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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Key messages from EMCO and SPC on the implementation of the Council Recommendation on ensuring a fair transition towards climate neutrality
- *Endorsement*

Delegations will find attached the Key messages from the Employment Committee and the Social Protection Committee on the implementation of the Council Recommendation on ensuring a fair transition towards climate neutrality to be endorsed by the Council (EPSCO) at its session on 1 December 2025.

Addenda to this Note:

- The Country specific conclusions of the EMCO Policy Analysis Group (PAG) review (ADD 1)
- The SPC country examples of the review (ADD 2)

**EMCO and SPC reviews of the implementation of the
2022 Council Recommendation on ensuring a fair transition towards climate neutrality**

Key Messages

1. INTRODUCTION

Three years after its adoption, progress on the 2022 *Council Recommendation on ensuring a fair transition towards climate neutrality* has become more evident compared to the first reviews conducted by the Employment Committee (EMCO) and the Social Protection Committee (SPC) in 2023, though with different emphases depending on national priorities and contexts. Member States reported a broader range of measures particularly in the areas of labour market activation and skills development, as highlighted during the multilateral surveillance reviews conducted by the EMCO Policy Analysis Group to discuss progress in each Member State. Due to the limited number of provisions concerning SPC, the follow-ups in SPC were organized in a thematic review, with a focus on the role of tax-and-benefit and social protection systems preventing and alleviating energy poverty and transport poverty.

Addressing and adapting to climate change remains both imperative and urgent, with extensive analytical work currently ongoing within the Commission and among Member States to collect relevant information and improve policy frameworks. Several Member States have launched data collection initiatives, statistical analyses, and established regional observatories dedicated to the green transition. Setting up regular monitoring systems at both national and EU levels would be of key importance. In this context, the launch of the European Fair Transition Observatory – one of the flagship initiatives under the *Clean Industrial Deal* - in 2026 will gather further evidence on employment, skills and social aspects of the fair green transition and will monitor the implementation progress of related policies.

2. ACTIVE SUPPORT TO QUALITY EMPLOYMENT AND TRAINING OPPORTUNITIES, ADAPTATION OF TAXATION SYSTEMS AND INVOLVEMENT OF SOCIAL PARTNERS

All Member States have reported implementing active labour market policies (ALMPs) designed to support workers most affected by the green transition, including by facilitating job-to-job transitions. These include training, upskilling and reskilling programmes targeting individuals at risk of job displacement - particularly in regions covered by the *Just Transition Fund* - as well as the certification of micro-credentials to help vulnerable and unemployed individuals access green jobs. In most countries, public employment services (PES) play a central role in delivering these policies. Some Member States have also introduced employment subsidies to help create jobs in expanding green sectors. However, there is still a clear need to promote the creation of quality jobs in the green economy, turning employment challenges into opportunities, also in light of the forthcoming *Quality Jobs Roadmap* initiative, as highlighted in the Commission's presentation. While progress is notable, the social, economic and labour implications of the green transition call for continued actions and monitoring.

The integration of green skills into training programmes is spreading, though in many Member States it is held back by the lack of a national framework or commonly agreed definitions of “green jobs” and “green skills”. This gap complicates monitoring, skills anticipation, training delivery, and statistical comparability across countries. Many Member States are investing in and enhancing labour market forecasting tools, with a focus on identifying skills shortages and projecting green jobs. Yet progress in developing skills intelligence remains uneven. Some Member States lack the technical capacity or institutional arrangements needed to fully capitalise on forecasting results. Vocational education and training (VET) curricula are also being updated in several Member States, and there are growing efforts to equip educators with the knowledge and tools needed to teach sustainability and future-oriented skills. Promising initiatives are also emerging to build sustainability competences from an early age, laying the foundation for long-term adaptation of education systems.

On the tax and benefit side, some Member States have made important reforms, shifting the tax burden away from labour while using taxation to support environmental goals and protect the most vulnerable groups. Still, overall reporting on these aspects remained limited, as the adaptation of tax-and-benefit systems continues to be complex and requires further work. Promising initiatives exist to support companies transitioning from energy-intensive production methods to greener ones. However, supporting environmentally sustainable business models among small and medium enterprises (SMEs) requires dedicated incentives. Despite efforts, changing business culture and mindset in SMEs remains difficult, particularly when green targets are not backed by tailored encouragement mechanisms. Moreover, worker involvement in SME greening strategies remains limited in most countries, undermining inclusiveness and effectiveness. The social economy is increasingly recognised for its role in the fair transition, from fostering circular economy practices to creating green jobs for vulnerable groups. This role is gaining visibility as the social economy continues to demonstrate its value in promoting climate-friendly business models and supporting job creation in underserved communities.

Engaging social partners has proven essential in shaping policies on the green transition and addressing climate-related impacts on employment, such as industrial restructuring and climate-induced work interruptions. Social dialogue has helped improve skills anticipation and align ALMPs, especially training and lifelong learning, with labour market needs. However, further efforts are required to reinforce participation mechanisms and extend social partner involvement into the implementation phase of measures supporting the anticipation and management of change, particularly for policies aimed at vulnerable groups. Moreover, only few Member States have reported good examples of effective involvement of worker representatives in anticipation and management of change, and more efforts could be made to design policies effectively targeting vulnerable groups, such as workers with difficulty to transition to quality jobs, low-income households and with limited capacity to act. Notably, not all Member States have taken steps to enhance occupational health and safety (OHS) in response to climate change. Participants, therefore called for a more targeted and proactive approach to OHS, especially in sectors exposed to extreme temperatures and weather events.

3. ENSURING ACCESS TO AFFORDABLE ESSENTIAL SERVICES AND ADAPTATION OF SOCIAL PROTECTION AND INCLUSION SYSTEMS

Overall, Member States are making progress in aligning their national frameworks with the Council Recommendation. While approaches vary, common trends include a focus on shielding vulnerable groups from energy and transport costs, combined with efforts to integrate climate and social objectives more systematically into tax and welfare systems. Linking the Recommendation with broader social policy strategies, such as national anti-poverty programmes, in order to reinforce consistency and policy impact was underlined as important approach to policy design.

On energy poverty, most countries reported measures to alleviate the burden on low-income households. These include direct financial support (e.g. vouchers, compensations, subsidies), tax relief for energy-efficient investments, and broader structural initiatives such as national strategies against energy poverty, energy funds, observatories to monitor strategies and improve policies to combat energy poverty, or targeted programmes for disadvantaged regions. Several countries are also investing in building renovation and energy efficiency upgrades to reduce long-term household costs.

On transport poverty, Member States highlighted a mix of infrastructure and accessibility measures. Some countries focus on affordability through free or subsidized transport passes, while others prioritize investment in sustainable mobility options such as public transport, flexible transport measures and mobile service provisions, cycling, and electric vehicles. National strategies or diagnostics on transport poverty are also being developed to guide policy interventions.

On social protection and inclusion, measures often seek to reduce the tax burden on vulnerable households and enhance labour market opportunities. This includes targeted allowances, reforms to unemployment support, subsidized employment schemes, and integrated advisory services to facilitate transitions. In some cases, broader social welfare measures (such as ensuring basic service provision during crises) are linked explicitly to fair transition objectives.

4. CONCLUSIONS

Ultimately, a fundamental paradigm shift remains needed and is not yet universally visible.

This shift, outlined in the Recommendation, calls for the mainstreaming of fair transition objectives and a whole-of-society approach across all Member States. Achieving this objective requires not only institutional commitment including stronger institutional coordination, but also sustained social dialogue, greater awareness of challenges and opportunities leading to behaviour and cultural change, reinforced engagement across government levels and sectors.

Another priority is the effective use of available financing. While some Member States have made a good use of EU funds, not all Member States have been able to fully capitalise on Cohesion Policy funds, the Recovery and Resilience Facility, or the Just Transition Fund. Improved access and coordination across funding streams are essential to support long-term structural change. At the same time, there is a pressing need to raise awareness of available tools, programmes and funding opportunities, including in the proposal for the new 2028-2034 Multiannual Financial Framework – ensuring that all citizens, smaller employers, and vulnerable groups are informed and able to benefit.

Concerning EU-level actions to strengthen the implementation of the Council

Recommendation, Member States underlined the importance of ensuring coherence and complementarity. Synergies between related EU initiatives - including the European Pillar of Social Rights, the Council Recommendation on adequate minimum income, ensuring active inclusion, the Clean Industrial Deal, and the Union of Skills – and coordinated implementation is seen as central to achieving the objectives of the Recommendation. Nonetheless, several Member States stressed the need to avoid duplication with existing national mechanisms and reporting obligations, noting that measures are often already addressed through established frameworks. The development of EU-wide indicators emerged as a key point, with Member States considering them essential for assessing convergence and tracking progress in a comparable manner across the Union.