>Latest known result: 2.65%</p> <p>Error rates are measured separately for each distinct control system. The residual error rate for grants continues to be above the materiality criteria of 2%, resulting in a reservation issued for the direct management grants.</p>  <table border="1"> <caption>Estimated residual error rate</caption> <thead> <tr> <th>Year</th> <th>Residual Error Rate (%)</th> <th>Materiality (%)</th> </tr> </thead> <tbody> <tr><td>2018</td><td>2,65</td><td>2,00</td></tr> <tr><td>2019</td><td>2,00</td><td>2,00</td></tr> </tbody> </table>	Year	Residual Error Rate (%)	Materiality (%)	2018	2,65	2,00	2019	2,00	2,00									
Year	Residual Error Rate (%)	Materiality (%)																	
2018	2,65	2,00																	
2019	2,00	2,00																	

c) Key conclusions on Financial management and Internal control (executive summary of section 2.1)

In accordance with the governance arrangements of the European Commission, (the staff of) DG JUST conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. DG JUST has assessed its internal control systems during the reporting year and has

concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3, 4, 10 and 12. Please refer to AAR section 2.1.3 for further details.

In addition, DG JUST has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reservation concerning the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by the Directorate General Justice and Consumers under the budget chapters 33 02 and 33 03.

d) Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the DG and the Commissioner(s) on management matters, the main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Commissioner Didier Reynders, responsible for justice portfolio and Commissioner Helena Dalli, responsible for equality portfolio.

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF THE COMMISSION'S GENERAL OBJECTIVES AND DG'S SPECIFIC OBJECTIVES⁷

This part presents the key results and progress noted in the main areas of DG JUST's work in 2019: civil justice, criminal law, fundamental rights, rule of law, equality, Union citizenship and consumers.

DG JUST is responsible for three financial programmes: Rights, Equality and Citizenship (REC) programme (2014-2020), Justice programme (2014-2020) and Consumer programme (2014-2020). The results of the mid-term evaluations of the current programmes show their benefit and relevance to achieve their relevant specific objectives.

In the area of DG JUST, a number of specialised agencies cope with tasks of a legal, technical and scientific nature. The Consumers, Health, Agriculture and Food Executive agency (CHAFEA) is entrusted with the management of the Consumer programme. Three decentralised agencies support DG JUST and Member States in implementing evidence based policies by providing high quality data and expertise in core areas, such as: (i) non-discrimination and combatting racism, xenophobia and other forms of intolerance (EU Agency for Fundamental Rights); (ii) gender-related topics (European Institute for Gender Equality (EIGE), and (iii) promotion of cooperation and coordination between the competent judicial authorities in the EU countries involved in investigations and prosecutions of serious cross-border criminal cases (EUROJUST).

A Connected Digital Single Market

Specific objective 2.1: Highest level of protection of privacy and personal data

Following the entry into application of the **General Data Protection Regulation** and the data protection Law Enforcement Directive in May 2018, DG JUST in 2019 focused on the application of these new legislations. To this end, DG JUST closely worked with Member States, with the data protection authorities cooperating within the European Data Protection Board, and with stakeholders. Among others, DG JUST carried out mid-2019 a stock-taking exercise of the application of the GDPR, highlighting the achievements but also the challenges ahead, conducted awareness-raising campaigns targeting individuals and SMEs, and provided financial support to data protection authorities. The Commission on DG JUST's recommendation launched infringement proceedings against a number of Member States for the lack of transposition of the Law Enforcement Directive.

Specific objective 2.2: Increased share of businesses and consumers engaging in online cross-border trade of goods and digital content, enhanced consumer and business confidence in buying and selling online, as well as in accessing and making use of digital content

The **Digital Contracts Directives**⁸ adopted on 20 May 2019 aims to harmonise key consumer contract law rules across the EU. Their objective is to ensure a high level of consumer protection and increase legal certainty for both consumers and traders. Their implementation should promote cross-border transactions concerning goods, smart

⁸ Directive (EU) 2019/770 on certain aspects concerning contracts for the supply of digital content and digital services and Directive (EU) 2019/771 on certain aspects concerning contracts for the sale of goods

goods, digital content and digital services.

Justice policies were reflected in the Communication on building trust in human centric Artificial Intelligence issued in April 2019. Following its Communication "Artificial Intelligence for Europe"⁹, the Commission continued assessment of **the legal implications of Artificial Intelligence** (liability). An Expert Group on Liability and New Technologies, funded via the Rights, Equality and Citizenship programme, provided the Commission with expertise on the applicability of the Product Liability Directive and national civil liability rules. The group also assisted in developing guiding principles for possible adaptations of applicable laws related to new technologies. The Report of the Expert Group, published in November 2019¹⁰, presents its views on existing liability regimes in the wake of emerging digital technologies. It concludes that Europe has the necessary elements to become a leader in the AI revolution - a strong scientific and industrial base to build on and a comprehensive legal framework, which protects consumers while promoting innovation. It highlights the need to join forces at European level, to ensure that adequate resources are devoted to AI and that the Union's values and fundamental rights are at the forefront of the AI landscape.

A Deeper and Fairer Internal Market with a Strengthened Industry Base

Specific objective 4.1: Empowered energy consumers and enhanced competition through improved

The adoption of the "Clean energy for all Europeans" package in May 2019 has completed the overhaul of the EU energy policy framework. The package provides the regulatory preconditions for the transition to clean energy and better functioning retail markets, while introducing new rights for European household consumers.

In 2019, a series of actions aimed **to ensure that consumer aspects were integrated in various policy initiatives in the area of a green, low-carbon and circular economy**. These included several meetings and conferences presenting the results of an EU-wide behavioural study on consumers' engagement in the circular economy¹¹, preparations of the Commission's engagement in the European Green Deal¹² priority and the future action plan on circular economy. Main preparations were completed for the launch a study to gather evidence on ways to empower consumers to play an active role in the green transition. The studies were funded through the Consumer Programme.

Specific objective 4.2: Consolidated and improved consumer rights in the internal market

To increase awareness of protection against unfair terms in consumer contracts, such as undue limitation of consumers' legal rights and unilateral changes, the Commission issued guidance on the application and interpretation of the Unfair Contract Terms Directive in July 2019.

As part of the **New Deal for Consumers**, Directive (EU) 2019/2161 on better enforcement and modernisation of EU consumer protection rules¹³ was adopted in November 2019. The Directive adapts existing rules to digital developments and

⁹ COM/2018/237: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A237%3AFIN>

¹⁰ Liability for Artificial Intelligence and other emerging technologies' Report
https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=63199

¹¹ https://ec.europa.eu/info/live-work-travel-eu/consumers/sustainable-consumption_en

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1579797789720&uri=CELEX:32019L2161>

strengthens their enforcement. The new rules¹⁴ also set up deterrent fines for 'widespread infringements' of consumer rights subject to coordinated actions under the Consumer Protection Cooperation Regulation. In March and November 2019, respectively, the European Parliament and the Council adopted their negotiation positions on a separate proposal on a European system of collective redress¹⁵ when groups of consumers have suffered harm. The legislative work continues in 2020.

The new rules tackle better **dual quality** of consumer goods. Directive (EU) 2019/2161 clarifies when the differentiation in the composition of goods presented in the same or a similar package across Member States could be misleading. The results of a comparative study on food products, carried out by the Joint Research Centre, showed that while almost a third of tested food products had an identical or similar presentation but different compositions, no specific geographic pattern could be identified.

Consumer protection cooperation (CPC) authorities worked together and with the Commission to address misleading commercial practices of major online operators, namely, Facebook, Airbnb and booking.com. The objective was to improve the transparency of their offers and the fairness of their terms and condition. Furthermore, intense work took place to ensure that national authorities implement efficiently the new CPC regulation and have a modern IT system to support their cooperation. Several CPC workshops, exchange of CPC officials between Member States and an upgrade of the IT system received financial support from the Consumer Programme.

Specific objective 4.3: Consolidated and enhanced product safety through effective market surveillance in the Union

In 2019, to reinforce market surveillance through better coordination, prioritisation and setting up of joint testing of products by national authorities, DG JUST launched a new framework contract using funding of the Consumer Programme. These coordinated activities on the safety of products provide national authorities in the EU/EEA with the necessary financing and tools to jointly test products, determine and discuss their risks and take the necessary measures against any identified dangerous products.

Following the signature of the Product Safety Pledge in 2018, the four online marketplaces submitted in July 2019 to the Commission their first progress report. A fifth company, C-Discout, joined the initiative in July 2019 as well.

In 2019, with financial support of the Consumer Programme, the Commission launched a new EU product safety award to showcase best business practices in consumer protection that can serve as an inspiration for other companies. Four SMEs and four large companies excelling in the safety of childcare products were rewarded in the inaugural edition.

In October, the Commission College adopted the first Commission implementing decision¹⁶ on referencing of European standards for products under the new rules¹⁷. Its Annex contains the consolidated list of all standards published in the Official Journal under the General Product Safety Directive (GPSD).

In cooperation with the Member States, DG JUST is revising the old safety requirements and the mandate on Child Care Articles. The objective is to adopt the act in 2020.

¹⁴ https://ec.europa.eu/info/sites/info/files/factsheet_new_deal_consumer_benefits_2019.pdf

¹⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1573719043364&uri=CELEX:52018PC0184>

¹⁶ [C\(2019\)7126](#)

¹⁷ [COM/2018/764 final](#)

Specific objective 4.4: Easier resolution of disputes and recovery of claims, including across borders, for consumers and individuals

To advertise the benefits of a European Small Claims Procedure, the Commission rolled out an information campaign. The European Small Claims Procedure is a simplified civil procedure applicable to cross-border claims of value up to €5.000, useful in particular for consumers and SMEs. The campaign was centred on two updated practical guides, explaining the procedure for legal professionals and for potential users. It included internet advertising campaign, which led to almost tripling the number of visits at the European e-Justice Portal page dedicated to the European Small Claims Procedure.

The Commission report¹⁸ on the functioning of the Alternative Dispute Resolution Directive in the Member States concluded that the framework has been implemented fully and correctly but that the use of Alternative Dispute resolution by traders needs to be further encouraged. The effectiveness of Online Dispute Resolution platform was significantly increased by adding new modules - a self-assessment and a direct negotiation module in 2019. European consumer centres continued to assist consumers with cross border purchase issues and helped directly 120 000 consumers in 2019.

Specific objective 4.5: Less differences between national insolvency regimes with the aim of increasing recovery rates, reducing time and costs of insolvency proceedings; and giving honest but bankrupt individuals a second chance in a reasonable timeframe

The new rules on restructuring and insolvency¹⁹ adopted in June 2019 will help viable businesses in distress to access an effective restructuring framework to prevent insolvency, continue their activity and preserve jobs. Under the new rules, the EU is giving reputable bankrupt entrepreneurs a second chance by discharging their debts in no more than three years. The rules will also improve the efficiency of insolvency, restructuring and discharge procedures, reducing excessive procedural length and costs in many Member States.

Specific objective 4.6: More legal certainty for commercial and financial transactions in the internal market (e.g. assignment of claims)

Negotiations continued throughout 2019 on the Commission's proposal for the law applicable to the third-party effects of assignments of claims. Its objective is to provide legal certainty by adopting common conflict of laws rules. These rules will indicate the national law that should apply to determine the ownership of a claim (credit) assigned on a cross-border basis. The European Parliament adopted its position in the first reading, while Council discussions focused on the impact of the proposed new instrument on financial markets.

Specific objective 4.7: Better business environment for investors, stakeholders and companies in the EU, in particular SMEs, more development/integration of the European capital markets by developing efficient EU rules concerning the formation, operation and transformation of companies and on the relationship between the company's management, board, shareholders and other stake

Based on the 2018 Commission's proposals under the **Company law package**, two new Directives²⁰ were adopted in 2019. They enable companies to use digital tools in

¹⁸ COM(2019) 425 final

¹⁹ Directive (EU)2019/1023

²⁰ Directive (EU) 2019/1151 on the use of digital tools and processes in company law and Directive (EU) 2019/2121 on cross-border conversions, mergers and divisions.

company law procedures, e.g. to set up a new company or branch and to update information in business registers fully online, and allow companies to restructure and move cross-border across the EU. At the same time, they provide strong safeguards against fraud and to protect stakeholders, including employees.

In May 2019, the revised Capital Requirements Regulation²¹ (CRR) and the Capital Requirements Directive²² were adopted. They set up the regulatory framework applicable to credit institutions and systemic investment firms. In November 2019, the new prudential framework for non-systemic investment firms known as the Investment Firms Regulation²³ and Directive²⁴ also were adopted.

An Area of Justice and Fundamental Rights Based on Mutual Trust

Specific objective 7.1: More effective national justice systems

In the 2019 European Semester, seven Member States (Croatia, Italy, Cyprus, Hungary, Malta, Portugal, Slovakia) received a country-specific recommendation on the need to improve the effectiveness of their justice systems. DG JUST also monitored nine further Member States (Belgium, Bulgaria, Greece, Spain, Ireland, Latvia, Poland, Romania, Slovenia), in which justice reforms have been ongoing.

DG JUST prepared with the support of the Justice Programme the 2019 EU Justice Scoreboard to assist the Member States to achieve more effective justice by providing objective, reliable and comparable data on the quality, independence and efficiency of justice systems in all Member States.

Specific objective 7.2: Better EU financial markets with a sound framework to combat money laundering and terrorist financing

The adoption of Directive (EU) 2019/1153 in June 2019, complemented the strong EU **Anti-Money Laundering** framework, by setting out the precise conditions under which national authorities can use financial information for prevention, detection, investigation or prosecution of certain criminal offences. The use of financial information has increased by giving law-enforcement authorities direct access to information about the identity of bank-account holders contained in national centralised registries. In addition, law enforcement authorities are given the possibility to access certain information from national Financial Intelligence Units (FIUs) – including data on financial transactions – and also improves the information exchange between FIUs as well as their access to law enforcement information necessary for the performance of their tasks. These measures will speed up criminal investigations.

On 24 July 2019, the Commission adopted a number of measures to fight against money laundering and terrorist financing. The purpose of the AML package was to analyse the shortcomings of the current anti-money laundering framework, with focus on supervision and cooperation. These included a Communication towards a better implementation of the EU's anti-money laundering and countering the financing of terrorism framework and four reports: the supranational risk assessment report; the assessment of recent high-profile money laundering cases in the financial sector; the Financial Intelligence Units

²¹ Regulation (EU) 2019/876

²² Directive (EU) 2019/878

²³ Regulation (EU) 2019/2033

²⁴ Directive (EU) 2019/2034

report and the interconnection of central bank account registries' report. Also, it aimed to identify ways to address the shortcomings by informing the future debate on further action for a comprehensive Anti-Money Laundering /Combating the Financing of Terrorism policy at EU level. The EU Anti-Money Laundering framework was further improved by the adoption in December 2019 of **Regulation (EU) 2019/2175** with targeted amendments to the Regulations establishing the Supervisory Authorities. In particular, the European Banking Authority anti-money laundering powers were reinforced to ensure that risks of money-laundering are effectively and consistently supervised.

In February 2019, the Commission adopted its **first autonomous list of high-risk third countries**, based on a methodology published in June 2018. The objective of the list was to protect the Union internal market through application of enhanced due diligence measures. Following the Council's objection on 7 March 2019, and the European Parliament resolution 5 of 14 March 2019, the Commission services have been working on a refined process to address concerns.

Specific objective 7.3: Enhanced rights deriving from the citizenship of the Union

In January, the Commission published a Report on '**golden passport**' schemes operated by certain Member States. These investor citizenship and residence schemes allow a person to obtain the nationality or residence permit of a Member State by making an investment and without proving a genuine link to the Member State in question. This affects citizenship of the EU. Member States tend to make such a link a condition to national citizenship, and on this basis have accepted that EU citizenship accrues automatically to anyone who becomes a citizen of a Member State.

The Commission's report identified the risks that **investor citizenship and residence scheme** pose to the EU, specifically in terms of security, money laundering, tax evasion and corruption, and expressed concerns that the measures taken by Member States are not always enough to mitigate the risks. The Commission set up a group of experts from Member States to examine the risks arising from the schemes and address the issues of transparency and good governance. It will continue to monitor the compliance of the schemes with EU law.

In June 2019, as part of its actions facilitating the exercise of the right to move and reside freely within the Union, the EU adopted a Regulation on the security of **identity cards and residence documents**. The new rules define minimum common standards for EU citizens' identity cards and non-EU family members' residence cards, as well as minimum content for residence documents of EU citizens. This will make these documents more secure and reliable, and increase trust and acceptance. They will allow citizens to travel more smoothly across the EU, will reduce obstacles to exercising the right of free movement and will close loopholes that terrorists and other criminals might seek to exploit.

With a view to strengthening the right of EU citizens to consular protection in non-EU countries where their own Member State is not represented, new rules creating a modern **EU Emergency Travel Document** were adopted. These rules will ensure that EU citizens can quickly receive a secure and widely accepted EU Emergency Travel Document from any Member State, allowing them to return home safely.

Specific objective 7.4: Enhanced rights enshrined in the EU Charter of Fundamental rights, including the rights of the child

In March 2019, partial political agreements were reached on both the **Justice programme** aiming at promoting the further development of an EU area of justice and on the **Citizens, Equality, Rights and Values** aiming at protecting and promoting rights and values as enshrined in the EU Treaties and in the EU Charter of Fundamental Rights.

In October, the Directive on the protection of persons reporting on breaches of Union law, was adopted, which sets EU-wide standards guaranteeing a high level of protection for **whistle-blowers** who report violations of EU rules in many key areas of EU law.

The Commission adopted its annual **Charter Report** in June 2019 marking the 10th anniversary of the EU Charter of Fundamental Rights as a source of primary EU law. As a follow-up to the report, the Council adopted Conclusions on the Charter on 7 October 2019 and the Commission organised together with the Finnish Presidency of the EU and the EU Agency for Fundamental Rights a conference on 12 November 2019 to support the application of the Charter at national level. On 25 July 2019 the Commission referred Hungary to the EU Court of Justice on a legislation criminalising civil society activities in support of asylum applications. The legislation raises serious concerns as regards its compatibility with the EU acquis on asylum and the Charter of Fundamental Rights.

In April 2019, the EU Forum on the **Rights of the Child** identified the following as areas of particular interest for future work: the protection of children in migration; child rights in the world of new technologies; and child participation in the EU political and democratic life. As regards the latter, a study was launched in December 2019 to map existing mechanisms of child participation and identify good practices. Furthermore, a conference on funding for the rights of the child under the Rights, Equality and Citizenship Programme was organised. The actions were supported by the Rights, Equality and Citizenship programme.

The Council adopted a revision of the so-called **Brussels IIa** Regulation, which improves the current legal rules to better protect children in cross-border parental responsibility disputes, such as those related to custody, access rights and child abduction. With the new rules, judicial cooperation will be faster and more efficient to make sure that the best interests of the children come first.

At international level, Council Decisions aimed at authorising Member States to accept the accession of several third States (Belarus, Uzbekistan, Dominican Republic, Ecuador, Ukraine, Honduras) to the 1980 Hague Convention on International Child Abduction were adopted in February 2019.

Specific objective 7.5: A respected Rule of Law in the EU with any systemic threats addressed
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Respect for the rule of law is a prerequisite for the protection of all fundamental values listed in Article 2 of the Treaty on European Union, including democracy and fundamental rights. It is also a precondition for upholding all rights and obligations deriving from the Treaties and from international law. In fact, respect for the rule of law is essential for the well functioning of the Union, for the internal market, for competitiveness and investment. Finally, it is crucial for establishing mutual trust between Member States and their legal systems.

In 2019, the Commission further pursued its efforts to uphold the full respect of the rule of law and democracy in the European Union.

Following two Communications of the Commission on further strengthening the rule of law within the Union in April 2019²⁵ and in July 2019²⁶, and as announced in the political guidelines of Commission President von der Leyen, the Commission started putting in place a European Rule of Law Mechanism to deepen the monitoring of the situation of the rule of law in Member States.

²⁵ COM(2019)163 final

²⁶ COM(2019)343

On 10 October 2019, the Commission decided to refer Poland to the Court of Justice of the European Union regarding a number of issues relating to the disciplinary regime for judges in Poland. Moreover, on 24 June 2019, the Court of Justice delivered its ruling in line with the Commission position on the retirement regime for Supreme Court judges and subsequently, on 5 November 2019 its ruling on the retirement regime for ordinary court judges, again in line with the Commission position. The Commission additionally called for the swift adoption of the proposal presented in the context of the Multiannual Financial Framework on the protection of Union's budget in case generalised rule of law deficiencies pose a risk to EU financial interests.

Specific objective 7.6: A more developed European Area of Justice with more judicial cooperation in civil and criminal matters

Cross-border access to **electronic evidence** is increasingly used in criminal proceedings. In addition to proposing internal EU rules, on which the General Approach was reached at the Justice and Home Affairs Council in December 2018, the Commission aims to pursue a comprehensive agreement with the United States of America on access to e-evidence that places data exchange in a reciprocal legal framework and ensures the necessary safeguards. Such comprehensive safeguards must ensure full respect of fundamental rights and in particular, the right to data protection in line with the safeguards and requirements set out by the European Court of Justice.

The Commission adopted a recommendation²⁷ to open negotiations with the United States on 5 February 2019. Following detailed discussions with EU Member States, the Justice & Home Affairs Council on 6 June 2019 adopted a mandate for the Commission to start negotiations. Three negotiating rounds have taken place on 25 September, 6 November and 10 December. Negotiations will continue throughout 2020.

Work towards the adoption of the revised Regulations on **service of documents and taking of evidence** progressed well with the general approaches adopted in December 2019. Trilogues are expected to start in 2020. The revision is aimed, in particular, at the modernisation and digitalisation of civil justice.

For digital exchanges of evidence, the Commission developed a reference implementation for the E-Evidence Digital Exchange System to allow exchanges in relation to European Investigation Orders and Mutual Legal Assistance. National connections to the system will be implemented throughout 2020.

Work towards the **setting up of the European Public Prosecutor's Office (EPPO)** substantially progressed in 2019.

The Council adopted a Decision²⁸ on the transitional rules for the appointment of European Prosecutors for and during the first mandate period, provided for in Article 16(4) of the EPPO Regulation.

The European Parliament and the Council appointed Ms Laura Kövesi²⁹ as the first European Chief Prosecutor of the EPPO. Ms Kövesi took up office on 1 November 2019 in Luxembourg, at the seat of the EPPO. The process of selection and appointment of the European Prosecutors is underway.

The European Chief Prosecutor and the European Prosecutors (EPPO College) will work towards the setting up of the EPPO by the end of 2020

²⁷ COM(2019) 70 final

²⁸ Decision (EU) 2019/598

²⁹ Decision (EU) 2019/1798 of 23 October 2019

The Commission worked closely with the EPPO Expert Group, composed of representatives of the participating Member States. It consulted the Group on the various practical matters related to the setting-up of the EPPO, such as the development of a Case Management System and the necessary adaptations at national level, which are required for a smooth taking up of the functions of the EPPO in accordance with the EPPO Regulation.

The worldwide Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters ("**Judgments Convention**") was adopted in the Hague Conference on Private International Law. It will ensure recognition and enforcement of judgments in civil and commercial matters at the global level. The Convention will promote effective access to justice for individuals and businesses and will facilitate rule-based multilateral trade and investment. The Commission represented the European Union in these negotiations and started preparatory work towards a rapid EU accession to the Convention.

In 2019, the Commission continued implementing the current **judicial training strategy** (2011-2020) and surpassed, together with national authorities and Union-level networks, the overall target that 5% of all legal practitioners attend training on EU law every year by 2020. This activity remains a key contribution to the Union's area of justice by consolidating mutual trust and ensuring the proper implementation of Union law.

The judicial cooperation in criminal matters has been further expanded with adoption in April 2019 of two instruments allowing for efficient exchange between the Member States of criminal records information on third country nationals convicted on the EU territory. Regulation (EU) 2019/816 established a centralised **ECRIS-TCN** allowing for identification of the Member States holding criminal records information on third country nationals, and Directive (EU) 2019/884 regulated the subsequent exchanges of such information via the decentralised ECRIS.

2019 brought also progress in the implementation of the new system as the first set of implementing measures for ECRIS-TCN has been prepared for adoption in 2020. At the same time, the exchanges of criminal records information via the existing ECRIS has reached the targeted 3.500.000 already in October 2019.

On 12 December 2019, **the Eurojust Regulation** entered into application. On the basis of this Regulation, the Commission adopted on 14 October 2019 a proposal to the Council on the compensation mechanism (Article 12 of Eurojust Regulation).

Specific objective 7.7: A well-functioning European Judicial Network in civil and commercial matters with adequate resources

The European Judicial Network in civil and commercial matters continued to provide substantial support to efficient judicial cooperation between Member States. In 2019, a dedicated call was launched again to support the national networks of civil judicial cooperation with EU funding building up and strengthening the national networks of civil judicial cooperation.

Specific objective 7.8: Less discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation and more Roma integration

The Commission continued to monitor closely the correct enforcement and application of the **Racial Equality Directive** with specific focus on monitoring the correct enforcement as regards the national equality bodies and the Roma. Reasoned opinion was launched against Slovakia to follow up the alleged segregation of Roma children in education. Negotiations continued in the Council concerning the Commission's proposal for a

Horizontal Equal Treatment Directive³⁰, which aims to extend protection against discrimination on grounds of religion or belief, disability, age and sexual orientation to areas outside employment.

To complement the evaluation of the **EU Framework for National Roma Integration Strategies**, the Commission issued a report³¹ on the implementation of Roma inclusion measures in the areas of education, employment, health, housing, as well as fighting antigypsyism and poverty of Roma. The report, funded via the Rights, Equality and Citizenship programme, provided an overview of the main type of measures implemented, their achievements and challenges, and formulated policy learnings by highlighting promising approaches, as well as priorities that remain to be addressed. With a detailed overview, the Commission intended to give implicit guidance to Member States for the revision of their strategies for the post-2020 period.

In March 2019 the Commission co-organised the EU Roma week with the European Parliament and co-hosted a full day event focusing on the forward looking conclusions of the evaluation of the EU Framework³². The Roma Civil Monitor EP Pilot³³ project focusing on capacity building and coordinated civil monitoring by over 90 civil society organisations and experts from 27 Member States. In the context of the European Semester, the Commission continued to monitor progress in Roma inclusion in the areas of education, employment and social inclusion, and proposed country-specific recommendations with explicit Roma references for four Member States.

Specific objective 7.9: Less racism, xenophobia, anti-Semitism, anti-Muslim hatred and other related forms of intolerance

In March 2019, the Commission published a Staff Working Document presenting the main achievements on **combating racism and xenophobia** since 2015, with a particular focus on the positive results in the fight against hate speech online and in the support to investigation and prosecution of hate crimes by national authorities.

Significant progress was achieved in the implementation of the Code of Conduct on countering illegal hate speech online agreed by the Commission with Facebook, Twitter, YouTube and Microsoft: according to the evaluation published in February in 2019, IT Companies removed 72% of the hate speech content flagged to them and responded to 89% of notifications within 24h. The French gaming company jeuxvideo.com joined the Code of conduct in February 2019.

DG JUST launched a working group on antisemitism, which supports Member States in the implementation of the Council Declaration on countering antisemitism. Two meetings took place in 2019 to share best practices on security and on education. DG JUST published in January a Eurobarometer on perception of Antisemitism, and in July, as follow up to the EU agency for Fundamental Right's Antisemitism survey of December 2018, a specific report on challenges and identity of young Jewish Europeans. Under the Action plan to protect public spaces, dedicated meetings on security of religious premises were organised to strengthen collaboration of faith communities.

The activities of the Coordinator on combating anti-Muslim hatred focused on increasing synergies and cooperation between civil society organisations and public authorities in the Member States. A conference with this objective was co-organised with the Spanish

³⁰ Proposal for a Council Directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation (COM(2008) 426 final).

³¹ COM (2019) 406

³² COM (2018) 785 final

³³ <https://cps.ceu.edu/roma-civil-monitor>

authorities in Madrid in June 2019. DG JUST in partnership with EUROCITIES organised two workshops on inclusion of Muslim communities at the local level in June 2019 and November 2019.

Specific objective 7.10: More diversity in the workplace

In 2019 two new **Diversity Charters** were launched in Greece and Latvia, bringing the total number of Diversity Charters in the EU to 24. More than 10 000 organisations, including companies, NGOs and public bodies covering over 15.3 million employees in the EU have signed the 24 Charters.

The 10th Annual Forum of Diversity Charters that took place in Brussels in May 2019 focused under a theme "United in Diversity – a Common Challenge." Businesses, academics and policymakers debated on proposals and good practices on how diversity can be put in practice in the workplace and on ways of better measuring the impact of diversity policies.

Specific objective 7.11: More support for EU Member States in key LGBTI-related areas and improved social acceptance

The Commission presented its third annual report on the List of actions to advance LGBTI equality at the occasion of the High Level Group on Non-Discrimination, Equality and Diversity on 20 March 2019. On 23 and 24 September the Commission together with the Finnish Presidency of the Council of the European Union organised the conference 'Advancing LGBTI equality in the EU: from 2020 and beyond' with the purpose of taking stock of the achievements under the list of actions and to discuss how to advance LGBTI equality in the upcoming years.

With the support of the Rights, Equality and Citizenship programme, awareness raising activities included the participation of Commissioner Jourovà in the EuroPride in Vienna or a dissemination of a new video through social media that focussed on the importance to support friends when they are coming-out. The #EU4LGBTI toolkit for EU representations was updated to be used to mark IDAHOT and the national pride, and to meet with stakeholders.

Specific objective 7.12: No gender-based violence and more victim support

The Commission continued combatting **gender-based violence** as one of its gender equality policy priorities. In particular, continued to advance the negotiations on the EU's accession to the Council of Europe convention on preventing and combatting violence against women and domestic violence. Following a resolution of the European Parliament, an opinion was requested from the Court of Justice of the European Union on the remaining legal questions related to the process. In 2019, extensive efforts were made for the preparation of the Gender Equality Strategy.

In January 2019, the Commission adopted a financing decision to set up an EU Centre of Expertise for victims of terrorism – a two years pilot project that will kick off in 2020.

Specific objective 7.13: More safeguarding of the fundamental right to data protection in our external relations

In January 2019, the EU and Japan adopted mutual adequacy decisions, thereby creating the world's largest area of free and safe data flows. As regards Korea, the Korean parliament in 2019 discussed the amendment bill that transfers the powers to enforce the data protection law (PIPA) to the independent oversight authority (PIPC), a central requirement for an adequacy finding. The bill was finally passed in early January 2020. On this basis, the two sides seek to swiftly conclude the adequacy talks in the first quarter of 2020.

At multilateral level, on 9 April 2019 the European Council adopted its decision authorising EU Member States to ratify, in the interest of the Union, the Protocol amending Council of Europe Convention 108, with two Member States already ratifying (and almost all signing) the Convention in 2019.

Specific objective 7.14: An adequate protection of EU citizens' personal data transferred to the US

On 23 October 2019, the Commission published its report and accompanying Staff Working Document on the third annual review of the EU-US Privacy Shield that it had carried out together with representatives from the Member States data protection authorities. The report confirms that the U.S. continues to ensure an adequate level of protection for personal data transferred under the Privacy Shield from the EU to participating companies in the United States. While referring to a number of improvements in the functioning of the framework, and welcoming appointments to key oversight and redress bodies (such as the Privacy Shield Ombudsperson), the report concludes that a number of concrete steps need to be taken to better ensure the effective functioning of the Privacy Shield in practice.

Specific objective 7.15: Common data protection rules within the European Union in place

See under Specific Objective 2.1.

Specific objective 7.16: A reduced gender pay gap

In its Annual Report on equality between women and men in the EU, the Commission reported on earnings and pension gap. Evaluation of the **equal pay** measures of Directive 2006/54/EC³⁴ contributed to the Commission's assessment for potential amendments. This evaluation, informed by a support study and by stakeholder consultations carried out in 2019, has been prepared for publication in 2020.

The Commission marked the EU's Equal Pay Day on 4 November by issuing a joint Statement by First Vice-President Timmermans and Commissioners Thyssen and Jourovà, as well as publishing related communication material (factsheets on equal pay and pay transparency) and related reports: National cases and good practices on equal pay; Guide on European Court of Justice case-law on equal pay.

Specific objective 7.17: More equality between women and men in decision-making

Negotiations on the Commission's proposal for a Directive on improving the gender balance among non-executive directors and related measures remain stalled in the Council. Currently, boards are dominated by men and changing this situation is an important challenge in the EU. Representation of women in top-level positions remains inadequate to the high number of female graduates and constitutes an untapped potential of highly skilled human resources. President von der Leyen has announced that the Commission remains committed to the proposed Directive and will strive for its adoption.

Specific objective 7.18: Increased availability of childcare services

Following the actions set in the Commission's 2017 Communication 'An initiative for work-life balance for working parents and carers' the Commission kept monitoring the **Barcelona objectives on childcare** through the Social Scoreboard. As a result, several

³⁴<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1579798120178&uri=CELEX:32006L0054>

country specific recommendations were issued to the countries lagging behind.

Specific objective 7.19: Improved work-life balance for working parents and caregivers

After intense negotiations, the Council and European Parliament adopted the **Directive on Work-Life Balance** for Working Parents and Carers in June 2019. A new Work Life Balance Directive will modernise family leaves and will allow for more-flexible working arrangements. It will encourage a better sharing of caring responsibilities between women and men and increase women participation in the labour market. In addition, with aim of closing gender gaps over the life cycle, the Rights, Equality and Citizenship programme provided funding to eight projects led by national authorities on work life balance for women and men – a better sharing of care, were selected are received 39 grants.

A Union of Democratic Change

Specific objective 10.1: Enhanced EU citizens' democratic participation, including through cross-border information and facilitated participation in the EP elections, and increased legitimacy and accountability of EU decision-making, including by building on the concept of "lead candidates"

As part of broad efforts to protect the 2019 European Parliament elections, the Commission supported Member States in establishing and organising meetings of a European cooperation network on elections. Funded via the Rights, Equality and Citizenship Programme, this network brings together representatives of Member States' authorities responsible for electoral matters, and enables practical exchanges on issues relevant to free and fair elections, including data protection, cyber-security, transparency and awareness raising. The network will continue to address potential risks and identify solutions, and contribute to building more resilient electoral and democratic systems across the EU.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* DG JUST delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives³⁵. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the DG.

The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by the management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. These are:

- the reports by Authorising Officers by Sub-Delegation;
- the reports from Authorising Officers in other DGs managing budget appropriations in cross sub-delegation;
- the reports of the external auditors on control results of Union Agencies in indirect management as well as the result of the Commission supervisory controls on the activities of these bodies;
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring at DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the results of the ex-post audits;
- the conclusion of the Internal Auditor on the state of internal control and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the evidence available. This approach

³⁵ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG JUST.

This section is for reporting the control results and other relevant elements that support management's assurance. It is structured into (2.1.1) Control results, (2.1.2) Audit observations and recommendations, (2.1.3) Effectiveness of internal control systems, and resulting in (2.1.4) Conclusions on the assurance.

2.1.1 Control results

This section is for reporting and assessing the elements identified by management which support the assurance on the achievement of the internal control objectives³⁶. The DG's assurance building and materiality criteria are outlined in AAR Annex 4. Annex 5 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The main results of the control indicators are reported below, while Annex 10 presents a more complete overview, together with a comparison with the previous year.

DG JUST managed a budget in 2019 of EUR 185.32 million, excluding co-delegation type 2 which amount to EUR 29.38 million.

Before proceeding with the global commitments to consume the credits not implemented in 2019, the current implementation rate reached 75% for all programmes, which is a significant improvement compared to the past (59% in 2018 and 49% in 2017). Without the traditional agencies, the rate is 60% (vs.38.77% in 2018 and 17% in 2017). Legal commitments on the remaining budget will be signed in 2020, once calls for tenders and pending evaluations of the applications received in response to the calls for proposals have been finalised.

In terms of the use of commitment appropriations, 97% (EUR 180.1 million out of EUR 185.32 million) of the budget available was implemented, including the use of global commitments, which is in line with previous years' implementation rates (98%).

As far as payment appropriations are concerned 96% (EUR 179.97.05 million out of EUR 187.64 million) have been implemented during the year 2019.

During the year 2019 the three Union Agencies (EUROJUST, FRA, EIGE) have together used nearly all of their commitment appropriations (99%) and 87% of the payment appropriations. This is a result very similar to 2018 (99% in commitment appropriations and 85% in payment appropriations).

The reporting requirements introduced by the 2018 Financial Regulation does not apply to DG JUST:

- no cases of 'confirmation of instructions' (new FR art 92.3);
- no cases of financing not linked to costs (new FR art 125.3);
- no Financial Framework Partnerships >4 years (new FR art 130.4) *
- no cases of flat rates >7% for indirect costs (new FR art 181.6);

³⁶ 1) Effectiveness, efficiency and economy of operations; 2) *reliability of reporting*; 3) *safeguarding of assets and information*; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). *The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.*

- **no** cases of “Derogations from the principle of non-retroactivity [of grants] pursuant to Art 193 FR” (new FR art 193.2).

Overall, reliable and complete control results are available for each control system. The analysis and conclusions of each relevant control category in terms of legality and regularity and cost efficiency is described and explained in further detail below under Part 2.1.1.1 and 2.1.1.2. Key indicators have been defined for each stage of the relevant control system and presented in details in Annex 10. One reservation has been issued based on the legality and regularity indicators and detailed in Part 2.1.4.

Regarding the overall efficiency of controls, a positive conclusion has been reached based on an overall cost-efficiency indicator of 5.14% (details in Part 2.1.1.2). During 2019, no cases of suspicious fraud and irregularities were transmitted to OLAF for investigation.

2.1.1.1 Control effectiveness as regards legality and regularity

DG JUST is using internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

The methodology **to determine the materiality level for reservations** is described in detail in Annex 4.

In 2019 AAR there is one reservation³⁷, because the residual error rate at the end of year (equal to 2.65%).

2.1.1.1. a Direct management – grants

As described in the Relevant Control System(s) for budget implementation for direct management grants (Annex 5), the analysis of the effectiveness with regard to legality and regularity is built around the three main control processes (stages): 1) programming, evaluation and selection of proposals 2) contracting and monitoring and 3) ex-post controls. Key indicators have been defined for each stage and presented in details in Annex 10. Materiality is assessed in accordance with Annex 4.

Stage 1: Programming, evaluation and selection of proposals

This stage concerns the preparation and adoption of the annual work programmes, as well as the calls proposals for and their evaluation. The overall control objective of this stage is to ensure that DG JUST selects the proposals that contribute the most towards the achievement of the policy or programme objectives in terms of effectiveness and compliance.

In 2019, 283 applications in total (254 in 2018) were awarded a grant out of about 1.281 applications evaluated. The number of projects evaluated is significantly higher compared to the 2018 figures because the calls planning has shifted in order to be able to launch all the 2019 calls and to evaluate them in 2019. The number of projects evaluated contains all the projects belonging to the 2019 calls plus the projects related to the 11 2018 calls that have been launched and evaluated in 2019

Projects are selected for financing based on the outcome of the evaluations of the various calls for proposals, with priority given to projects featuring on the “main lists” of projects to be financed according to the respective evaluation committees. The increase compared

³⁷ Reservation regarding the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG JUST under the budget chapters 33 02 and 33 03

to 2018 is due to the fact that all the 2019 calls were evaluated in 2019 while 11 2018 calls were carried forward from 2018 to 2019, hence the projects selected from these 11 2018 calls add to the projects selected from the 2019 calls

Stage 1	Number of projects evaluated: ↗ 1.281 (796 in 2018)
	Number of projects selected: ↗ 283 (254 in 2018)

Control benefits (Stage 1)

The benefits of the Stage 1 – programming, evaluation and selection of proposals are not identifiable in quantitative or monetary terms.

In qualitative terms, the benefit of the evaluation and selection stage is higher performance of reaching the objectives/better quality results of the call, best quality projects selected.

Stage 2: Contracting and Monitoring

Contracting concerns the grant agreement preparation and signing of the legal commitment. The overall control objective of this stage is to ensure the optimal translation of each awarded proposal into a legally binding grant agreement. This is the main tool for ensuring best value for public money, effectiveness, economy and efficiency of the use of the budget appropriations.

In 2019, DG JUST signed all grants awarded during the year for a total amount of EUR 90.2 million and a total of 238 grant agreements signed.

Monitoring comprises ex-ante checks of beneficiaries' cost claims and the verification of the reliability and legality of the underlying financial transactions. The overall control objective is to ensure that operational results (deliverables) from the projects are of good value and meets the objectives and that the related financial operations comply with regulatory and contractual provisions.

The effectiveness of controls for the legality and regularity of transactions is measured through the number of exceptions and non-compliance events recorded. The recording of the exceptions and non-compliance events for assessing the effectiveness of controls for the legality and regularity of transactions showed that in 2019 no exception and non-compliance events were recorded in relation to the contracting phase for grants.

Stage 2	Value of final cost claims processed: ↗ EUR 63.6 million (57.2 million in 2018)
	Share of ineligible amount: ↘ 0.42% (0.59% in 2018)

Control benefits (Stage 2)

The controls in place aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. As can be concluded these controls result in a considerable amount of detected errors and rejected costs in the cost claims submitted by the beneficiaries for a total value of more than EUR 63.6 million. This can be considered as a quantifiable benefit of the monitoring phase in 2019.

Stage 3: Ex-post control

The third stage includes the ex-post audits as well as the correction of any sums being

paid incorrectly. The overall control objective of this stage is to detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls.

In 2019, DG JUST received 55 final audit reports and implemented 45 of them. As per 31 December 2019, the finalised audits lead to an audit coverage of 28.85% for the combined auditable population of the 2007-2013 and 2014-2020 programming periods.

Stage 3	Average amount of a grant audited: ↓ EUR 386.196 (470.194 in 2018)
	Percentage of projects audited that contains errors: ↓ 78% (89% in 2018)

The residual error rate for 2007-2020 funds remains still above 2% at the end of 2019 (2.65%).

Control benefits (Stage 3)

There are a number of **qualitative** benefits resulting from the controls operated during the different control stages:

Stage 3: Ex-post controls have a deterrent and learning effect for beneficiaries, helping to reduce errors in future cost declarations. It enhances the beneficiaries' discipline for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible. It contributes to the improvement of ex-ante controls and clarification of rules and guidance by feeding back results and findings from ex-post audits.

2.1.1.1.b Direct management – procurement

The control system for direct management procurement is grouped around three core processes: procurement procedures, financial operations, and supervisory measures.

Stage 1: Procurement procedures

The first stage concerns the calls for and evaluation of tenders, starting from the moment of planning and needs assessment until the selection of suppliers – the award decision. The overall control objective at this stage is to ensure that DG JUST selects the offer that contributes the most towards the achievement of the policy or programme objectives in terms of effectiveness and compliance.

In order to reach a conclusion on the adequacy of management of risks relating to the legality and regularity of its tendering procedures and efficiency and economy of its controls, DG JUST reviewed:

- Reporting of exceptions and non-compliance events, defined as control overrides or deviations from policies and procedures: during the reporting year, there were 9 exceptions non-compliance (vs.24 in 2018) events registered in the exceptions and non-compliance events register. The decrease is due to mitigating actions taken during the year: awareness raising actions between unit JUST.04 and policy units on the respect of contractual provisions, better follow-up of running contracts, simplification of internal procedures, improvement of communication between financial actors.
- Five open procedure contracts with a total value of EUR 4 million were awarded by the relevant Authorising Officer. One negotiated procedure middle value contract with a value of EUR 0.09 million. One negotiated procedure without prior publication with a total value of EUR 0.69 million

As a result of these controls, no tender projects were cancelled, no negative opinions or

rejections were issued by the procurement committee and no redress procedures were encountered. This shows that the controls put in place work correctly.

Stage 1	Value of contracts signed: ↘ EUR 34.13 million (37.76 million in 2018) Number of contracts: ↘ 220 (238 in 2018)
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Control benefits (Stage 1)

The benefits of the Stage 1 are partially quantifiable (best offers are selected).

Due to effective selection criteria enough and good quality offers are received.

Stage 2: Financial transactions/monitoring

The second stage concerns the management of the contracts and payments made. This stage comprises ex-ante checks of contractors' invoices and the processing of transactions. The overall control objective is to ensure that operational results (deliverables) are of good value and meet the objectives and that the related financial operations comply with regulatory and contractual provisions.

There were no errors detected, nor penalties applied.

Stage 2	Value of payments made: ↗ EUR 31.6 million (26.2 million in 2018) Number of payments: ↗ 990 (683 in 2018)
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Control benefits (Stage 2)

Due to mitigating controls in place irregularities, errors and overpayments are prevented, deterrents and systematic weaknesses are corrected.

Stage 3: Supervisory measures

Based on the methodology described in Annex 4, as the ex-post controls on operations are carried out by the DG's own controls and/or internal and external audit (Internal Audit Service or the European Court of Auditors), no ex-post audits are performed for contracts within DG JUST. Audit findings signalled by the other internal or external auditors are duly taken into account for the assessment of assurance in relation to procurement transactions. As the Court of Auditors has estimated the overall error rate in the procurement implemented by the European Commission at **0,5%**³⁸, this has been used as the best estimate of the possible amount at risk in chapter 2.1.1.1.d.

2.1.1.1.c. Indirect Management- Entrusted Entities

DG JUST acts as partner DG for three agencies which received budget implementation tasks from the legislative authorities: the Institute for Gender Equality (EIGE), the Fundamental Rights Agency (FRA), the European Agency for Judicial Co-operation (EUROJUST).

³⁸ Source: 2018/C 357 Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2017 (Annex 10.1)

Agency /MEUR	CA	Cons.	% Budget
EIGE	8.02	7.94	98%
EUROJUST	39.27	38.92	99%
FRA	22.66	22.49	99%
	69.95	69.34	99%

Agency /MEUR	PA	Cons.	% Budget
EIGE	8.02	7.94	98%
EUROJUST	39.13	38.77	98%
FRA	22.66	22.49	99%
	69.81	69.2	99%

Commitment and payment appropriations were implemented almost 100%.

2.1.1.1.d Overall conclusion on effectiveness of controls as regards legality and regularity

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. DG JUST' data is shown in Table [X] and its accompanying notes below.

The estimated overall risk at payment for the 2019 expenditure is 2.37 M€. This is the AOD's best, conservative estimation of the amount of *relevant expenditure* during the year (179.97 M€) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in successive years. The conservatively estimated future corrections for 2019 expenditure are 0.95 M€. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls planned to be carried out in succeeding years.

The difference between those two amounts leads to the estimated overall risk at closure for the 2019 expenditure of 1.42 M€.

With regard to the direct management grants, the cumulative detected error rate is based on the results of audits carried out by DG JUST (Chapter 2.1.1.1.a- Stage 3). In the case of procurement, a reliable estimation from the Court of Auditors was used (0.5% see also point 2.1.1.1.b). Other activities are not considered risk-prone and it is estimated that the error rate is below the threshold as in the case of payments to Agencies.

For the 2019 reporting year, the operational units signalled no serious control issues. From the monitoring and supervision work done, which includes regular contacts and monitoring of relevant management reports and audit reports, there are no indications that their reporting would not be reliable.

Regarding the EU funds managed directly by the Directorate-General via grants and procurement, including the administrative related expenditures (direct management), there were no major control weaknesses affecting assurance (no reservations for 2019). Even though the residual error rate for JUST directly managed grants above the materiality threshold of 2% (2, 65%) there is evidence of a reduction in the number and level of errors made by beneficiaries.

Regarding indirectly managed expenditure, there are no indications of any element that would impair the assurance. Estimated overall amount at risk for both grants and procurement is in line with last year (2,37 M€ vs. 2,15 M€ in 2018) this is a consequence of a decrease in the detected error rate (2,48% vs. 2,60% in 2018). Beneficiaries made less mistakes in 2019 and this is mainly due to the systematic information campaigns that have been organized in 2019, kick off meetings were organized for each calls in 2019. Estimated future correction slightly decrease as a result of decrease of the historic average rate of recoveries and corrections from 1, 8% to 1, 5%.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years.

Table X - Estimated overall amount at risk at closure

DG JUST activities	"payments made" (in 2019; m€)	minus new prefinancing (in 2019; m€)	plus cleared prefinancing (in 2019; m€)	= "relevant expenditure" (for the 2019; m€)	Average Error Rate (weighted AER; %)	estimated overall risk at payment (2019; m€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for 2019; m€)	estimated overall risk at closure (m€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Grants	78,37	68,51	53,65	63,51	3,48%	2,21	1,50%	0,95	1,26
Procurement	31,64	2,13	2,64	32,15	0,50%	0,16	0,00%	0,00	0,16
Subdelegations & service level agrmnts.	0,76	0,00	0,00	0,76	0,00%	0,00	0,00%	0,00	0,00
Indirect Management-Entrusted Entities	69,20	69,20	75,35	75,35	0,00%	0,00	0,00%	0,00	0,00
Overall, total	179,97	139,84	131,64	171,77	1,38%	2,37; and 1,38%	0,55%	0,95; and 0,55%	1,42; and 0,83%

Notes to the table

(1) the relevant portfolio is segmented by the type of activity : direct management with grant and procurement and indirect management for the agencies.

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as transfer from another department). The "Pre-financing" is covered as in the context of note 2.5.1 to the Commission (provisional) annual accounts (i.e. excluding the "Other advances to Member States" (note 2.5.2) which is covered on a pure payment-made basis).

"Pre-financings paid/cleared" are always covered by the Delegated DGs, even in the case of Cross-SubDelegations.

(4) Pre-financing actually having been cleared during the financial year (i.e. their 'delta' in FY 'actuals', not their 'cut-off' based estimated 'consumption').

* In Cohesion, the retention which is now released or (partially) withheld by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used .

For types of low-risk expenditure, as procurement, with indications that the equivalent error rate might be close to 'zero' (*e.g. administrative expenditure, operating subsidies to agencies*), we use 0.5% to have a conservative estimate.

(8) the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years has been used

2.1.1.1.e Fraud prevention and detection

DG JUST has developed and implemented its own anti-fraud strategy since 2012, on the basis of the methodology provided by OLAF. It is updated every 2-3 years. It was last updated April 2018

Its implementation is being monitored twice a year with reporting to management.

Following the entry into force, in April 2019, of the new Commission Anti-Fraud Strategy³⁹, the DG JUST Anti-fraud Strategy (dating back to April 2018) shall be updated accordingly during 2020, after further consideration is given on the possible new implications of the adoption of the new Multiannual Financial Framework 2021-2027. Even if, in principle, the controls targeted at preventing and detecting fraud are very similar to those intended to ensure the legality and regularity of the transactions (the unintentional errors), specific anti-fraud related actions were carried out in DG JUST in 2019:

- the risk of fraud was integrated in the risk assessment,
- fraud risk-based selection of audits is among the parameters of the annual external audit plan,
- discussions at management level on how to further strengthen the culture of trust and zero tolerance to fraud in DG JUST, as well as the professional integrity of its staff members
- regular attendance at Fraud Prevention and Detection Network meetings.

To increase fraud awareness among staff members, dedicated training sessions and lunchtime seminars have been organised in collaboration with OLAF.

During 2019, no investigation was opened. DG JUST continued to provide as far as possible, upon request of an investigator, all required information and to assist the investigator in his/her analysis.

Objective: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Main outputs in 2019:

Output	Indicator	Target	Latest known results (2019)
Implementation of the anti-fraud strategy	% of implementation of actions planned for 2019 in the anti-fraud strategy	100 %	<i>Almost 100% (the action related to awareness raising on dealing with tenderers among operational units, including about the necessity to report about any conflict of interests is slightly delayed from the initial target, due to the heavy workload of the financial unit in charge of implementing the action)</i>
Training sessions on anti-fraud	Number of participants from the DG in training sessions on anti-fraud	40	+40

2.1.1.2 Efficiency = the Time-to-... indicators and other efficiency

³⁹ (COM(2019) 196 final of 29.4.2019)

indicators

Regarding the efficiency of controls, DG JUST assessed it based on "time-to" indicators, measuring the time spent to complete a specific procedure. Concerning grants, DG JUST an amelioration of time-to-grant (87 days vs 100 days in 2018) as well as for the time-to-award (140 days vs 157 days in 2018), as well as the time-to-pay (36 days vs. 45 days in 2018).

Direct management grants	Time-to-inform: ↘140 days (157 in 2018, limit Art. 194.2 FR is 180)
	Time-to-grant: ↘ 87 days (100 in 2018, limit Art. 194.2 FR is 90)

Late interests paid in 2019 amount to EUR 1.975,95 compared to EUR 17.302,34 in 2018 which is a substantial improvement (in 2018, old grant files pending for a long time were closed and paid, generating high interests for few of them).

At the level of the payment transactions performed in DG JUST, the efficiency indicators show that DG's overall average payment time for the year amounted to 26 days (with suspension) and 90% of all payments were made on time (vs. 84% in 2018). In relation to payment delays in procurement transactions, the average number of days dedicated to a payment decreased by three days, while the time for payment of subsidies to Union Agencies decreased by one day compared to 2018.

All	Procurement time-to-pay: ↘ 23 days (26 in 2018)
	Indirect Management- Entrusted Entities time-to-pay: ↘ 15 days (16 in 2018)
	Grants time-to-pay: ↘ 36 days (45 in 2018, Art. Art 116.1FR)

The overall improvement in control efficiency indicators was mainly due to actions that were taken to closely monitor the payments and to increase awareness among staff directly involved in the process. Moreover, the phasing in of the new and complex grant management H2020 IT system was finalised and the immediate effect was seen in the decrease in the numbers of days of time-to-inform indicator.

2.1.1.3 Economy = the cost of controls

Following the Commission central services' guidance, the cost of the controls at Commission level is assessed by the cost of the different control stages. The overall assessment for each management mode is obtained from the ratio between all those costs and the total amount paid in the year for the related management mode.

The corporate methodology⁴⁰ for the estimation, assessment and reporting on the **cost-effectiveness of controls was revisited in November 2019**.

⁴⁰ [Ares\(2018\)4917637](#)

DG JUST Internal costs are an estimate, and may include some overstatements. The Full Time Equivalents (FTEs) used for the calculation have been delivered by the different Directorates of DG JUST and the average FTEs costs used are the average FTEs costs communicated by DG BUDG which include 'habillage' costs.

Costs of controls at DG JUST level

DG JUST has analysed the estimation of the cost of control in relation with the value of the payments made in 2019 per control system (Annex 5) and over the last two reporting years, to draw conclusions also on the trend.

As a general overview, the total cost of controls performed in 2019 in DG JUST was estimated at EUR 9.24 million, representing 5.14% of total payments made in the year. It should be noted that, in total, the efficiency indicators slightly increased compared to 2018 (3.71%), mainly due a better estimation of the policy staff involved in monitoring, preparation of files, drafting of terms of reference, participation in evaluation committees (each Directorate/Unit was asked to provide an accurate number of FTE). The methodology used for the calculation slightly modified taking into consideration BG BUDG instruction based on control function/activities and the split of FTE's by grade. It should be noted that allocating the staff by programme would create an unnecessary workload and would not bring proportionate advantage since the activities are same (same percentage) and same actions.

Consequently, DG JUST choose to do the calculation of the estimated cost of control by the type of activity: direct management with grant and procurement and indirect management for the agencies. Other costs are mainly represented by service legal agreement and subdelegations.

For the entrusted entities, the overall cost of control remained nearly stable, a small increase can be seen in the subsidy paid and this mainly referred to EUROJUST. The subsidies paid by DG JUST to the agencies are for their running costs.

The below table provides exhaustive information on the data analysed by DG JUST to draw this conclusion.

Control System	2019			2018		
	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)
Direct - Grants	4.99	78.37	6.37%	4.6	91.86	5.06%
Direct Procurement	3.72	31.6	11.75%	1,82	26.2	6.93%
Indirect Management- Entrusted Entities	0.5	69.2	0.77%	0.5	68.5	0.76%
Other	n/a	0.76	n/a	n/a	1.5	n/a
Total	9.24	179.97	5.14%	6.98	188.05	3.71%

2.1.1.4 Conclusion on the cost-effectiveness of controls

Based on an assessment of the most relevant key indicators and control results, DG JUST has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost-effectiveness of controls for which it is responsible.

Regarding the cost-effectiveness of controls, the conclusion was reached on the basis of an estimation of costs of control over the value of the related funds (value of payments), in the form of indicators and their evolution over time for each of the distinct control systems and stages described in Annex 5. Details are presented in Annex 10.

Furthermore, there is a number of non-quantifiable benefits resulting from the controls operated during the programming phase in the grant management process, aimed at ensuring that the financed projects contributed to the achievement of the policy objectives, and from the deterrent effect of ex post controls. At the same time the procurement procedures are to a large extent a regulatory requirement which cannot be curtailed. DG JUST considers that the necessity of these tasks is undeniable, as shown by the risks outlined in Annex 5, significant proportions of the appropriations would be at risk in case they were not in place.

The DG's relative⁴¹ level of cost-effectiveness is considered adequate. 2019 was the fourth year when the risk based approach was applied for verification of the final cost claims in view of different risk profiles of the beneficiaries and completeness and accuracy of the provided documentation with the aim to redirect the control resources towards more stringent controls where needed, while having leaner and less burdensome controls where appropriate.

Based on the most relevant key indicators and control results, DG JUST has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

Overall, DG JUST has good performance indicators and acceptable error rates among all its programmes. The overall cost of control can be considered acceptable given the fact that no economy of scale can be obtained for the management of direct grants and procurement.

DG JUST is of the opinion that the current control system applied is the best suited to fulfilling the relevant control objectives efficiently and at a reasonable cost. It represents a good balance between the invested efforts (internal control costs and remuneration fees), the obtained error rates (effectiveness of controls) and delivery of objectives (efficiency).

2.1.2 Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings

⁴¹ E.g. taking into account the relative labour-intensity of the operations, which may imply (dis)economies of scale due to the number and value of the transactions

on the achievement of the internal control objectives, and therefore on management's assurance

DG JUST is audited every year by both internal and external independent auditors: the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA).

- **Summary of the IAS audit recommendations issued during the year**

During the reference period, the IAS completed its internal audit plan for the year 2019:

- The IAS finalised in DG JUST the audit on **"Audit on Impact Assessment"**. In its Final Report, the IAS issued two important recommendation relating to the impact assessment process and implementation of better regulation guidelines and toolbox. All recommendations stemming from this audit were accepted by DG JUST and will be implemented in full in the second quarter of 2020.

As regards the implementation of recommendations issued in previous year:

Regarding the audit **"Audit on Risk Management"**, finalised in July 2018, the IAS followed up and closed all the recommendations during 2019.

Regarding the multi-DG audit on **"HR management / staff allocation"** finalised in 2017, the very important recommendation relating to Allocation of human resources within the DG is partially implemented and will be finalised in the second quarter of 2020.

Regarding the **"Audit on the production process and the quality of statistics not produced by Eurostat"** finalised in 2017, two of the important recommendations issued by IAS related to the completion of the statistical inventory and masterplan, and referencing and use of disclaimer when publishing statistics. These were implemented and are ready for review by the IAS. There are 2 open recommendations that will be implemented until the end of the year: methodological and quality framework for the statistics produced or acquired internally and management of the statistical process by DG JUST.

Regarding the **"Audit on Procurement"** finalised in 2018, the very important recommendation relating to Preparation of procurement procedures and the important recommendations relating to the implementation of procurement procedures, and the implementation of the Anti-Fraud Strategy were implemented and are ready for review by the IAS.

In conclusion, the Internal Auditor stated in its contribution to this report (cut-off date 31 January 2019) based on all the work undertaken by the IAS in the period 2017-2019 **the internal control systems in place for the audited processes are effective.**

- **Summary of the ECA audit findings**

The European Court of Auditors examined the financial management/legality & regularity of transactions of DG JUST in *Chapter 8 "Security and citizenship"* of its Annual Report for 2018 (published in October 2019). The Chapter does not have any reference to DG JUST.

Beginning of January 2019 the Court published its special report for the audit "Fighting fraud in EU spending: action needed". This was a performance audit with three separate work modules and different groups of Commission services involved.

ECA has interviewed the DG for its briefing paper on the EU response to the "dieselgate" scandal, published in February 2019. The DG contribution is reflected in the part informing on compensation to consumers as a result of this scandal (points 70 to 72), where the paper reflects the proposal for a Directive on representative actions for the protection of the collective interests of consumers.

ECA work during the year

In December 2019 ECA issued its draft preliminary observations of the concerning the audit of agencies performance. The draft summarises the main findings resulting from our audit work. It also includes the draft conclusions and recommendations in order to streamline the process by clearing only those facts that are intended to include in the draft report.

ECA preliminary contacts took place during 2019 in the view of special report on "Gender-equality", "Child poverty", "Disinformation" and "audit on use of data on (potential) recipients to enhance its budget protection".

As a follow up of the performance audit on "*EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground*", published on 26 June 2016, there is still an open recommendation to be fully implemented by the end of 2020: the European Parliament calls on the Commission to establish a genuine European strategy for Roma inclusion, that is to say, a European action plan devised and implemented at every political and administrative level, involving representatives of the Roma community, and based on the core values of equality, access to rights, and non-discrimination; maintains that such a strategy must help to promote genuine inclusion of Roma and their access to education, employment, housing, culture, health care, participation in public affairs, training, and free movement within the Union.

By the end of 2020 DG JUST should implement also the European Parliament resolution Eurojust § 31 on 2016 discharge: the European Parliament notes with concern, given the fast-reducing time frame, from Eurojust's reply that for the time being there is no information exchange between Eurojust and the Commission with regard to the preparation for carrying out Eurojust's future activities after Brexit; calls on both Eurojust and the Commission to ensure an efficient flow of the necessary information bearing in mind that a cooperation agreement with the United Kingdom will need to be put in place. The Commission has been in close contact with Eurojust in the context of preparedness work necessary for the EU to get ready for any scenario of the United Kingdom's withdrawal. The Political Declaration on the framework of future relations between the EU and the United Kingdom that accompanies the Withdrawal Agreement foresees that the future relations between the EU and the United Kingdom should include cooperation with Eurojust, taking into account the UK future status of a non-Schengen third country that does not provide for the free movement of persons.

In conclusion, the findings presented by IAS and ECA do not have any impact on the assurance provided in this Annual Activity Report.

2.1.3 Assessment of the effectiveness of the internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

DG JUST uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

The internal control self-assessment exercise was performed between November 2019 and February 2020 in compliance with the methodology proposed by DG BUDG. It was based on desk reviews of information from various sources, ad-hoc discussions with specialized functions (HR, financial management) and the evaluation of monitoring indicators, taking also into account:

- the authorizing officers by sub-delegation reports
- the results of audits and follow-up engagements performed by IAS and ECA during 2018
- the status of implementation of action plans from previous IAS/ECA audit work
- the results from the 2018 Staff Survey (organized by DG HR)
- the results of the risk assessment exercise
- the analysis of the register of exceptions and non-compliances.

The assessment was carried out based on the **COSO**⁴² methodology, all five components and 17 principles being evaluated. **The results show that all 17 principles are present and 13 of them are fully functional.**

As a result, three of the five components of the internal control system are present and functioning (component 2 Risk Assessment, component 4 Information and Communication and component 5 Monitoring Activities), while two of them are present and functioning, but some improvements are needed (component 1 Control Environment and component 3 Control Activities).

The exercise did not result in the identification of any further weaknesses, errors or actions that could jeopardize the overall effectiveness of DG JUST's internal control system.

During the annual **risk management exercise** performed in the context of the management plan, and the subsequent mid-term review, no critical risks were identified.

⁴² **COSO**: Committee of Sponsoring Organizations of the Treadway Commission. As explained in the Internal Control Framework of the Commission, Implementation Guide of 2017, the Commission follows the international best practice, for which the leader is COSO. As a matter of fact, the Internal Control Framework published by COSO is recognized as the leading guidance for designing, implementing and conducting internal control and assessing its effectiveness.

The review of the register of exceptions and non-compliance events revealed a number of 9 exception and non-compliance (vs. 24 in 2018) events registered in the 2019, related to the procurement processes. The decrease compared to 2018 is due to mitigating actions taken during the year: awareness raising actions between unit JUST.04 and policy units on the respect of contractual provisions, better follow-up of running contracts, simplification of internal procedures, improvement of communication between financial actors.

DG JUST has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3, 4, 10 and 12:

- **full implementation of one very important recommendation related to allocation of human resources within the DG and two important recommendations relating to HR strategy and sustainable people management issued by IAS in its final report of the multi-DG audit on "HR management / staff allocation"**
- **full implementation of one important recommendation related to the supervision of the procurement process issued by IAS in its final report of the Audit on Procurement**
- **full implementation of one important recommendation related to the methodological and quality framework for the statistics produced or acquired internally issued by IAS in its final report of the audit on the production process and the quality of statistics not produced by Eurostat**
- **full implementation of one important recommendation related to the impact assessment process issued by IAS in its final report of the audit on impact assessment in DG JUST.**

2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2.1 stems from the results of management and audit monitoring, based on the results of the self-assessment, ex-post controls, the observations of the Internal Audit Service, lessons learnt from the reports of the Court of Auditors as well as information received from other authorising officers in cases of cross sub-delegations or delegation agreements.

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget allocated to the Director-General of DG JUST.

The key arguments for the assurance are listed below:

- Overall our internal control system is present and functioning, but some improvements are needed. Nevertheless positive results were registered in terms of legality and regularity, cost-effectiveness (except for the high multiannual residual error rate in grant management as explained below).
- No critical issues highlighted by internal or external auditors;
- For DG JUST, the estimated overall amount at risk for the 2019 payments made is estimated as at EUR 2.37 million. This is the AOD's best conservative estimation of the amount of expenditure authorised during the year (EUR 179.97 million), not in conformity with the applicable contractual and regulatory provisions at the time the payment is made. This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections for those 2019 payments made are EUR 0.95 million. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.
- No other major issues pointed out by the Authorising Officers by Sub - delegations in their reports.

Methodology for determining materiality level for reservations

The materiality is determined for each relevant distinct internal control system across various ABB lines ("horizontal" approach). The main distinct internal control systems are (a) direct management – grants, (b) direct management - procurement and (c) indirect management (EU subsidies to decentralised agencies). These layers are determined by the differences in the ex-ante and ex-post control approach put in place in DG JUST to control and obtain assurance for each type of expenditure – each control approach and results are described in more detail throughout Chapter 2 and in Annex 5 (Internal Control Templates).

A possible reservation is considered for each of these control systems separately. The control objective is to ensure that for each system, the residual error remains below 2%.

The residual risk was analysed for each distinct control system, as detailed in section 2.1, and the results of each were analysed separately to determine its impact on assurance and a need to issue a reservation:

The estimated multiannual residual error rate for the grants directly managed by DG JUST for 2019 is 2.65% and slightly decrease compared to last year (2.7%). Following ECA observation on the error rates for the Research family, the error rates was recalculated. As per instructions, the detected error rate is to be calculated based on the following methodology: final errors detected/audited amount of the grant (as amount declared by the beneficiary * percentage of audit coverage as indicated in the final audit reports).

The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result, the Commission will adapt its methodology for the calculation of the grants in the Rights, Equality and Citizenship and Justice programme error rate in line to the Court's observations starting with the implementation of the 2020 ex-post audit campaign.

Overall Conclusion

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by the below reservation:

- Financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed under the budget chapters 33 02 and 33 03.

The financial impact of the reservation on the assurance is assessed at 0.94% of the payments made by DG JUST in 2019 amounting to EUR 1.68 million.

2.1.5 Declaration of Assurance and reservations

DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of the Directorate General of Justice and Consumers

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁴³.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the limited conclusion of the Internal Auditor on the state of control and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the Commission.

However the following reservations should be noted:

- *Reservation regarding the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by the Directorate General Justice and Consumers under the budget chapters 33 02 and 33 03*

Brussels, 03/04/2020

Salla Saastamoinen

(signed)

⁴³ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

Reservation 1 (template to be adhered to)

DG	Justice and Consumers
Title of the reservation, including its scope	Financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG JUST
Domain	Centralised direct management - grants (2007-2020 programmes)
ABB activity and amount affected ("scope")	33 02 – Rights, Equality and Citizenship and 33 03 – Justice. Total payments related to grants (2007-2020 programmes) in 2019: € 78.4 million.
Reason for the reservation	At the end of 2019, the residual error rate is above the materiality threshold of 2% and the segment involved, grants, represent more than 5% of the DG's total payments.
Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle. The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle.
Quantification of the impact (= actual exposure")	The estimated multiannual residual error rate for DG JUST directly managed grants for 2019 is 2.65% and slightly decreases compared to last year (2.7%) notwithstanding the new calculation method ⁴⁴ . This shows the results of the efforts made by DG JUST to reduce the errors in its funding programmes. Indeed, for the sole year 2019 the detected errors significantly decreased. The maximum impact is calculated by multiplying the multiannual residual error rate by the sum of direct management payments based on cost statements actually processed and pre-financings cleared in 2019 (€ 63.5 million). The estimated impact in 2019 is € 1.68 million.
Impact on the assurance	Legality and regularity of the affected transactions, i.e. only payments made against cost claims (interim payments and payments of balance). The assurance is affected within the scope of the quantified budgetary impact, which represents 0.94% of payments made by DG JUST in 2019.
Responsibility for the weakness	Some weaknesses still persist in the control system (the resources constraints does not allow to control 100% of the cost claims however it should be underlined that the audits performed covers about 30% of the population). The remaining weaknesses are still mainly due to the complexity of the rules defining the eligibility of the costs. This is reinforced by the fact that DG JUST signs mainly multi beneficiary grant agreements with the co-ordinators acting as main

⁴⁴ It is to be noted that following an ECA observation on the error rates for the Research family, the error rates was recalculated. As per instructions, the detected error rate is to be calculated based on the following methodology: final errors detected/audited amount of the grant (as amount declared by the beneficiary * percentage of audit coverage as indicated in the final audit reports) and no longer on the basis of the total payments made on the grants. This new calculation method negatively impacts the error rate compared to the previous years as it is calculated on a reduced basis.

	<p>intermediaries in the communication with the co-beneficiaries. Co-beneficiaries as such are also managing the project money and should apply the same eligibility rules and principals as the project co-ordinators but are less familiar with the eligibility rules. Besides in the Grant Agreement in force since end 2013 the supporting evidences should be kept individually by each beneficiary for the purposes of audit after final payment and not centrally by the coordinator anymore. However, the auditors rely often on the sole evidence kept centrally by the coordinator.</p>
<p>Responsibility for the corrective action</p>	<p>Action plan corrective action proposed:</p> <p>As in the previous years, the main reason for ineligibility is the lack of supporting documentation (see reason explained above).</p> <p>Ineligible costs can be reduced thanks to targeted communication, with the help of appropriate calculation tool made available to the beneficiaries and, where necessary (based on risks identified during implementation phase), through on the spot monitoring visits. The rate of ex ante correction can also be improved using an ex ante financial analysis strategy based on project/beneficiary risk assessment.</p> <p>1/ Risk based ex ante financial analysis</p> <p>The need for sampling supporting documents of individual projects is assessed by each project officer. With the Sygma/Compass system and the continuous reporting tool the project officer can closely follow the development of the project and identify the ones that would need a closer monitoring and if needed be included in the audit sampling.</p> <p>2/ Better communication with beneficiaries</p> <p>Kick off meetings are organised for each call. The meetings are the occasion, for meeting the beneficiaries and explaining them in detail the functioning of the IT tools and the rules for costs eligibility. The attendance rate is high and the kick-off meetings are highly appreciated by the beneficiaries. Where needed, after a case-by-case analysis, on-the-spot monitoring visits could be organised on the beneficiaries' premises, focussing on the financial management of projects. The coverage of the project portfolio by such visits should cover beneficiaries selected on the basis of the risks identified during project implementation, or for recurrent beneficiaries selected because of irregularities revealed at the occasion of an ex-post audit.</p> <p>3/ We expect in the future the rules for costs eligibility to be simplified and to make full use of the possibilities to use simplified costs options as the new Financial Regulation proposes.</p> <p>4/ Business processes for budget reviews and final payments are aligned with those in force within H2020 family to take into account the use of the corporate e-grant IT tool.</p> <p>5/ The very high rate of projects audited in the population at risk (HOME F1 is in charge of carrying out external audits for DG JUST) will be maintained for next year with a coverage of more than 40% of the population to be audited.</p>

2.2 Other organisational management dimensions

2.2.1 Human resources

In 2019, the human resources team further developed and refined working tools for managing and monitoring staff matters in the DG. The team also assisted the Director-General on strategic staff matters and addressed the key recommendations of an Internal Audit Service's audit on HR. The Internal Audit Service is currently assessing their implementation.

Following the 2018 Staff Survey, all DG JUST staff participated in discussions on staff matters at the Away Day in March 2019. The discussions contributed to an HR Development Plan (2019 – 2020), the JUST HR Action Plan, with three central objectives: increased collaboration, the promotion of learning and development, and actions to improve well-being and work-life balance. While most short-term initiatives have been implemented by the end of the year, work continues on others, in particular on how to collaborate. Five working groups reflected on five different themes that had emerged from the staff survey and Away Day discussion: fairness, growth, solidarity, well-being, leadership management. The aim of this work was to establish common values and a common understanding on how to work together. The outcome of this reflection was presented to all managers to prioritise the recommendations made and decide on the next steps.

2.2.2 Better regulation

As 2019 was a year of transition to the new Commission, DG JUST focused on evaluating current legislation. Eight evaluations were developed in 2019, three⁴⁵ of those were completed in 2019 and five⁴⁶ will be finalised in 2020 (the list is in Annex 9).

To better prepare policy units involved in evaluations, an internal seminar on evaluations was held in January 2019, covering methodological, planning and consultation aspects.

In 2019, DG JUST started work on impact assessments on the Judgments Convention, on civil law liability for Artificial Intelligence applications, and on a post-2020 EU Roma equality and inclusion policy – all of which are to be finalised in 2020.

In 2019, DG JUST was audited by the Internal Audit Service as regards impact assessments. The audit recommended to develop more detailed written guidance for policy units, to formalise a standard checklist for impact assessment reports and to improve document management. It also recognised certain strengths of the DG in this area, such as the establishment (since October 2016 following an internal reorganisation) of a unit that provides methodological and practical support to policy units undertaking impact assessments. The action plan agreed in response to the audit's recommendations will be implemented in 2020.

⁴⁵ The mid-term evaluation of the 2014-2020 Consumer programme, the evaluation of the Judicial training strategy and the evaluation of Dir. 79/7/EEC on equal treatment in social security

⁴⁶ Evaluations of: the Consumer credit Directive and of the Distance marketing of financial services Directive; the evaluation of Directive 2006/54/EC on provisions related to "Equal pay for equal work or work of equal value"; the evaluation of the Environmental Crime Directive; the evaluation of the Regulation on European Enforcement Order for uncontested claims

In 2019, DG JUST consulted stakeholders via open on-line consultations five times. Four consultations were parts of ongoing evaluations: of the Environmental Crime Directive, the Consumer Credit Directive, the Directive on Distance Marketing of Financial Services and the Equal Pay Directive. The public consultation on the Gender equality in the EU, with 1335 responses (of which 73% from citizens), was the consultation with the highest number of stakeholder contributions ever received by DG JUST.

2.2.3 Information management aspects

In January 2019, DG JUST adopted its **Knowledge Management strategy** and in February it decided the first action plan, with deliverables until the end of the year. These included the establishment of a **single information page** on DG JUST intranet, a mapping of **collaborative sites** used in the DG and a new format for unit pages and their staff profiles (roll out completed in early January 2020).

In 2019, DG JUST undertook the second phase of implementation of its **Data quality** framework adopted in October 2018. Most of the relevant statistical actions of the DG have been reviewed and confirmed to as compliant with the Data quality framework by the end of 2019.

DG JUST complies with the document management policies of the Commission. The filing of documents is done on a consistent basis and the percentage of unfiled documents is almost within the ambitious target value (1.92% for the target <1.5%). This excellent outcome is a result of a better monitoring and follow-up given by the Document Management Correspondents to registering new documents, creating new files, filing and respecting the deadlines.

In the Information Technology field, in 2019 DG JUST continued to play an active role in shaping the Commission's digital strategy (ECDS) and its implementation plan. To collect information and identify opportunities locally, a round of discussions was carried out with all DG JUST directorates and representatives from DIGIT during November and December 2019.

DG JUST continued to maintain the 27 operational IT systems related to all DG's policy areas that mount up to over 14 million combined visits yearly. In the area of Civil and Commercial Justice, a new version of BRIS system was rolled-out, and considerable development was made towards interconnection of national insolvency registers following the changes to the Insolvency Regulation (IRI 2.0). In the area of Criminal Justice, a set of public documents and forms was made available online through the eJustice Portal. DG JUST also presented the first version of the electronic exchange of evidence (eEvidence) IT system to the Member States for feedback. In the Consumer Policy domain, the new Safety Gate system was developed and tested to replace RAPEX in December 2019. Moreover, additional functionalities have been added to the Online Dispute Resolution platform for complainants' self-assessment and direct negotiation with traders, with the aim of improving user experience and overall platform's effectiveness.

In addition, DG JUST adapted all its IT systems and external communication outlets in preparation for BREXIT.

In 2019, DG JUST continued its work to ensure compliance with the Data Protection Regulation for EU institutions¹ and with the Commission's 2018 Data Protection Action Plan². A complete **inventory of the DG's data processing operations** was established as required under point 3.2 of the Action Plan. Ten

existing legacy notifications were converted into records under the new Regulation and these records were filled in by the controller units. Eight of these records have been published. The remaining eleven notifications are either obsolete and will be archived, or are based on model notifications, which will be replaced by corporate records.

In the context of the establishment of the records, the **compliance with the general principles** of the Regulation was assessed in accordance with points 1.1 and 1.2 of the Action Plan. This assessment confirmed also that no **restrictions of data subjects' rights** are required in the context of the DG's processing operations (point 4.2 of the Action Plan). Moreover, the **privacy statements** for the DG's processing operations were updated and included in the relevant records (point 4.1 of the Action Plan). These privacy statements were consistently communicated to the relevant data subjects by electronic means, in accordance with Articles 14-16 of Regulation (EU) 2018/1725.

In addition, an **information session** for the DG's Management was organised, with the presence of the Data Protection Officer. This possibility for exchange on data protection was well attended and appreciated by senior and middle management.

2.2.4 External communication activities

In 2019, DG JUST communicated its policies and activities widely and frequently to media, the general public, and stakeholders through press and media activities (press releases, press conferences, op-eds, factsheets) and through social media (messaging and engagement through three DG thematic accounts and materials for our Commissioner).

In addition, DG JUST launched the biggest awareness raising campaign in its history and one of the biggest campaigns across the Commission – “#yourEUright” campaign. Supported with the budget of 5 M EUR, the campaign targeted young consumers (aged 18-35) which, according to the available evidence, have the lowest knowledge of basic consumer rights. DG JUST wanted to change this picture, raise the awareness and empower consumers to take action when they have a problem. The campaign focused on 10 countries, which, again, were selected based on evidence.

Compared to other campaigns run by the Commission, #yourEUright stood out because of the 1/ very distinctive look and feel developed by the director Aleksandra Kingo, 2/ very original concept in the form of a mobile 'escape room' that travelled across the 10 focus countries, 3/ idea to pool resources and carry out one bigger awareness action on consumer affairs instead of fragmented, smaller campaigns.

The first results of the campaign are promising with more than 60 M full video views, higher awareness of the rights that were promoted compared to the baseline and high satisfaction rate from the escape room. DG JUST was also active in promoting other topics through online campaigns and cooperated very closely with DG COMM on the Commission's corporate communication campaigns and priorities (#EUandMe, #EUProtects).

The DG teamed up with the European Parliament to advertise European elections to, so called, mobile EU citizens who need to register in order to vote. It promoted GDPR related rights to European audiences based on the Eurobarometer findings that a limited number of citizens change their online settings and it continued its efforts to promote equality messages by producing and disseminating a new video on LGBTI rights that generated more than 700

000 views. These online actions were complemented with offline activities.

In January, DG JUST organised a press briefing in the Jewish Museum to present the latest figures on antisemitism in Europe. In March, DG JUST was in charge of putting in place an event promoting fresh figures on product safety. In May, DG JUST organised the 2nd anniversary of GDPR in the House of the European History.

All these events gathered considerable media attention and succeeded in promoting EU policies.