



Annual Activity Report 2021

DG JUST

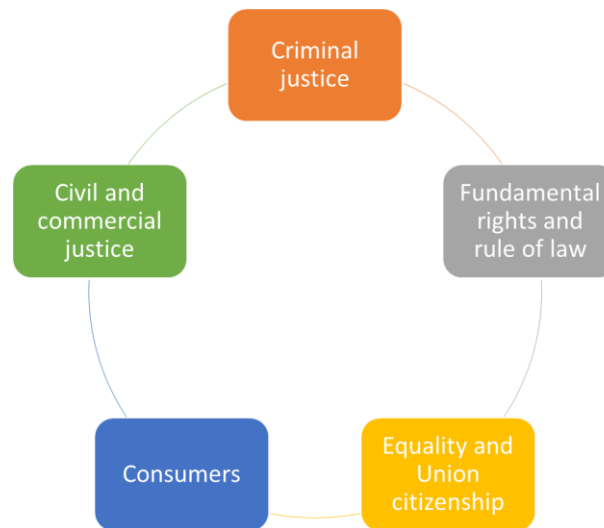
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THE DG IN BRIEF

The mission of DG Justice and Consumers (DG JUST) is to uphold and strengthen the rights of people living across the European Union, whether they are acting as citizens, entrepreneurs, consumers or workers. To do this, DG JUST aims to strengthen the respect of the core EU values – democracy, fundamental rights and the rule of law, the respect of equality, to deepen European cooperation in the area of justice, and to support the development of a dynamic single market for consumers, workers and businesses, contributing to European growth.

DG JUST manages a substantial set of EU laws in its competence areas. To achieve EU objectives in these areas, DG JUST uses a wide range of tools, like targeted legislative actions, non-legislative actions and enforcement tools aimed at ensuring effective application of EU laws. DG JUST is organised in five directorates, responsible for:



The directorates are supported by four horizontal units (01, 02, 03 and 04) that work to ensure communication, strategic planning, interinstitutional and international relations, and economic analysis to support and implement all DG JUST policies and priorities.

Unit 04 ("Programme and financial management") is responsible for the budgetary cycle of DG JUST. It is also responsible for the negotiations, management and execution of two DG JUST funding programmes: 1) Citizens, Equality, Rights & Values (CERV) and 2) Justice programmes. In addition to supervising the four DG JUST agencies and the executive agency EACEA, the Unit also executes part of the procurement activities related to Consumer Protection and Company Law components of the "Single Market Programme" (SMP). In cooperation with other parent DGs, DG JUST participates in the operational supervision and in the governance of the executive agency EISMEA implementing delegated parts of the Consumer Protection activities. In this way, in 2021 DG JUST managed EUR

235.96 million¹ in financial resources to facilitate the implementation of its policies and promote justice, rights and values on the ground.

DG JUST policies are implemented through:

- **direct management mode** by the Commission via grants and procurement, and by the European Innovation Council and SMEs Executive Agency (EISMEA), and
- **indirect management mode** through EU established agencies and Union body in the area of Justice and Consumers to support EU Member States and their citizens in coping with new tasks of a specific nature: the European Institute for Gender Equality (EIGE), the European Union Agency for Fundamental Rights (FRA), European Union Agency for Criminal Justice Cooperation (EUROJUST) and European Public Prosecutor's Office (EPPO).

¹ Found [here](#).

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of DG JUST to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute 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 Treaties².

The executive summary has four subsections:

- A) Key results and progress** towards the achievement of the Commission's general objectives and DG's specific objectives (executive summary of section 1; *what* we have delivered), including achievements in burden reduction, simplification, shortcomings encountered where relevant, and COVID-19 actions performed.
- B) The most relevant Key Performance Indicators** (KPIs) to illustrate the policy highlights identified in the DGs 2020-2024 Strategic Plan.³
- C) Key conclusions on Financial management and Internal control** (executive summary of section 2.1; *how* we have delivered).
- D) Informing the Commissioner:** confirmation that the main elements of the AAR have been brought to the attention of the responsible Commissioners.

² Article 17(1) of the Treaty on European Union.

³ [Strategic plan just 2020-2024 revised.pdf \(europa.eu\)](#).

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

This executive summary recaps major results towards achieving the objectives of DG JUST in 2021, in particular contributing to four headline ambitions set out by President von der Leyen. As reflected below, DG JUST made a considerable contribution to the 2021 Commission Work Programme (CWP); indeed, no less than fifteen items in the CWP (thirteen in Annex I and two in Annex II) were DG JUST initiatives. These include, for example, an EU strategy on the rights of the child, fitness checks of EU legislation on violence against women and domestic violence, and the revision of Directive 2011/24/EU on the protection of the environment through criminal law.

1) [A new push for European Democracy](#)

In 2021, DG JUST continued its efforts to strengthen the rule of law in the European Union. As part of the comprehensive European Rule of Law Mechanism, the Commission published the the second **annual report on the rule of law**, which was co-chaired by DG JUST alongside the SG. The report that covers national justice systems, the anti-corruption framework, media pluralism and freedom, and other institutional checks and balances.

DG JUST also prepared, through financial support from the Justice Programme, the **2021 EU Justice Scoreboard**, to assist Member States to achieve more effective justice.

DG JUST, as lead service, prepared and negotiated the **EU Digital Covid Certificate** (EU DCC) in record time. The EU DCC allowed people across the EU to exercise their free movement rights from the summer period and onwards. With more than 1 billion certificates issued, the EU DCC is one of the EU's great successes in the fight against COVID-19. In addition, DG JUST ensured **a coordinated approach to the restrictions of free movement** through a constant monitoring of the epidemiological situation and several **adaptations of the respective Council Recommendation**.

In the field of improving the framework for democracy, DG JUST presented as lead service a package of measures including new proposals on **transparency and targeting of political advertising**. DG JUST also proposed to update the current rules on European elections and municipal elections for EU citizens who reside in a different Member State to their state of nationality ("mobile EU citizens") as well as non legislative interventions.

In March, the Commission adopted the first-ever comprehensive **EU Strategy on the rights of the child**. This strategy aims to bring all new and existing EU legislative, policy and funding instruments within one coherent framework, both from the internal and external policy. Extensive consultations were carried out, including consultations with more than 10000 children. In October, the Commission adopted its first **EU Strategy on combating antisemitism and fostering Jewish life**, marking its political engagement for a European Union free from antisemitism and any form of discrimination, for an open, inclusive and equal society in the EU. Moreover, in December, the Commission adopted a

Communication, inviting the Council to adopt a decision to **extend the current list of 'EU crimes'** in Article 83(1) TFEU to hate crimes and hate speech. This initiative will pave the way for putting in place, in a second stage, a strong common legal framework to tackle hate speech and hate crime across the EU. Also in December, the Commission adopted its **2021 report on the application of the Charter of fundamental rights in the EU**, which focusses on protecting fundamental rights in the digital age. It presents some of the key aspects where challenges to fundamental rights arise due to the use of digital technology. It shows which rights are affected in these contexts, how the situation in the EU Member States is developing, and how the Member States and the European Commission use the Charter to overcome the different challenges and safeguard and promote people's rights.

In the field of promoting equality for all, DG JUST ensured the effective implementation of the ambitious **EU Anti-racism Action Plan 2020-2025**, which covers a set of comprehensive measures in a range of policy areas combined with the mainstreaming of the fight against racism into all EU policies. DG JUST also started to implement the renewed and strengthened **EU Roma Strategic Framework for Equality, Inclusion and Participation**, which sets out EU Roma policy for 2021-2030. DG JUST also ensured the effective implementation of the **EU LGBTIQ Equality Strategy 2020-2025**, which is built on four pillars: (1) fighting LGBTIQ discrimination; (2) ensuring LGBTIQ people's safety; (3) building inclusive societies; and (4) leading the fight for LGBTIQ equality around the world. As a deliverable of these equality strategies, in 2021, DG JUST kicked off the preparatory work for a new initiative, to be adopted in 2022, to strengthen the role and independence of bodies for the promotion of equal treatment (equality bodies). The Commission followed-up on its commitment set out in the Gender Equality Strategy 2020-2025 and proposed, in March 2021, a **Directive to strengthen the application of the principle of equal pay** for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms. Following intensive negotiations, the Council reached a general approach on the text already in December 2021. Also in March 2021, DG JUST adopted its **Annual Report on Gender Equality in the EU**.

In 2021, DG JUST ensured an exceptional **implementation of the Justice and Citizens, Equality, Rights and Values (CERV) programmes** adopted in April 2021, shifting from yearly to biennial work programmes - thus ensuring better continuity and facilitating the preparation and application process for beneficiaries - launching 17 calls for proposals to finance grass-root organisations, EU networks, the judiciary, and to fund several key activities in support of policy and legislative developments in the field of justice, rights and values. At the end of May, the **first CERV dialogue week** reached out 1000 stakeholders, providing them a platform for networking and information sharing on new funding opportunities.

2) A European Green Deal

DG JUST continued working on the preparation of an initiative aimed at **empowering consumers for the green transition**, as announced in the Circular Economy Action Plan and in the New Consumer Agenda. The work towards the adoption of the **proposal on**

sustainable corporate governance, which will foster long-term sustainable and responsible corporate behaviour, **further intensified in 2021**.

3) A Europe fit for the digital age

In the area of **data protection**, DG JUST continued its work on ensuring the effective implementation of the General Data Protection Regulation (GDPR) and transposition of the Data Protection Law Enforcement Directive (LED). At international level, DG JUST intensified its dialogue with important partners aimed at upward convergence of data protection rules to facilitate data transfers with appropriate safeguards.

DG JUST continued working on implementing the **EU company law rules** adopted in 2019 on cross-border mobility of companies and on digital tools and processes in company law. DG JUST also started preparing a new proposal for an initiative on upgrading digital company law.

In the area of consumers, the Commission adopted **a new proposal for a Directive on consumer credits** to adapt the current legislative framework to the challenges brought by digitalisation and by the COVID-19 crisis. It aims to offer better protection to consumers while creating more harmonised conditions for businesses offering credit. DG JUST launched the preparation for a legislative proposal to review the existing Directive on the **distance marketing of consumer financial services**.

In June 2021, the Commission adopted a **proposal for a general product safety regulation**, which would replace the current General Product Safety Directive, as part of the regulatory fitness-check programme (REFIT). The proposal seeks to address the challenges of product safety of emerging technologies, including use of artificial intelligence (AI) and connected devices, and to establish clear obligations for online marketplaces, which consumers increasingly use for their online purchases. The proposal would create a single set of market surveillance rules for both harmonised and non-harmonised products, including by aligning the provisions with the Market Surveillance Regulation, and would improve the effectiveness of product recalls.

In the area of **consumers policy**, the new version of the public rapid alert system **Safety Gate**, with an improved usability and better overall user experience, has been launched on 2 March 2021. A new system, called eSurveillance, meant for monitoring whether dangerous products notified by the SafetyGate system are indeed not sold anymore on online markets, has entered its execution phase.

DG JUST strengthened **its coordination of consumer law enforcement activities by national authorities** working under the Consumer Protection Cooperation (CPC) Regulation. In particular, it facilitated the biggest and fastest CPC action ever, which concerned cancellation practices of 16 major airlines. This action permitted a return to compliant cancellation practices and the reimbursement of unused vouchers worth millions of euros. Other CPC activities concerned large market places and social networks which were asked to improve the transparency of their commercial activities. DG JUST also

organised **an assembly of more than 400 Alternative Dispute Resolution (ADR) bodies** to exchange on the barriers hindering a better uptake of ADR in the EU.

When tabling new legislative proposals, DG JUST endeavours to identify any potential for simplification and/or burden reduction. In 2021, three legislative proposals were adopted in the area of digitalisation of exchanges of information and documents between Member States.

4) Promoting our European way of life

In the field of improved cross-border cooperation, DG JUST finalised together with other services, the establishment of the **European Public Prosecutor's Office (EPPO)**, which started its operational activities on 1 June 2021. Cooperation in the field of civil justice was further enhanced at international level with 5 proposals adopted authorizing EU Member States to accept the **accession of third countries to the Hague 1980 Convention on international child abduction** as well as with the **proposal for the EU accession to the Hague Judgments Convention**.

In December, the Commission adopted three **legislative proposals on the Digitalisation of cross-border judicial cooperation**. These measures constitute a major step forward for the modernisation of the area of freedom, security and justice that would lead to increased efficiency and resilience of judicial authorities, reduced costs and administrative burden, and easier access to justice. As part of this package, the Commission adopted **a proposal on the digital information exchange in terrorism cases** and **a proposal establishing a collaboration platform to support the functioning of Joint Investigation Teams (JITs)**.

The Commission adopted a proposal for a new **Directive on the protection of the environment through criminal law** in December. It defines new environmental crime categories, includes more precision on types and levels for sanctions, for both natural and legal persons, and strengthens the effectiveness of law enforcement chain in the Member States and in cross-border investigations.

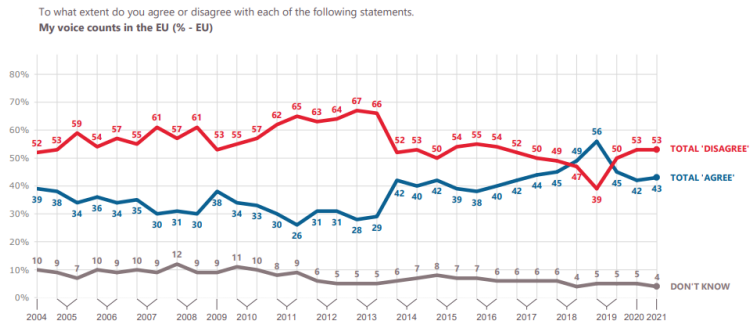
B) Key Performance Indicators (KPIs)

<p>Degree of establishment of the new European Rule of Law Mechanism in line with the Political Guidelines</p>	<p>Baseline: Preparation of the first Annual Rule of Law Report Target: Fully functioning European Rule of Law Mechanism. Yearly publication of the Annual Rule of Law Report. Rule of Law Report is used as a basis in the discussions at the Council, Parliament and at national level. Latest known result: Publication of the second annual Rule of Law Report in July 2021. In the General Affairs Council a general follow-up discussion and two sets of country-specific discussions covering 10 Member States took place. This in addition to presentations in the European Parliament and 20 discussions in national Parliaments (related to the 2020 Rule of Law Report in the first half of 2021 and the 2021 Rule of Law Report in the second half of 2021). The Rule of Law Report fed the preparation of the high-level conference on Rule of Law in Europe co-organised by the Portuguese Presidency of the Council, European Commission and the University of Coimbra.</p>
<p>Degree of implementation of Gender Equality Strategy</p>	<p>Baseline: Strategy adopted Target: All measures within DG JUST competence due by 2024 implemented. Latest known result: In March 2021, the Commission adopted a proposal for a Directive to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms; in December 2021, the Council reached a general approach on the text. The legislative proposal on violence against women and domestic violence was adopted on 8 March 2022. In December 2021, The Commission adopted an initiative to add hate crime and hate speech, including on misogynistic grounds, to the list of EU-crimes in Article 83 TFEU.</p>

**Citizens perception on democratic participation
“my voice counts”**

My voice counts in the EU

Baseline adjusted to EU27 (2019): 48%
Target: Increase
Latest known results (2021): 43% (EB95)



Source:

<https://europa.eu/eurobarometer/api/deliverable/download/file?deliverableId=79220>

Explanation :

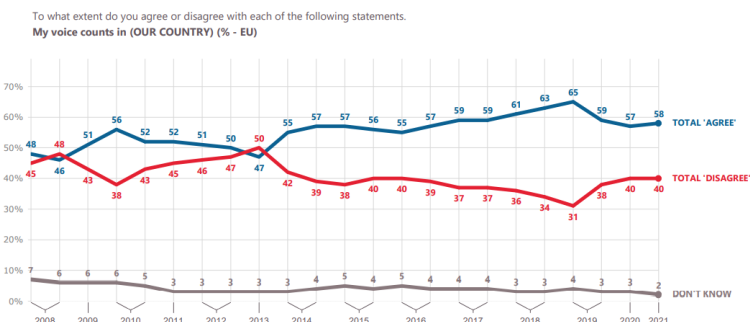
A majority of Europeans (53%) believe that their voice does not count in the European Union. This negative opinion has remained unchanged since summer 2020, the last time that this question was asked. On the contrary, a minority of respondents consider that their voice counts in the EU (43%). Positive opinions have increased slightly by one percentage point since summer 2020. Since 2004, when this indicator was introduced, positive opinions have outweighed negative opinions only twice, namely in autumn 2018 and in spring 2019.

In summer 2020, the view that personal interests are taken into account at the level of the European Union was preponderant in the non-euro area countries (49% vs 45%), but the respondents who hold that opinion are now the minority in this spring 2021 survey: 47% vs 48%.

As regards the euro area, despite a small increase (+2), respondents who believe that their voice counts in the EU remain in the minority in this group of countries: 42% who “agree” vs 54% who “disagree”.

My voice counts in my country

Baseline adjusted to EU27: 61%
Target: Increase
Latest known results (2021): 58% (EB95)

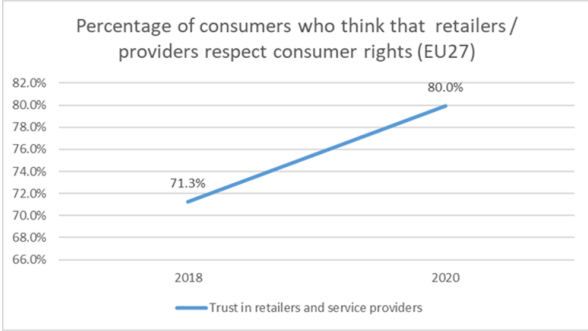
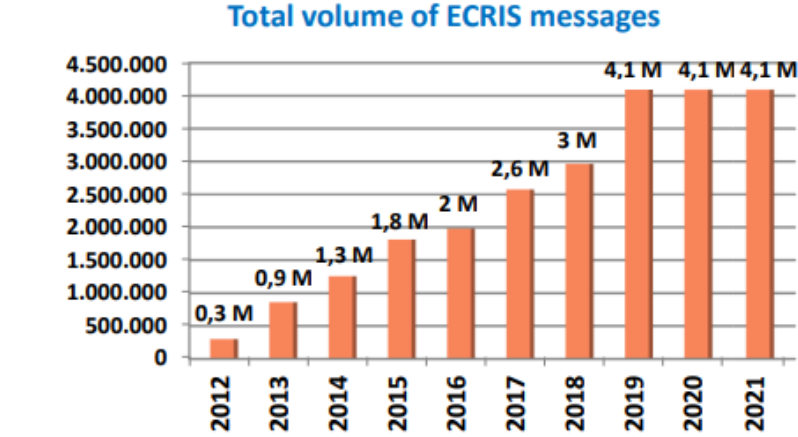


Source:

<https://europa.eu/eurobarometer/api/deliverable/download/file?deliverableId=79220>

Explanation :

	<p>58% of Europeans (+1 percentage point since summer 2020) say that their voice counts in their country, while exactly four in ten respondents (40%, unchanged since summer 2020) disagree with this statement. The proportion of respondents who think that their voice is taken into account in their country has increased for the first time after two consecutive decreases between autumn 2019 and summer 2020. After a sharp decrease, the proportion of respondents who agree with this statement in the non-euro area countries (58%, -5 percentage points since summer 2020) is now almost identical to that of the euro area countries (57%, +1).</p>
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<p>Percentage of consumers who think that in general retailers/providers respect their rights as consumers</p>	<p>Baseline: 71.3% (for EU27 in 2018) Target: Increase Latest known result (2020): 80% Next available result: 2022</p> 
<p>Number of exchanges via the European Criminal Records Information System (ECRIS)</p>	<p>Baseline (2020): 4.1 million Target (2024): 5 million Latest known result (2021): 4.1 million⁴</p>  <p>Explanation: The above chart demonstrates the ever-growing degree to which Member States have been taking advantage of the European Criminal Records Information System. This represents a doubling of the system's use in 2016, when 2 million messages were exchanged by all interconnected Member States.</p>

⁴ No increase in the number of exchanges was noted in 2021 due to the Covid-19 pandemic as well as because of the United Kingdom's departure from ECRIS.

Estimated residual error rate

Direct management: grant

Target 2020: below 2%

Latest known result: 1,83%

Error rates are measured separately for each distinct control system. The residual error rate for grants is below the materiality criteria of 2%, resulting in a lifting of reservation for the direct management grants.



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

In line with the Commission's Internal Control Framework, DG Justice and Consumers 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 the principles 10 and 13. 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 2.1.3 for further details.

In conclusion, 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.

D) Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the DG and the Commissioners on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Didier Reynders, responsible for Justice and Commissioner Helena Dalli, responsible for Equality.

1. KEY RESULTS and progress towards achieving the Commission's general objectives and DG's specific objectives (5)

General objective:

A new push for European democracy



Specific objectives 1. Strengthened rule of law in the Union

DG JUST continued providing support to the Commission's policy on upholding the rule of law in the Union. DG JUST continued to actively monitor developments related to systemic threats to the rule of law in Member States, and contributed to the preparation of the Commission's position in **two Article 7 TEU procedures**, currently pending before the Council, against Poland and Hungary. DG JUST also prepared **three infringement proceedings** against Poland: (1) infringement concerning the new Polish law on the judiciary of December 2019 and the continued functioning of the Disciplinary Chamber of the Supreme Court with respect to cases concerning judges; (2) infringement concerning the Polish Constitutional Tribunal and its case law adversely affecting fundamental tenets of the EU legal order; and (3) a letter of formal notice under Article 260 TFEU as regards the lack of implementation by Poland of the judgment of the Court of Justice of 15 July 2021 issued in the case C-791/19. In relation to the first of those cases, DG JUST furthermore contributed to the preparation of a request for interim measures, granted by the Court of Justice on 14 July 2021, requesting Poland to suspend a number of contested provisions affecting judicial independence and the functioning of the Disciplinary Chamber of the Supreme Court as regards notably cases concerning judicial immunities.

As part of the Rule of Law Mechanism, in 2021 the Commission published **the second Annual Rule of Law Report**. Exchanges based on the report were held in the Council, the European Parliament, the Economic and Social Committee, in many national Parliaments, with Member States governments, stakeholders, civil society organisations and citizens. DG JUST also prepared, through financial support from the Justice Programme, the **2021 EU Justice Scoreboard**, to assist Member States to achieve more effective justice by providing objective, reliable and comparable data on the efficiency, quality and independence of justice systems in all Member States. The monitoring of the justice systems and the assessment of the progress made by Member States in addressing justice-related country-specific recommendations issued in the context of the European

⁵ An Executive Agency uses as heading: "Implementation of the Agency's Annual Work programme - Highlights of the year".

Semester informed the assessment of the Member States' Recovery and Resilience Plans and DG JUST contributions to the draft Council Implementing Decisions and Operational Arrangements (under the Recovery and Resilience Facility) signed with the Member States.

The Commission launched a request for service for an **awareness raising campaign on the rule of law**. The objective of the campaign is to raise awareness about the importance of the rule of law in everyday life. The contract with a communication agency was signed at the end of 2021, with a launch of the campaign planned for 2022.

Specific objective 2: Strengthened application of fundamental rights

On 10 December 2021, Human Rights Day, the Commission adopted its **2021 report on the application of the Charter** of fundamental rights in the EU⁶, following a new thematic approach. The 2021 report focusses on **protecting fundamental rights in the digital age**. It looks at: tackling the challenges of online moderation; safeguarding fundamental rights where artificial intelligence is used; addressing the digital divide; protecting people working through platforms and supervising digital surveillance. On the same day, the Commission launched an **awareness raising campaign** on people's rights under the Charter and on where to turn in case their rights have been breached⁷ and updated information on the application of the Charter on the Europa website⁸. A call for proposals was also launched under the CERV programme for **capacity building on the Charter and strategic litigation**⁹. Both initiatives are complementary: the awareness raising campaign aims to improve the public's awareness of their rights and where to turn to get support, while the CERV call aims to strengthen the knowledge on the application of the Charter of those who enforce it.

In December, the Commission also launched on the **European e-Justice Portal** a new page on Member States' **best practices on the use and awareness of the Charter**.¹⁰

⁶ https://ec.europa.eu/info/aid-development-cooperation-fundamental-rights/your-rights-eu/eu-charter-fundamental-rights/application-charter/annual-reports-application-charter_en

⁷ <https://europa.eu/right-here-right-now>

⁸ https://ec.europa.eu/info/aid-development-cooperation-fundamental-rights/your-rights-eu/eu-charter-fundamental-rights_en

⁹ <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-search;callCode=null;freeTextSearchKeyword=;matchWholeText=true;typeCodes=1,0;statusCodes=31094501,31094502,31094503;programmePeriod=2021%20-%202027;programCcm2Id=43251589;programDivisionCode=43603671;focusAreaCode=null;destination=null;mission=null;geographicalZonesCode=null;programmeDivisionProspect=null;startDateLte=null;startDateGte=null;crossCuttingPriorityCode=null;cpvCode=null;performanceOfDelivery=null;sortQuery=sortStatus;orderBy=asc;onlyTenders=false;topicListKey=topicSearchTablePageState>

¹⁰ https://e-justice.europa.eu/37134/EN/member_states_best_practices_on_the_charter

The Commission also opened a **call for proposals** for an amount of EUR 51 million to **promote and protect** Union values¹¹ under the CERV programme. This call will support civil society organisations in all EU Member States in their crucial work of protecting and promoting fundamental rights and values in the EU, as underlined in the Charter strategy. It illustrates how EU funding supports key EU policy priorities.

These are key **deliverables of the Commission's strategy to strengthen the application of the Charter in the EU**,¹² adopted on 2 December 2020¹³. The Commission informed about these deliverables at the Justice and Home Affairs Council of 10 December 2021.

On 24 March 2021, the Commission adopted the **EU Strategy on the rights of the child**, an initiative in the Commission Work Programme to which DG JUST contributed.¹⁴ The Strategy brings together all new and existing EU legislative, policy and funding instruments contributing to the protection and promotion of children's rights within one comprehensive and coherent framework. It is articulated around six thematic priorities, covering a wide range of policy areas, including participation in democratic and political life, social inclusion, health and education, combating violence against children and child protection, child-friendly justice, the digital world and the global dimension. The Strategy has been developed with the input of children, and was translated into easy to read versions for children of different age groups and reading abilities¹⁵.

On 5 October 2021 the European Commission presented the first-ever **EU Strategy on combating antisemitism and fostering Jewish life (CWP initiative)**. With antisemitism worryingly on the rise, in Europe and beyond, the Strategy sets out a series of measures articulated around three pillars: to prevent all forms of antisemitism; to protect and foster Jewish life; and to promote research, education and Holocaust remembrance. The Strategy proposes measures to step up cooperation with online companies to curb antisemitism online, better protect public spaces and places of worship, set up a European

¹¹ <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/cerv-2022-citizens-values;callCode=null;freeTextSearchKeyword=;matchWholeText=true;typeCodes=1,0;statusCodeS=31094502;programmePeriod=2021%20-%202027;programCcm2Id=43251589;programDivisionCode=null;focusAreaCode=null;destination=null;mission=null;geographicalZonesCode=null;programmeDivisionProspect=null;startDateLte=null;startDateGte=null;crossCuttingPriorityCode=null;cpvCode=null;performanceOfDelivery=null;sortQuery=sortStatus;orderBy=asc;onlyTenders=false;topicListKey=topicSearchTablePageState>

¹² https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6699

¹³ https://ec.europa.eu/info/aid-development-cooperation-fundamental-rights/your-rights-eu/eu-charter-fundamental-rights/application-charter/eu-strategy-strengthen-application-charter_en

¹⁴ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52021DC0142>

¹⁵ https://ec.europa.eu/info/policies/justice-and-fundamental-rights/rights-child/eu-strategy-rights-child-and-european-child-guarantee_en

research hub on contemporary antisemitism and create a network of sites where the Holocaust happened. These measures will be reinforced by the EU's international efforts to lead the global fight against antisemitism. The Strategy will be implemented over the period 2021-2030. Member States have already committed to preventing and fighting all forms of antisemitism through new national strategies or measures under existing national strategies and/or action plans on preventing racism, xenophobia, radicalisation and violent extremism. National strategies should be adopted by the end of 2022 and will be assessed by the Commission by the end of 2023.

On 9 December 2021, the Commission adopted a **Communication on 'A more inclusive and protective Europe: extending the list of EU crimes to hate speech and hate crime' (CWP initiative)**. The Communication invites the Council to adopt a decision extending the 'EU crimes' in Article 83(1) TFEU to hate speech and hate crime and thus to create a legal basis for the Commission to propose minimum rules on the definitions and sanctions of hate speech and hate crime in a second stage.

DG JUST also continued to monitor the implementation of the 2016 **Code of conduct on countering illegal hate speech online** agreed with major IT platforms. The results of the sixth monitoring exercise published in October 2021 confirmed a good performance by IT platforms on the review and removal of hate speech content. The Code of conduct continued to attract new companies with LinkedIn announcing its joining the Code in June 2021. The work on the implementation of the Code of conduct will feed into the **Digital Services Act**, currently under negotiation between the European Parliament and the Council.

On 31 March 2021, the Commission published its **implementation report on the Presumption of innocence Directive**, one of the six Directives protecting procedural rights in criminal proceedings. Overall, the Directive has provided the EU added value by raising the level of protection of citizens involved in criminal proceedings, especially in some Member States where certain aspects of the presumption of innocence were not protected, such as the right not to incriminate oneself. However, this report highlights that there are still difficulties related to key provisions of the Directive in some Member States. This is particularly true in relation to public references to guilt.

*Specific objective 3: **Improved framework to protect democracy in the European Union***

Democracy needs to be nurtured and protected. Both the democratic system and the rights of individual voters face threats. DG JUST was the main service responsible for the Commission's 2021 package of measures on protecting election integrity and promoting democratic participation with a number of initiatives. DG JUST presented a brand new **proposal on transparency and targeting of political advertising (CWP initiative)**. The proposed rules would require any political advert to be clearly labelled as such and include information such as who paid for it and how much. Political targeting and amplification techniques would need to be explained publicly in unprecedented detail and would be banned when using sensitive personal data without explicit consent of the individual. DG JUST also proposed to introduce specific rules on the transparency of political

adverts issued by European Political Parties and to **update the current EU rules concerning EU “mobile citizens” and their right to vote** in European and municipal elections. Among others, in order to ensure inclusive participation ahead of European elections in 2024, the **targeted amendments to the existing Directives on electoral rights** include, obligation to inform such citizens proactively of their electoral rights, use standardised templates for registration as voters or candidates as well as use of language broadly spoken by the mobile EU citizens residing at the territory. The political Communication accompanying these legal proposals also contains some non-legislative measures making best use of the European Cooperation Network on Elections.

In 2021, DG JUST started working on an **initiative** to protect journalists and rights defenders **against SLAPP** (strategic lawsuits against public participation). This initiative is part of broader efforts under the European Democracy Action Plan to promote public participation and support free and independent media. The Commission concluded that the most efficient way to fight against SLAPP and prevent it from growing roots in the EU would be a combination of legislative and non-legislative measures. For this, in 2021, DG JUST organised a public consultation on EU action against SLAPP targeting journalists and rights defenders and a targeted consultation of national judges. In addition, the Commission created an expert group to advise on matters relating to the fight against SLAPP or the support to their targets, which met four times in 2021. Subgroup meetings also took place. Moreover, DG JUST organised several meetings with stakeholders and Member States to gather views on the anti-SLAPP initiative. The Commission’s initiative on SLAPP is planned to be adopted in Q2 2022.

Specific objective 4. Increased perception of the status and the rights conferred by European citizenship

2021 was the second year of the Covid pandemic which had a tremendous influence on the free movement of persons. DG JUST (as lead service) prepared and negotiated the **EU Digital Covid Certificate** (EU DCC) in record time. The EU DCC allowed citizens to exercise their free movement rights well in time for the summer period. With more than 1 billion certificates issued, the EU DCC is one of the EU’s greatest successes in the fight against Covid-19. It is used widely across the EU, also for domestic purposes, and has set a global standard, leading to more than 30 third countries being connected.

The implementation of the EU DCC required constant monitoring of the epidemiological situation and subsequent **adaptation of the Council Recommendation on a coordinated approach to the restrictions of free movement**, in light of the evolution of the epidemiological situation and the roll out of vaccines in the course of 2021. In addition, DG JUST prepared several **implementing acts ensuring the technical implementation of the EU DCC** as well as **equivalence decisions with regard to certificates issued by third countries** (next to the EU, EEA and Switzerland, 31 third countries are now connected to EU DCC). Last but not least, taking into account the latest scientific evidence, the Commission adopted a **delegated act** to make the **standard validity period of vaccination certificates** of 270 days legally binding.

The right to equal access to consular protection is one of the specific rights that the Treaties grant to EU citizens and is a tangible example of European solidarity. A number of global events requiring common EU action to ensure the effective use of this right have arisen in recent years, including natural disasters and terrorist attacks, but never to the extent and complexity as during the COVID-19 outbreak. In 2021, DG JUST conducted preparatory steps for the **review of the existing consular protection Directive (CWP initiative)**. The aim of the review is to assess the implementation of the current Directive, draw the lessons to be learned from the consular dimension of the COVID-19 crisis, and take into account the effects of Brexit (and the corresponding loss of UK consular assets).

Finally, DG JUST pursued infringement in the context of citizenship schemes. As regards EU citizens' rights, DG JUST further ensured close monitoring of the implementation of the EU-UK Withdrawal Agreement.

Specific objective 5. High level of personal data protection achieved throughout the EU and EU data protection promoted as a global model

DG JUST continued its work on ensuring the **effective implementation of the General Data Protection Regulation (GDPR)** and **transposition of the Data Protection Law Enforcement Directive (LED)**. The Commission opened an infringement proceeding against Belgium due to the lack of independence of its Data Protection Authority and followed up on others, including one where CJEU imposed financial penalties on Spain for its failure to transpose the LED. Schengen evaluations were carried out in six Member States in order to assess how the data protection requirements of the Schengen acquis are implemented and applied in practice. DG JUST also contributed actively to the reform of the Schengen Evaluation Mechanism. In addition, preparations were started for the evaluation of the LED and for the report on the application of EU Data Protection Regulation (the "GDPR" for EU institutions and bodies), both due in the second quarter of 2022.

The work on **mainstreaming the GDPR and LED rules into key EU sectoral policies** was continued with a focus on Data Strategy initiatives including common European data spaces, law enforcement, financial services and employment. In the area of health, the Covid-19 pandemic has shown the importance of innovative digital solutions which embrace the right to data protection and foster trust. It was in particular the case for the Regulation on the EU Digital Covid Certificate and the Implementing Decision on the Passenger Locator Forms Exchange Platform that fully comply with data protection principles, such as data minimization and security.

To facilitate the implementation of EU data protection rules at national level, DG JUST continued **exchanges with national authorities and stakeholders**, including through the Member States' expert group on GDPR and LED, the Multistakeholder expert group on GDPR and the launch of the network of police data protection officers. Throughout the year, DG JUST actively contributed to the work of the European Data Protection Board, including the preparation of guidelines aimed at stakeholders. The Commission also continued to financially support national data protection authorities in reaching out to citizens and small and medium-sized enterprises.

At international level, DG JUST intensified its dialogue with important partners aimed at upward convergence of data protection rules to facilitate data transfers with appropriate safeguards. Aside from written and oral submissions (e.g. in parliamentary hearings) on the draft data protection bills of a number of third countries, and the cooperation with regional organisations such as ASEAN or the Ibero-American Data Protection Network, DG JUST led the **negotiations on data protection safeguards included in several international agreements on law enforcement cooperation** (e.g. the Second Additional Protocol to the Budapest Convention, Europol cooperation agreements with New Zealand and Israel). It also finalised the **adequacy talks** and adopted **adequacy decisions** for the **UK** and **South Korea**. In addition, following the US elections, the negotiations on a possible successor arrangement to the EU-US Privacy Shield (following the invalidation of the earlier adequacy decision in 2020) entered into a more intensive phase. Beyond this work aimed at new adequacy decisions, DG JUST also continued, and to a large extent finalised, the **review of the 11 existing adequacy decisions** (adopted under former Directive 95/46), as well as the first joint review of the EU-Japan mutual adequacy arrangement concluded in early 2019. With a view to helping European businesses comply with GDPR requirements, the Commission adopted in June 2021 **Standard Contractual Clauses** (SCCs) for controllers and processors located in the EU and modernised SCCs for transferring personal data to non-EU countries.

In 2021, DG JUST also further developed its **cooperation with a number of international organizations (e.g. IOM, FAO, OECD)** with a view to facilitate data exchanges in support of their public interest missions, including through possible adequacy findings. Among other things, this led to the development of a model data protection contract with the International Organization for Migration for data transfers by Member States authorities in the context of IOM return operations. DG JUST also participated in the OECD work on the development of global principles for government access.

Following the negotiations on the **EU-UK Trade and Cooperation Agreement (TCA)**, DG JUST also played an active role in its implementation in the justice and consumers areas. This notably involved working closely with Member States to ensure they correctly apply the relevant provisions of the TCA. DG JUST was also responsible for co-chairing (on behalf of the EU), and ensuring the secretariat of, the EU-UK Specialised Committee on law enforcement and judicial cooperation. Finally, DG JUST took part in the negotiations of a possible agreement with the UK on Gibraltar.

*Specific objective 6. **Eliminate inequalities and discrimination, and promote equality for all***

The Commission followed-up on its commitment set out in the Gender Equality Strategy 2020-2025 and proposed, in March 2021, a **Directive to strengthen the application of the principle of equal pay** for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms. Following intensive negotiations, the Council reached a general approach on the text already in December 2021.

On 8 March 2022, a proposal for a **draft Directive on violence against women and domestic violence (CWP initiative)** was finalised. The proposal has the same objectives as the Istanbul Convention, namely to ensure that EU Member States have effective measures in place to prevent such violence, protect victims and punish offenders on a common basis. In line with the principle of burden reduction, the proposal aims to simplify the law in this area by compiling relevant EU rules in a single instrument in a transparent manner. This will benefit both professionals and the victims concerned. In line with the principle of proportionality and necessity of EU action, this proposal will establish minimum rules enhancing the actions taken by Member States in the areas of prevention, victim protection and support, access to justice and coordination. For the first time, this proposal draws up a targeted and coordinated EU approach to tackle violence against women and domestic violence. The Commission monitored closely the correct enforcement and application of the **Racial Equality Directive** with specific focus on Roma segregation in education, continued to work on existing infringement cases and opened an investigation against Hungary. On 19 March 2021 Commission adopted the Application report on the Racial Equality Directive and Employment Equality Directive.¹⁶ The Commission also pursued its efforts to unblock the negotiations on the proposed **Horizontal Equal Treatment Directive (CWP initiative)**¹⁷, which aims to extend protection against discrimination on grounds of religion or belief, disability, age and sexual orientation to areas outside employment (social protection, education and access to and supply of goods and services, including housing).

The Commission organised two meetings of the **High-Level Group on Non-discrimination, Equality and Diversity** to ensure policy coordination with Member States and other stakeholders on equality policy and non-discrimination on the grounds of racial or ethnic origin, age, disability and sexual orientation, two meetings of the Equality data subgroup and a high level Roundtable aiming to step up the collection of equality data. Finally, the Commission organised a **legal seminar with the European network of legal experts in gender equality and non-discrimination** and supported several trainings to raise awareness among judges and legal practitioners on EU equality legislation.

The Commission ensured the effective implementation of its ambitious **EU Anti-racism Action Plan 2020-2025** that covers a set of comprehensive measures in a range of policy areas combined with the mainstreaming of the fight against racism into all EU policies. The Commission appointed the first European Commission Coordinator against racism and organized the first EU Anti-racism Summit on 19 March 2021. To support Member States in their efforts to develop and adopt national action plans against racism and racial discrimination, the Commission established a Subgroup on the national implementation of

¹⁶ COM(2021) 139 final

¹⁷ 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, 2.7.2008)

the EU Anti-Racism Action Plan and developed guidelines on the main principles and elements required to produce effective national action plans. The Commission has also set up a Permanent Forum of Civil Society Organisations (CSO's) to participate in the consultative processes and support the Commission in the implementation of the action plan and the Commission awarded grants under the Citizens, Equality, Rights and Values programme. The Commission continued its work towards ensuring the correct and complete transposition of the Framework Decision on combating racism and xenophobia by means of criminal law, and in 2021 has sent **letters of formal notice to 11 Member States**.

In 2021, the Commission started to implement the renewed and strengthened **EU Roma Strategic Framework for Equality, Inclusion and Participation**, which sets out EU Roma policy for the period from 2021 to 2030. The new Framework consists of a Commission Communication, providing guidelines for national Roma strategic frameworks and a portfolio of indicators, as well as a the Council recommendation, adopted unanimously by the Member States on 15 March 2021. The recommendation establishes a comprehensive approach complementing the social-economic inclusion of marginalised Roma communities with actions to fight and prevent antigypsyism and discrimination, and promoting participation through empowerment, cooperation and trust. The Commission further organised several meetings with civil society and national Roma contact points as well as the 14th meeting of the European Platform for Roma Inclusion organised in cooperation with the Slovenian Presidency which focused among other on assessing the National Roma Strategic Frameworks and on mitigating the impact of the COVID 19 pandemic.

The Commission ensured the effective implementation of its first-ever **EU LGBTIQ Equality Strategy 2020-2025** built on four pillars: (1) fighting LGBTIQ discrimination; (2) ensuring LGBTIQ people's safety; (3) building inclusive societies; and (4) leading the fight for LGBTIQ equality around the world. To support and monitor progress in the Member States, including on the national action plans, the Commission set up an LGBTIQ equality subgroup which aims to develop a set of Guidelines to assist Member States in their efforts and strategic work to enhance LGBTIQ Equality. The Commission also awarded grants to LGBTIQ civil society organisations, under the Citizens, Equality, Rights and Values programme and maintained an open dialogue and consultation with civil society in law and policy-making under the Civil Society Roundtable. The Commission further launched a study focusing on the challenges intersex people face in their everyday lives. In July 2021, the Commission took action to ensure the respect of the rights to freedom of expression and of non-discrimination, enshrined in Articles 11 and 21 of the Charter of Fundamental Rights in the context of the implementation of the Unfair Commercial Practices Directive in Hungary. The Commission launched an infringement procedure against Hungary related to the adoption of a law which prohibits or limits access to content that promotes or portrays the so-called 'divergence from self-identity corresponding to sex at birth, sex change or homosexuality' for individuals under 18, and to a disclaimer imposed on a childrens' book presenting LGBTIQ people.

The Commission further continued to actively **promote diversity management** through an EU-level platform to support Diversity Charters in 26 EU Member States covering more

than 12 000 organisations, including companies, NGOs and public bodies with over 16 million employees. In May 2021, the European Commission celebrated the second European Diversity Charters Month. In November 2021, the Commission launched the new European Capitals of Inclusion and Diversity Award aiming to recognise Inclusion and Diversity work of local authorities in several categories.

General objective:

A European Green Deal



*Specific objective : **Improved sustainable consumption by empowering consumers and improved integration of sustainability considerations into companies' and companies' behaviour through an upgraded corporate governance framework***

In 2021, DG JUST continued working on the preparation of an initiative aimed at **empowering consumers for the green transition**, as announced in the Circular Economy Action Plan and in the New Consumer Agenda. The initiative was adopted on 30 March 2022. DG JUST worked in close cooperation with other DGs on related initiatives, specifically with DG ENV on green claims initiative and with DG ENV, DG ENER and DG GROW on sustainable products initiative.

As announced in the New Consumer Agenda, DG JUST launched, as the Agenda's first action, the pilot phase of a non-legislative initiative, the **Green Pledge**. The Pledge invites businesses to undertake concrete, public and verifiable commitments that go beyond legal obligations, in order to raise awareness of their consumers about the impact of their consumption choices. Eleven companies pledged to make impactful changes, such as reduction in CO2 emissions at the organisational and product level. After the pilot phase, based on lessons learned and received stakeholders feedback, DG JUST engaged in preparation of an enhanced Pledge to be rolled out in 2022.

Consumer law enforcement authorities published a **sweep on misleading green claims** which showed that for 42% of the websites examined and which contained green claims, there were reasons to believe such claims were false or misleading. Authorities also worked together in the Consumer Protection Cooperation (CPC) network to exchange best practices on enforcement challenges in the area of sustainability information and started a first coordinated action on early obsolescence concerning a large game manufacturer.

DG JUST started the preparatory work, carrying out studies and preparing the call for evidence for a new initiative promoting a more sustainable use of goods throughout their useful life by **amending the Sale of Goods Directive and introducing a new right to repair**. The initiative, planned for adoption in 2022, will aim to encourage consumers to make more sustainable choices by providing incentives and tools to use goods for a longer

time. It will also encourage producers to design goods that last longer and are easily repairable.

In line with the overall Commission's objective of a just transition to a sustainable economy and a sustainable recovery after the Covid-19 crisis, DG JUST, in 2021, in co-lead with DG GROW, worked towards the adoption of a **proposal on sustainable corporate governance (CWP initiative)**, carrying out the necessary preparatory work, including broad consultations and impact assessment work. The proposal will foster long-term sustainable and responsible corporate behaviour in green transition and beyond, contributing also to the headline ambition of "an Economy that works for people". The proposal was adopted on 23 February 2022.

General objective:

A Europe fit for the digital age



Specific objective 1: Consumers are empowered and better protected

On 30 June 2021, the Commission adopted a new **proposal for a Directive on consumer credits** to adapt the current legislative framework to the challenges brought by digitalisation and by the Covid-19 crisis. It aims to offer better protection to consumers while creating more harmonised conditions for businesses offering credit. In particular, it extends the scope of application of the current directive, improves rules on information disclosure – especially online – and responsible lending, and it includes new provisions to tackle practices exploiting consumer behavior online and support over-indebted consumers. A progress report on this proposal was published on 19 November 2021.

In 2021, DG JUST launched the preparation for a legislative proposal to **review the existing Directive on the distance marketing of consumer financial services**. The objective of the legislative proposal is to modernise the current legal act to ensure a high level of consumer protection and the fostering of the cross-border provision of financial services (e.g. consumer loans, mortgages, insurance products) bought at a distance (e.g. online, via telephone or postal services).

The **Project on Debt-Advice**, started in 2020, continued in 2021 with events for the exchange of best practices among debt-advice providers and two sets of events aimed at the capacity building of future debt-advisers of six EU Member States (Italy, Spain, Greece, Hungary, Romania, and Poland), i.e. countries where debt-advice is not well developed yet or may improve. The final Report of the whole Project will be published in January 2022 summarising the outcome of the initiative and collected best practices.

In 2021, DG JUST updated its **guidance on Directive 2011/83/EU on consumer rights, Directive 2005/29/EC on unfair commercial practices and Directive 98/6/EC on price indication** to facilitate their effective application, in particular in the digital environment and in view of the recent amendments of these Directives. In preparation of further work to ensure digital fairness for consumers, DG JUST also started gathering evidence on the prevalence and effects of new unfair practices in the digital environment, so-called 'dark patterns'.

Furthermore, DG JUST **assisted Member States in transposition** of the Directive on better enforcement and modernisation, the Directive on representative actions for the protection of the collective interests of consumers, the Directive on contracts for the supply of digital content and digital services and the Directive on the sale of goods.

As required by Directive (EU) 2015/2302 on **package travel and linked travel arrangements**, the Commission adopted a report on the application of the Directive in February 2021. The report covers the protection of consumers when booking travel services online and prepared the ground for a back-to-back evaluation and impact assessment of the Directive following the Thomas Cook bankruptcy and the Covid-19 crisis.

In June 2021, the Commission adopted a proposal for a **general product safety regulation**, which would replace the current General Product Safety Directive, as part of the regulatory fitness-check programme (REFIT). The proposal seeks to address the challenges of product safety of emerging technologies, including use of artificial intelligence (AI) and connected devices, and to establish clear obligations for online marketplaces, which consumers increasingly use for their online purchases. The proposal would create a single set of market surveillance rules for both harmonised and non-harmonised products, including by aligning the provisions with the Market Surveillance Regulation, and would improve the effectiveness of product recalls.

In 2021, **CPC authorities** continued to address the challenges linked to the Covid-19 crisis. The dialogue on consumer scams with 11 major online platforms (market places, search engines and social media) continued. A dialogue with 16 airlines started in relation to cancellation practices that took place during the early stages of the pandemic. This was the biggest CPC action carried out so far and the fastest one. As a result, airlines proposed a reimbursement in cash to all consumers on whom vouchers had been imposed and who could not use them. Cancellation practices were back to compliance by September 2021. The CPC network also worked on accommodation booking sites, subscription traps and their link to wrongly designed payment windows. It started a dialogue with Tiktok and with Google on their lack of transparency regarding certain commercial information. CPC authorities and data protection authorities cooperated regarding consumer information on targeted advertising. A new platform supporting e-investigation by national authorities was successfully tested (eLab).

DG JUST organised a large **assembly of Alternative Dispute Resolution (ADR) bodies** which discussed how consumers and businesses could make better use of ADR schemes, especially in view of the acceleration of the use of online shopping. European Consumer

Centres continued to support consumers who faced a problem with a cross border purchase. A new grant model, following the adoption of the new financing instrument was implemented to support them with biennial grants.

In cooperation with BEUC (The European Consumer Organisation), DG JUST continued with the second phase of **ConsumerPro** training and other capacity-building activities for the consumer organisations and other stakeholders domiciled in the EU, Iceland and Norway. The project shall offer sector-specific training topics, such as digital rights, consumer law and collective redress and full roll out in 2022, building up operational skills in consumer education, advice, communication and media. While ConsumerPRO targets organisations, consumers benefitted from a campaign on knowing their rights better in the realm of financial literacy, data protection, internet safety and sustainability.¹⁸

Specific objective 2. A human-centric legal framework for Artificial intelligence that protects citizens and promotes cross-border trade

DG JUST advanced on three main work strands concerning **Artificial Intelligence** (AI): (i) ensuring a coordinated European approach on the human and ethical implications of AI; (ii) that all consumer products, including the ones incorporating AI, are safe; and (iii) clarifying the liability regime in the context of AI.

More specifically, DG JUST further accelerated preparatory work, undertaking studies and analytical activities, in view of the legislative **proposal on harmonised liability rules for Artificial Intelligence**, planned for adoption in 2022. The initiative will aim to create legal certainty, avoid fragmentation in the EU and build an adapted framework, which ensures that victims of damage caused by AI-equipped products/services have the same level of protection as victims of traditional technologies.

In 2021, DG JUST contributed to the preparation of the **Data Act (CWP initiative)**, steered by DG CNECT under the specific objective of creating a European Single market for data in which data can flow for the benefit of all and whose rules concerning access and the use of data are practical and clear. DG JUST covered the specific issues related to fairness in B2B data sharing and access to data co-generated by the use of products and services. Measures include the development of voluntary model contract terms to facilitate the design and use by start-ups and SMEs of balanced B2B data sharing contracts, a contractual fairness test and horizontal modalities. The Data Act is planned for adoption early 2022.

DG JUST also worked together with DGs CNECT, GROW, SG, LS, JRC, and HOME on the legislative proposal that was adopted on 21 April 2021, notably contributing on aspects

¹⁸ https://ec.europa.eu/info/live-work-travel-eu/consumer-rights-and-complaints/video-resources-consumers_en

related to **AI technology and fundamental rights** aspects. Ensuring legal compliance of AI use is also expected to have a positive impact on the uptake of the technologies in sectors that are subject to high regulatory compliance standards, such as law enforcement or the judiciary.

*Specific objective 3. **Company law improves conditions for companies, including SMEs, in particular to operate and expand cross-border and to use digital tools***

DG JUST continued working in 2021 on implementing the EU company law rules adopted in 2019 on cross-border mobility of companies and on digital tools and processes in company law (Directives (EU) 2019/2121 and (EU) 2019/1151). In particular, to ensure the efficient transposition of the rules on cross-border mobility of companies, the Commission adopted an implementing regulation (Implementing Regulation (EU) 2021/1042) that sets out technical specifications and procedures required to further expand the functionalities of the Business Register Interconnection System (BRIS).

Furthermore, in 2021 DG JUST started preparing a **new proposal for an initiative on upgrading digital company law**. The aim of this initiative is to improve transparency of EU companies by making more information available on a cross-border basis, to enable the cross-border use of trustworthy company data in administrative or judicial procedures, and to further modernise EU company law rules to make them fit for the digital age. An open public consultation was launched in December following the publication of an Inception Impact Assessment in July 2021.

General Objective:

An economy that works for people

In 2021, under the headline ambition “An Economy that works for people”, DG JUST also worked closely with DG FISMA on the **review of the banking framework (CWP initiative)**, to ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe’s recovery from the Covid-19 pandemic and the transition to climate neutrality. DG JUST particularly contributed by putting forward a robust fit-and-proper framework about members of management bodies and influential managers. This will ensure sound management of EU banks and better protect financial stability. This is particularly important in the context of the Banking Union. The review of the EU banking rules (the Capital Requirements Regulation and the Capital Requirements Directive) was adopted in October 2021.

In addition, DG JUST’s work led to the adoption in 2021 of several **delegated regulations on remuneration** enabling the complete and consistent implementation of the Capital Requirements Directive V and of the Investment Firms Directive.

General objective:

Promoting our European way of life



Specific objectives 1. Improved cross-border cooperation in civil and criminal matters

In the field of civil justice, after three years of complex negotiations the Council reached, in June 2021, a general approach on the proposed **regulation on the law applicable to the third-party effects of assignments of claims**. Trilogues started in December 2021 with the aim of reaching a political agreement during the first half of 2022. The proposal is one of the measures to deliver on the Capital Markets Union.

In the international fora, a major step forward was the adoption, in July 2021, of the **Commission's proposal for the EU accession to the Hague Judgments Convention**, an international treaty that facilitates the recognition and enforcement of judgements in civil and commercial matters in foreign jurisdictions. This improves legal certainty and saves citizens and companies time and money. After swift negotiations, the Council reached the political agreement on the proposal on 10 December 2021. The European Parliament will then need to give its consent, in 2022, before the formal adoption by the Council.

The Commission also adopted on 4 May 2021 a **Communication providing its assessment on the United Kingdom's application to join the 2007 Lugano Convention** (on jurisdiction and recognition and enforcement of judgments), concluding that the European Union should not give its agreement to United Kingdom's accession.

In July 2021, five proposals authorizing EU Member States to accept the **accession of five third countries** (Tunisia, Jamaica, Bolivia, Pakistan and Philippines) to the **Hague 1980 Convention on international child abduction** were adopted by the Commission. Two of them have been already formally adopted by the Council. This initiative contributes to extend worldwide the guarantees provided by the 1980 Convention to safeguard children's rights in case of wrongful removal or retention across borders.

In December 2021, the Commission proposal was adopted for a Council Decision on the signing, on behalf of the European Union, of the **Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment** (MAC Protocol). This initiative is the first step to ensure that Member States could take advantage of the system established by the Protocol to secure international transactions concerning agriculture, mining and construction machines.

The **European Judicial Network** in civil and commercial matters, which is a core tool for effective implementation of EU law in civil and commercial matters, continued its work in

2021 under challenging Covid-19 circumstances, with most of the meetings taking place online. However, in the field of judicial cooperation, as a positive effect, the prolonged crisis continued to increase the use of digital means of communication.

In 2021, DG JUST also kicked off the preparatory work on three new initiatives, to be adopted in 2022 and 2023, on harmonising certain aspects of substantive law on **insolvency proceedings**, on **recognition of parenthood** between Member States, and the **cross-border protection of vulnerable adults**. In this context, a number of expert groups were convened and studies and public consultations launched.

In the field of criminal justice, in 2021, DG JUST took, with the support of other DGs and services, the necessary measures to finalise the establishment of the **European Public Prosecutor's Office (EPPO)**, which started its operational activities on 1 June 2021. On 6 September 2021, the Commission issued its 1st Report on the implementation of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (**'PIF Directive'**), which DG JUST prepared together with OLAF¹⁹. In December 2021, letters of formal notice were issued concerning eight Member States.

On 1 March 2021, the Council adopted the Decision authorising the opening of negotiations for Agreements between the European Union and Algeria, Argentina, Armenia, Bosnia and Herzegovina, Brazil, Colombia, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Turkey on **cooperation between the European Union Agency for Criminal Justice Cooperation (Eurojust) and the competent authorities** for judicial cooperation in criminal matters of those **third States**. Preliminary meetings have been held with some of them, and it is expected to open formal negotiations with at least 4 countries during the first semester of 2022.

The Commission continued overseeing Eurojust's management and strategic issues through involvement in **Eurojust's** governance bodies. During 2021, DG JUST participated in 24 meetings of the College of Eurojust and 25 meetings of the Executive Board. This involvement allowed to include the vision of the different Commission services in the reports and decisions approved in both governance bodies of Eurojust. This collaboration has also helped to define the technical requirements of the two legislative proposals on the Digitalisation of cross-border judicial cooperation.

As part of the Digitalisation of Justice package, the Commission adopted on 1 December 2021 **two proposals on the digital information exchange in terrorism cases (CWP initiative)**. While one of these proposals aligns an old third pillar instrument, Council Decision 2005/671/JHA, with the EU data protection acquis, the other proposal amends the Eurojust Regulation with the aim to improve the digital information exchange between Member States' competent authorities and Eurojust as well as the processing of information at Eurojust. This shall improve the effectiveness of the European Judicial

¹⁹ Report from the Commission to the European Parliament and the Council on the implementation of Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law, COM(2021) 536 final, 6.9.2021.

Counter Terrorism Register, enabling Eurojust to identify cross-border links with terrorism cases better.

Based on a thorough evaluation in 2019 and 2020 of the 2008 Directive on environmental crime (2008/99/EC) and a detailed impact assessment, the Commission adopted a **proposal for a new Directive on the protection of the environment through criminal law (CWP initiative)** on 15 December 2021. The proposal is accompanied by a Commission Communication setting out the broader policy context of environmental protection in the Union. The proposal intends to make protection of the environment more effective by obliging Member States to take effective criminal law measures. It defines new environmental crime categories, includes more precision on types and sanctions, for both natural and legal persons, and strengthens the effectiveness of law enforcement chain in the Member States and in cross-border investigations. It also obliges the Member States to support and assist people who report environmental offences and cooperate with the enforcement authorities.

On 20 July 2021, the Commission issued its **report on the implementation of the Directive regarding the European Investigation Order** in criminal matters. It concluded that overall, the Directive provided EU added value by streamlining the process of evidence collection, and, in particular, by imposing concrete time limits. However, it also showed that there are still difficulties regarding certain key provisions of the Directive, such as with respect to the grounds for refusal. The Commission will continue to assess Member States' compliance with the Directive and will take appropriate measures to ensure conformity with its provisions throughout the Union. In August 2021, the Commission issued a report '**Statistics on the practical operation of the European arrest warrant (EAW) – 2019**', which sets out quantitative information on the practical operation of the EAW in 2019. The report covers information from Member States acting both as issuing States and as executing States. It consists of data related to, inter alia, the number of EAWs issued and executed, the number of persons arrested, the types of offences covered, the grounds for refusal and the duration of the surrender proceedings. In 2021, **the Commission also launched 15 infringement procedures** concerning the Framework Decision on EAW (7 infringement procedures were launched in 2020).

In order to ensure an effective exchange of criminal records information between the Member States, DG JUST regularly monitors the functioning of the **European Criminal Records Information System (ECRIS)** and the implementation of its constitutive instruments. Following the publication of the second Report concerning the exchange of information extracted from the criminal records between the Member States through ECRIS (COM(2020)778), DG JUST organised in January 2021 an ECRIS Expert Group meeting, where the findings of the report were discussed. Subsequently, DG JUST engaged in a dialogue with the Member States concerned to address any irregularities. This screening process resulted in launching **infringement procedures** against five Member States (Bulgaria, Cyprus, Greece, Malta, Portugal).

In 2021, DG JUST worked closely with eu-LISA and the Member States in the framework of the **ECRIS-TCN Advisory Group and Programme Management Board** towards

developing the future centralised system for the identification of Member States holding conviction information on third-country nationals (ECRIS-TCN). DG JUST also prepared and agreed with the Member States all the implementing acts required by Regulation (EU) 2019/816 and necessary for the development and implementation of the system.

The Commission launched a request for service for an **awareness raising campaign on victims' rights**. The objective of the campaign is to raise awareness about victims' rights in general and to promote specialist support and protection for victims with specific needs. Though the request for service was launched in 2021, it was not awarded. A new call for tender will be launched in Q1 2022.

In 2021, the Commission continued the work on the **alignment of legal acts** which require a legislative intervention in order to align them **with the new EU data protection acquis**. In January 2021, the Commission published two legislative proposals (Directives) amending the Framework Decision on joint investigation teams and the Directive on the European Investigation Order, as regards their alignment with the Data Law Enforcement Directive. Moreover, on 1 June the Commission adopted a draft recommendation to the Council to authorize the re-opening of negotiations of the Agreement between the EU and Japan on mutual legal assistance in criminal matters.

The Commission and the Portuguese presidency of the Council brought together national- and European-level training providers and associations of justice professionals in the **high-level digital conference** of 6-7 May 2021 on **'Modernising EU Justice Systems by boosting training of justice professionals'**²⁰. There was a strong sense of commitment and drive to reach the new ambitious objectives, improving the participation of justice professionals in training on EU law and the training offered, whether face-to-face, online or hybrid. Justice professionals should gain the necessary knowledge, skills and tools to face new challenges, such as a pandemic.

Justice professionals can now benefit from improved features of the **European Training Platform**²¹ and register to be notified of any new training courses and self-learning materials in the EU law practice areas of their preferences.

Specific objective 2. Improved access to justice for citizens and facilitated cross-border cooperation for judicial authorities through better use of digital technologies

As announced in the Commission Work Programme for 2021, on 1 December 2021, the Commission adopted two **legislative proposals on the Digitalisation of cross-border judicial cooperation**. These measures constitute a major step forward for the modernisation of the area of freedom, security and justice that would lead to increased

²⁰ https://ec.europa.eu/info/sites/default/files/conference_eu_judicial_training_2021_report.pdf

²¹ <https://e-justice.europa.eu/european-training-platform/>

efficiency and resilience of judicial authorities, reduced costs and administrative burden, and easier access to justice.

The proposals aim at the holistic digitalisation of the communication exchanges between competent national authorities involved in cross-border judicial cooperation in civil, commercial and criminal matters. The proposals moreover seek to directly facilitate access to justice and tackle practical barriers faced today by individuals and businesses by obliging Member States to accept electronically submitted claims and the online payment of statutory fees. It also lays down rules on the remote participation of parties in cross-border hearings by videoconferencing.

The third element of the Digitalisation of Justice package adopted on 1 December 2021 is **the proposal establishing a collaboration platform to support the functioning of Joint Investigation Teams (JITs) (CWP initiative)**. The objective of the proposal is to provide a technological tool to support those involved in JITs to increase the efficiency and effectiveness of their cross-border investigations and prosecutions.

In 2021, DG JUST continued to work with Justice and Home Affairs (JHA) actors in the context of a task force aiming to establish legal, business and technical requirements for the implementation of 'hit/no-hit' mechanisms between relevant JHA agencies and EU bodies.

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1. Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by 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. The following reports have been considered:

- the reports from AOSDs, the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegations;
- the reports on control results from entrusted entities in indirect management, as well as the results of the DG's supervisory controls on the activities of these bodies;
- the contribution by the Director in charge of Risk Management and Internal Control, 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 reports on ex-post supervision and/or audit results;
- the limited 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 available evidence. This approach 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 covers 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 reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO) ⁽²²⁾. The DG's assurance building and materiality criteria are outlined in AAR Annex 5. The AAR Annex 6 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.

DG JUST managed a budget in 2021 of EUR 235,96 million, excluding co-delegation type 2 which amounts to EUR 60.2 million.

Before proceeding with the global commitments to fully consume 2021 credits, the implementation rate stood at the 20 December at 82% (vs 78% in 2020) which is another notable achievement. Legal commitments on the remaining budget will be signed in 2022, 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 228,45 million out of EUR 235,96 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 95% (EUR 195.1 million out of EUR 204.6 million) have been implemented during the year 2021.

During the year 2021 the three Entrusted Agencies (EUROJUST, FRA, EIGE) have together used nearly all of their commitment appropriations 96%, and 78% of the payment appropriations. The unused amount for payments will be carried forward and used during 2022. This is a result very similar to 2020 (93% in commitment appropriations and 76% in payment appropriations). As from June 2021, the EPPO has become operational and financially independent from the Commission.

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

⁽²²⁾ 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.

system and presented in details in Annex 7. The previous reservation regarding the residual error rate in the non-audited population of grants has been lifted (see details 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 4.87% which is in line with previous year (4.74%) (details in Part 2.1.1.2).

DG JUST's management factually concludes that the control results, presented in the sections that follow are complete and reliable and provide reasonable assurance about the achievement of the internal control objectives.

Table 2.1 below provides a summary of the payments made by type of activities. It shows that:

- Based on the main indicator results available, overall suitable controls were in place in 2021 and worked as intended;
- No new reservation is introduced in this AAR as DG JUST has reasonable assurance that overall suitable controls are in place and work as intended, taking into account also the multiannual character of the main programmes. The risks are mitigated and/or monitored; improvements and reinforcements are being implemented.

Overview table (amounts in EUR million)

Risk-type / Activities	Grants (e.g. actual costs based, or lump sums, or entitlements)	Procurement (e.g. minor or major values)	Contributions and/or funds to EE (EU Agency, EA, JU)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (Contribution to Executive Agency)	Total Expenditure	NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities)
CERV Programme	26,61	8,12	-	0,43		35,17	
Justice Programme	25,31	7,63	-	-		32,94	
Consumer Programme	0,01	5,59	-	0,79		6,39	
Company Law	-	0,52	-	-		0,52	
Other activities for fundamental rights	-	0,68	-	-		0,68	
Pilot Projects	0,13	1,15	-	0,45		1,73	
Decentralised Agencies	-	1,88	104,13	1,88		107,89	
Administrative Expenditure	-	0,87	5,27	-	5,27	6,16	
AMIS&ISF	-	0,82	-	-		0,82	
Connecting Europe Facility	-	2,84	-	-		2,84	
Revenue and income recognized							30,94
Intangible assets							9,8
Totals (coverage)	52,06	30,1	104,13	3,55	5,27	195,11	40,74
Links to AAR Annex 3	Overall total = 195,11m EUR						Table 4 – assets

In line with the 2018 Financial Regulation, DG JUST's assessment for the new reporting requirement is as follows:

- 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)
- Among the grants signed in 2021, 7 cases of "Derogations from the principle of non-retroactivity [of grants] pursuant to Article 193 FR" (new Financial Regulation Article 193.2) were registered.

1. Effectiveness of controls

a) Legality and regularity of the transactions

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

The methodology **to determine the materiality level for error rate** is described in detail in Annex 5.

DG JUST's portfolio consists of three segments with a relatively low error rate. This is, respectively, thanks to the inherent risk profile of the programmes and beneficiaries and the performance of the related control systems

Direct management – grants

As described in the Relevant Control System(s) for budget implementation for direct management grants (Annex 6), 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 7. Materiality is assessed in accordance with Annex 5.

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 for proposals 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.

Although the Justice and CERV programme Regulations were adopted late (28 April 2021), the swift adoption of the CERV and Justice biennial work programmes 2021-2022 in April and the publication of 17 calls for proposals in summer 2021 allowed to speed up the implementation of the programme. All calls except 3 calls are fully evaluated: 520 projects evaluated and 139 selected.

In 2021, 520 project proposals out of 713 proposals received were evaluated compared to 853 evaluated in 2020. 2021 is the first year of a new MFF where part of the CERV calls (OGs) are implemented by EACEA which was not the case in 2020.

Stage 1	Number of projects evaluated: ↘ 520 (853 in 2020)
	Number of projects selected: ↘ 139 (196 in 2020)

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 stages is a higher performance in 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 signature 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.

The value of grant agreements signed in 2021 amounted to EUR 57,99 million compared to EUR 104,68 million in 2020 and a total of 138 grant agreements signed (vs 268 in 2020). The decrease compared to 2020 is mainly due to the new MFF and late adoption of the legal basis.

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 meet 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 2021 one exception and no non-compliance events were recorded in relation to the contracting phase for grants.

Stage 2	Value of final cost claims processed: ↘ EUR 66.5 million (EUR 70.2 million in 2020)
	Value of prefinancing recoveries: ↗ EUR 8.99 million (EUR 3.4 million in 2020)

Control benefits (Stage 2)

The controls in place aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. The amount of costs rejected at this stage is relatively limited, only the most obvious ineligible costs can be detected at this stage however, these ex ante controls are important as they have an informative effect on the beneficiaries. This can be considered as a quantifiable benefit of the monitoring phase in 2021.

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.

Stage 3	<p>Average amount of a grant audited: ↘ EUR 321.944,3 (420.383,8 in 2020)</p> <p>Percentage of projects audited that contains errors: ↗ 80% (72% in 2020)</p>
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The error rate where for 2014-2020 programming period stand at 1.83%.

The total number of final audit reports received in 2021 is 22. Out of this number, 7 audits are from the Audit Work Programme (AWP) 2020 and 15 from the AWP 2021. The total number of audits implemented in 2021 is 24. Out of this number, 2 audits are from the AWP 2019, 9 audits from the AWP 2020, and 15 audits from the AWP 2021. 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.

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 and award to suppliers. The overall control objective at this stage is to ensure that DG JUST selects the offers that contribute

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 3 exceptions and 6 non-compliance events registered in the related register (vs. 12 in 2020). The decrease compared to year 2020 (6 exceptions, 7 non-compliance events) was possible thanks to the mitigating actions undertaken by the units launching the procedures or initiating financial files. It also shows the effort done by the ex-ante verification team to help the initiators to prevent exceptions and non-compliance event. Among the mitigating actions: 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.
- Two open procedure contracts with a total value of EUR 3.4 million were awarded by the relevant Authorising Officer, and two negotiated procedure for middle value contract with a value of EUR 1.02 million. It should be noted that for these procedures a second layer of ex-ante verification was ensured.
- As a result of these controls, no tender projects were cancelled, no negative opinions or rejections were issued and no redress procedures were encountered. This shows that the controls put in place work correctly.

Stage 1	Value of contracts signed: ↗ EUR 37.9 million (30.2 million in 2020) Number of contracts: ↗ 255 (221 in 2020)
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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 30.1 million** (32.9 million in 2020)

Number of payments: **↘ 685** (753 in 2020)

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 5, 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. For a conservative and prudent approach a rate of **0,5%** has been used as the best estimate of the possible amount at risk in chapter 2.1.1.1.d.

Indirect Management- Entrusted Entities

DG JUST acts as partner DG for three agencies and one Union body 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) and The European Public Prosecutor's Office²³ (EPPO) who, as from June 2021, became operational and financially independent from the Commission.

Commitment and payment appropriations were implemented almost 100%.

DG JUST portfolio consists of segments with a relatively low error rate, such as procurement, indirect management and grant segment with an error rate of 1.83%

The main remaining cause for error in the grant segment is the absence of supporting documents. Even, more in 2021 because the audits have been conducted remotely. The evidence being stored in the IT systems of beneficiaries or sometimes with intermediaries processing payments for the account of beneficiaries. This makes sometimes difficult for beneficiaries to provide the supporting evidence requested by the auditors. As a mitigation measure DG JUST on the one hand reminded beneficiaries that supporting evidence must be kept after the completion of the project in case of ex post audit and also contacted the auditors to make them aware that in view of the circumstances (COVID and remote audits and intermediaries processing payments for public bodies) it is not always possible to provide the supporting evidence;

²³ However, EPPO is still logistically linked to DG JUST in its handling of certain IT applications, such as those related to staff management, until it becomes IT independent from the Commission (planned for end 2022)

Management actions taken in 2021 to address these weaknesses were:

- Some simplifications for the eligible rules have been introduced mainly as regards the centralisation of the guidance - there will be only one Annotated Grant Agreement for all programmes using the SYGMA/COMPASS tools and the introduction of the unit costs for travel, accommodation and subsistence . DG JUST is working on further simplifications for the future for eligibility rules where possible as allowed by the new MFF and the new MGA.
- ensure a close follow up of the projects with the continuous reporting tool.
- use the reinforced monitoring option available in SYGMA/COMPASS to ensure a better follow up some of the beneficiaries and that will allow better risk based ex ante control strategy. Projects are flagged for reinforced monitoring based on a case-by-case analysis. The projects under reinforced monitoring are reviewed on a regular basis, during each sector meeting.
- keep organising kick off meetings during which the rules will be explained to beneficiaries and they will be given the opportunity to raise questions. In 2021 kick off meetings have been organised during the CERV week. The meeting were held on-line and with more than 400 registered participants the meetings were a success. CERV - Civil Dialogue Week 2021 - Home (cerv-civil-dialogue-week.eu) A FAQ of more than 20 pages has been published subsequently.

With regard to the direct management grants, the cumulative detected error rate is based on the results of audits carried out by DG JUST (Stage 3). In the case of procurement, a reliable estimation was used (0.5% see also point 2.1.1.). 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 2021 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.

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 highly decrease comparing with last year (1,62 M€ vs. 2,64 M€ in 2020) this is a consequence of an decrease of payments for the grant segment and consequently of relevant expenditure (+6 %) and the significant decrease of detected error rate in the grant segment. The decrease in the detected error rate is due to the change of the basis for the calculation of the error rate where only 2014-2020 programming period was taking into

consideration. The justification for the changes of the basis for the calculation of the error rate is based on the following analysis:

- Out of the 24 audits implemented in 2021, only 1 audited project is linked to the 2007-2013 MFF
- Out of the 234 payments closed that composed the auditable population for the AWP 2021, only 2 relate to the 2007-2013 MFF.

In 2021, there were many time-consuming procurement procedures and exceptional amendments caused by the Covid-19 pandemic, the programme sector prolonged the closing date of calls by two weeks, allowing the applicants to have more time to prepare their application, lots of beneficiaries were closed due to the Covid-19 outbreak and needed some time to adapt to the new circumstances. In spite of all the Covid-19 effects the legality and regularity of the financial operations was not impacted.

In the absence of any significant weakness detected which could have a material impact as regards the legality and regularity of the financial operations it is concluded that the relevant control objective of effectiveness has been achieved.

Overall the financial indicators remained stable compared with previous year.

Through recoveries and financial corrections, DG JUST has in place an effective mechanism for correcting errors. During the reporting year the executed corrective capacity amounted in total to € 0,72 million representing 1,1% of the relevant expenditure. The benefit at ex ante level control amounts to € 0,57 million, whilst recoveries and financial corrections following the results of ex post controls amounted to € 0,15 million. (for more details see Annex 7).

DG JUST's relevant expenditure, its estimated overall risk at payment, estimated future corrections and risk at closure are set out in Table X: Estimated risk at payment and at closure.

The estimated overall risk at payment for 2021 expenditure amounts to € 1.62 million, representing 0.94% of the DG's total relevant expenditure for 2021. This is the AOD's best, conservative estimate of the amount of relevant expenditure during the year 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 subsequent years. The conservatively estimated future corrections for 2021 expenditure amount to € 0.64 million.

The difference between those two amounts results in the estimated overall risk at closure of € 0.97 million, representing 0.57% of the DG's total relevant

expenditure for 2021. This is a decrease of 87% mainly due to grant segments where the detected error rate decrease from 3.54% to 2.24%

For an overview at Commission level, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

Table X : Estimated risk at payment and at closure (amounts in EUR million)

The full detailed version of the table is provided in Annex 9

DG JUST	'payments made' (2021;MEUR)	minus new pre-financing [plus retentions made] (in 2021;MEUR)	plus cleared pre-financing [minus retentions released and deductions of expenditure made by MS] (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for 2021;MEUR)	estimated risk at Closure (2021;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Grants	52,06	- 42,01	55,45	65,50	2,24% - 2,24%	1,47 - 1,47	0,98% - 0,98%	0,64 - 0,64	0,82 - 0,82
Procurement	30,10	- 0,59	0,33	29,83	0,50% - 0,50%	0,15 - 0,15	0,00% - 0,00%	0,00 - 0,00	0,15 - 0,15
Subdelegations & service level agrmnts.	3,55	0,00	0,00	3,55	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Indirect Management- Entrusted Entities	104,13	- 104,13	72,47	72,47	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Total without contribution to EA's operating budget	189,83	- 146,73	128,25	171,35		1,62 - 1,62	0,38% 0,38%	0,64 - 0,64	0,97 - 0,97
					Overall risk at payment in %	0,94% - 0,94% <i>(7) / (5)</i>		Overall risk at closure in %	0,57% - 0,57% <i>(10) / (5)</i>
EACEA	5,27	- 5,27	2,23	2,23	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Sub-total contributions (if more than one)	5,27	- 5,27	2,23	2,23		0,00 0,00		0,00 0,00	0,00 0,00
Total DG (with contributions to EAs)	195,11	- 152,00	130,48	173,59					

b) Fraud prevention, detection and correction

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 two to three years. It was last updated on 4 January 2021²⁴. Its implementation is being monitored and reported to the management twice a year. All necessary actions, except for the dedicated trainings on anti-fraud to staff (the organisation of which has been delayed because of the added pressure and workload created by the COVID-19 crisis) have been implemented. The implementation of the dedicated trainings at DG level is in progress²⁵, their completion is expected for 2022.

DG JUST also contributed to the Commission anti-fraud strategy and followed up 100% of OLAF's *financial* recommendations.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows: one case was referred to OLAF for investigation during 2021. 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.

DG JUST also contributed to the **CAFS's Action Plan**:

- as detailed in the **action point 52**, DG JUST has provided constant support to the setting-up of the **European Public Prosecutor's Office (EPPO)**.
- as detailed in the **action point 54**, DG JUST has provided support to Member States' transposition and implementation of the so-called **PIF Directive concerning fight against fraud**²⁶.

On the basis of the available information, DG JUST has reasonable assurance that the anti-fraud measures in place are effective overall.

²⁴following the entry into force, in April 2019, of the new Commission Anti-Fraud Strategy (CAFS-COM(2019) 196 final of 29.4.2019), where full consideration was given to the possible new implications of the adoption of the Multiannual Financial Framework 2021-2027

²⁵ during the year the staff has been constantly informed and encouraged to participate in online trainings and events on anti-fraud matters organized at corporate level.

²⁶ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law, OJ L 198, 28.7.2017, p. 29. Transposition deadline: 4 July 2019.

- c) Other control objectives: safeguarding of assets and information, reliability of reporting (if applicable)

DG JUST manages intangible assets which are IT applications and are cumulated from 2012 (EUR 9.8 million, see Annex 3, table 4).

The key control objectives for the DG are to ensure that these assets are appropriately accounted for and safeguarded, that information managed by these assets is protected by implementing appropriate authentication and authorisation mechanisms and that weaknesses, errors, irregularities and losses are detected and addressed. In the revision programme on DG JUST accounts, controls are put in place to verify if the cost-centre is correctly encoded and verify if the applications entered the Production Phase.

Assets owned by DG JUST follow the international accounting rules and the closure guidelines established by the Commission accounting officer. The control objectives are fully met.

2. Efficiency of controls

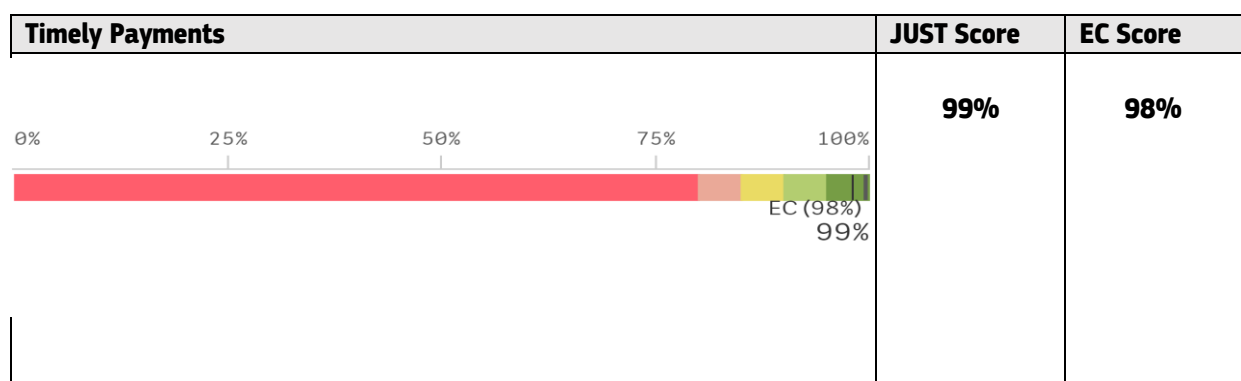
Regarding the efficiency of controls, DG JUST assessed it based on "time-to" indicators, measuring the time spent to complete a specific procedure. Concerning grants, in DG JUST an amelioration during 2021 could be observed for the time-to-grant (71 days vs 96 days in 2020) and a slight one for the time-to-award (117 days vs 118 days in 2020). Regarding the time-to-pay, the increase in the average TTP in 2021 is the consequence of the decrease of the number of pre-financing payments. This decrease is a result of the high number of grants signed in 2020 and of the late adoption of the MMF, preventing us from signing more grant agreements in 2021. As pre-financing payments are generated automatically by the system, the average TTP for pre-financing is usually much lower in comparison to the average TTP for final payments, hence the increase in the average TTP in 2021. The actual TTP performance did not change, the shift from 30 to 42 is only the result of the relative weight in 2020 of the pre-financings in the calculation of the indicator.

Direct management grants	Time-to-inform: ↘ 117 days (118 in 2020, limit Art. 194.2 FR is 180)
	Time-to-grant: ↘ 71 days (96 in 2020, limit Art. 194.2 FR is 90)

Substantial improvement for the late interests paid in 2020 which amount to EUR 303 compared to EUR 1.688,77 in 2020.

All	Procurement time-to-pay: ↘ 17 days (19 in 2020)
	Indirect Management- Entrusted Entities time-to-pay: ↗ 11 days (10 in 2020)
	Grants time-to-pay: ↗ 42 days (30 in 2020, Art. Art 116.1FR)

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 23 days (with suspension) and 99% of all payments in terms of numbers were made on time (vs 90% in 2020). In relation to payment delays in procurement transactions, the average number of days dedicated to a payment decreased by two days, while the time for payment of subsidies to Union Agencies increased by one days compared to 2020.



The good performance for the rate of **late payments is kept** from the beginning of the year. In average only **1%** of payments were made late (**vs. 2% at Commission level**).

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-grant indicator. Overall the control proved to be efficient due to measures put in place.

3. Economy 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 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 2021 per control system (Annex 6) 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 2021 in DG JUST was estimated at EUR 9.49 million, representing 4.87% of total payments made in the year and is in line with the 2020 indicators. It should be noted that even if in terms of cost amount we are more efficient and this is 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). In total, the efficiency indicators decreased compared to 2020 for both grant and procurement and this is explained by decrease in total payments. This is the result of the reduced number of payments and the underspending of the projects. These two reasons can be explained by the continuation of the Covid-19 crisis in 2020. Many projects were extended, impacting the number of final payments which were thus not processed in 2021. Moreover, as a result of travel restrictions, travel and subsistence costs, representing a significant part of the costs in our projects, lowered, which led to underspending. It should be also noted that in 2021 with the new MFF a part of the CERV calls are implemented/evaluated and paid by EACEA

For the entrusted entities, the overall cost of control remained nearly stable, a small increase can be seen in the subsidies paid and this mainly referred to EUROJUST and EPPO. 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	2021			2020		
	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)
Direct Management Grants	5.07	52.06	9.73%	5.69	94.64	6.02%
Direct Management Procurement	3.97	30,2	12.86%	3.55	33.97	10.45%
Indirect Management-Entrusted Entities	0.55	104,13	0.53%	0.5	72.99	0.74%
Other	n/a	8.82	n/a	n/a	4.72	n/a
Total	9.49	195.11	4.87%	9.79	206.32	4.75%

4. Conclusion on the cost-effectiveness of controls

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.

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 6. Details are presented in Annex 7.

Despite the challenging 2021 year, DG JUST managed to keep almost the same level for the cost of control indicator and in the same time to register an improvement of almost all "time-to" indicators. These performances were possible thanks to the motivated and dedicated team and to further simplifications introduced and the generalisation of IT use.

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, procurement procedures are to a large extent based on regulatory requirements which cannot be curtailed. DG JUST considers that the necessity of these tasks is undeniable, as shown by the risks outlined in Annex 6, significant proportions of the appropriations would be at risk in case they were not in place.

The DG's relative²⁷ level of cost-effectiveness is considered adequate. In 2021 DG JUST continuous to apply the risk based approach 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 re-direct the control resources towards more stringent controls where needed, while having leaner and less burdensome controls where appropriate.

There is no Covid impact on the DG JUST cost-effectiveness of controls. On the contrary, during 2021 there is an improvement on all the other performance indicators. 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 a decrease in the 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.

²⁷ 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

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 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 works issued during the year

During the reference period based on the follow-up audits by the IAS on the implementation of action plans the following audits were closed :

- Audit on human resources management and staff allocation in the Directorate-General for Justice and Consumers (DG JUST)
- Audit on the production process and the quality of statistics not produced by Eurostat”
- Audit on Impact Assessment

In conclusion, the Internal Auditor stated in its contribution to this report (cut-off date 31 January 2022) based on all the work undertaken by the IAS in the period 2019-2021 **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 and regularity of transactions of DG JUST in *Chapter 7 “Security and citizenship”* of its Annual Report for 2020 (published in October 2021). The Chapter does not have any reference to DG JUST.

In 2021 ECA started its work on “Free movement in the EU during the COVID-19 pandemic”. This audit being split in two phases:

Free movement – Phase I: audit to determine whether the Commission took effective action to protect the right to free movement, including the functioning of the Schengen accord, in the context of the COVID-19 crisis between February 2020 and September 2021.

Free movement – Phase II: audit to complement the ‘Free movement – Phase I’ audit assessing the right to free movement in the context of the COVID-19 crisis.

Finalised ECA audits in 2021 for which DG JUST was an associated DG.

- Special Report "Gender mainstreaming in the EU budget: time to turn words into action". The report was published in May 2021
- Special Report "Disinformation affecting the EU: tackled but not tamed". The report was published in June 2021
- Special Report "Air passenger rights during the COVID-19 pandemic". The report was published on 29 June 2021
- Special Report "EU support for reforms in Ukraine: insufficient focus and results in the fight against grand corruption". The report was published in September 2021
- Special Report "Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment". The report was published in September 2021
- Special Report "Europol support to fight migrant smuggling". The report was published in September 2021

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 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 2021 and February 2022 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 2021
- the status of implementation of action plans from previous IAS/ECA audit work
- 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 COSO²⁸ methodology, all five components and 17 principles being evaluated. The results show that all 17 principles are present and 15 of them are fully functional.

As a result, three of the five components of the internal control system are present and functioning (component 1 Control Environment, component 2 Risk Assessment, and component 5 Monitoring Activities), while two of them are present and functioning, but some minor improvements are needed (component 3 Control Activities and component 4 Information and Communication) such as putting in place a control strategy at the DG level and organizing fraud training at DG level. It is foreseen for 2022 to implement a Control strategy at DG level and dedicated trainings on anti-fraud to DG staff are to be resumed in 2022. For the information component the understaffing issue will be solved at the beginning of 2022.

One weakness was revealed by the analysis of the financial indicators (please see section 2. Efficiency of controls, in relation with the time-to pay for grants indicator), but as explained in the dedicated section, the situation doesn't represent a deterioration compared with 2020 the shift from 30 to 42 is only the result of the relative high weight in 2020 of the pre-financings in the calculation of the indicator.

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. A targeted risk assessment exercise related to the COVID-19 crisis was carried out during 2021 at corporate level, focused on the impact of the crisis and the Commission responses to it on the control, audit and assurance aspects in relation to the EU budget. No critical risks were identified by the DG in the course of this exercise and for all three identified risks, proper action plans have been put in place to mitigate them.

For the analysis of the register of exceptions and non-compliance events, please see section 2.1.1.

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

²⁸ 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.

and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the principles 10 and 13:

2.1.4. Conclusions on the assurance

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, well overall, but some improvements are needed as minor deficiencies were identified related to the principles 10 and 13. Nevertheless, positive results were registered in terms of legality and regularity, cost-effectiveness .
- No critical issues highlighted by internal or external auditors;
- For DG JUST, the estimated overall amount at risk for the 2021 payments made is estimated as at EUR 1.62 million. This is the AOD's best conservative estimation of the amount of expenditure authorised during the year (EUR 195,11 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 2021 payments made are EUR 0.64 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 6 (Internal Control Templates).

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 2021 is 1.83% and slightly decrease compared to last year (2.69). 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).

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2021	Evolution
	2020	2021		
Financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG JUST	1,87	1,2	1.83%	Lifted

In conclusion, based on the elements reported above, 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 .

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 view (29).

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 work of the Internal Audit Service 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 of the Commission.

Place Place Brussels, date 31/03/2022,

(signature)

Ana Gallego

⁽²⁹⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2. Modern and efficient administration – other aspects

2.2.1. Human resource management

In 2021, DG JUST implemented the **2020 – 2021 HR plan**, the first annual plan adopted under the 2020 -2024 JUST HR Strategy in December 2020. The annual HR plans translate into concrete actions the overarching principles of the HR Strategy.

In 2021, the DG successfully implemented the first HR Plan adopted under the strategy with few exceptions due to circumstances related to Covid-19 that affected some of the planned activities (e.g. a job-shadowing scheme, as well as a few team-building events planned for the last quarter of the year). The JUST AST network was formally launched end of November.

The HR BC team also stepped up the **well-being** activities with a new Wellbeing Online Session Sharing Our Passions (WOSSOP) programme set up during the year with the help of JUST colleagues who offer free online sessions on mind-fulness and other related themes. The team plans to continue with these activities in 2022 although the demand was irregular. Furthermore, taking account of the increasing share of teleworking, a Digital etiquette was adopted.

An important strand of work in 2021 was the development of a set of **indicators to measure the assessment of unit's workload** (this stems from an IAS audit recommendation). A working group formed by representatives from all Directorates and horizontal units elaborate a set of 17 indicators that was endorsed by senior management in October 2021. The indicators will be tested in 2022 in a two-year pilot.

Throughout the year, the HR BC team has ensured smooth HR processes in the DG whilst endeavoring to offer assistance and guidance to staff and managers in a **changing work environment**. The outreach activities to staff and managers also continued in the form of weekly DG messages to staff and regular information via the DG's intranet pages. The team has also actively contributed to the different consultations on the forthcoming new corporate HR strategy and related new HR decisions (e.g. informal consultation on the new flexible working arrangements) launched by DG HR.

The EU Commission's **2021 Staff Survey** was heavily promoted within DG with the aim of achieving the best possible participation rate of all Directorates-General. This meant that the survey's results would be as representative as possible. This push contributed to the fact the majority of Commission staff contributed to the survey.

In line with previous years, DG JUST is committed to **gender equality** and has effectively contributed to the objectives set at corporate level. It had already reached the target for first time female appointments to middle management positions until 2022, the objective of gender balance for the newly created role of Deputy to Director positions (60% of

women on this assignment) and maintains a high prevalence of women among its Deputy Head of Units.

2.2.2. Digital transformation and information management

In 2021, DG JUST maintained and further developed its IT systems in the areas of civil, commercial and criminal justice, fundamental rights, rule of law, equality, union citizenship and consumer policy.

In the area of promoting effective access to justice, the e-Justice Portal's new user interface, published previously as Beta version, has fully replaced the old user interface, providing improved **user friendliness, usability and accessibility**.

In the area of cooperation in criminal matters, the first version of the e-Evidence system has been rolled out to additional Member States. In total 25 Member States, plus Eurojust are now included, and **cross-border** tests have been carried out between 7 Member States for the digital exchange of information in the context of the European Investigation Order (EIO) and Mutual Legal Assistance agreements (MLAs). The system will facilitate the **digital exchange** by providing a fast, **secure** and efficient data exchange platform.

In the area of civil justice, following the adoption of the Regulations for Taking of Evidence and Service of Documents, there has been important progress in shaping the Implementing Acts together with Member States, along with definition of requirements for the new IT system aiming at supporting these Regulations.

In the area of consumers policy, the new version of the public rapid alert system Safety Gate, with an improved **usability** and better overall **user experience**, has been launched on the 2 March 2021. A new system, called eSurveillance, meant for monitoring whether dangerous products notified by the SafetyGate system are indeed not sold anymore on online markets, has entered its execution phase. A new project has been initiated to create a system for supporting the Directive (EU) 2020/1828 on Representative Actions. This system will reuse the codebase of the European Migration Network IT system of DG HOME. Another new project, stemming from DG JUST digital modernisation plan – Consumer Law Enforcement eLab - has been started. It aims at offering EU and EEA consumer authorities access to state of the art online investigation tools, that would generate evidence useable in formal proceedings.

The migration to Drupal 8 technology, started in 2019, has reached the 60% completion target in 2021 for the systems in scope. DG JUST attains its objectives in the framework of **Coldfusion transformation** and the planned milestone on **Drupal 8 migration**.

Old versions of such systems/websites, along with systems that reached their end of life, like Consumer Protection Cooperation System and European Consumers Centres Network, have been totally decommissioned in 2021, while Roma Children Research website is being

archived. This way, DG JUST addresses its technical debt on **legacy** systems and contributes to corporate IT and Web **rationalisation** initiatives.

The systems mentioned above, and the newly initiated ones contribute to the gradual achievement of EC Digital Strategy principles, in particular on **Digital by default, Once Only, User-centric, Cross-border, Data-driven and Interoperability**. They aim at reducing the burden on citizens, increasing efficiency of national and European institutions and bodies, and at their closer cooperation and collaboration in the above mentioned policy domains.

Following the new methodology on Information Systems **Security**, security plans of all IT systems have been further updated and submitted for approval to system owners.

On **cybersecurity**, staff continued to be encouraged to attend corporate cybersecurity awareness initiatives, while IT security knowledge and expertise was maintained and further improved by embedding cybersecurity elements into the IT specific working methods. New releases of IT systems have benefitted from improved EC central security services and compliance benchmarks.

As regards **data protection compliance**, DG JUST's personal data processing operations are fully covered in the Data Protection Management System (DPMS). In 2021, the existing data protection records were reviewed and updated, in the context of a review exercise initiated by the Data Protection Officer. In terms of awareness raising, DG JUST organised information sessions for units on data protection, targeted at the practical needs for colleagues in their everyday work. Staff is also being encouraged to participate in the data protection trainings organised by the office of the Data Protection Officer. Approximately 60 DG JUST staff took part in such activities during the year.

In 2021 DG JUST has continued the implementation of **knowledge management** activities with a view to promote and facilitate collaboration in the hybrid working environment. Among others, a virtual showroom of collaborative projects was launched as a living product. Throughout the year, an internal network on collaboration was active and supported this work; a network of local M365 'champions' was established in October and has been meeting regularly.

In September 2021, senior management took stock of the achievements and lessons learned from the implementation of the knowledge management strategy, and discussed a number of options for the future, eventually deciding to continue the same level of support in the coming period to assist the transition to the 'new normal' (hybrid working post-Covid).

With regard to **data governance**, DG JUST determined in 2021 the list of key data assets through a participatory process led by its Data Governance Board and carried out the first assessment of compliance with corporate data governance requirements. The result of this assessment is reflected in Annex 10. Throughout the year, DG JUST participated actively in the Information Management Steering Board (also representing DG HOME). The DG took

part, with two of its data assets, in the pilot roll-out of the Reference Quality Framework for statistics produced by Commission services.

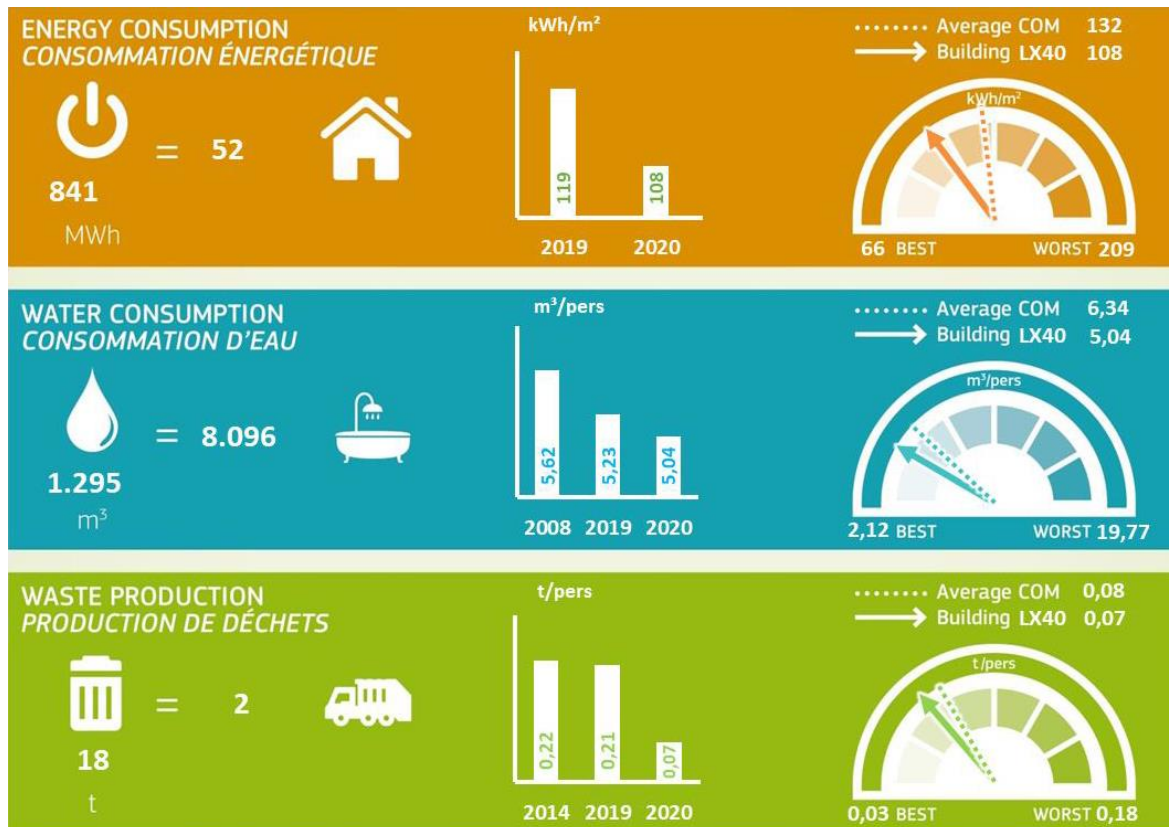
2.2.3. Sound environmental management

DG JUST contributes to the objective of EMAS - The Eco-Management and Audit Scheme, by which the Commission aims to "**lead by example**" through the reduction of the direct environmental impact of its own activities.

As in 2020, DG JUST's actions to reduce its environmental footprint continued to be very much influenced by the Covid-19 crisis throughout 2021:

- Teleworking being the default mode for most colleagues, DG JUST made extensive use of **distance communication and teleworking tools**. Hybrid meeting rooms were installed to allow remote participation at onsite meetings. As a result, the need for transport to and from the workplace and meeting points was considerably reduced, leading to corresponding reduction in emissions.
- By better acquainting staff with teleworking tools, it is likely that the **reduction in carbon footprint** will remain at least to some extent even after the pandemic is over.
- Similarly, reduced presence in the office meant **reduced waste** in the DG JUST buildings

The picture below shows the **downward trend in energy consumption, water consumption and waste production** from 2019 to 2020 (figures for 2021 are not yet available) for one of the DG's buildings, LX40. However, it is noted that, with the introduction of teleworking, energy and water consumption has shifted from the office buildings to private households, so that the only absolute reduction in the carbon footprint would come from 1) decreased use of transport, 2) a reduced number of missions abroad, and 3) reduced use of printing in the office.



2.2.4. Example of initiative to improve economy and efficiency of financial and non-financial activities of the DG

Several initiatives aimed at improving efficiency:

- review of working arrangements and methods as well as guidance to improve and make more efficient several recurrent routine task, such as handling of briefings, parliamentary questions, President's mail and infringements, in active cooperation with the Secretariat General and Legal Service;
- all grants, including the operating grants, are now managed via the Horizon 2020 tools (from the application phase and the grant preparation phase to the grant management);
- the Qualified Electronic Signature (QES) technology in Ares will allow services to sign documents electronically that normally require hand-written signature (this is a corporate tool that will be used by the procurement sector);
- in the project financial management, the top up of the pre-financing through amendment and the 2nd pre-financing will be done directly in Compass and no longer manually in ABAC. So far the second part of the pre-financing was paid directly in ABAC and needed complicated manual interventions, which required support of the helpdesk. Now the payment of the second pre-financing is managed in the system via an amendment for topping up the initial pre-financing with no complicated work and no intervention of the helpdesk. Furthermore, the additional final payment workflow and the Recovery Order

payment module are now available in Compass. All these measures are expected to improve the efficiency of financial activities;

- Audex, audit management system, is planned to be integrated with other Horizon 2020 IT tools (Sygma and Compass). This will improve efficiency as it will constitute a central storage database. Also, the communication with the external audit firm will be facilitated. Reporting and monitoring of the audit process will be possible. The Recovery Order workflow will also be integrated.