



European
Commission

Annual Activity Report 2025

Directorate-General for Employment, Social Affairs
and Inclusion

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DG EMPL IN BRIEF



Directorate-General for Employment, Social Affairs and Inclusion (EMPL) reports to the Executive Vice-President Roxana Mînzatu responsible for Social Rights and Skills, Quality Jobs and Preparedness.



MISSION AT A GLANCE

The Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) pursues policy, legislative and financial initiatives to build a highly competitive social market economy in the European Union.



MAIN OBJECTIVES

Treaty on the Functioning of the European Union (TFEU)

- Art 9 TFEU – promoting a high level of employment, adequate social protection, inclusion, and a high level of education and training.
- Art 45, 48, 53 TFEU – labour mobility: free movement of workers, coordination of social security, recognition of qualifications.
- Art 148 TFEU – employment coordination: EU guidelines on employment policy, monitoring and reporting on Member States' policies.
- Arts 151–155 TFEU – Social policy: social dialogue and improved working conditions.
- Art 166 TFEU – Skills and vocational training policy.
- Art 162, 174 TFEU – Funding and cohesion: ESF+ implementation and contribution to economic, social and territorial cohesion

The responsibility for fulfilling these objectives is shared between the EU and Member States (Articles 4 and 5 TFEU).



MANAGEMENT MODES AND FUNDS

- **Shared management:** European Social Fund Plus (ESF+), European Globalisation Adjustment Fund for Displaced Workers (EGF), REACT-EU.
- **Direct management:** the direct management strand of the ESF+ (Employment and Social Innovation – EaSI), Social Climate Fund (SCF), Erasmus+, Treaty-based prerogatives (supporting social dialogue, mobility, social situation analysis, demographics, and family related issues), Horizon Europe, Single Market Programme.
- **Indirect management:** ESF+ (EaSI strand), InvestEU, Instrument for Pre-Accession Assistance (IPA).




KEY STAKEHOLDERS

- EU institutions, Member States and third countries, social partners, civil society organisations and international organisations (ILO, OECD, UN)
- EU decentralised agencies under DG EMPL's remit:
 - [European Centre for the Development of Vocational Training](#) (Cedefop, Thessaloniki)
 - [European Labour Authority](#) (ELA, Bratislava)
 - [European Training Foundation](#) (ETF, Turin)
 - [European Agency for Safety and Health at Work](#) (EU-OSHA, Bilbao)
 - [European Foundation for the Improvement of Living and Working Conditions](#) (Eurofound, Dublin)

EXECUTIVE SUMMARY


A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

In 2025, DG EMPL pursued an ambitious agenda to strengthen Europe's competitiveness and social cohesion, in line with its multiannual strategic outlook as set out in the [2025 annual management plan](#) and aligned with the Commission's [2024-2029 priorities](#). Action focused on equipping people and businesses with the skills and conditions to thrive in the changing world of work, reinforcing the European social model, and contributing to an outward-looking Europe that promotes social and labour rights globally. The key achievements presented below are framed through eight specific objectives of the DG, with further details in the relevant chapters and via hyperlinks.



Specific objective 1.1: A skilled, mobile and future oriented European workforce and excellence in vocational education and training

- [Union of skills](#) launched, with half of actions already underway.
- [European Skills Guarantee](#) pilot launched with a call for proposals focusing on the automotive ecosystem.
- Preparatory work launched on the skills portability initiative, including a public consultation.
- European Skills Academies for [wind](#) and [hydrogen](#) launched to support the net zero transition.
- 144 000 STEM apprenticeship places created through the [European Alliance for Apprenticeships](#).



Specific objective 3.2: Improved working conditions and stronger social dialogue

- [Quality Jobs Roadmap](#) delivered, paving the way for the Quality Jobs Act.
- [Revised Directive on European Works Councils](#) was adopted by the co-legislators to strengthen worker consultation.
- [Pact for European Social Dialogue](#) signed and implementation launched to strengthen the role of social partners in labour market.
- The proposal for the 6th amendment of the [Carcinogens, Mutagens and Reprotoxic Substances Directive](#) adopted by the Commission.



Specific objective 3.1: Employment and social rights are underpinned by a coherent cross-cutting policy, legal, and investment framework

- Review of the European Pillar of Social Rights action plan conducted, including through a public consultation.
- [Targeted amendments to the ESF+ Regulation](#) increasing flexibility for strategic investment adopted by the co-legislators.
- [Proposal to amend the EGF Regulation](#) presented to broaden support in restructuring cases.
- Guidance on Social Climate Plans issued to support the implementation of the [Social Climate Fund](#).
- Contributed to proposals for the post-2027 EU budget and future ESF, part of the adopted and presented [MFF package](#).



Specific objective 3.3: A robust and inclusive European social model

- Preparations advanced for the [EU anti-poverty strategy](#) through public consultation, including progress on strengthening implementation of the European Child Guarantee.
- Governance of the European Platform on Combating Homelessness streamlined.
- Policy input provided to the adopted [European Affordable Housing Plan](#).
- [Supplementary pensions package](#) adopted to improve transparency and coverage.



Specific objective 3.4: Better functioning of the single market through support to free movement of persons and workers

- [Implementation dialogue](#) organised with the Executive Vice-President Roxana Mînzatu on fair labour mobility and simplification.
- First evaluation of the [European Labour Authority](#) published.
- Progress achieved on the [European Social Security Pass](#) to streamline procedures and reduce administrative burdens.
- Political agreement reached on the [EU Talent Pool Regulation](#).
- Rollout of the [Electronic Exchange of Social Security Information](#) continued.



Specific objective 3.6: More jobs created and sustained in the social economy

- Work progressed on the mid-term review of the 2021 [social economy action plan](#).
- [Special Eurobarometer](#) confirmed strong public recognition of the social economy
- Support to social finance and youth entrepreneurship helped strengthen the ecosystem for social enterprises.



Specific objective 3.5: Stronger governance for reforms, resilience and fair transitions

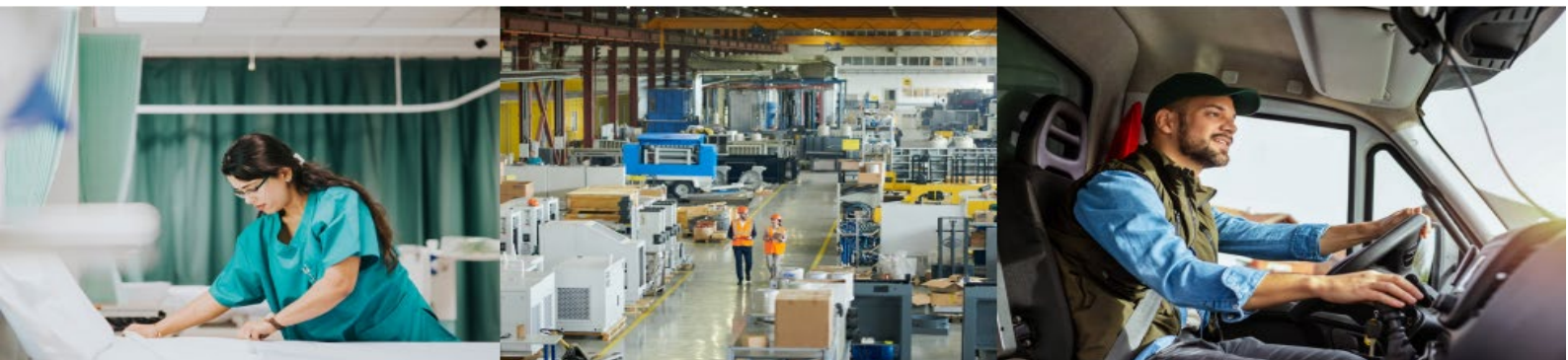
- Proposal presented for the first [Council Recommendation on human capital](#).
- Contributed to the European Semester through input to country reports and co-drafting country-specific recommendations in EMPL policy fields.
- First review of the Recommendation on a fair transition to climate neutrality completed.
- [Employment and Social Developments in Europe](#) published
- [Annual Review of Labour Market and Wage Developments](#) published.



Specific objective 6.1: Promoting social and labour rights in EU external policies and multilateral fora




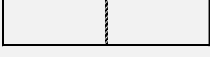



- Labour rights promoted in EU trade agreements and negotiations.
- New global standards on biological hazards adopted at the International Labour Conference.
- EU supported the creation of a Just Transition Mechanism at COP30.
- Human centred AI, youth employment and inclusive growth advanced in G7 and G20 discussions.
- Employment and social reforms supported in enlargement and neighbourhood policy including Ukraine and Moldova.

In a context marked by geopolitical tensions and economic uncertainty, DG EMPL combined competitiveness with fairness by investing in skills, quality jobs, social inclusion and social protection. Through policy action, EU legislation and targeted funding, DG EMPL translated these priorities into concrete support for citizens and businesses, generating clear EU added value.



B. Key performance indicators

Table 1: Key Performance Indicators

KPI #	KPI Title	Baseline (2024)	2025		Interim milestone (2027)	Target (2029)
Specific objective 1.1: A skilled mobile and future-oriented European workforce, and excellence in vocational education and training						
1.1.1	Participants gaining a qualification upon leaving the ESF+ shared management intervention	1.000.000	2.177.000		6.500.000	9.100.000
Specific objective 3.1: Employment and social rights are underpinned by a coherent cross-cutting policy, legal, and investment framework						
3.1.1	Share of initiatives announced in the new EPSR action plan that are implemented	0%	N/A		>Baseline	>Interim milestone
Specific objective 3.2: Improved working conditions and stronger social dialogue						
3.2.2(a)	Percentage of complaints handled within the Commission benchmark (labour law)	52%	30,5%		100%	100%
3.2.2(b)	Percentage of complaints handled within the Commission benchmark (health and safety)	89%	85%		100%	100%
3.2.2(c)	Percentage of pre-infringement dialogues handled within the Commission benchmark (labour law)	0%	0%		100%	100%
3.2.2(d)	Percentage of pre-infringement dialogues handled within the Commission benchmark (health and safety)	9%	N/A		100%	100%
3.2.2(e)	Percentage of infringements handled within the Commission benchmark (labour law)	0%	49%		100%	100%
3.2.2(f)	Percentage of infringements handled within the Commission benchmark (health and safety)	100%	100%		100%	100%
Specific objective 3.3: A robust and inclusive European social model						
3.3.1	Participants considered as part of disadvantaged groups reached (Participants with a foreign background, minorities, including participants from the Roma community, third-country nationals).	1.950.000	4.574.000		8.000.000	10.900.000
Specific objective 3.4: Better functioning of the single market through support to free movement of persons and workers						
3.4.1	Number of new cases treated in EESSI system	8.502.170	8.972.378		9.000.000	9.400.000
Specific objective 3.5: Stronger governance for reforms, resilience, and fair transitions						
3.5.1	Level of implementation of the employment and social policy component of the Country Specific Recommendations (CSRs), based on a disaggregation by priorities of each CSR and with more emphasis on the multiannual dimension	58%	62,5%		65%	75%
Specific objective 3.6: More jobs created and sustained in the social economy						
3.6.1	The number of jobs created through social finance under InvestEU	792.755	1.269.682		1.009.562	1.226.368
Specific objective 6.1: Promoting social and labour rights in EU external policies and multilateral fora						
6.1.1	Share of concluded new-generation free trade agreements (FTAs) with commitments on fundamental labour rights	100%	100%		100%	100%

Caption: The table features a colour-coded (left-right) bar system to visually represent the evolution of the indicator in comparison with the target. A green colour (bar on the right) indicates that the indicator is moving in the correct direction, whereas a red colour (bar on the left) suggests

that the indicator needs to change course. For numerical indicators, the size of the bar also indicates proximity (distance) to the target.

Comments:

The share of initiatives announced in the upcoming European Pillar of Social Rights action plan that are implemented is reported as N/A in 2025, as the new action plan had not been adopted during the reporting year.

Under Specific Objective 3.2, the decrease in the share of complaints concerning labour law handled within the one-year benchmark reflects the increased complexity and duration of several large complaint files linked to ongoing infringement procedures. The slight decrease for occupational safety and health (OSH) complaints reflects normal annual fluctuations in caseload and file complexity.

For pre-infringement dialogues in labour law, the 0% result indicates that cases were registered during the reporting period, but none were handled within the 70-day benchmark. This is because the benchmark is not feasible in legally and/or politically complex cases particularly under the current resource constraints. In the area of OSH, no pre-infringement dialogue complaints were registered in 2025; the result is therefore reported as N/A.

As regards infringement procedures, the higher proportion of labour law cases handled within the three-year benchmark reflects the high proportion of non-communication cases closed during the reporting period, which are generally less complex to handle than non-compliance infringements. For OSH, the stable performance reflects the continued handling of non-communication cases within the applicable benchmark.

For ESF+ shared management indicators, implementation accelerated from the second half of 2024 onwards. By 2025, cost claims had reached levels comparable to those observed at the same stage of previous programming periods, confirming that implementation is gaining momentum. Although certain result indicators remain below their interim milestones, current trends in financial execution support the assessment that overall progress remains on track.

DG EMPL draws reasonable assurance on the reliability of performance data for shared management funds based on the audit results reported by audit authorities, including their assessment of systems ensuring data reliability (Key Requirement 6), as well as on its own audits and on-the-spot compliance testing. For the 2021–2027 programmes, automatic consistency and completeness checks are performed through the System for Fund Management in the European Union, complemented by plausibility checks by geographical desks and embedded IT-based quality controls that document and, where necessary, communicate findings to Member States.

In addition to the eight key performance indicators presented above, DG EMPL also has two key performance indicators related to financial management.

Table 2: Financial Key Performance Indicators

KPI 9 on legality and regularity Risk at payment in shared management is based on the reported residual total error rates for accounting year 2023-2024 of 2014-2020 programmes, as reviewed by the DG ('reportable' error rates)	Target	Latest results
	<2%	2.2% up to 3.2% (maximum risk)
Estimated risk at closure (2014-2020)	<2%	1.3%
<i>Source: See section 2</i>		

C. Key conclusions on internal control and financial management

The STEP regulation offered the possibility to postpone closure of the 2014-2020 programmes to February 2026. As a result, in 2025 Member States certified significant amounts in final accounts for the 2014-2020 programmes (EUR 44 billion) ⁽¹⁾, while also making increased payments for the 2021-2027 programmes ⁽²⁾. Moreover, last year there was an unusually low number of accounts submitted ⁽³⁾ and with a significant number of final accounts submitted this year ⁽⁴⁾. As a result, this year’s KPI for legality and regularity has exceptionally been calculated using reportable—rather than confirmed—error rates for the 2014–2020 period. These reportable error rates per programme will be further analysed in 2026 Commission audits and may increase once the error rates are confirmed ⁽⁵⁾. For 2021-2027 programmes, the risk at

⁽¹⁾The increase in certified amounts in 2014-2020 accounts is driven by the **impact of the STEP Regulation**, which allowed Member States to submit their final accounts by 2026, effectively extending the accounting period to cover two calendar years. Member States could thus declare amounts certified in relation to the majority of the additional **REACT-EU** envelope, as well as important amounts of **overbooking** for some programmes; under the 2014-2020 rules, overbooking had to be declared in the final accounts by Member States to provide a buffer for potential irregularities that may be identified after closure; overbooked certified amounts were subject to the same strict verifications and audits as other expenditure declared). As a result, the expenditure certified in the last accounting year exceeded by far expenditure declared in any other accounting year. The additional time provided under the STEP amendment to the CPR also allowed Member States finalise their verifications and controls, including for previous accounting years; as a result, increased amounts of definitive deductions from the closure accounts were similarly reported compared to previous accounting years, demonstrating that important corrective actions were taken at closure for the last and all previous accounting years, as deemed necessary.

⁽²⁾ Compared to the previous year (EUR 8.7 billion of expenditure certified in submitted accounts).

⁽³⁾ Basis for the confirmed error rates this year.

⁽⁴⁾ Basis for the reportable error rates.

⁽⁵⁾ The next AAR will reflect the updated situation.

payment is prudently estimated based on a flat rate 2% (the reported error rates being still very low this year due to the related lower expenditure declared).

For programmes under shared management DG EMPL has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure data quality.

All the above elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives.

Based on a desk review of all reported audit results ⁽⁶⁾, the Directorate General concludes that for programmes under shared management **the risk at payment (KPI 9) is estimated to be at 2.2% with a maximum risk estimated at 3.2%** (to take account of possible undisclosed further errors) ⁽⁷⁾. Overall, material irregularities remain present in the expenditure certified to the Commission by 2026, at closure. This concerns 7 programmes in particular for which additional corrective measures were requested.

Each time deficiencies are identified at programme level, DG EMPL requires remedial actions to improve the functioning of the system with a view to prevent irregularities from reoccurring (2021-2027) and requests financial corrections for past expenditure declared (for programmes of both periods). Moreover, at the 2014-2020 closure, DG EMPL verified that sufficient financial corrections were applied for past expenditure, taking account of all open audit findings, and requested additional ones where necessary; it also assessed whether there was a risk that deficiencies in the functioning of management and control systems could also affect the 2021-2027 successor programmes. Reservations were made in line with applicable criteria ⁽⁸⁾ and will only be lifted once sufficient corrective measures – as defined above – have been effectively implemented. Moreover, to take account of ECA recommendations and as a result of its own audits, DG EMPL has put in place **additional targeted actions with a view to improve the overall detection capacity of programme authorities**. Lastly, pending additional corrective measures requested ⁽⁹⁾, **the 'risk at closure' is estimated at 1,3%**. It is also **confirmed well below 2% for all previous accounting years** for both programming periods, as initially estimated, based on additional corrective measures effectively implemented, namely further audit work carried out and additional financial corrections implemented. This reflects the cohesion policy's multiannual corrective capacity mechanism.

In conclusion, DG EMPL has reasonable assurance that, overall, taking the work of first and second level controls in the Members States complemented by Commission actions where needed, suitable controls are in place and work as intended, except for the programmes reported in the two reservations expressed below; risks are being appropriately monitored and mitigated; and when this is not the case, the Commission uses the legal tools in place to apply additional

⁽⁶⁾ For 2014-2020 programmes submitted after last year's AAR and by 15 February 2026 (STEP impact)

⁽⁷⁾ See Annex 7 for explanations on the notions of maximum risk and residual error rate.

⁽⁸⁾ See Annex 5

⁽⁹⁾ Additional verification work and/or financial corrections

financial corrections to protect the EU budget during the multi-annual programming period, as needed. These results are applicable for all management modes and programming periods managed by EMPL. The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance, albeit qualified by reservations:

1. a reservation concerning management and control systems of the 2014-2020 period for 10 ESF/YEI programmes in 6 Member States.
2. a reservation concerning management and control systems of the 2021-2027 period for 12 ESF+ programmes in 9 Member States.

For the programmes put under reservation in the concerned Member States, improvements are necessary concerning the detection of errors. Details on the corrective measures that were requested and are being put in place are reported in annex 9.

Please refer for further details to section 2 on Internal Control and Financial Management.

D. Provision of information to the Executive Vice-President

In the context of the regular meetings during the year between DG EMPL and the Executive Vice-President on management matters, the main elements of this report and assurance declaration, including the reservations envisaged have been brought to the attention of the Executive Vice-President Roxana Mînzatu, responsible for the social rights and skills, quality jobs and preparedness portfolio.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND THE SPECIFIC OBJECTIVES OF THE DEPARTMENT

General objective 1: A new plan for Europe's sustainable prosperity and competitiveness

Specific Objective 1.1: A skilled, mobile and future-oriented European workforce, and excellence in vocational education and training



The [Union of Skills](#) (UoS), adopted by the Commission on 5 March 2025, is a key driver of EU competitiveness, as underlined in the [2025 Competitiveness Compass](#). It sets out a strategic framework to unlock the EU's human capital and support a competitive, inclusive, and resilient economy. Implementation of the Union of Skills advanced well in 2025, with half of its actions ongoing (under the responsibility of several Commission departments). Moreover, preparatory work was undertaken to establish the **European Skills Intelligence Observatory** and the **European Skills High-Level Board** in 2026 to support evidence-based monitoring and guidance on current and future skills needs.

As part of the UoS and contributing to the Commission's mobility and simplification agenda, preparatory work advanced in 2025 on the **skills portability initiative**. The initiative also forms part of the fair **labour mobility package** planned for 2026, and a call for evidence and an open public consultation were launched at the end of 2025 in preparation for the initiative.

The [European Skills Guarantee](#) pilot was launched in November 2025. This is a flagship initiative under the Union of Skills to support workers and businesses and tackle labour shortages in

strategic and growing sectors. As a first step, the Skills Guarantee Pilot focuses on workers in the automotive industry, and its supply chains that are at risk of unemployment.

Moreover, for regulated professions, any further actions to facilitate, expand or modernise recognition processes, particularly through the use of digital tools, will be informed by data collected and analysed in 2025 for the implementation report of the [Professional Qualifications Directive](#). The steps taken in 2025 included updating minimum training requirements for veterinary surgeons, assessing the feasibility of extending automatic recognition of qualifications to physiotherapists, and launching work to explore the possibility of extending the scope of the Directive to other professions.

As part of the Union of Skills, the [European Alliance for Apprenticeships](#) supported the [Girls go Stem](#) initiative by encouraging female participation in STEM apprenticeships across Member States in 2025. According to the alliance's annual membership survey, its members created 143 794 apprenticeship places in STEM occupations in 2025, with 37 896 of these places being occupied by women or girls.

In 2025, DG EMPL continued to support Member States in the roll-out of their **individual learning accounts** (ILAs), including for developing adults' basic skills, through a mutual learning programme. Additionally, work on the evaluation of the [Council Recommendation on individual learning accounts](#) started with the launch of a supporting study to gather evidence on implementation.

In December 2025, the Commission signed contribution agreements with the European Institute of Innovation and Technology to launch the [European Wind Academy](#) and the [European Hydrogen Academy](#), which will support up-skilling and re-skilling in the net-zero industry. In parallel, work started in October 2025 on reviewing the success factors of various European skills academies.

Project: [Małopolska Train to career, season I](#) (Poland)

Co-financed by the ESF+ shared management strand, this project supports adult upskilling and reskilling in the Małopolska region to better match labour market needs. The project provides vocational counselling, training, postgraduate studies and tailored support such as coaching and mentoring. With an EU contribution of EUR 22.4 million (2023–2026), it aims to support 12 630 participants, including persons with disabilities and women with low levels of qualifications, thereby improving employability and regional competitiveness.

General objective 3: Supporting people, strengthening our societies and our social model

Specific Objective: 3.1: Employment and social rights are underpinned by a coherent cross-cutting policy, legal, and investment framework



In 2025, the Commission conducted a broad review of the [2021 European Pillar of Social Rights action plan](#), including a public consultation to assess what has worked, where implementation gaps persist and where further action may be needed. A summary of the consultation's main findings is available on the [Have Your Say website](#). While the action plan's impacts are still unfolding, the feedback confirmed the enduring importance and relevance of the Pillar.

The [Porto Social Forum 2025](#) (18–19 September), organised by the Portuguese government and co-financed by DG EMPL, convened Member States, EU institutions, social partners, civil society and academia under the theme '**Quality Jobs in a Competitive Social Europe**'. The Forum held cross-cutting discussions on advancing the implementation of the European Pillar of Social Rights, including links to initiatives such as the quality jobs roadmap, the Union of Skills and the EU anti-poverty strategy.

Better enforcement was a priority in 2025, with DG EMPL supporting national authorities in the effective transposition of the EU social acquis. In parallel, DG EMPL supported the Executive Vice-President in preparing the [Annual Progress Report on Enforcement and Implementation](#) for the co-legislators.

DG EMPL established a strategy to guide the **stress-testing** of its acquis by the end of the Commission's current mandate, initially focusing on labour mobility, funding, skills and qualifications, and occupational safety and health.

DG EMPL organised two joint events with its five agencies ([Cedefop](#); [Eurofound](#); [ELA](#); [ETF](#); [EU-OSHA](#)) to deepen cooperation and anchor their work more firmly in DG EMPL's policymaking. The March 2025 meeting, attended by Executive Vice-President Mînzatu, focused on the priorities for the new mandate. The October 2025 meeting, held at the ELA's premises in Bratislava, generated concrete follow-up actions on the external dimension of DG EMPL policies, the EU Inter-Agency Data Sharing Platform, evaluations, communication, and agencies' contributions to the Union of Skills, the quality jobs roadmap and the fair labour mobility package.

Following the 2025 mid-term review of the 2021–2027 Cohesion Policy programmes, the Commission proposed [targeted amendments to the ESF+ Regulation](#) to better align it with the EU's strategic priorities. The amendments allow Member States to provide specific support for the development of skills for civil preparedness, in cybersecurity, in the defence industry and the green transition. The amendments also facilitate fund reprogramming within the fund and offer additional flexibility for regions affected by Russia's war of aggression in Ukraine. The changes were adopted by the co-legislators and entered into force on 20 September 2025.

In 2025, the Commission presented a [proposal to amend the EGF Regulation](#), most notably to broaden support in restructuring cases. Following negotiations, the co-legislators reached a preliminary agreement at a trilogue on 25 February 2026. The amended regulation extends EGF support to employees facing imminent job loss, in addition to displaced workers, with measures implemented and co-financed by the restructuring company.

On 16 July 2025, the Commission adopted and presented its proposal for the [new multiannual financial framework \(MFF\) for 2028–2034 package](#), which included, among others, proposals for the performance Regulation, the National and Regional Partnership Plans Regulation (NRPPs), the European Competitiveness Fund, and the ESF Regulation. From 2028 onwards, the proposals foresee the integration of the Social Climate Fund (SCF) as a separate chapter within the future NRPPs. DG EMPL has played an active role in the preparation, adoption, and negotiation of these proposals, in close collaboration with other Commission services.

In 2025, DG EMPL continued supporting the five Communities of Practice pertaining to the ESF+: (i) Social Innovation and Employment, (ii) Education and Skills, (iii) Social Inclusion, (iv) Migrant Integration and (v) Material Support, two networks ([ALMA Network](#) and [EURoma Network](#)), and the [ESF Social Innovation Plus Initiative](#) managed by the Lithuanian ESF Agency.

In 2025, the Commission approved the [Social Climate Plan \(SCP\) for Sweden](#), while also adopting several guidance notices on SCPs and SCF implementation to assist Member States in preparing and implementing their plans. In support of this work, DG EMPL carried out targeted analysis with the JRC on the socio-economic impacts of [ETS2](#) and related policy measures on energy and transport poverty, informing negotiations with Member States on National Climate Plans.

The **Social Investment and Skills Window** of [InvestEU](#) continued to be rapidly deployed in 2025. In response to the risk of reaching the available capacity, the Commission's omnibus proposal increased the InvestEU guarantee by EUR 250 million. This additional capacity will help prioritise high-impact investments and sustain support for key intermediaries, with negotiations in their final stage for deployment through implementing partners.

Specific Objective 3.2: Improved working conditions and stronger social dialogue



In 2025, DG EMPL delivered the [quality jobs roadmap](#), as announced in the [Political Guidelines](#) and the [2025 commission work programme](#), reaffirming the Commission’s commitment to fostering quality jobs in a competitive economy. Between April and June 2025, the Commission conducted an extensive consultation with European and national social partners to shape the roadmap’s priorities.

The roadmap’s main deliverable is the Quality Jobs Act, announced by President von der Leyen in her [2025 State of the Union address](#). In December 2025, the Commission launched the first phase of formal consultations with social partners on possible EU action in this area in line with the Treaty. In parallel, evidence-gathering advanced on the impacts of AI and algorithmic management at work, including through a Special Eurobarometer, an exploratory study and an ongoing ex-ante impact study initiated in 2025.

DG EMPL supported the co-legislators in the trilogues on revising the [Directive on European Works Councils](#), leading to its adoption in October 2025. The revised Directive aims to improve the information to and consultation of employees in large multinational companies. Following its adoption, the preparations for the work of an expert group on transposing the Directive have started.

In terms of strengthening social dialogue, President von der Leyen and the European cross-industry social partners signed the [Pact for European Social Dialogue](#). In 2025, DG EMPL began implementing the actions to which the Commission committed to **strengthen the role of social partners** in shaping labour markets, employment, and social policies in a time of global transformation.

In 2025, DG EMPL contributed to implement the 2021-2027 [EU OSH strategic framework](#), namely through the [proposal for the 6th amendment](#) of the [Carcinogens, Mutagens and Reprotoxic Substances Directive \(CMRD\)](#) that was adopted in July 2025. DG EMPL also worked intensely to better protect workers from asbestos, a dangerous cancer-causing substance. Two important measures were adopted: (i) [guidelines to help Member States comply with the EU rules that significantly lower workers’ exposure to asbestos](#), including practical advice on training and control measures; and (ii) and an [updated Commission Recommendation](#) expanding the list of recognised occupational diseases, including several types of cancer, to expand access to compensation for work-related exposure.

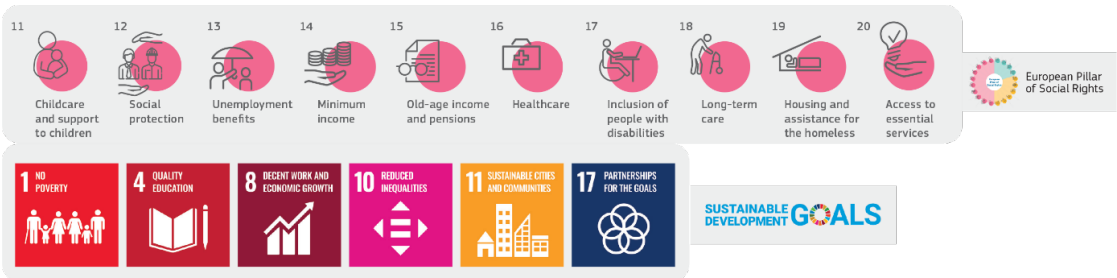
Follow-up to the European Parliament’s [Resolution on the right to disconnect](#) continued, with the two-stage social partner consultation concluded in October 2025, and an ex-ante impact assessment study ongoing. The findings will inform the Commission’s reflections on the possible next steps on the right to disconnect and telework, including under the upcoming Quality Jobs Act.

In 2025, DG EMPL continued to support Member States with the transposition of the [Platform Work Directive](#) by organising eight meetings of the dedicated expert group involving national experts, the European Economic Area states and social partners, with the group’s [final report](#) adopted in December 2025.

The Commission supported the co-legislators in the negotiations on the [Traineeships Directive](#), as part of the quality traineeships package, adopted by the Commission in March 2024 in response to the European Parliament’s own-initiative legislative report and the Conference on the Future of Europe’s recommendations. The first trilogue took place in November 2025. The package includes also a proposal to revise the 2014 Council Recommendation on a Quality Framework for Traineeships. Through this initiative the Commission aims to support better and more accessible traineeship schemes, combat abusive practices and help trainees receive high quality learning content and adequate working conditions.

*Project: [Transparent open and participatory social dialogue \(Romania\)](#)
Co-financed by the ESF+, the project strengthens social dialogue at national and sectoral levels by building the capacity of social partners and public authorities. It develops a national database and analytical reports to assess the quality of social dialogue using participatory methodologies agreed with social partners. With an EU contribution of EUR 6 502 786 (2025–2029), the project promotes structured, evidence-based and inclusive social dialogue in Romania.*

Specific Objective 3.3: A robust and inclusive European social model



In 2025, in preparation for the adoption of the **EU Anti-Poverty Strategy** in 2026, DG EMPL carried out an extensive consultation process. This process combined both public and targeted consultations and engaged a broad range of stakeholders, including of people experiencing poverty, civil society organisations, social partners, academia, Member States, and EU institutions. In parallel, comprehensive analytic work was conducted to support the strategy.

DG EMPL also continued to support the implementation of the [European Child Guarantee](#), with a focus on fostering mutual learning between Member States. Moreover, work progressed on the initiative to strengthen and support the implementation of the European Child Guarantee planned for 2026 under the anti-poverty strategy and supported by analytical work and targeted consultations.

The governance of the [European Platform on Combating Homelessness](#) was streamlined in 2025, while work continued on implementing the [Lisbon Declaration](#), conducting homelessness counts, and supporting innovative local pilot projects. In addition, DG EMPL launched a new mutual learning programme and provided strategic and policy input to the Housing Task Force in preparation of the [European Affordable Housing Plan](#).

As announced in the [savings and investment union strategy](#), DG EMPL together with DG FISMA prepared a supplementary pensions package, including a [Commission Recommendation on pension tracking systems, pension dashboards and auto-enrolment](#), that was adopted on 20 November 2025. It aims to boost the development and coverage of supplementary (occupational and personal) pensions and facilitate pension transparency for savers and for policy-makers.

A [Joint Commission-Social Protection Committee \(SPC\) report](#) was prepared in 2025 assessing the implementation of the [Council Recommendation on adequate minimum income ensuring active inclusion](#).

DG EMPL prepared the establishment of an **SPC Working Group on Adequate Social Protection in Old Age**, which was approved by the SPC in June and started work in November. The group's main task is to prepare a landmark Commission-SPC report integrating the analysis of adequacy of pensions and long-term care, for adoption in 2027. The outline of the report was adopted by the SPC in December 2025.

DG EMPL continued to support the implementation of the [Council Recommendation on access to social protection for workers and the self-employed](#) by further developing and updating the monitoring framework, and organising mutual learning activities, which focused on the social protection of vulnerable self-employed people and artists.

The Commission continued to support the implementation of the **Care Strategy and the [Council Recommendation on access to affordable, high-quality long-term care](#)** by: (i) completing the monitoring framework, which was adopted by the SPC and published; (ii) organising policy dialogues and workshops, including challenges for the long-term care workforce; (iii) and coordinating the activities of the network of national long-term care coordinators.

DG EMPL continued to facilitate structural reforms and activation strategies for young people across the EU by supporting the implementation of the reinforced **Youth Guarantee**, including through the annual data collection and a multilateral thematic review in the framework of Employment Committee (EMCO), which took place in November 2025. The review focused on the structural challenges preventing an effective delivery of the Youth Guarantee, particularly in terms of early intervention and more sustainable offers.

Project: [Home at your fingertips](#) (Slovakia)

Co-financed by the ESF+, this project provides affordable and legal housing solutions for 200 vulnerable families, particularly from the Roma community, combining housing support with financial literacy and employability measures. With a total EU contribution of EUR 4.5 million (2025–2028), the project promotes social inclusion and long-term economic self-sufficiency.

Specific Objective 3.4: Better functioning of the single market through support to free movement of persons and workers



In 2025, DG EMPL continued to cooperate closely with the European Labour Authority (ELA) and other stakeholders to promote **fair intra-EU mobility**, by strengthening the ELA's actions, improving compliance, and facilitating collaboration between national authorities and social partners. The publication of the first [evaluation of the ELA](#) marked an important milestone. Subsequently, DG EMPL has started preparing a proposal to review the mandate of the ELA as part of the **fair labour mobility package**, planned for Q3 2026, which will contribute to a more competitive and fairer Single Market to the benefit of workers, companies and public authorities.

The package will also include a legislative proposal for a **European Social Security Pass (ESSPASS)**. DG EMPL has begun the preparatory work on this based on the results of the pilot activities announced in the European Pillar of Social Rights action plan and finalised in 2025. The ESSPASS initiative aims to streamline procedures and reduce administrative burdens, easing cross-border access to social security rights.

To support the preparatory phase of the fair labour mobility package, DG EMPL organised an [Implementation dialogue on fair labour mobility](#) on 16 September 2025. The event featured a constructive exchange with representatives of 29 external stakeholders, including Member States, social partners, social security institutions, healthcare providers, public employment services, and businesses. The discussions focused on challenges and opportunities presented by the implementation, enforcement and digitalisation of the existing rules on labour mobility and social security coordination, with a view to their possible simplification and a reduced

administrative burden while maintaining the current level of protection of individuals' and workers' rights.

Preparation of the package was also supported by the outcome of the annual **High-level meeting on digitalisation in social security coordination**, which was organised by DG EMPL on 30 September. The event brought together 56 external participants (from national ministries and social security institutions) to discuss achievements, challenges and the concrete next steps required at both national and EU levels to further advance digitalisation.

DG EMPL also closely monitored the implementation of the Posting of Workers Directives by addressing transposition issues, launching infringement proceedings, and working with Member States and the ELA to ensure the correct application of EU law in this area. It also further investigated the challenges linked to the posting of non-EU nationals and sought clarification on this phenomenon, as part of the preparatory work for the fair labour mobility package.

DG EMPL, together with DG HOME, has successfully supported the co-legislators in reaching a political agreement on 18 November 2025 on the [proposal for an EU Talent Pool Regulation](#). The Commission services followed up by undertaking preparatory work for the implementation phase that will lead to the launch of the first online EU-wide platform to facilitate international recruitment, with a focus on shortage occupations. The Talent Pool platform will match job vacancies of employers established in the EU with the profiles of jobseekers from third countries residing outside of the EU.

In parallel, DG EMPL finalised the preparation for a **Eurobarometer on 'Barriers for European SMEs in recruiting foreign workers'** that will aim to identify the challenges encountered by SMEs when recruiting third country nationals and explore how to best support them through policies to attract, retain and help integrate them in the workplace and new country.

DG EMPL, with the ELA's support, has successfully created **further synergies between the EURES and Europass IT tools**, to make them more user-friendly and tailored to the needs of jobseekers. DG EMPL also kept improving the **ESCO (European skills, competences, and occupations) classification** in 2025, launching a new release to support services offering cross-border job-matching based on skills.

DG EMPL continued to support Member States in the **effective application and enforcement of legislation related to intra-EU labour mobility and social security coordination**, including in the context of telework. This effort is crucial to ensuring that people can move and work freely across Europe while enjoying their social security rights.

DG EMPL also continued to support the co-legislators in **advancing the negotiations on the revision of the social security coordination rules**, which received a new impetus in 2025.

Moreover, DG EMPL continued to support the 32 participating countries (Member States, EFTA countries and UK) in their efforts to implement the **Electronic Exchange of Social Security Information system (EESSI)**. It reported on these efforts and progress while also supporting the improvement of processes within the system to enhance its functionality and efficiency.

By supporting the [European Network of Public Employment Services](#), DG EMPL helped public employment services from across Europe to ease labour transitions, improve their performance and work jointly on finding solutions to persisting issues and new challenges. In 2025, priorities included career guidance and skills-based approaches, fair recruitment of third country nationals, the ethical use of AI and enhanced cooperation with enlargement countries, all of which contribute to quality employment and inclusive labour markets. DG EMPL also launched the evaluation of the implementation of the PES Decision.

*Project: [Galicia-North Portugal Activity Plan](#) (Spain and Portugal)
Co-financed by the direct management strand of the ESF+ (EaSI), this EURES cross-border partnership strengthens labour mobility between Spain and Portugal by enhancing cooperation between public employment services and social partners. With an EU contribution of EUR 671 832, the project facilitates fair and transparent cross-border employment.*

Specific Objective 3.5: Stronger governance for reforms, resilience, and fair transitions



In 2025, DG EMPL contributed to the **European Semester cycle** notably by (i) proposing the ‘reconduction’ of the **Employment Guidelines** (limited to updates of the recitals, with the guidelines unchanged), which were adopted by the Commission in June and by the Council in October; (ii) supporting the overall steering of the Semester through contributions to country reports and country-specific recommendations; and (iii) holding consultations with social partners and civil society ahead of the spring and autumn packages to ensure stakeholder views were reflected in Semester outputs. DG EMPL also supported the work of the Employment Committee (EMCO) and the Social Protection Committee (SPC) and their subgroups (and represented the Commission in these committees), contributing to the finalisation of Semester deliverables for Council adoption, which included monitoring the [Council Recommendation on strengthening social dialogue](#), preparing an EMCO Opinion on job quality, and assisting the Indicators Group in updating the monitoring framework on job quality.

In April 2025, the **Social Convergence Framework (SCF) second-stage analysis** was carried out for the second time. It included a deeper analysis of the ten Member States that had been identified in the first-stage analysis in the [Joint Employment Report 2025](#) and fed into the traditional multilateral reviews in EMCO and SPC held in May and informed the 2025 Semester Spring Package released in June.

As part of the **2026 Semester autumn package**, the [Proposal for a Joint Employment Report 2026](#) was adopted in November 2025. It maintained a sharp focus on the European Pillar of Social Rights and monitored progress towards the 2030 EU and national targets on employment, skills and poverty reduction. DG EMPL also co-drafted the first-ever [recommendation for a Council Recommendation on human capital in the EU](#). The new Recommendation is addressed to all 27 Member States and calls for urgent actions to tackle structural challenges related to human capital that can hamper the EU's competitiveness.

DG EMPL continued to assist in assessing the implementation of **national recovery and resilience plans** and incoming payment requests. Overall, Member States allocated around 25% of expenditure under the plans to social policies. DG EMPL supported DG REFORM in the assessment of Member States' requests under the **2026 Technical Support Instrument** call to ensure complementarity with actions financed with employment- and social-related funds.

DG EMPL continued to monitor the transposition of the [Directive on adequate minimum wages in the EU](#), for which the transposition deadline was 15 November 2024. It also assessed the data and information reported by Member States, as well as their action plans on collective bargaining, with a view to submitting a report to the co-legislators in 2026. Moreover, DG EMPL welcomed the [judgment of the Court of Justice of the European Union of 11 November 2025](#) confirming the validity of the main provisions of the Directive, apart from Articles 5(2) and 5(3) ⁽¹⁰⁾.

DG EMPL monitored the implementation of the [action plan on labour and skills shortages in the EU](#), tracking progress on the Commission's commitments and the measures taken by Member States and social partners. The implementation of the action plan was discussed at the Tripartite EMCO-PAG (Policy Analysis Group) meeting on 11 March 2025.

On just transition, DG EMPL has undertaken the first full progress review on the implementation of the [Council Recommendation on ensuring a fair transition towards climate neutrality](#), including with social partners and civil society, which led to key messages from EMCO and SPC endorsed by the Employment and Social Affairs Council Ministers.

DG EMPL also contributed to Clean Industrial Deal initiatives, including preparatory work for the **European Fair Transition Observatory** that was launched in March 2026, aimed at strengthening the evidence base on the employment and social impacts of the transitions

In autumn 2025, DG EMPL published its two flagship analytical reports, [Employment and Social Developments in Europe](#) and the [Annual Review of Labour Market and Wage Developments](#). Together, they analysed labour market and wage trends, the role of inclusion policy in addressing demographic change and competitiveness, and the effectiveness of job retention schemes in protecting employment and incomes during economic shocks.

⁽¹⁰⁾ Article 5(2) concerned the minimum elements to be included by Member States within their criteria for setting and updating statutory minimum wages. Article 5 (3) concerned the provision preventing automatic indexation mechanisms to lead to a lowering of statutory minimum wages.

Furthermore, DG EMPL has commissioned and published a [study on the socio-economic impacts of developing offshore renewable energy](#), following a related special report and recommendation from the European Court of Auditors.

To support policy development on digitalisation, DG EMPL launched the first EU-wide large-scale survey on the impact of artificial intelligence at work, with JRC support, and continued the pilot project on the effects of productivity, employment and wages in the age of AI with Eurofound.

On research and innovation, DG EMPL continued to co-lead **Horizon Europe Cluster 2**, including the preparation and implementation of the [2026–27 work programme](#). In 2025, it also strengthened feedback-to-policy activities and steered the establishment of a new co-funded **Horizon Europe Partnership on Social Transformations and Resilience**, supported by commitments of EUR 130 million from Member States and associated countries, complemented by 30% of EU co-funding. DG EMPL also supported stakeholder engagement and the development of the Partnership’s strategic research and innovation agenda.

*Project: [Challenges and Solutions for Green Transition in Västmanland \(Sweden\)](#)
Co-financed by the ESF+, this project strengthens regional governance capacity to support the green transition. It provides targeted skills development for companies, municipalities and regional authorities in areas such as circular economy, sustainable urban planning and digital product passports, while integrating gender equality and social inclusion. With an EU contribution of EUR 814 196, the project enhances strategic leadership and the workforce’s preparedness for a sustainable and competitive industrial transition.*

Specific Objective 3.6: More jobs created and sustained in the social economy



In 2025, the Commission launched the mid-term review of the [2021 social economy action plan](#), including a broad stakeholder consultation, which was [published in Q1 2026](#). Nearly all of the 63 actions set out in the plan have been implemented or are ongoing. The review assesses progress, takes stock of national developments under the [Council Recommendation on developing social economy framework conditions](#), and sets out a renewed agenda for 2026–2030, including possible new actions.

The European Commission also published a Special Eurobarometer survey on the [social economy in the lives of Europeans](#) in October 2025. The survey shows that 75% of Europeans recognise the importance of the social economy for the well-being of society in their country.

The last two webinar series of the **Youth Entrepreneurship Policy Academy** took place in 2025, with the closing in-person event in Brussels in October. The academy’s members (youth representatives, national officials, umbrella organisations, and youth entrepreneurship experts) collectively prepared a legacy document, which takes stock of the lessons learnt and presented policy pointers for future support for youth entrepreneurship.

Beyond InvestEU, DG EMPL supported social finance through actions such as contributing to the revision of the [European Code of Good Conduct for Microcredit](#), mobilising institutional and philanthropic capital, and promoting a more balanced sustainable finance framework.

*Project: [Impact Intel](#) (Italy, Spain, the Netherlands)
Co-funded by the EaSI strand of the ESF+, Impact Intel is developing a digital platform enabling investors to assess and benchmark social performance, thereby strengthening transparency in social impact investing. With an EU contribution of EUR 637 320 (2025–2028), the project supports improved financing conditions for social economy actors across Europe.*

General objective 6: A global Europe: Leveraging our power and partnerships

Specific Objective 6.1: Promoting social and labour rights in EU external policies and multilateral fora.



Promoting the respect for and protection of workers’ rights globally continued to be a key priority for DG EMPL in 2025. DG EMPL continued to implement the [Communication on Decent Work Worldwide](#) by actively promoting the decent work agenda and fair transitions through (i) the EU’s external action, including trade policy; (ii) multilateral organisations such as the G7, G20, UN and the Union for the Mediterranean (UfM); (iii) other relevant EU policy areas; (iv) comprehensive partnerships with key third countries (e.g. India); and (v) bilateral labour dialogues (e.g. Japan, China, Taiwan).

In November 2025, DG EMPL co-organised the **EU-International Labour Organisation (ILO) Just Transition Pavilion at COP30 with more with 40 events** and contributed to the negotiations on the **UNFCCC Just Transition work programme** leading to the creation of a new **Just Transition Mechanism**. At the **Clean Energy Ministerial** in August 2025, DG EMPL successfully launched a new initiative and high-level declaration on sustainable lifestyles,

fairness and access to clean technologies ⁽¹¹⁾, and continued the work on the **Empowering People initiative**.

On the multilateral side, DG EMPL ensured close cooperation with the **ILO** and coordinated the EU's effective engagement on key labour issues. At the 113th International Labour Conference in June 2025, the EU and its Member States adopted **new international standards on biological hazards** (Convention No. 192 supplemented by Recommendation No. 209) and started negotiations on decent work in the platform economy (to be concluded in 2026). DG EMPL also engaged on behalf of the EU in the discussions within the **Global Coalition for Social Justice** and contributed to the **improvement of working conditions of seafarers** by promoting ratification of relevant ILO conventions and amending the 2006 Code of the Labour Maritime Convention. On the **Commission's zero-tolerance policy on child labour and forced labour**, DG EMPL continued to promote the ratification and effective implementation of the relevant ILO conventions, including through bilateral labour dialogues with non-EU partners (Japan, China, Taiwan).

DG EMPL contributed to negotiations at the **UN General Assembly's Third Committee** and the Commission on Social Development. It also took part in the **World Social Summit** held in Qatar in November 2025 (where Executive Vice-President Mînzatu represented the EU), which adopted the [Doha Political Declaration](#). At the Summit, global leaders re-committed to accelerate social progress, eradicate poverty, and build more inclusive, just, and sustainable societies, to accelerate progress towards achieving the 2030 Sustainable Development Goals.

DG EMPL continued to represent the EU within the **OECD's** Employment, Labour and Social Affairs Committee, and also at the **Council of Europe**.

Within the **Group of 7 (G7)** and **Group of 20 (G20)**, DG EMPL continued to promote the EU's priorities on decent work. At the G7, work focused on workforce resilience, the impact of AI on labour markets, and maximising labour force participation, including through the adoption of a [Voluntary Compendium of Best Practices for the Human-Centered Adoption of Safe, Secure and Trustworthy AI in the World of Work](#). The Virtual **G7 Labour and Employment Ministerial Meeting** on Empowering Youth for the Future of Work adopted a '**Communiqué**' in December 2025 reaffirming members' shared commitment to advancing economic opportunity for all, including persons with disabilities. The **G20 Labour and Employment Ministerial Meeting** in George, South Africa, in July 2025 adopted a **Declaration on Solidarity, Equality, Sustainability: Living and Working in an Unequal World: Ensuring Decent Work and Decent Lives**.

The EU continued to ensure that **labour rights form an integral part of the EU's trade relations**. In 2025, DG EMPL contributed to the **conclusion of negotiations on new-generation free trade agreements** with commitments on fundamental labour rights with Indonesia and a modernised agreement with Mexico. DG EMPL also contributed to ongoing **negotiations on free trade agreements** with India, Philippines, Thailand and five countries in southern and eastern Africa. It ensured that these agreements include commitments on fundamental principles and rights at work as well as the ratification and effective implementation of the ILO's fundamental conventions. DG EMPL also monitored the implementation of labour

⁽¹¹⁾ The initiative was authorised by the EU Council and secured endorsement from a number of third countries, including China, India, Norway and Brazil, and from stakeholders.

commitments in existing free trade agreements and under the ‘Everything but Arms’ scheme and the ‘Generalised Scheme of Preferences’.

As regard the relations between the **EU and the United Kingdom**, DG EMPL continued to monitor the implementation and enforcement of relevant parts of the EU-UK Withdrawal Agreement on citizens’ rights and the EU-UK Trade and Cooperation Agreement. Following the EU-UK Summit of 19 May 2025, it also contributed to implementing the renewed agenda for EU-UK cooperation (the ‘Common Understanding’), in particular in relation to youth mobility and recognition of qualifications.

On enlargement, DG EMPL continued to support **social, employment and economic reforms in the enlargement and neighbourhood countries** in line with the principles of the European Pillar of Social Rights and contributed to the **2025 enlargement package**. DG EMPL provided extensive support for the legislative alignment with EU law in all candidate countries and potential candidate countries (particularly under Chapters 2, 3, 19 and 26) through regular subcommittee and bilateral meetings. DG EMPL also supported capacity building for the labour market institutions (public employment services and labour inspectorates) and for effective social dialogue. Enlargement countries are progressively associated to and involved in some of DG EMPL’s policies, tools and programmes, such as the Child Guarantee, the Youth Guarantee (implemented in the Western Balkans, under preparation for Ukraine), the European Alliance for Apprenticeships (all Western Balkans, Moldova and Ukraine), or the Employment and Social Innovation (EaSI) programme (Bosnia and Herzegovina, Moldova, Montenegro, Serbia, and in progress with Kosovo and Ukraine). Additionally, an **EU – Moldova High-Level Dialogue on Education, Skills, Labour, Social and Child Policies** was held in 2025 in Chisinau. Finally, DG EMPL supported the development of labour and social reforms under the Ukraine Facility and the Moldova Growth Plan.

DG EMPL also contributed to the **Pact for the Mediterranean**, while at the same time being very active in steering the **Union for the Mediterranean Employment and Labour Dialogue**. DG EMPL organised the **UfM High-Level Policy Conference** in Malta and the **UfM meeting of Employment and Labour Ministries of Labour**, which adopted the ‘**Union for the Mediterranean action plan on Employment and Labour 2026-2028**’ in October.

Project: [DI-MARC](#) (Serbia, Croatia, Montenegro)

Co-financed by the EaSI strand of the ESF+, DI-MARC aimed to enhance the employability of persons with physical disabilities in Serbia, Croatia and Montenegro through digital marketing upskilling that is tailored to remote work. With an EU contribution of EUR 743 816 (2023–2025), the project supported inclusive labour market participation in enlargement countries and has contributed to the spread of EU social inclusion standards beyond the EU.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In Annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Director-General.

2.1. Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

2.1.1. Overview of the budget and relevant control systems (RCS)

This section reports on the control results used by management to support the assurance on the achievement of the internal control objectives (ICO) ⁽¹²⁾. In particular, key indicators include the residual total error rate in shared management (2014–2020), based on the calculation for the 2023–2024 accounting year, and the estimated risk at closure for the same programming period. EMPL's assurance building and materiality criteria are outlined in Annex 5. 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. Additional information on the assessment of the effectiveness of internal control systems is available in Annex 8.

Table 3: Expenditure overview in 2025 per relevant control systems ⁽¹³⁾

Relevant control system	Management mode	Payments 2025 (EUR million)	% from total
RCS 1 – 2021-2027 shared management	Shared management	7 944.86	73.01%

⁽¹²⁾ 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).

⁽¹³⁾ In accordance with Annex 3.

RCS 1 – 2014-2020 shared management	Shared management	2 587.36	23.77%
RCS 1 – Pre-2014 shared management	Shared management	12.00	0.11%
Other Direct expenditure	Direct management	153.59	1.41%
Other indirect expenditure	Indirect management	49.15	0.45%
Financial Instruments	Indirect management	0.00	0%
Decentralised agencies – subsidies	Indirect management	136.00	1.25%
Decentralised agencies – contribution agreements	Indirect management	1.57	0.01%
Total		EUR 10 884.53 million	100%

Shared management

Shared management accounts for the largest share of payments and covers several programming periods. The 2021–2027 period includes the European Social Fund Plus (ESF+) shared management strand as well as the European Globalisation Adjustment Fund (EGF). The 2014–2020 period comprises the European Social Fund (ESF) and the Youth Employment Initiative (YEI), including support reinforced through REACT-EU. The pre-2014 period includes legacy ESF programmes from earlier financial frameworks.

Direct management

Direct management expenditure covers activities implemented directly by the European Commission. These mainly include grants awarded to beneficiaries, public procurement contracts, prizes, and service-level agreements supporting policy implementation and operational activities.

Indirect management

Indirect management expenditure is implemented through entrusted entities, notably decentralised agencies. It includes contribution agreements with these agencies, as well as subsidies provided to support their functioning and specific tasks delegated by the Commission.

Table 4: Overview of non-expenditure items ⁽¹⁴⁾

Non-expenditure items	Revenues	107.8
Total		EUR 107.8 million

⁽¹⁴⁾ In accordance with Annex 3.

2.1.2. Effectiveness of controls

a) Assessment of control results per segment expenditure

DG EMPL 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 account of the multiannual character of programmes and the nature of the payments concerned.

The benefits resulting from the controls are further described in Annex 6 under column “Cost-Effectiveness indicators”. Annex 7 provides further details about the **assurance model** and the control architecture applicable to the funds under shared management and in particular cohesion policy funds as well as a **glossary** to explain the concepts most used in this report.

Chart 1: Estimated Risks (error rates) per Segment of Expenditure



Supervision of decentralised agencies ⁽¹⁵⁾

Five decentralised agencies fall under DG EMPL’s remit: CEDEFOP, ELA, ETF, EU-OSHA, and Eurofound ⁽¹⁶⁾. While DG EMPL is accountable for the legality and regularity of payments to these agencies, the agencies remain responsible for the legality and regularity of their own expenditure.

⁽¹⁵⁾ More details on the supervision and the coordination of decentralised agencies can be found in Annex 13.

⁽¹⁶⁾ European Centre for the Development of Vocational Training (CEDEFOP), European Labour Authority (ELA), European Training Foundation (ETF), European Agency for Safety and Health at Work (EU-OSHA), and European Foundation for the Improvement of Living and Working Conditions (Eurofound).

The European Court of Auditors issued a positive declaration of assurance for all five agencies in 2024 ⁽¹⁷⁾. The Court's observations do not affect DG EMPL's reasonable assurance regarding the funds paid to the decentralised agencies.

DG EMPL is represented on the agencies' boards. CEDEFOP, EU-OSHA, and Eurofound have tripartite management boards that include Commission representatives. The Director-General of EMPL chairs ETF's governing board, and the Commission has two members represented in ELA's Management Board and Stakeholder Group.

As a member of the agencies' executive and management boards, DG EMPL follows up on the implementation of recommendations resulting from audits carried out by the Internal Audit Service and the European Court of Auditors. At their respective board meetings, the agencies report on actions taken to implement the recommendations and on the state of play. Under their responsibilities and based on the corporate recommendations from the Commission, the agencies comply with the updated internal control framework, perform annual assessments of their systems, monitor key performance indicators, and align their rules with the Financial Regulation. In 2025, DG EMPL took an active part in the agencies' risks peer review process in line with the corporate guidelines.

Important changes in 2021-2027: assurance building process as compared to 2014-2020

The assurance building process for 2021-2027 is similar to 2014-2020 ⁽¹⁸⁾. Several changes aim at increasing simplification while maintaining a robust control system:

1. **Management verifications are now risk based (RBMV)**. Managing authorities are required to focus efforts and resources on the most error-prone areas, following a prudent risk-assessment that must continuously take account of results from all verifications and audits carried out. In 2025, programmes in 21 Member States effectively apply in full or partially RBMVs, while in another 6 Member States programmes still apply a 100% approach for verifications for the sake of prudence. Audits (from audit authorities and the Commission) continuously verify whether managing authorities assess risks and implement RBMV where it is pertinent, to ensure increased efficiency of such management verifications and enhanced capacity to detect errors.
2. In 2025, to reduce the audit burden when systems are proven to be well-functioning based on past audit results, programmes may use **enhanced proportionate arrangements (EPAs)**, which provide a menu of flexibilities and simplifications in verifications and audits. So far **15%** of programmes ⁽¹⁹⁾ apply such flexibilities. Member States can opt to apply EPAs for additional programmes at later implementation stages, would audit results confirm the effective functioning of systems.
3. The CPR provides the possibility for the increased use of simplified, non-real-cost related financing schemes (**simplified cost options and financing not linked to costs**). Based on experience, such schemes are less error prone, and the Commission is strongly

⁽¹⁷⁾ [Annual report on EU agencies for the financial year 2024](#).

⁽¹⁸⁾ For further details, see Annexes 6 and 7

⁽¹⁹⁾ 14 out of 93 programmes under EMPL lead. In addition, 2 programmes under the lead of REGIO with support from ESF+ also apply EPAs.

encouraging their use (which is even mandatory for smaller operations), mobilising managing and audit authorities.

4. The application of **net financial corrections**, acting as an incentive for robust control procedures, is streamlined. Based on ECA recommendations and the CPR provisions, the Commission now promptly launches procedures immediately ⁽²⁰⁾ in all cases where expenditure in accepted accounts is found to be irregular and was not detected and reported by the Member State.
5. A **targeted action plan to improve the detection capacity of programme authorities** was designed by the Commission after thorough discussions with Member States and approved in December 2024. The action plan follows the recommendations issued in ECA's and Commission's audits and aims to remedy the weaknesses and deficiencies in error detection identified in the 2014-2020 control work, to improve the legality and regularity of expenditure in 2021-2027. The action plan was followed-up throughout 2025 (see details in Section 2.1.2.a).

Another specific feature of the 2021-2027 period is the need for Member States to comply with a set of **thematic and horizontal enabling conditions**. The possibility to reimburse expenditure to Member States in each specific area and programme at the start of the period and throughout its implementation is conditioned by the continued compliance with these enabling conditions. As of end 2025, around **97 % of the thematic enabling conditions** of adopted Cohesion programmes were assessed as fulfilled (96% in 2024). All Member States fulfilled horizontal enabling conditions (HEC) at the time of signing this annual activity report (AAR), except Hungary for which the Commission concluded that the HEC related to the European Charter of Fundamental rights is not fulfilled ⁽²¹⁾.

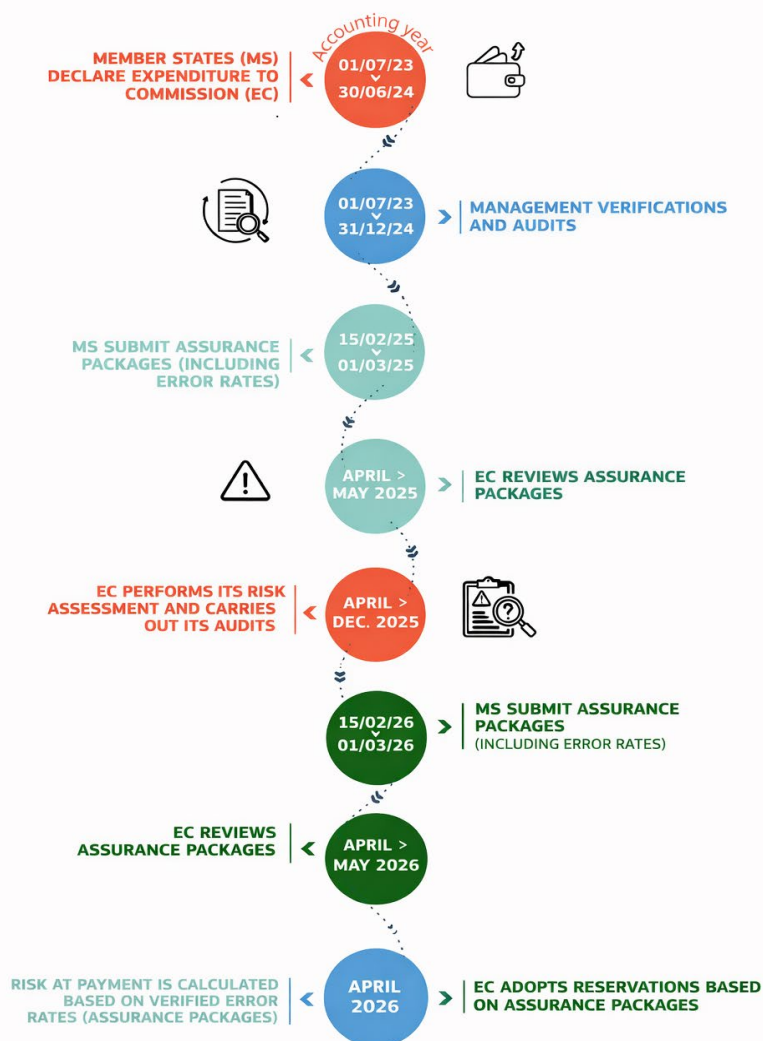
The graph below illustrates the assurance building process for programme accounts submitted and accepted in 2025 and audit cycle reported in the 2025 AAR. The process is described in detail in Annex 7. For 2014-2020 programmes this applied only for programmes that decided not to use the flexibility for one additional year for closure, provided for in the STEP amendment to the CPR, and that provided their closure assurance packages by 1 March 2025.

Chart 2: Assurance building process for ESF programme accounts submitted and accepted in 2025 (similar for both 2014-2020 and 2021-2027)

⁽²⁰⁾ As soon as the audit report is approved.

⁽²¹⁾ As regards the specific measures to protect the Union budget against breaches of the principle of rule of law (general regime of conditionality), Hungary has not addressed yet the breaches identified in the Council implementing decision N° 2022/2506 of 15 December 2022. As a consequence, the country started losing funds due to the n+2 rule under the Conditionality regulation. At the end of 2024, EUR 1.04 billion was reduced from the corresponding financial allocation to Hungary and another EUR 1.08 billion at the end of 2025 (which corresponds to the 2022 and 2023 tranches of the suspended commitments to the three programmes concerned: Energy, Transport and Territorial programmes). Overall, at the start of 2026, at least EUR 7.6 billion remain blocked out of the remaining EUR 19.8 billion envelope of CPR funds for Hungary because of the on-going unfulfillment of enabling conditions (including the HEC Charter) and measures under the general regime of conditionality.

EMPL ASSURANCE BUILDING



The KPI on legality and regularity is the Commission’s best estimate of the level of irregularities that remain to be corrected in expenditure declared in the reporting year.

The **KPI** for legality and regularity **is the weighted average of risks identified for 2014-2020 following a programme-by-programme analysis, based on the error rates** reported by the audit authorities for the **closure accounts** ⁽²²⁾.

⁽²²⁾ In 2025, Member States certified significant amounts in final accounts for the 2014-2020 programmes (EUR 44 billion), compared to accounts for 2021-2027 programmes (EUR 8.7 billion of expenditure). Moreover, last year due to the possibility offered under the STEP regulation, there was an unusually low submission of accounts (basis for the confirmed error rates this year). This year’s significant increase in submissions of final accounts (with ‘reportable’ error rates for all remaining 2014-2020 programmes and substantial amounts

This comprises programmes which have sent the assurance packages after last year's AAR until February 2026. In last year's AAR, DG EMPL already disclosed the error rates reported by the audit authorities for the programmes submitted then (20% of programmes ⁽²³⁾). For the 2025 AAR, the approach for calculating the KPI is particular due to the STEP Regulation impact (programmes could submit the assurance packages for the final accounting year throughout 2025 and until 15 February 2026). For this year, the reported error rates so-called 'reportable error rates' **assessed and recalculated where necessary following only desk review at this stage** (before completion of all audits), therefore form the basis for the KPI (risk at payment) calculation.

For these programmes, audit authorities reported high error rates (3.9% as confirmed by the Commission desk review), showing on one hand that management and control systems were under pressure due to the high level of expenditure still to be declared at closure, but on the other hand that the one year delay provided by the STEP amendment allowed thorough controls, including on the second level (audit authorities). As a result of this significant work done in preparedness for closure (including Commission audits), the programme authorities took significant action and applied significant amounts of financial corrections to bring these high reported error rates at or below materiality level ⁽²⁴⁾. On the basis of the reported residual error rates per programme, of their assessment and adjustments when considered necessary, the Commission services thus calculated **KPI 9 at 2.2% with an estimated prudent maximum of 3.2%** to take account of potential additional, undetected risks. These figures reflect a **fair estimate of the overall risk at payment** for all programmes taken together, following the Commission's programme-by-programme analysis and specific situation of each programme at closure.

The Commission therefore concludes that, **for the 2014-2020 programming period, a material level of irregularities remains in the expenditure declared to the Commission in 2025, overall**, despite the substantial corrections applied at closure at Member State's level (EUR 1.165 million in closure accounts). The Commission assessment allows to identify the 7 programmes concerned, for which additional financial corrections thus remain to be applied at closure.

Data from the **2021-2027 programmes** is not factored in the KPI calculation, as only 39% of programmes have submitted accounts. For these programmes, as done last year, the confirmed error rate is **prudently estimated at 2%**. Additionally, for many programmes with expenditure paid in 2025 management and control systems are assessed to function effectively in the sense that the risk in underlying transactions is covered by the payment retention foreseen in the

certified in the final accounts) therefore provides a more comprehensive basis to assess the risk at payment. As a result, this year's KPI for legality and regularity has exceptionally been calculated using reportable—rather than confirmed—error rates for the 2014–2020 period, based on programmes that submitted closure accounts since the last AAR and by 15 February 2026.

⁽²³⁾ 6 additional programmes had submitted closure assurance packages before 2025.

⁽²⁴⁾ Audit authorities reported a weighted average residual error rate of 1.8% in their closure assurance packages submitted after the last AAR, meaning that they carried out substantive amounts of financial corrections, as a result of their audits (EUR 388 million, see annex 7K), to reduce the reported TER of 3.9% to below materiality. However, in its assessment, the Commission found the need for additional corrections in seven programmes.

CPR ⁽²⁵⁾. However, the **Directorate-General assessed that deficiencies occurred or are possible for 12 programmes**, for which reservations are issued ⁽²⁶⁾.

For the programmes with identified risks (in both programming periods), as well as for any other risks that may materialise and further increase the error rates following the signature of this AAR, DG EMPL will request additional corrective actions to ensure that the error rate is eventually confirmed below 2% for each and every programme, and overall for the Funds. This will entail applying the required additional financial corrections, when necessary, after due contradictory procedures, unless additional audit work provides further audit evidence to the contrary.

Annex 7 provides the list of both total error rates and residual (total) error rates by programme, reported (for accounts accepted in 2026) and confirmed considering the Commission additional audit work carried out (for accounts accepted in 2025), as well as the Commission opinion on the functioning of the management and control system of each (part of) programme.

A differentiated situation per Member State and programme: identifying and correcting individually programmes at risk (for accounts accepted in 2025)

Following the reception of **assurance packages by 1 March 2025** (accounts from the accounting year 2023-2024 for any of the two programming periods), the DAC auditors carried out a thorough **desk review of Annual Control Reports (ACRs)** to assess the reported total and residual error rates and audit opinions against all cumulative audit information at their disposal.

Review of audit results received from audit authorities in 2025 (both periods)

238 system audit reports submitted by AAs in cohesion and reviewed by the Commission

Analysis of **error rates reported in 2014-2020 ACRs** covering

- 5.699 (parts of) operations audited
- 8% of total expenditure audited
- statistical sampling methods used in 87%

Analysis of **error rates reported in 2021-2027 ACRs** covering

- 2.202 (parts of) operations audited
- 23 % of total expenditure audited
- statistical sampling methods used in 66%

DG EMPL reviewed the work of audit authorities through **38 compliance audits covering 25 assurance packages (25 programmes): 19** reperformance compliance audits and **19** KR11 audits to review the completeness of checklists used by AAs in charge of auditing 127 programmes

For programmes/audit authorities for which specific risks have been identified during this process, the DAC also carried out in 2025 risk-based **on-the-spot compliance audits** to re-perform the work done by the concerned audit authorities (see box).

Based on ECA's recommendations and its conclusions in Review 03/2024, and in line with the updated single audit strategy ⁽²⁷⁾ the Commission, through programme clustering (in particular for regional programmes) adapted its approach to compliance audits within existing resource limits, achieving **a broader annual coverage of audit authorities and programmes.**—The purpose is to provide overall a more robust basis for the Commission results by identifying earlier risks to the detection capacity of audit authorities across a larger number of programmes each year and, where applicable, by reinforcing this approach with

⁽²⁵⁾ 10% for 2014-2020 and 5% for 2021-2027

⁽²⁶⁾ 1 BE, 3 DE, 1 EL, 1 FR, 1 HU, 2 IT, 1 LT, 1 PL, 1 SE. See Annex 7 for details on (partially) non-functioning programmes and annex 9 for reservations.

⁽²⁷⁾ Approved on 22/12/2022 (Ares(2022)8934475) and last updated on 23/12/2025 (Ares(2025)11567478).

targeted risk-based re-performance audits of specific operations or horizontal areas. For details on the DAC audits performed, see Annex 7.

As a result of its **2025 compliance audits covering 25 assurance packages**, the DAC identified further irregularities to the ones detected by audit authorities in seven assurance packages and 10 programmes. This led to **a re-calculated residual risk above 2% in two cases** (FR, SE) where EMPL concluded that it could place only limited reliance on the reported audit results. In the other audited assurance packages, the additional errors not detected by the audit authorities have limited impact on the recalculated error rates, and do not call into question the overall reliance the Directorate-General can put on the work of the concerned authorities. However, overall, DG EMPL's audit result still show that some audit authorities must further improve their error detection, to provide more reliable or precise audit results. The **action plan agreed in December 2024** to improve the detection capacity should contribute to such improvements, to be visible as from the next AAR and over time.

Taking account of all audit results available, for the **accounts** accepted in 2025, DG EMPL confirmed a **residual (total) error rate**:

- **≤2% materiality for 40 (2014-2020) and 63 (2021-2027) programmes**, and
- **> 2% materiality for 3 (2014-2020) and 3 (2021-2027) programmes** .

These results (complemented by the risk-based audits carried out by the DAC) show **weaknesses in the management verifications** carried out by the managing authorities of the programmes with confirmed total error rates above 2%, responsible to prevent and detect irregularities in first instance. But they also demonstrate **weaknesses in the work of a limited number of audit authorities** which failed to detect all irregularities or did not appropriately process the irregularities they identified when calculating the programme residual error rate (with impact on the reported audit opinion and residual error).

DG EMPL requested **improvements for** respectively **7 audit authorities** out of 100 (based on 2014-2020 results), and for **6 audit authorities** out of 61 (based on 2021-2027 results).

A differentiated situation per Member State and programme: Assessment of the most recent audit results for classifying the effectiveness of management and control systems at programme level and deciding on reservations (for accounts received after the last AAR and by 15 February 2026)

DG EMPL assurance is built on granular audit information obtained for each programme from verifications and audits carried out by programme authorities, from its own audits and from ECA audits or OLAF information. This allows to assess and report in the AAR whether each programme's system functioned effectively during the reporting year based on the most recent audit information, and to issue the necessary reservations when this was not the case.

Situation for the 2014-2020 programmes

Based on its assessment of all available audit results, DG EMPL can conclude by mid-April 2026 that the **management and control systems**:

Data in 2014-2020 final ACRs received by Feb 2026
2014-2020

1. 166 (out of 215 programmes) submitted closure assurance packages by February 2026
2. 44 billion certified in submitted accounts (corresponding to EUR 4.4 billion of relevant expenditure for the reporting year)
3. all **accounts can be accepted**.
4. Residual total error rate (RTER) >2% reported in 5 cases.
5. DG EMPL
6. identified additional material RTER in 2 programmes put under reservation and will request additional financial corrections, if confirmed upon finalisation of the on-going contradictory process.

• **function well** or sufficiently well for 189 programmes (88% of programmes and 87% of the relevant expenditure ⁽²⁸⁾);

• **function well except for a part** of the management and control system for which substantial improvement is needed in 4 programmes (2% of programmes and 3% of the relevant expenditure);

• **present serious deficiencies** for 22 programmes (10% of programmes and 10% of the relevant expenditure). For these programmes, if sufficient financial corrections were applied at closure to bring the RTER at or below 2%, no further corrective action is requested since programmes are being closed. However, the Commission took such information into account to assess the functioning of systems for successor 2021-2027 programmes, when systems remain similar (see materiality criteria disclosed in annex 5).

Chart 3: Assessment of the management and control systems 2014-2020, number of programmes

⁽²⁸⁾ The above shares of the calculated relevant expenditure exclude one programme for IT (National Operational Programme on Systems for Active Employment Policies), whose contribution to the total relevant expenditure distorts figures. For this programme, the REACT-EU relevant expenditure (EUR 1.8 billion) is considered at risk (issues under assessment at the AAR signature date).



As a result of the above assessment, **6 programmes** from the 2014-2020 period are put in reservation in this report in case of insufficient corrections carried out to bring the RTER to 2% or below, as the relevant expenditure in the reporting year is materially affected (for details and for a full set of reservations see Annex 9).

DAC auditors conducted risk-based thematic audits on the preparation for closure of 2014–2020 programmes, focusing on different aspects foreseen in closure guidelines depending on the risk assessment carried out for each programme audited (including quality of management verifications in case of important amounts still to certify, financial instruments, major projects, nonfunctional operations, durability requirements, implementation of previous action plans and resulting financial corrections, etc.). DAC auditors conducted a series of risk-based thematic audits on the **preparation for closure of 2014–2020 programmes**, focusing on different aspects foreseen in closure guidelines depending on the risk assessment carried out for each programme audited (including quality of management verifications in case of important amounts still to certify, financial instruments, major projects, non-functional operations, durability requirements, implementation of previous action plans and resulting financial corrections, etc.). Whilst in most cases the **systems established to prepare of closure were found to be appropriate**, in one Member State auditors identified that the controls were not covering all projects and were largely based on self-reporting. In another Member State, while the controls appeared adequate, they were not reviewed by the audit authority. The two Member States were requested to address these issues before closure.

The closure of the 2014–2020 programmes comprises two steps at Commission level: (1) acceptance of the programme accounts and related final implementation report (defined as “**closure**” in the Commission guidelines); followed by (2) confirmation in writing to the Member State **whether all legality and regularity issues** are considered appropriately processed. **Only then closure becomes ‘full’ for the concerned programme from the Commission point of view** ⁽²⁹⁾. Legality and regularity proceedings may continue after the acceptance of the final accounts and final implementation report (in case of identified risks or still remaining open issues) and DG EMPL can only definitely close a programme when it has assurance that the estimated residual total error rate (RTER) does not exceed 2% for each accounting year of the concerned programming period, and that all identified irregularities and risks were appropriately addressed by programme authorities. This may entail further compliance or targeted audits on expenditure of the last accounting year and/or following-up on any open issues such as prior payment interruptions, suspensions or financial corrections, stemming from previous audit work.

So far **56 programmes (26%) are closed** ⁽³⁰⁾ (the final accounts and final implementation report were accepted). Out of these, “**full closure**” concerns **13 programmes**, meaning the legality and regularity procedures are also closed. When it comes to **decommitments at closure**, in 2025, these amounted to EUR 1 million.

The Commission will continue to report on the state of 2014-2020 closures in subsequent AARs.

Situation for the 2021-2027 programmes

Based on its assessment of all available audit information, DG EMPL can conclude by mid-April 2026 that the **management and control systems**:

⁽²⁹⁾ the Member State being however still able to report irregularities and corresponding financial corrections.

⁽³⁰⁾ Out of 215 programmes; this includes 6 programmes closed already before 2025.

Data in 2021-2027 ACRs received in Feb 2026

- 117 programmes (out of 169) submitted assurance packages by 1 March 2026
- EUR 8.7 billion certified in submitted accounts (corresponding to
- EUR 7.8 billion of relevant expenditure for the reporting year in 2025
- All **accounts can be accepted**.
- No cases of residual error rate (RER) reported by audit authorities above 2% materiality (2%).
- DG EMPL recalculated RER above 2% in 4 cases and will request the concerned programmes to apply additional financial corrections, if confirmed upon finalisation of the on-going contradictory process. These programmes are put under reservation in line with the materiality criteria defined in Annex 5.

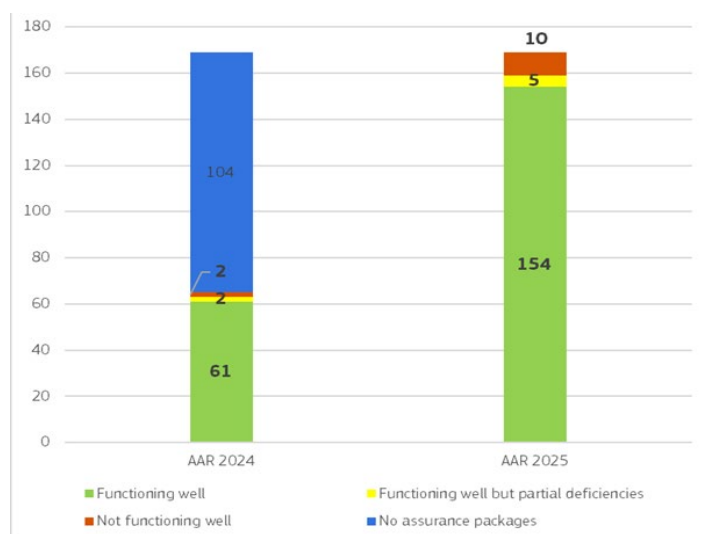
- **function well** or sufficiently well for 154 programmes (91 % of programmes and 88% of the relevant expenditure);

- **function well except for a part** of the management and control system which present serious deficiencies, in 5 programmes (3 % of programmes and 10% of the relevant expenditure);

- **present serious deficiencies** for 10 programmes (6 % of programmes and 2% of the relevant expenditure), for which substantial improvements are needed.

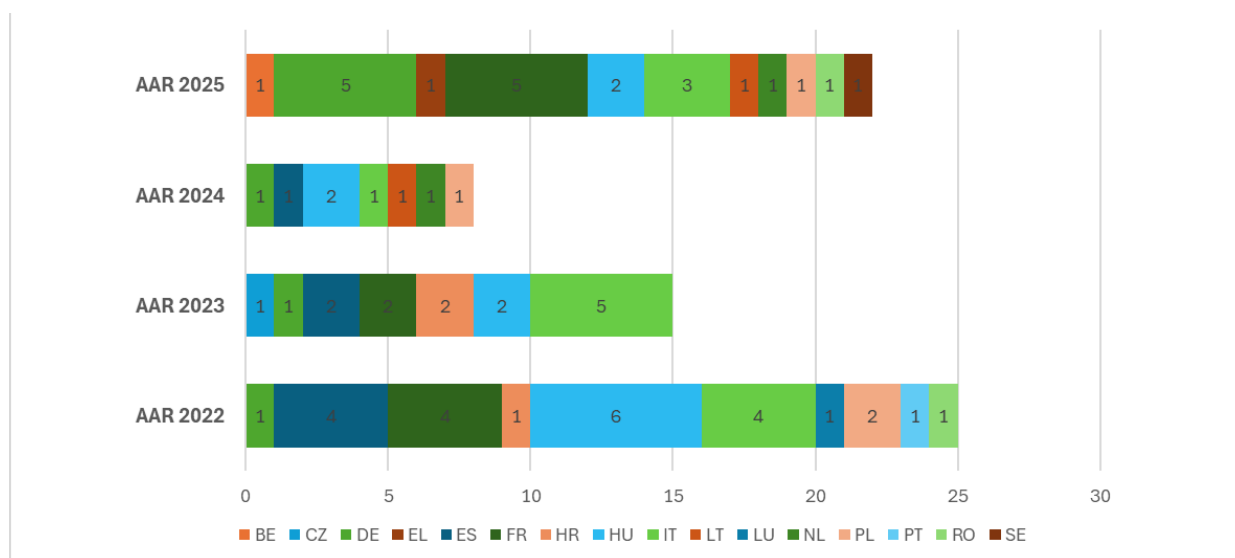
As a result of the above assessment, **10 programmes** (or part of them) for which the risk is estimated above 5% (the payment retention) **are put in reservation** in this report (for details see Annex 9). The Commission requested the necessary improvements to all programmes or part of programmes found to be affected by serious deficiencies, possibly as part of **remedial actions attached to interruptions of payments** when the risk was estimated above 5%.

Chart 4: Assessment of the management and control systems 2021-2027, number of programmes



Reservations are only lifted once programme authorities have implemented sufficient corrective measures. The fact that **33 % of last year's reservations are lifted** shows that corrective measures were effectively already taken by the concerned Member States, thus improving the effectiveness of systems in place and therefore reducing the risk of declaring irregular expenditure for the concerned programmes.

Chart 5: Reservations per Member State/United Kingdom and the year of the annual activity report ⁽³¹⁾



In addition, DG EMPL systematically requests programme authorities it audits to report to OLAF the related notification numbers in the **IMS system** for the irregularities detected, **transmits to OLAF the fraud suspicions** raised in its audits monitors **OLAF open investigations and follows up their conclusions** (see section b) ‘Fraud prevention, detection, and correction’ in section 2.1.2. (c). below and Annex 7.

To conclude, the tools and audit procedures established by **DG EMPL** allow to **analyse the individual situation of each programme, to report in the AAR** the specific, individual weaknesses identified as well as the overall, aggregated situation for the Funds concerned under Cohesion policy, to issue **the necessary reservations** for the individual programmes concerned and to disclose the **additional remedial actions requested** from the concerned programme authorities, including **payment interruptions or additional (net) financial corrections** (see Annex 7 for details).

The multi-annual corrective capacity to bring the risk at closure ≤ 2%

Each year programme authorities withdraw important amounts from the programme accounts before their submission to the Commission, when their management verifications or audits detected irregularities or raised doubts concerning expenditure previously declared (see box below).

⁽³¹⁾ The reservations presented for AAR 2025 cumulate both programming periods.

At closure of the 2014-2020 programmes, such withdrawals **became definitive deductions**. Member States **reported substantial amounts of definitive deductions at closure**, demonstrating that the time given under the STEP regulation was used to carry out thorough verifications and apply additional corrections and deductions for the last and past accounting years, as necessary. **Closure functioned as a last filter or security net** to exclude additional

irregular or incorrectly reported amounts.

Moreover, since the beginning of the 2014-2020 period, additional **financial corrections at the initiative of DG EMPL** and accepted by the Member States (as part of DAC follow-up procedures following its audits, ECA audits or OLAF investigations) amount in total to **EUR 527 million** (EU contributions), sometimes after launching formal procedures under Article 145 CPR. In two cases, DG EMPL launched procedures for net financial corrections under Article 145(7) CPR (IT, FR) ⁽³²⁾. The **2014-2020** legal framework foresees strict criteria to be respected for the Commission to implement **net financial corrections**. In the Commission's view the above figures of deductions at Member States' level show that **the mere existence of this legal provision had, in practice, a deterrent effect, increasing the protection**

Amounts withdrawn from annual accounts

(EU share, last received accounts and cumulatively)	2014-2020	2021-2027
Contribution withdrawn from accounts (definitively, or temporarily for 2021-2027, based on programme authorities' work and follow up to EC requests for corrections)	Accounting year €1 165 million	Accounting year €166 million
	Cumulative € 4 740 million	Cumulative € 246 million
Including definitive corrections (audit authorities' work, at least amounts)	Accounting year €388 million	Accounting year €15 million
	Cumulative € 1 013 million	Cumulative € 16 million
financial corrections at the initiative of DG EMPL (as result of DAC audits, ECA audits, OLAF investigations, cumulatively)	Accounting year € 74 million	Accounting year -
	Cumulative € 527 million	Cumulative -

of the EU budget.

For 2021-2027 programmes, some of the reported deductions are prudent, temporary withdrawals pending further verifications ⁽³³⁾. However, they also include definitive implemented

⁽³²⁾ In total the Commission has also **launched five net financial corrections procedures** so far for multi-funds and ESF programmes. One procedure was closed due to lack of legal basis, **one net financial correction decision was adopted** in 2025 (Slovakia ERDF), and three procedures are at an advanced stage (Austria ERDF, Italy ESF, France ESF/ERDF).

⁽³³⁾ DG EMPL cannot establish an estimate since the regulatory basis does not require Member States to provide separate figures in the accounts, apart for definitive corrections stemming from audits. Part of these temporary withdrawals may be re-declared once the managing authorities have ascertained the regularity of the expenditure. Re-introduced amounts may therefore be selected for audits by audit authorities as part of their statistical or complementary samples. The DG also requested audit authorities to carefully monitor and report in their (final) annual control reports the follow-up given to such temporary withdrawals. Otherwise, the withdrawn expenditure can also become a definitive correction. At closure, all withdrawals became definitive deductions / corrections.

DG EMPL

Ineligible overhead costs declared by research institute in Germany

In a horizontal ongoing thematic audit to follow up an ECA finding, the Commission auditors detected ineligible overhead costs in 2 German programmes. The audited research institute declared indirect costs of approximately 100%, while the Commission auditors consider there is no evidence that a significant part of these contribute to the co-financed operations. The auditors estimated that a part of ESF declared research and development expenditure in the 2014-2020 period is ineligible. To avoid such findings in the 2021-2027 period the programmes (except one put in reservation) have established simplified cost options ensuring equal treatment of this research institute with all beneficiaries.

corrections as the result of management verifications, audits by audit authorities⁽³⁴⁾ or accepted findings from Commission audits, ECA audits and OLAF investigations.

In addition to the Member States' corrective capacity and its power to request additional financial corrections when considered necessary, DG EMPL also uses the regulatory tools at its disposal to **stop payments and thus protect the EU budget** (interruptions, suspensions, see details in Annex 7I) when system deficiencies, high error levels or serious individual irregularities are identified. In such interruption letters the DG requests **remedial actions**, so called "exit points" which allow the concerned programme authorities to know what actions they need to implement. Remedial actions typically include **financial corrections** for past expenditure declared (in the on-going or in previous accounting years, for corrections applied in 2025, see Annex 7), and **measures to improve the functioning of the management and control systems** and of the concerned

authorities / intermediate bodies, with a view to prevent recurrence of irregularities in the future⁽³⁵⁾. DG EMPL does not resume its payments to the concerned programmes **until it has audit evidence** that appropriate financial corrections were applied and/or the systems were improved as requested.

DG EMPL monitors these proceedings and action plans as long as necessary, including at and even after **closure** (the payment of the balance at closure can be interrupted).

Finally, where DG EMPL re-calculates a residual (total) **error rate above 2%** for a programme, following due contradictory procedures (right of defence), it **requests additional corrective actions, including additional work and/or financial corrections** to bring the programme's residual risk below 2%. Such additional financial corrections contribute to reduce the programme individual risk at payment, and therefore also the overall one, at 2% or below, for each concerned year. This is the so-called "**risk at closure**". For the 2023-2024 accounting year under review (programming period 2014-2020), DG EMPL estimates that once the required additional corrective measures including financial corrections will have been applied for programmes still found to have a residual total error rate above 2%, the **risk at closure** will come **down to 1,3%**. This calculation is, at the date of signature of this report, an estimate of the future corrective capacity based on the information available⁽³⁶⁾.

⁽³⁴⁾ Amounts indicated in the accounts are a minimum since ECA or Commission audits found that audit authorities do not report all amounts concerned in their entirety.

⁽³⁵⁾ This includes the follow-up to agreed ECA findings on individual operations, which may point to the need for system improvements for the audited programmes. See in particular ECA recommendations in their 2021 and previous Annual Reports, which are systematically followed up (see annex 8B with a section dedicated to ECA audits)

⁽³⁶⁾ The risk at closure is calculated based on the risk at payment, minus additional financial corrections estimated in the reported year or accepted by the Member State for past years, account taken as well of applied corrective measures (e.g. additional verifications to re-calculate the effective risk in the audited population, which may be lower than the risk estimated in the

Each year the Directorate-General is assessing the corrective actions effectively implemented and is re-calculating the updated risk at closure for previous years taking into account the resulting additional accepted and/or implemented financial corrections. This recalculation also takes account of additional audit evidence collected (e.g. re-assessment of certain situations based on additional audit work carried out bringing new evidence, or lesser corrections effectively implemented in line with applicable rules) ⁽³⁷⁾.

DG EMPL can thus conclude, following implemented corrective measures implemented following previous AARs, that **the risk at closure is now effectively below 2% for all previous accounting years**, based on evidence. This confirms the 'risks at closure' estimated in previous years' AARs. **The Commission's multiannual corrective mechanism** therefore **effectively ensures a residual risk below 2% over time** for all programmes, as well as overall.

Actions taken in 2025 to improve the programme authorities' administrative capacity and effectiveness of management and control systems

Considering that the Commission and ECA still identify weaknesses in the management and control systems and the fact that the KPI 9 remains above materiality, the Commission took further action with the programme authorities to further improve the management and control systems **in the 2021-2027 programming period**. Namely, DG EMPL has:

- requested programme authorities to implement an **action plan to improve the detection capacity of programme authorities**, comprising a menu of 22 actions designed with the Commission following the recommendations issued in ECA's or Commission's audits to

reporting year). Potential additional risks reflected in the maximum risk calculated by the DG (as disclosed above) are considered for additional diligent audit activities (which in turn allow to refine the calculation of the risk at payment for the concerned programme, if additional audit evidence is collected). The risk at closure is thus not calculated based on the maximum risk, since the Commission could not impose additional financial corrections without due audit evidence of whether these risks of additional irregularities materialised or not. The Commission corrective capacity is thus closer to the estimated future corrections corresponding to the actual (lower) risk at payment, and not to the maximum risk.

⁽³⁷⁾ For 2014-2020 (as from 2017 till 2025), the cumulated financial corrections to bring the RTER to 2% for remaining programmes were estimated at EUR 573 million (in EU contribution). Cumulatively, EUR 247 million of financial corrections (in EU contribution) requested by the Commission were accepted (and in part already implemented) by the Member States in order to reduce the RTER at or below 2%, as reflected in the table presented in Annex 7. These corrections, taking also account of further audit evidence collected that may have reduced the future corrections previously estimated to be needed, allowed to bring the RTER to or below 2% for the concerned programmes. Other programmes, still under on-going procedures at closure, may generate further corrections that will further reduce the re-calculated risk at closure. It is important to underline that cumulatively throughout the programming period the **Member States have protected the EU budget with at least 1 billion** (definitive corrections as result of audit authorities work). For the 2021-2027 period the Commission will start reporting the state of play of implemented financial corrections on residual error rate (RER) above 2% as of the next AAR.

remedy the weaknesses and deficiencies identified in the 2014-2020 control work (see below).

- Updated the Commission Single Audit Strategy to target high-risk areas, taking account of resources constraints, by:
 - increasing significantly the coverage of programmes through its on-the-spot audits;
 - reflecting its new approach for compliance audits (faster, preventive and targeted).

2024 Action plan to enhance the detection capacity of the Member States' programme authorities control systems

In 2024, the Commission launched a participative debate with both audit and managing authorities to identify key actions to address the weaknesses in the management and control systems and enhance the authorities' detection capacity. As a result, in December 2024, the Commission and the audit authorities agreed on an action plan. The action plan outlined a series of initiatives aimed at boosting the effectiveness of the control processes and error detection capacity. It proposed a menu of 22 actions to be taken mainly by audit authorities, but also by managing authorities and their intermediate bodies, based on all audit recommendations issued during the period.

The proposed actions targeted the following categories: dissemination of information to beneficiaries, analysis of errors, enhanced use of IT tools, training of staff in charge of management verifications or audits, enhanced preventive role of audits, adequacy and completeness of checklists, effective audit practices in line with audit standards. The programme authorities were invited to select and implement the actions applicable to them, depending on the audit recommendations ECA or the Commission had addressed to each of them.

Throughout 2025, the Commission monitored the implementation of the actions (as applicable for each authority). The progress was discussed in the annual coordination meetings between the audit authority / authorities of each Member State and the Commission.

In July 2025, the Commission launched two surveys (one addressed to managing authorities and a second one to audit authorities) to evaluate the overall uptake of the actions. The findings from the surveys indicated positive developments already in place, but also that continuous efforts are essential in the areas of support to beneficiaries, risk-based management verifications, knowledge management (including staff trainings), use of artificial intelligence (AI) and available databases in control work, and collaboration between managing and audit authorities.

The responses from managing authorities indicated that while significant efforts are made to inform and support beneficiaries, emphasis should continue to be placed on:

- strengthened support to beneficiaries in understanding of the rules, particularly in the areas of public procurement and eligibility;
- conducting regular analyses of past errors and using the information gained to update the risk assessments underlying the risk-based management verifications in 2021-2027; providing feedback to staff and beneficiaries;
- knowledge management: reconsideration of training needs and planning, effective dissemination of information among staff, enhancing the knowledge of staff involved in management verifications in the areas of eligibility, public procurement, State aid and supporting documentation;

- exploring the use of AI and opportunities for databases interoperability in management verifications.

Enhancing error detection: key actions by audit authorities

In line with the action plan, audit authorities (AAs) have taken **concrete actions** to boost their error detection capabilities. Below are notable **examples** from several MSs.

The **Czech AA** has adopted a **structured and collaborative approach to its relations with MAs**. It analysed **root causes of past errors** and issued tailored recommendations to MAs to prevent recurrence. Additionally, the AA developed a comprehensive questionnaire for all MAs, aimed at identifying opportunities to improve their procedures and practices. To foster transparency and a shared understanding of regulatory requirements, the AA publishes an overview of **audit findings** in its annual reports, making them accessible to all stakeholders.

The **French AA** has implemented a comprehensive strategy to elevate the **quality of its audit work**. Key initiatives include the establishment of a **dedicated system audit unit** and the enhancement of the **quality review procedure** which incorporates on-the-spot visits to regional audit teams. To promote consistency and learning, the AA regularly distributes summaries of anonymised **audit findings**, highlighting common irregularities, to auditors across the regions. The AA has also introduced a range of internal tools to improve **communication, collaboration and efficiency** of work processes, including a broad-scope collaboration platform, a legal information newsletter, a catalogue of trainings. Furthermore, the AA is committed to sharing and **promoting action plans among MAs** to strengthen irregularity detection efforts.

The **Romanian AA** has prioritised upskilling its workforce and increasing the **efficiency of its work processes**. Investments in **staff training** ensure auditors remain highly competent, while a **new IT system** aims at streamlining audit procedures and enhancing data management. The AA has also updated and **simplified audit manuals and checklists**, enabling auditors to concentrate on high-risk areas. The AA is committed to expanding the use of **AI** for automated risk assessment, further reinforcing its detection capabilities.

The **Slovak AA** has taken an **innovative approach to knowledge management and communication** with stakeholders. Its audit checklists with **examples of findings** are publicly available on the AA's website, aiming at increasing a common understanding of the applicable rules. The AA also shares insights into **common deficiencies** identified during its audits, supplemented by an overview of anonymised significant findings from the Commission and ECA audits, providing valuable guidance to beneficiaries and MAs. **Methodological improvements** include revised audit guidelines, updated checklists, a thorough internal quality review process.

The feedback from audit authorities confirmed that the action plan was well received and considered a valuable tool for strengthening the quality of audit activities. Audit authorities reported progress in several areas, including analysing root causes of errors and sharing results with managing authorities, updating and upgrading audit checklists for 2021–2027, and better using various databases to support audit work.

Feedback on the implementation of the action plan shows that there still are important areas to improve:

- knowledge management: staff training, establishing and maintaining a permanent audit file for further reference for auditors about previous audit findings in the programme / beneficiaries, setting up and using a database of findings;
- updates of audit procedures and checklists as experience from audits grows;
- updates of audit strategies with the risks identified in the root cause analyses;
- use of AI and available databases (e.g. Arachne) in audit work;
- continuous open collaboration with managing authorities, including sharing checklists with examples of findings and exchanging of information on specific actions taken.

The Commission will further monitor the implementation of the actions in 2026, namely by discussing progress with audit authorities both in relevant experts groups (ESF+, CPR, Audit

Community Forum) as well as bilaterally (targeted discussions focused on problematic areas in the annual Audit Coordination Meetings).

Given the crucial role of managing authorities in error prevention and detection and the need to strengthen detection capacity at the level of management verifications, the Commission will further advise them on possible targeted concrete measures to take in that respect, including by encouraging them to use simplified cost options or financing non linked to costs to declare expenditure and avoid the real costs complexity.

As collaboration of all actors involved in Cohesion policy implementation is essential for its success, the Commission maintains continuous channels of communication with all programme authorities and encourages them to further strengthen a collaborative dialogue with their counterparts.

Additionally, each year, DG EMPL (with the help of the DAC) undertakes several actions to improve the effectiveness of management and control systems in reducing the error rate (more details and examples in Annex 7);

- In addition to the dedicated action plan to improve their detection capacity, **supporting the Managing Authorities and Audit Authorities to improve their administrative capacities** through continuous guidance, targeted support, information and training sessions, peer-to-peer exchanges and transnational networks to simplify procedures and avoid gold-plating.

From Arachne to Arachne+

Arachne+ represents a key step in the evolution of the Commission's risk analysis framework, marking the transition towards a more integrated and corporate approach across all management modes. Reflecting the advanced stage of the project, the Commission services have decided to proceed with the service activation of **Arachne+**, followed by its rollout to Member State and Commission users planned to be completed by mid-2026. Arachne+ will progressively replace the current Arachne, which will be decommissioned.

Arachne+ introduces a streamlined set of risk indicators (reduced from 107 to 77), with a possibility for the user to focus only on a few ones, improving the accuracy and relevance of risk scoring. It also includes enhanced data quality and aggregation logic, integration of beneficial ownership data, and improved entity resolution capabilities. The tool benefits from new technologies enabling more user-friendly, searchable and easily readable information, as also reflected in the positive feedback received through the Member States' confidence check.

Next step is about further interoperability with EU and external data sources. Arachne+ also foresees the gradual integration of advanced analytics and artificial intelligence, with a view to strengthening risk detection and supporting a more harmonised use across all management modes.

- **Promotion of less error-prone SCO and FNLC** by assisting and supporting programme authorities to prepare and assess the SCOs and FNLCs in 2021-2027 programmes as well as to understand the requirements in terms of control (see section 1). SCOs reduce the administrative burden of implementation as well as of audits and verifications and also help reduce the error rate. The audit community contributes to the prior assessment of SCO schemes submitted to the Commission for adoption in programmes and actively participates to the corresponding transnational network meetings. Despite not having a formal role in the definition of FNLCs, the DG encourages audit authorities to provide advisory services when such schemes are being defined, to also enhance and clarify their auditability.

- Providing the **data mining and risk-scoring tool Arachne (and as from 2026 Arachne+) to Member States** free of charge, thereby enhancing their capacity to

detect irregularities, fraud risks and potential conflicts of interest.

Arachne is currently used in 24 Member States and the United Kingdom for at least one programme, with approximately 9.837 users and a steadily increasing number of connections (approx. 13,275). 48%⁽³⁸⁾ of programmes make use of the tool. DG EMPL further promoted the tool's use in 2025 among reluctant Member States together with DG BUDG, and we observe increasing interest, with two of them recently starting to upload data in Arachne for some programmes. The system is based on a set of risk indicators combining operational programme data with external data sources, enabling structured risk analysis at project, contract and beneficiary level.

Continuous analysis of the root causes of errors that had remained undetected by managing authorities and/or audit authorities and were subsequently detected by the Commission or ECA audits is performed; the results of this analysis are feeding the DAC annual

Tackling the non-detection of errors by some audit authorities

When the Commission auditors (DAC) identify errors not detected by an audit authority, it carries out an assessment to verify if the non-detection is punctual or due to a more systemic issue (lack of appropriate checks, gap in the audit approach or wrong interpretation of the applicable rules). Recommendations to strengthen or correct the approach are addressed to the concerned AAs and dedicated work sessions are organised, as needed.

From audits carried out in 2025 for the ESF(+)/ JTF, DAC reported 77 project findings (as well as 205 system findings) in relation to 307 operations audited. Most of the previously non-detected errors reported by DAC concerned the areas of ineligible expenditure (55%), missing supporting documents (11%) and implementation of SCOs (10%).

This led to the implementation of corrective measures, including requests for the necessary financial corrections, and additional training requested from the concerned authorities to address the root-causes of non-detection of such errors by the programme authorities in first instance.

risk assessment for selecting programmes for risk-based audits. DG EMPL also **encourages audit authorities to report back and discuss with managing authorities the undetected errors** to improve their preventive and detective capacity, e.g. by putting in place further guidance and/or trainings for both managing authorities' staff and beneficiaries and to correspondingly update the risk assessments underlying the risk-based management verifications.

More details on the most common type of irregularities reported in 2025 by audit authorities (i.e., not detected by managing authorities) and by DG EMPL are presented in Annex 7, in accordance with the common typology of errors agreed and shared between the Commission and the Member States.

Other management modes and other Funds assurance building process

The assurance building processes and the control results for other Funds, expenditure spent in direct and indirect management are described in Annex 7.

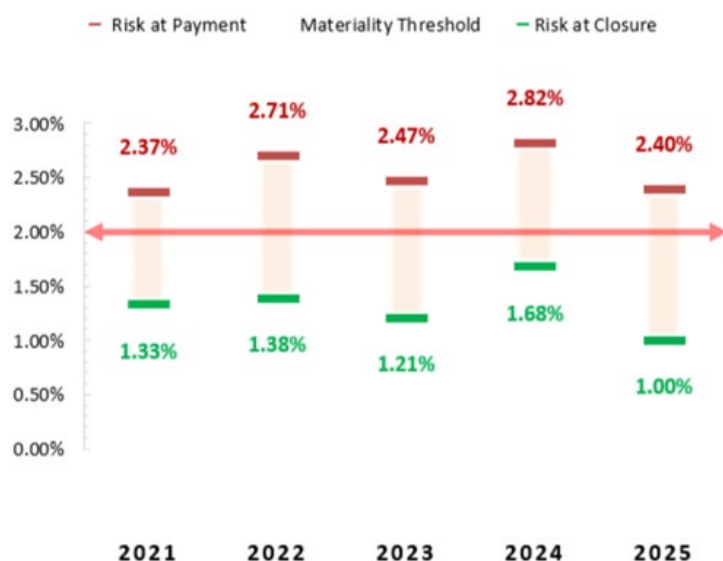
Other management modes and other Funds assurance building process

The assurance building processes and the control results for other Funds, expenditure spent in direct and indirect management are described in Annex 7.

⁽³⁸⁾ 183 out of 384 (programmes from both programming periods)

b) Estimation of the overall risk at payment and risk at closure

Chart 6: Evolution of overall risks at payment and closure for the period 2021-2025



The estimated overall risk at payment for 2025 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year that is not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. A proportion of the underlying errors will be corrected in subsequent years and until the end of the programming cycle, corresponding to the conservatively estimated future corrections for 2025 expenditure. The difference between the risk at payment and the estimated future corrections results in the estimated overall risk at closure ⁽³⁹⁾.

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

The risk profile for shared management in line with corporate criteria is medium, taking into consideration the maximum risk. However, the **individual programmes have different risk profiles**: i.e. programmes with reported error rates below 2%, programmes with an error rate between 2% and 5% and programmes with a relatively high error rate reported or confirmed above 5% (see Annex 7). For other management modes the risk profile is very low.

c) Quantitative benefits of controls: Preventive and corrective measures

With its controls set-up within DG EMPL and the Member States, there is an effective mechanism in place for detecting and correcting errors, which in 2025 amounted to EUR 1168 million of corrective measures, EUR 163 million of preventive measures, and was complemented by EUR 19 million of controls related to the 2007 – 2013 period and 3 million related to direct management. Please see the detailed table in Annex 7K explaining the corrective capacity of

⁽³⁹⁾ This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

EMPL.

These increased amounts show that at closure, the Member States reported significant amounts of deductions, indicating that the additional time granted under the STEP Regulation was effectively used to carry out thorough verifications and, where necessary, apply further corrections and deductions for both the final and previous accounting years. The overall increase also of the submitted accounts (and the one-off inclusion of REACT-EU expenditure at closure), influences positively the increase of the overall corrections.

d) Fraud: prevention, detection, and correction

Since 2008, DG EMPL is implementing its **Joint Anti-Fraud Strategy (JAFS) for Shared Management**, developed with DG REGIO and MARE ⁽⁴⁰⁾ based on the corporate methodology provided by OLAF. The strategy has been regularly updated, the last time in March 2026 following an extensive fraud risk assessment carried out by the DAC during 2025 resulting in a revised Joint Anti-Fraud Strategy Action Plan that will cover the years 2026-2028. The JAFS implementation is monitored and reported to senior management at least once per year. All actions foreseen in the joint anti-fraud strategy for shared management have been implemented or are on track ⁽⁴¹⁾.

As [co-] lead service for actions 1, 2, 11a, 12, 14, 15, 18, 19b and 36 of the **Commission Anti-Fraud Strategy (CAFS) Action Plan** of July 2023 ⁽⁴²⁾, DG EMPL has also implemented all foreseen actions for Cohesion policy under the CAFS.

Last, audit authorities have an obligation to audit the effectiveness of anti-fraud measures put in place as part of the management and control system for cohesion policy funds (key requirement 7). The Commission is continuously monitoring that this is the case and, in particular, that fraud risk assessments are appropriately updated for 2021-2027 programmes. Based on reported audit results, OLAF reporting (namely the [PIF report](#)) and information published by the EPPO, DG EMPL monitors the situation in the different Member States and programmes and takes it into account in its audits and monitoring of the concerned programmes.

As part of its **zero tolerance to fraud** underlying their audit and anti-fraud strategies, the Directorate General closely cooperates with OLAF, takes preventive measures when fraud suspicions are raised (by requesting the programme authorities to refrain from declaring expenditure for the concerned operation(s), and follows up all recommendations issued by OLAF, when legally possible. During the period 2020-2025 DG EMPL received 32 OLAF financial recommendations (Final Reports) for which the follow-up is ongoing for around two cases out of three (21 cases). As part of its efforts to follow up OLAF recommendations, during 2025, DG EMPL has:

- fully implemented three financial recommendations from OLAF;
- decided not to follow one financial recommendation issued by OLAF, because the Directorate-General assessed that OLAF's findings and observations were not supported by sufficient legal basis to implement financial corrections.

⁽⁴⁰⁾ MARE adopted the JAFS at its first revision, in 2010.

⁽⁴¹⁾ Details are available in Annex 7

⁽⁴²⁾ COM(2023) 405 final and SWD(2023) 245 final

Corrective measures based on OLAF recommendations are reported on in the context of annual monitoring exercises conducted by OLAF, in accordance with Article 11 of Regulation 883/2013 ⁽⁴³⁾.

Moreover, in 2025, DG EMPL received 39 notifications regarding EPPO investigations. The relevant DG EMPL departments were provided with these notifications, necessary to initiate appropriate precautionary and recovery measures.

Under the anti-fraud measures in place, other results achieved during the year can be summarised as follows:

- DG EMPL has carried out a fraud risk assessment on shared management allowing to get an updated picture of existing fraud risks.
- DG EMPL, jointly with DG REGIO, has supported the anti-fraud capacity building of the national authorities **by providing 34 trainings, seminars and presentations** on detection and prevention of fraud.
- DG EMPL maintained a close cooperation with OLAF on ongoing reported or investigated cases, with a total of **5 bilateral meetings** having taken place during the year.

Based on the results reported by the audit authorities on the effectiveness of KR7 (effective anti-fraud measures) and available information, DG EMPL has reasonable assurance that the anti-fraud measures in place in the different Member States and programmes are effective overall. Furthermore, to strengthen its anti-fraud capacity, in 2025 DG EMPL has performed a comprehensive fraud risk assessment and finalised, with DG REGIO and DG MARE, a new Joint Anti-fraud Strategy covering the funds managed under the shared management mode. Its action plan will be implemented during the period 2026-2028.

2.1.3. Efficiency of controls

This sub-section outlines the indicators used to monitor the efficiency of the control systems. In 2025, DG EMPL's budgetary execution closed at 96.7%, meeting the target set in the 2025 Management Plan of remaining above 95% of payment appropriations.

Regarding timely payments, DG EMPL's performance in 2025 reached 98%, above the overall performance of the Commission (97%). In total, four payments generated late interest amounting to EUR 1 470 in 2025, which is lower than the EUR 3 893 paid in 2024.

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same quality of data as in previous years. In some cases, this has resulted in a slightly lower performance for certain standard financial indicators, such as timely payments (99% in 2024 compared to 97% in 2025)

⁽⁴³⁾ [REGULATION \(EU, EURATOM\) No 883/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office \(OLAF\) and repealing Regulation \(EC\) No 1073/1999 of the European Parliament and of the Council and Council Regulation \(Euratom\) No 1074/1999.](#)

The time-to-inform slightly increased from 118 to 120 days and is within the time limits set by the Financial Regulation. Time-to-sign also increased to 52 days compared to 40 days in 2024. The overall average time-to-grant (TTI+TTS) was 176 days. The figures are a bit higher compared to those in 2024 but remain within the maximum time to grant of 270 days (9 months) indicated in the financial regulation. This increase is explained by a higher number of applications than in 2024, and by the renewal of a Framework Partnership Agreement for an operating grant, which takes place once every four years.

As for time-related indicators, the time-to-inform slightly increased from 118 to 120 days, remaining within the limits set by the Financial Regulation. The time-to-sign rose to 52 days compared to 40 days in 2024. Overall, the average time-to-grant (TTI + TTS) reached 176 days. Although these figures are somewhat higher than in 2024, they remain well below the maximum time-to-grant of 270 days (9 months) established in the Financial Regulation. The increase is explained by a higher number of applications compared to 2024, as well as the renewal of a Framework Partnership Agreement for an operating grant, which occurs once every four years.

2.1.4. Economy of controls

Based on assessing the most relevant key indicators and control results, DG EMPL has assessed the cost of controls for shared management, direct and indirect management, and horizontal tasks ⁽⁴⁴⁾ as detailed in Annex 7C.

The assessment resulted in a total cost of controls for 2025 of 0.38% (EUR 41.7 million) of the funds managed (EUR 10.8 billion), slightly above the target set in the 2025 management plan of below 0.3%. This deviation is primarily attributable to the lower volume of payment appropriations in 2025 compared to 2024, when payments reached EUR 16.6 billion, driven by still high implementation rates under the 2014–2020 programmes.

It is nevertheless noteworthy that the increase in the total cost of controls compared to 2024 is marginal, amounting to only EUR 0.4 million (EUR 41.3 million in 2024 compared to EUR 41.7 million in 2025). The increase in total costs can be explained by the indexation of personnel costs and the recruitment of colleagues for the Social Climate Fund in the second half of 2025. Although the Fund was not yet implemented and no payments were made under it in 2025, the related staff costs are included in the cost of controls. The figures reported below for DG EMPL (by management mode) are the best estimates at the time of reporting.

Details of the estimated cost related to shared/pooled control activities carried out by the Research Executive Agency (REA) and hosted by the Directorate-General for Research and Innovation (DG RTD) (the Common Implementation Centre including Common Audit Service) are reported in the annual activity reports of REA and DG RTD.

A. Shared management

The cost of control for shared management for 2025 stands at 0.24% (EUR 25.5 million) of the funds managed, which is above the level in 2024 (0.16%), mainly due to the decrease in shared management payment credits compared to 2025 and the increase in the average cost of

⁽⁴⁴⁾ Horizontal (cross-cutting) tasks refer to the cost of controls that cannot be differentiated per management mode but are rather applicable to all three: shared management, direct and indirect management.

personnel.

B. Direct and indirect management

The cost of controls for direct and indirect management in 2025 stands at 4.0% (EUR 13.1 million), up from 3.3% (EUR 11.8 million) in 2024. The higher percentage is mainly due to the recruitment of a number of new colleagues in the second half of 2025 working on the SCF, which was in the preparation phase in 2025, and had no payment execution. The percentage is expected to decrease in the coming years once the Fund becomes operational and payments are made.

It is also worth noting that, although the SCF has certain characteristics of both direct and shared management, the Regulation specifies that it is to be implemented under direct management.

C. Horizontal

The cost of controls for 'horizontal' (cross-cutting) controls stands at EUR 3.2 million in 2025 compared to EUR 3.0 million in 2024. This can be attributed to the increase in the average cost of personnel.

D. Cost of control incurred by the Member States and the Entrusted Entities

The calculations for shared management do not take into account the cost of control incurred at Member States' level, which is estimated at 3.6% for the 2021-2027 ESF+ ⁽⁴⁵⁾. The calculations for direct/indirect management do not take into account the cost of control incurred with the entrusted entities. For 2025, this stands at EUR 12.5 million and takes the form of:

- administrative and policy-based fees as well as treasury fees amounting to EUR 3.1 million disbursed to the European Investment Fund for the financial instruments of DG EMPL that it manages ⁽⁴⁶⁾, and
- the cost incurred by the decentralised agencies for which DG EMPL acts as a parent DG, amounting to EUR 9.4 million and corresponding to 6.9% of the annual subsidies transferred to them by DG EMPL in 2025 ⁽⁴⁷⁾.

⁽⁴⁵⁾ Based on the study '[Assessment of the administrative costs and burden of CPR funds](#)'.

⁽⁴⁶⁾ The amount was paid to the European Investment Fund for:

- a) EaSI Guarantee (based on the unaudited Financial Statements): EUR 1 896.87 treasury fee calculated on the basis of the average value of assets under management with a cap of 0.5% of the EU contribution committed;
- b) EaSI Capacity Building EUR 1 492.04 treasury fee calculated on the basis of the average value of assets under management with a cap of 0.5% of the EU contribution committed;
- c) EaSI Funded Instrument (based on the Management Regulations and the Annual Operational Report): EUR 3 099 735 for administrative fee and policy-based fees.

⁽⁴⁷⁾ Based on calculations by the decentralised agencies using the same guidance as DG EMPL:
CEDEFOP: EUR 1 761 060 corresponding to 8.4% of the annual subsidy;
ELA: EUR 2 163 447.2 corresponding to 4.3% of the annual subsidy;
ETF: EUR 1 276 867, corresponding to 5.3% of the annual subsidy;
EU-OSHA: EUR 1 043 794.0 corresponding to 5.9% of the annual subsidy;
EUROFOUND: EUR 3 185 152, corresponding to 12.8% of the annual subsidy

2.1.5. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results reported above, EMPL has assessed the effectiveness, efficiency and economy of its financial management controls and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible. The control environment and control strategy remained stable during the reporting year compared to the previous year, evidenced by the unchanged framework and the continued use of established systems and methodologies. For all programmes with a residual error rate above 2%, reservations and corrective actions are in place, and therefore do not negatively affect this conclusion.

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting an internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and, where applicable, the incidence on the AOD's assurance is presented in section 2.4, accordingly.

Internal Audit Service

There are no new critical recommendations for DG EMPL to be referred to in the 2025 Annual Activity Report. Neither are there any overdue critical or very important recommendations for DG EMPL, either.

The IAS considers that DG EMPL's management has adopted action plans to implement all the accepted recommendations. The IAS considers that the action plans adopted are adequate to address the residual risks identified by the auditors. The implementation of these action plans is duly monitored by DG EMPL's management and through follow-up audits by the IAS.

In conclusion, based on the elements explained above, listed in the Overview table 9, here after and detailed in Annex 8, DG EMPL considers that none of the listed very important recommendations would impact in material way the assurance in the reporting year.

Table 5: Overview of IAS audits

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2023	Preparedness for closing the 2014-2020 funds in DGs REGIO, EMPL and MARE	Very important: n°2		
2023	Audit on the Joint Audit Directorate for Cohesion (DAC) set up and the effectiveness of its operations	Very important: n°1 Very important: n° 3 Very important: n° 5	 	
2023	Thematic review on the Commission's risk at payment	Very important: n°7		
2024	Audit on the assurance building processes and audit strategy for the 2021-2027 programming period in DGs REGIO, EMPL and MARE - Phase I: Design	Very important: n°2		
2025	Audit on simplification measures in the programming period 2012-2027	Very important: n°2, 4, 6		
2025	Audit on the management of EURES and the EURES portal	Very important: n°1, 2		
2025	Audit on Arachne Corporate Programme	Very important: n°2		
State of play			Assurance	



Action plan implemented or awaiting review from IAS



No impact on the assurance



Action plan implementation is ongoing



Impact on the assurance








Preparation of the action plan

European Court of Auditors

Table 6: Overview of ECA audits

Reported	Audit Title	Accepted Recommendations	State of play in 2025	Impact on the assurance for 2025
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2023	Statement of Assurance (SoA)	4		
2024	Statement of Assurance (SoA)	2		

-  Action plan implementation is ongoing or awaiting review from IAS or ECA
-  Impact on the assurance
-  Action plan implemented and closed by IAS or ECA / No impact on assurance
-  Preparation of the action plan

For its 2025 **Statement of Assurance (SoA)** concerning cohesion policy (REGIO and EMPL funds), the ECA announced important methodological changes: it will no longer based itself on the re-performance of the audit work already performed at national level to establish its error estimate in the audited accounts, but will check expenditure irrespective of whether audit authorities have audited the transactions in question. Therefore, ECA will mainly assess the quality of management authorities' verifications. In addition, the ECA will no longer review the Commission's work aimed at verifying the accuracy of error rates reported in assurance packages. The Commission notes that because of the change to risk-based management verifications, some of the transactions to be audited by ECA might not have been verified by any programme authority yet or at all. This calls for a careful assessment of ECA's extrapolated results. Only partial preliminary results were received at the date of signature of this report and are under contradictory procedure between the ECA, the Member States and the Commission (these preliminary results were taken into account in our assessment as indicated in section 2.1 above). The adversarial process is foreseen after the publication of DG EMPL's 2025 AAR. DG EMPL therefore refers in this section to the previous, available 2024 annual report of ECA published in October 2025.

For its 2024 annual report ⁽⁴⁸⁾, ECA reviewed mainly 2014-2020 assurance packages (concerning the 2022-2023 accounts received and accepted in 2024). Audit authorities had already audited the transactions ECA sampled and had reported 47 quantifiable errors, which mainly concerned ineligible costs, irregularities in public procurement and missing supporting documents. ECA identified and quantified 44 additional errors in its sample of 223 transactions. Taking into account all corrections already applied by programme authorities (EUR 248.5 million), **ECA estimated its level of error for MFF heading 2 'Cohesion, resilience and values'** (with cohesion policy expenditure representing more than 80% of the audit population) **to be 5.7%** - compared to 9.3% in 2023 and 6.7% in 2022.

The Commission welcomed the decrease in the error rate estimated by the ECA compared to the last two years and noted that the difference in the assessment of the respective error rates has narrowed this year: in 2024, the Commission estimated the risk at payment to remain material up to a maximum of 2.9% for MFF heading 2. The difference between these error levels can be explained by several factors: a specific audit methodology applied by each institution, the different assessment of cases that may arise between the two institutions or the fact that in line with its Treaty obligations, ECA reports errors related to any breach of applicable rules whereas the Commission and programme audit authorities only quantify irregularities when they can apply financial corrections according to the Common Provisions Regulation. A recent study ⁽⁴⁹⁾

⁽⁴⁸⁾ [Annual report concerning the 2024 financial year.](#)

⁽⁴⁹⁾ See the Parliament's study "Error rates compared - Methodologies underpinning the European Commission's risk at payment/closure and the European Court of Auditors' estimated level of error" - Budgetary Support Unit Directorate-General for Budgetary Affairs PE 772.485 – March 2025

commissioned by the Committee on Budgetary Control of the European Parliament compared both error rates reported, the Commission's risk at payment and ECA's estimated level of error and stressed the usefulness and appropriateness of both approaches that meet each institution's needs and expectations. Nevertheless, to foster a common understanding of respective approaches, the Commission engaged in **an enhanced dialogue with ECA in 2025**. As a result, several workshops and technical meetings were organised jointly in 2025, in particular on the quantification of public procurement irregularities in cohesion **expenditure** according to the Commission's quantification grid that ECA will start using from the 2025 SoA.

DG EMPL also systematically follows up the accepted ECA recommendations issued in the Annual Reports. The Commission accepted both recommendations issued in the 2024 ECA annual report, which concerned (i) ensuring the audit authorities improved the way they operate, and (ii) for programme authorities to restart checks after flat rates corrections were imposed. **Annex 8** presents further details on ECA's annual report for 2024 and its results and recommendations from **other audits and special reports** published in 2025 involving cohesion policy. In particular, ECA published a review on the future of cohesion policy, which conclusions were considered when drafting the Commission's proposal for the new MFF. ECA also published two special reports directly related to cohesion policy funds, on financial corrections and on financial instruments.

2.3 Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards ⁽⁵⁰⁾.

DG EMPL has adapted the Internal Control Framework to its specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

To assess the effectiveness of its internal control system, DG EMPL has followed the methodology set out in the 'Implementation Guide of the Internal Control Framework of the Commission'.

DG EMPL had defined indicators for each of the internal control principles in its working group for internal control, composed of representatives of each directorate. These indicators were duly reviewed in April 2025. In line with the corporate instructions, a new revision of the indications was completed by 31 March 2026. Since 2022, DG EMPL has also used structured discussions with managers as an important part of its assessment on the functioning of the internal control system in the DG. In 2025, based on an approved sample, structured discussions took place with senior and middle managers from directorates B, C, E, and G, as well as from the DAC.

Concerning exceptions and non-compliance events in 2025, DG EMPL maintains centralised records of all cases within the financial unit and in CENTRICS. The number of exceptions

⁽⁵⁰⁾ The Committee of Sponsoring Organisations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

decreased compared to the previous year, with four exceptions recorded in 2025 versus six in 2024. Of the four exceptions identified in 2025, two were related to non-compliance. In total, three non-compliance events were recorded in 2025.

In the reporting period, DG EMPL took also due account of the results of its risk management exercise. There is no critical risk registered in the CENTRICS for DG EMPL for the reporting period.

Considering the relevant IAS open very important recommendations listed in Section 2.2 and detailed in Annex 8, DG EMPL's management has taken the necessary mitigating measures in due time, based on the agreed actions plans and has monitored effectively their timely implementation. None of the listed very important recommendations listed under Section 2.2 and detailed in Annex 8 would have a material impact on the assurance in the reporting year. Similarly, all ECA's recommendations were or are being implemented within the required timeline and properly reported (including ECA's special reports).

Overall, DG EMPL's working arrangements with a dedicated Internal Control Principles Working Group chaired by the Risk Management and Internal Control Director, took a pro-active and coordinated approach, leading to the positive results presented. Ongoing close cooperation with all the relevant intra- and inter-DG actors including managers, supported by DG EMPL Internal Control Standards Coordinator with a strong focus on knowledge-sharing, were instrumental in this process.

DG EMPL has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended. The findings presented above have not affected in a material way the functioning of EMPL's internal control system during the reporting year. There are no reservations caused by an inadequate internal control system in DG EMPL's 2025 AAR. The reservations identified in DG EMPL's declaration of assurance are for Member States' (part of) programmes, in line with the materiality criteria disclosed in Annex 5.

2.4 Conclusions on the assurance

For programmes under shared management ⁽⁵¹⁾, **the risk "at payment" (KPI 9)** is calculated by applying the residual total error rate of the 2023-2024 accounting year (for 2014-2020 programmes), to the "relevant expenditure" for 2025. It is estimated at **2,2%**, with a **maximum risk of 3,2%** (possible upper value of the KPI), taking a prudent approach including at flat rate for certain programmes as there could be additional risks that are still undetected for some programmes. The **risk "at closure" is estimated at 1,3%** and indicates the remaining risk to the 2025 relevant expenditure once the Commission will have the necessary additional corrective measures applied, including further audits or financial corrections, where necessary, to bring the total residual error rates for all programmes down to 2% or below. By using the reportable residual total error rate for accounting year 2023-2024 by programme as detailed in Annex 7 (namely the error rates for 2014-2020 programmes reported at closure⁽⁵²⁾) and adjusted by the Commission through its preliminary desk checks, pending further risk-based audits where

⁽⁵¹⁾ For the overall low value and low risk direct and indirect management mode, a prudent 0.5% flat rate is applied, contributing to the overall assurance assessment of EMPL.

⁽⁵²⁾ Programmes submitted after last year's AAR and by 15 February 2026 (STEP impact).

deemed necessary), DG EMPL identified for which programmes additional financial corrections are required and will be requested (after the finalisation of the ongoing audit contradictory procedures). The Commission plans further verifications, assessments and risk-based audits at closure that may result in further financial corrections, before 2014-2020 programmes can be considered definitely closed. Updates will be reported in next year's AAR.

So far, **26% of 2014-2020 programmes are closed**, including for some of them from the legality and regularity point of view (6 %). Closure procedures will continue further in 2026 and further reporting on the state of play of closure will be made in the next AARs.

Equally, for **2021-2027**, the risk at payment was reported to be low and prudently considered at **flat rate 2% overall** and for individual programmes, except for 4 programmes where it is assessed to be above 2% and for which additional financial corrections will be requested (after the finalisation of the ongoing audit contradictory procedures).

In conclusion, based on the elements reported above, **management has reasonable assurance** that, overall, suitable controls are in place and working as intended, except for the programmes put under reservation; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented, in particular for the below programmes for which a reservation was deemed necessary. The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance albeit qualified by **the following two reservations:**

Table 7: List of reservations

Reservation Title	Financial Impact (in million EUR)		Residual total error rate 2025	Evolution
	2024	2025		
ESF/YEI and FEAD management and control systems for 10 programmes of the 2014-2020 period (in 6 Member States).	28,8	95,89	See individual programmes in Annex 9.	Maintained
ESF+ management and control systems for 12 programmes of the 2021-2027 period (in 9 Member States).	-	12,92	See individual programmes in Annex 9.	Maintained (and now financial)

2.5 Declaration of Assurance and reservations

Declaration of Assurance

I, the undersigned,

Director-General of Employment, Social Affairs and Inclusion

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view ⁽⁵³⁾.

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 institution.

However, the following reservations should be noted:

- 1. a reservation concerning management and control systems of the 2014-2020 period for 10 ESF/YEI programmes in 6 Member States.*
- 2. a reservation concerning management and control systems of the 2021-2027 period for 12 ESF+ programmes in 9 Member States.*

More details are provided in annex 9.

Brussels, 27 April 2026

Mario NAVA

⁽⁵³⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the Directorate-General.

3 A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

3.1 Human resource management



In 2025, DG EMPL continued to deliver on a number of high-priority files despite considerable constraints on human resources. In this context, the thorough screening of all vacant posts continued throughout the year to ensure optimal resource allocation. All positions that became vacant during the year continued to undergo careful review, with redeployment considered where appropriate. Given the high workload, the hybrid working arrangements, and the use of dynamic collaboration spaces, maintaining the health and well-being of staff remained a priority.

In response to the results of the 2023 staff survey, DG EMPL adopted an action plan in 2024, which was to a large extent implemented in 2025. With a score of 73%, the survey reflected a high level of staff engagement in DG EMPL. The purpose of the action plan was to sustain this level of engagement while addressing the areas that had been identified for improvement. For the 2025 survey, DG EMPL maintained a high staff survey participation rate and improved its staff engagement (81%).

To support a skilled and motivated workforce, DG EMPL maintained its rich internal learning offer, including the European Semester training series, regular staff forums, a considerable number of training and info sessions, as well as modular sessions for newcomers. These were complemented by a series of team events both at directorate and unit level, to increase cooperation between colleagues and reinforce cohesion.

DG EMPL remains committed to fostering a diverse and inclusive workplace. It has a very active working group on equality, which mainstreams equality in all spheres of policy development and across DG EMPL. This includes organising a wide range of activities both during Diversity Month and throughout the year and making meetings and internal publications accessible for all.

With a strong representation of women in middle and senior management, above the Commission average, DG EMPL makes a significant contribution towards the European Commission's gender equality objectives. Similarly, DG EMPL has a higher representation of staff from under-represented Member States compared to the Commission average.

3.2 Digital transformation and data management

Digital transformation and cybersecurity



In 2025, DG EMPL continued implementing the Commission digital strategy and the Commission cybersecurity strategy 2025–2026 through its digital transformation roadmap (DTR). The Director-General ensured local ownership and accountability for implementation, while progress was monitored through the corporate governance framework and relevant digital dashboards.

Significant progress was achieved in strengthening digital culture and skills. The Digital Ambassadors network expanded to 48 members, ensuring coverage across all units. Throughout the year, structured training sessions were delivered on collaborative tools, AI, digital-ready policymaking, and data management, complemented by tailored coaching sessions addressing specific business needs. Internal guidelines and reusable collaboration templates were developed to standardise digital ways of working and to promote efficiency and knowledge sharing across units.

In support of digital-ready policymaking, DG EMPL provided advisory support for several major policy initiatives, including ESSPASS, the skills portability initiative, the Talent Pool and e-Declaration. Policy units received guidance on assessing digital implications and preparing Local Financial and Digital Statements (LFDS) within inter-service consultations, ensuring that digital considerations were embedded early in the legislative process.

Business-driven digital transformation efforts continued through the delivery of collaborative solutions designed to improve operational efficiency, including solutions supporting strategic planning, financial programming and cooperation with Member States. Additional transformation projects were launched and will be finalised in 2026, together with further modernising working methods and service delivery.

In the area of technology advancement, DG EMPL established a structured methodology to assess the feasibility and added value of AI use cases. Several pilot projects were launched in 2025, covering areas such as chatbot solutions, skills intelligence and vacancy-matching tools. In parallel, cloud readiness assessments were completed for priority systems including EESSI, Europass, EURES and ESCO, with software re-engineering planned where necessary. The cloud transition continued for the Arachne, supporting long-term sustainability and scalability.

Cybersecurity remained fully integrated into digital governance in 2025. All IT systems owned by DG EMPL were covered by an approved security plan and corresponding declarations in the Governance, Risk and Compliance (GRC) tool. Security considerations were systematically embedded into system lifecycle management and system architecture governance processes, ensuring compliance with corporate cybersecurity requirements.

Data management

In 2025, DG EMPL continued implementing corporate data policies, with concrete actions addressing data management, ownership and responsibilities, data quality, and data skills.

A major milestone was the roll-out of the cloud-based EMPL Data Platform, designed to support advanced analytics and future data needs. The integration of eight data solutions was initiated and will continue throughout 2026–2027, including inter-agency and observatory platforms. Furthermore, DG EMPL completed the identification and registration of its data assets in the corporate data catalogue, with 160 data assets encoded across 25 units. This exercise improved the transparency, traceability, and structured governance of data resources.

Clear ownership and responsibilities were reinforced through the formal attribution of data assets to responsible units and through improved architecture governance. Standardisation efforts contributed to improving the consistency and sustainability of data management practices.

Improvements in the quality of data were supported through metadata standardisation in the corporate catalogue and through architecture reviews conducted in the context of planning for the transition to the cloud. In addition, digital and data skills were reinforced through dedicated training sessions and through the progressive development of analytics capabilities enabled by the EMPL Data Platform.

Based on the progress achieved and the governance structures in place, DG EMPL assesses its overall data maturity level in 2025 as ‘established’, reflecting structured governance, centralised infrastructure deployment and systematic asset registration, while further integration and quality enhancements are ongoing.

Data protection

DG EMPL ensured and documented its compliance with the Data Protection Regulation through structured and continuous measures. The Data Protection Coordinator (DPC) organised awareness-raising sessions, including onboarding sessions for newcomers and specialised briefings for colleagues working on sensitive files. Daily advisory support was provided to staff, and data protection considerations were integrated into stakeholder discussions where relevant.

The biannual review of the records of processing activities and privacy statements was conducted within the Data Protection Management System (DPMS), ensuring that public records are accurate and up to date. In 2025, five data subject requests were handled and monitored through an internal tracking system to ensure timely and compliant responses. All contracts with external processors were based on updated corporate templates incorporating the latest regulatory clauses, thereby ensuring full regulatory compliance.

3.3 Sound environmental management



Emissions from staff professional travel have decreased in 2025, amounting to 514.21 tons of CO₂ equivalent, compared to 1 274.90 tons of CO₂ equivalent in 2019. This represents a reduction of approximately 60%, already exceeding the 50% reduction target set against the 2019 baseline for 2030. In line with the Commission's multiannual objective, DG EMPL remains committed to minimising its environmental and carbon footprint in support of climate neutrality by 2030. Staff are encouraged to avoid non-essential professional travel whenever possible, for example by opting for hybrid or online meetings or limiting the number of people travelling.

The biggest advance for sound environmental management was that DG EMPL moved to a new building (C046) in 2024, which is a passive and energy-neutral construction. DG EMPL has also continued its efforts on reducing electricity, heating (during public holidays) and water consumption in its new premises. Additional key priorities that will continue in 2026 include:

- i. reducing the use of paper and working digitally as much as possible;
- ii. increasing the use of certified electronic signatures for procurement contracts and integrating framework contracts into the e-contracting system; significantly reducing the contractual documents printed, the number of written 'blue ink' signatures and the exchanges via paper mail;
- iii. participating in corporate awareness-raising campaigns and promoting of the Commission guidelines on sustainable meetings.