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Implementing the European Pillar of Social Rights through eco-social policies: Understanding available governance options

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SUMMARY FOR POLICYMAKERS

The year 2024 was a pivotal period for the EU's green transition and social policies. Throughout the campaign for the **June 2024 European elections**, tensions surfaced between advancing the EU policy frameworks that defined the von der Leyen I Commission – the European Green Deal (EGD) and the European Pillar of Social Rights (EPSR) – and the growing emphasis on alternative narratives, priorities, and paradigms, including security and competitiveness.

In a political and geopolitical context that is radically different from the past and, in many respects, unprecedented, new EU-level policy frameworks have emerged in the current EU legislature. Published in January 2025, the **Competitiveness Compass** is intended to be the EU's new overarching growth strategy, taking up the role played by the EGD in the previous legislature, and the **Clean Industrial Deal** (CID) is to be the key initiative to implement the Compass. The CID aims simultaneously to promote decarbonisation, enhance competitiveness and develop industrial policy, with a number of actions expected to exploit synergies between climate and economic objectives. In the **new policy paradigm of the 'clean transition', decarbonisation policies are considered a growth driver** when integrated with industrial, competition, economic and trade policies.

While new economic policy frameworks were put forward at the EU level immediately after the von der Leyen II Commission took office, the main reference frameworks for EU social policies and climate and energy policies appear to be in a state of flux. First, the **European Pillar of Social Rights** (EPSR) is still awaiting a new Action Plan for its implementation, expected to be published by the European Commission in the last trimester of 2025. The Regulation on Governance of the Energy Union and Climate Action is expected to be revised during this legislature, to adapt it to the new objectives and policy priorities.

This said, in what can be defined as **a post-EGD period**, the EU's 2030 and 2050 climate targets (enshrined in the European Climate Law) have been confirmed. The European Commission recently proposed **an ambitious 2040 target** of reducing net greenhouse gas emissions by 90% compared to 1990 levels. Achieving such a target would require EU countries to accelerate their decarbonisation efforts, making it crucial to ensure that the clean transition is fair and just.

Ensuring **a just transition that 'leaves no one behind'** was indeed among the objectives of the EGD and, since the publication of the EGD Communication in 2019, an EU just transition framework has gradually emerged. This framework comprises policy orientations, legislation and funding aimed at ensuring that the EU and its Member States can make the most of the opportunities deriving from the green transition while addressing the related social challenges.

While the emergence of EU just transition policies in a relatively short timeframe is generally regarded as a positive development, important limitations and gaps in the EU's initiatives in this area have been identified. **The existing EU just transition framework is piecemeal and fails to**

effectively integrate social and green transition objectives and policies. It also suffers from significant implementation gaps in the Member States. Similarly, just transition elements are not fully reflected in climate policies as the recent National Energy and Climate Plans (NECP) indicate and, likewise, social policies do not integrate enough climate elements. Additionally, insufficient funding has been allocated to implement just transition policies in the Member States, and involvement of the social stakeholders in the development of these policies is often limited.

In the face of enormous challenges, **the limitations and gaps in the EU's just transition framework must be addressed when it is adapted to the current EU legislature's priorities and overarching objectives.** Ensuring 'a just transition for all' was indeed a key focus of Commission President von der Leyen's Political Guidelines, with initiatives such as the Competitiveness Compass and the Clean Industrial Deal to some extent incorporating this principle. The latter's cornerstones are skills development and the creation of quality jobs, and initiatives in relevant domains such as housing and the fight against energy poverty have also been announced. However, the exact details of these initiatives are still unclear, and they are likely to consist mostly of non-binding measures. Additionally, given the current discussions on the next EU Multiannual Financial Framework (MFF), scepticism is emerging regarding the financial resources that will be available to implement just transition policies in future.

Against this backdrop, we contend that **the linkages between EU green transition policies and social policies must be strengthened.** This can be achieved by aligning EU initiatives for decarbonisation, and the fight against climate change and environmental degradation with the European Pillar of Social Rights. We believe that this could be achieved **by ensuring that the upcoming EPSR Action Plan has a strong focus on socio-ecological issues.**

Building on the findings of our own analysis and the **contributions from a Knowledge Community** comprising representatives from EU and national institutions and organisations, social partner organisations, NGOs, academia and think tanks, we have developed several policy recommendations for concrete initiatives to strengthen the socio-ecological dimension of the new EPSR Action Plan. These initiatives are intended to address the limitations and gaps of the existing EU just transition framework, adapting it to the new political and policy context. Our policy recommendations relate to the four key governance structures that are relevant to the just transition and whose limitations should be addressed to better link EU clean transition and social policies. These structures are: i) legislative initiatives; ii) EU funds; iii) EU economic governance (notably the European Semester); and iv) social and civil dialogue.

Our **12 core policy recommendations (R)** for strengthening the socio-ecological dimension of the new EPSR Action Plan are the following:

On social and civil dialogue:

R1. Developing EU Guidelines on stakeholders' involvement in transition processes, and closely monitoring the implementation of these Guidelines.

On legislative initiatives:

R2. Setting up a High-Level Group on 'eco-social policies', to investigate new eco-social risks and advise on ways to adapt welfare states to the challenges of the clean transition, climate change, and environmental degradation.

R3. Further developing more systematic and comprehensive ex-ante and ex-post measurements of the distributional and wider socio-economic impacts of climate and environmental initiatives as well as of the socio-economic impact of climate change and environmental degradation.

R4. Defining criteria to assess the potential environmental impact of welfare policies, and ensuring that future EU social initiatives always include integrated socio-ecological measures and more 'environmentally sustainable' options.

R5. Revamping and expanding European directives on health and safety at work in light of the new challenges posed by climate change and environmental degradation.

R6. Exploring the possibility of an 'enhanced job guarantee' for workers in territories and sectors that are more vulnerable to the transition towards a decarbonised economy.

R7. Elaborating a legislative initiative on just transition, possibly an EU Directive, to provide Member States with clear guidelines on the content and governance principles that should characterise national just transition strategies.

On EU funds:

R8. Exploring options for setting up an enhanced JTF 2.0, or earmarking sufficient money for just transition-related issues in the new MFF post- 2027, including the Competitiveness Fund.

R9. Exploring options for earmarking funding for the implementation of welfare reforms in line with the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality, as well as experimenting with more innovative and integrated eco-social policies.

On EU economic governance:

R10. Considering how the European Semester procedures could be used to monitor Member States' implementation of the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality.

R11. Exploring how the planned review of the Governance Regulation could support the development, implementation and monitoring of just transition policies at EU and national levels, while using the European Semester to streamline reporting obligations for Member States.

R12. Elaborating integrated indicators on emerging socio-ecological risks and on the social impact of green transition policies, and exploring if some of these indicators could be included in the EPSR's Social Scoreboard and used in the European Semester (including in the Social Convergence Framework).

These policy recommendations are further detailed in the report, which also includes a set of seven **additional recommendations**.

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Introduction

In her address to the European Parliament in July 2024 and in the ‘Political Guidelines for the next European Commission’, Commission President Ursula von der Leyen reaffirmed the priority of achieving the European Green Deal’s (EGD) climate objectives for 2030 and 2050 in a socially just way, as well as her intention to strengthen participatory democracy by ‘embed[ding] citizens’ participation across the EU’ (von der Leyen, 2024: 24). This commitment is further underscored by the references to just-transition-related issues in the Mission Letters to several Commissioners, where the need to ensure ‘a just transition for all’ is repeatedly mentioned. On the one hand, this appears in continuity with initiatives undertaken between 2020 and 2024, when EU institutions started to develop an ‘EU framework for a just transition’ within the EGD. This framework comprises a number of policy orientations, legislation and funding provided by the EU with a view to ensuring that the EU and its Member States can make the most of the opportunities deriving from the green transition, while addressing certain social challenges emerging from this transition. On the other hand, the focus on the just transition in the von der Leyen II Commission seems to be based on a different approach from in the past. The issue of the just transition appears to be related to the overarching Commission’s objective of forging a green transition agenda more closely aligned with a revamped EU competitiveness/industrial agenda, with an enhanced focus on skills development. The key initiative in this respect is the preparation of a ‘Clean Industrial Deal for competitive industries and quality jobs’ (CID), intended as a new plan for Europe’s sustainable prosperity and competitiveness (European Commission, 2025a).

The implications that this changed approach will have on the existing EU just transition framework are uncertain, and it is still unclear if and how this framework will be strengthened in the years to come. Indeed, while the emergence of EU just transition policies in a relatively short time frame is generally regarded as a positive development, important gaps and limitations of the EU initiatives in this domain have been identified by stakeholders and scholars alike. The EU just transition framework is so far rather piecemeal (Akgüç et al., 2022) and the considerable challenges that lie ahead ⁽¹⁾ require further action (Sabato and Vanhille, 2024). One such gap is the still limited consistency and integration between green transition and social policies at both EU and national levels. Additionally, many observers have questioned the efficacy of governance structures in ensuring, first, the comprehensive integration of EU just transition policies into the

1. These include achieving the EU climate objectives in the timeframe set, and adapting to and mitigating the consequences of climate change. These challenges have been acknowledged by the European Commission in its February 2024 Communication on setting the 2040 climate target, which contains scenarios based on an acceleration of the green transition, while emphasising the need for more ambitious and effective just transition policies (European Commission, 2024a). This ambitious scenario was then formalised in July 2025, when the European Commission presented its proposal for a 90% net reduction in greenhouse gas (GHG) emissions compared to 1990 levels by 2040 (European Commission, 2025c), allowing for some flexibility which will have an impact on the EU’s nationally determined contributions.

fabric of EU policymaking and, second, the effective implementation of these policies by the Member States. According to these analyses, the nascent EU just transition framework is currently fragmented (Akgüç et al., 2022; Arabadjieva et al., 2024; Crespy and Munta, 2023; Sabato et al., 2023; Sabato and Vanhille, 2024), and its constituent elements lack sufficient interconnectivity: the different governance tools are not clearly working together to ensure focused delivery of a fair transition. The same applies in EU countries: only Spain has a comprehensive just transition strategy in place (Council of the European Union, 2023a).

Hence, a crucial challenge for the current EU legislature will be to integrate existing and new policy frameworks, instruments and governance structures aimed at achieving the green transition and the EU climate targets, with the imperative of enhancing the EU's competitiveness and with the guarantee of high social standards for EU citizens. While these goals were also at the centre of the EGD, they are now to be achieved in a geopolitical context that is more complex, more competitive, and more conflict-ridden than it was when the EGD was published in 2019. In particular, we maintain, the current EU legislature should ensure that the gaps and limitations in the existing EU just transition framework are addressed, by taking initiatives that, firstly, ensure ambitious and effective implementation of the EU's just and green transition agenda and, secondly, ensure some consistency of this agenda with key priorities such as competitiveness, security, preparedness and simplification.

It is our assertion that, in order to do so, first, there needs to be greater consistency and integration between green transition and social policies. At the EU level, this requires the implementation of the European Pillar of Social Rights (EPSR) to be more closely aligned with the objectives of the green transition (Arabadjieva et al., 2024; Sabato et al., 2023; Sabato and Vanhille, 2024), including in the framework of the Clean Industrial Deal. In this respect, the ongoing process of drafting a new Action Plan for the implementation of the EPSR (European Commission, 2025b) appears to be an opportunity to strengthen the 'socio-ecological dimension' of the implementation of the Pillar. Second, it appears necessary to strengthen the effectiveness of the governance structures associated with EU green transition and social policies, promoting, in particular, an integrated and holistic policymaking style which takes into account the complex linkages between ecological, social and economic policies and objectives. These governance structures include: a) social and civil dialogue structures; b) EU economic governance (in particular, the European Semester); c) legislative procedures; and d) EU funds. In our view, the new EPSR Action Plan could play a role in this, provided that it contains initiatives linking existing EU policy frameworks and governance arrangements relevant to EU just green transition policies, thereby enhancing the just transition dimension of the Pillar and boosting the consistency and effectiveness of the overall EU just transition framework.

Against this background, the objective of this report is threefold. First, we aim to map overall policy frameworks, instruments, and governance arrangements relevant to the 'just, green

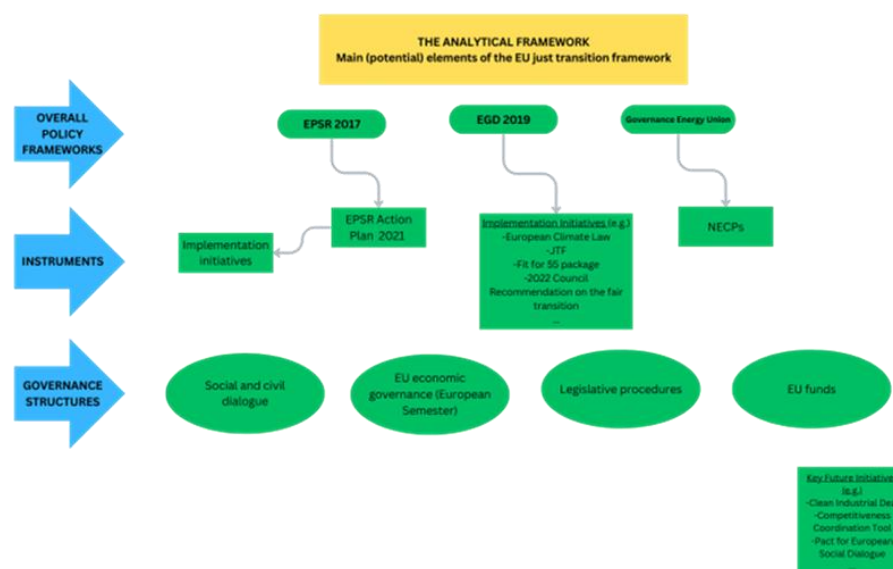
transition’ developed during the previous EU legislature (2019-2024), identifying both strengths and weaknesses in the integration of ‘green’ and social policies and objectives. Second, we reflect on new frameworks and instruments put forward by the von der Leyen II Commission, and on the challenges and opportunities to strengthen the EU just transition framework in the current political context. Third, based on the findings from our research and on inputs from the participants in three ‘Knowledge Community’ workshops held between February and June 2025 (see Annexes 1, 2, 3, and 4), we propose concrete policy recommendations on how to strengthen the socio-ecological dimension of the forthcoming Action plan for the implementation of the EPSR.

In more detail, this report is organised as follows. In Section 1, we briefly present the analytical framework of this analysis. In Section 2, we describe the overall EU policy frameworks relevant to the socio-ecological transition – namely, the EGD, the EPSR, and the Governance of the Energy Union and Climate Action – and key instruments for their implementation. In Section 3, we critically discuss these instruments alongside the ‘governance structures’ used for their implementation. In Section 4, we reflect on the changed political landscape since the June 2024 European Parliament elections and on the new policy frameworks and instruments relevant to the just, ‘clean’ transition proposed by the von der Leyen II Commission. In Section 5, based on our own analysis and relevant contributions from the literature as well as discussions held during three Knowledge Community workshops, we conclude by discussing the main issues that need to be addressed in order to promote a more integrated and effective just transition agenda in the current political context. We also provide policy recommendations on how the new Action Plan for the implementation of the EPSR could contribute to this agenda. Annex 1 provides an explanation of the methodological choices made for the present research, while Annexes 2 to 4 summarise the key messages of the three Knowledge Community workshops held during the project.

1. Analytical framework

From an analytical standpoint, this research considers three levels of analysis (Figure 1): i) *overall policy frameworks*; ii) *instruments*; and iii) *governance arrangements*. Overall policy frameworks considered as relevant to this research, at its inception, are: a) the European Pillar of Social Rights; b) the European Green Deal; and c) the Regulation on the Governance of the Energy Union and Climate Action (the ‘Governance Regulation’). By *instruments*, we mean the legislative and non-legislative initiatives adopted to implement the overall policy frameworks (for instance, the Fit for 55 package, the National Energy and Climate plans (NECPs) foreseen by the Governance Regulation). When it comes to *governance arrangements*, we identify four main elements through which the overall policy frameworks and the majority of the instruments relevant to this research are expected to be implemented and monitored: a) social and civil dialogue structures; b) EU economic governance (notably, the European Semester); c) legislative procedures; and d) EU funds.

Figure 1. The analytical framework: exploring links



Source: authors' elaboration

In the first stage of the research, we investigated if and how these governance arrangements have been used to ensure consistent implementation of the EU just transition framework, highlighting both strengths and weaknesses in this respect. In conducting this assessment, we have also investigated – whenever relevant – what kind of socio-ecological policies have been promoted or

implemented to date by the EU, referring to the ‘welfare state functions’ in the green transition proposed by Sabato et al. (2023) (Table 1).

Table 1. The ‘functions’ of the welfare state in the green transition

Looking at the possible linkages between social policies and green transition policies, Sabato et al. (2023) identify four possible functions of the welfare state in the transition:	
1.	Welfare states as <i>benchmarks</i> . At a normative level, welfare states fulfil this function when the principles and rights embedded in them are referred to in defining social criteria and objectives to be considered and respected while designing and implementing green transition policies. An example are provisions ensuring preferential access of vulnerable households to measures enhancing the energy efficiency of residential buildings.
2.	Welfare states as <i>enablers</i> , when welfare policies directly facilitate the achievement of the objectives of the green transition. This occurs when social investment policies are targeted at the provision of skills needed for a greener economic model or at facilitating transitions of workers between economic sectors. Second, welfare policies (and the related social infrastructure) could be purposely designed to reduce the ecological footprint of the welfare state (for instance, through the provision of carbon-neutral services).
3.	Welfare states as <i>buffers</i> . This is the case when social provisions are aimed at ensuring that citizens are protected and/or compensated from the possible negative consequences of green transition policies (e.g. when social protection and inclusion measures providing income protection are linked to green transition policies).
4.	Welfare states as <i>conflict management/consensus-building</i> institutions. Welfare state institutions such as social dialogue processes could be used to build a consensus on the green transition or to manage the associated conflicts. This also applies to broader instances of civil dialogue.

Source: Sabato et al. (2023)

In the second step of the research, we have investigated key initiatives recently launched or announced by the von der Leyen II Commission relevant to the just, green transition. In particular, we have analysed the new priorities, narratives and policy frameworks that have gradually emerged at the EU level since 2024, seeking to understand their role in the existing policy and institutional framework (Figure 1) and their implications for the future of EU just transition policies.

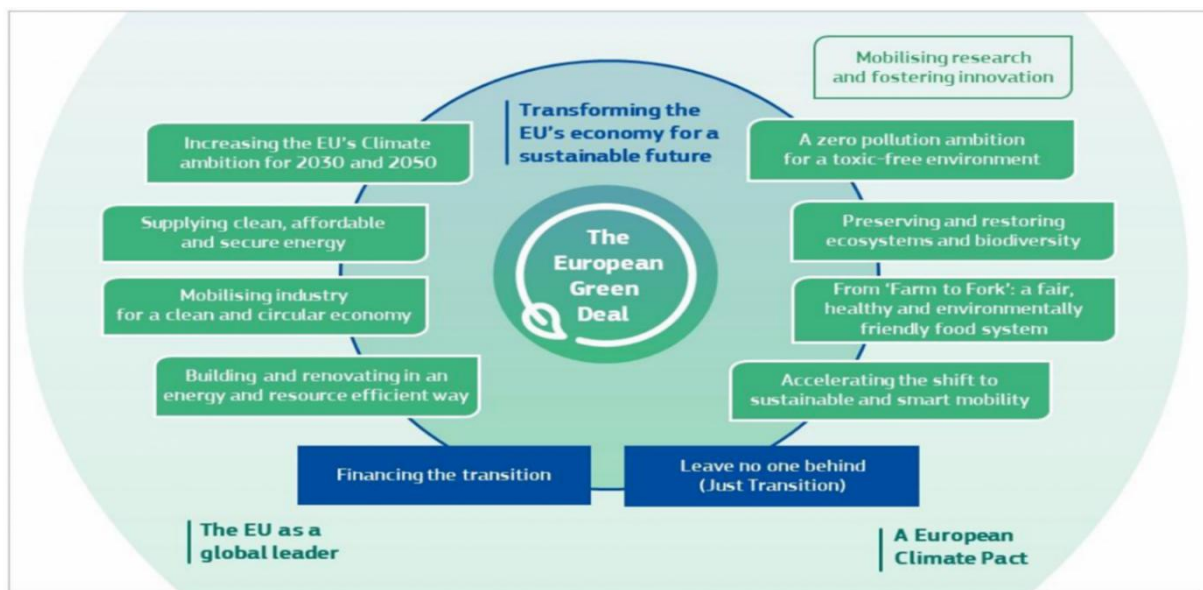
Our analysis of the EU initiatives between 2019 and 2024, as well as its most recent priorities and initiatives, has enabled us to make evidence-based recommendations on how to integrate and enhance the effectiveness of the components of the existing EU just transition framework, by effectively linking them to the new Action Plan for the implementation of the EPSR, bearing in mind the current political and policy context. These recommendations relate to the four governance structures at the core of our research.

2. Setting the scene: EU overall policy frameworks and instruments for the socio-ecological transition

2.1 The European Green Deal and the just transition

The EGD is intended to be '[...] a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases (GHG) in 2050 and where economic growth is decoupled from resource use' (European Commission, 2019: 2). To this end, the EGD identifies eight macro-areas for action, which are seen as interlinked and mutually reinforcing (ibid.: 4). These include policies on climate, environment, energy, industrial strategies and the circular economy, transport, agriculture, ecosystems and biodiversity (Figure 2).

Figure 2. The European Green Deal



Source: European Commission (2019:3)

Hence, the EGD is woven into the structure of the European decarbonisation plan, yet transcends its role as a climate strategy to emerge as a building block in Europe's political economy, with economic growth posited at its centre. It aims to combine economic growth and competitiveness with the achievement of climate neutrality and a high level of environmental sustainability (referred to in EU discourses as the 'green transition'), while guaranteeing adequate social standards (Grossi and Rayner, 2024). It recognises the interconnected nature of the policy objectives pursued in the economic, ecological and social spheres. While synergies between

these spheres should be created, they should not be taken for granted, and attention should be paid to trade-offs (European Commission, 2019: 4). With regard to leveraging synergies and resolving trade-offs between climate/environmental and social objectives, the EGD emphasises the need for a ‘socially just’ green transition that leaves no one behind, ‘[...] put[ting] people first, and pay[ing] attention to the regions, industries and workers who will face the greatest challenges’ (European Commission, 2019: 2).

Originally proposed by the trade union movement in the 1960s, the concept of a just transition is based on differing dimensions of justice. A variety of actors have used this notion in different contexts over time ⁽²⁾, which makes it a ‘contested notion’, characterised by blurred conceptual boundaries and multiple interpretations and usages (Stavis et al., 2020). In the 2019 EGD Communication, the scope of the term is rather narrow (Mandelli, 2022; Sabato and Fronteddu, 2020), with a strong sectoral and territorial focus and an emphasis on addressing the negative implications that the green transition will have on specific European territories and economic sectors (mostly, those relying on fossil fuels or carbon-intense processes and greenhouse gas-intensive industries). In addition to this sectoral focus, an ‘issue-specific focus’ on energy poverty can also be identified. With regard to the policies proposed, the 2019 EGD Communication places significant emphasis on social investment policies, particularly those in the areas of education and training, which demonstrate the highest potential to provide workers with the skills required for a ‘green economy’ (Mandelli, 2022; Sabato and Fronteddu, 2020; Zimmermann and Gengnagel, 2023). Importantly, the European Pillar of Social Rights (see Section 2.2) is presented as the reference framework to ensure that ‘no one’ is left behind in the transition (European Commission, 2019: 4), thus potentially broadening the scope of EU just transition initiatives and of policies implemented. Nevertheless, the 2019 Commission Communication does not provide any details on how the EGD links to the EPSR.

When it comes to the implementation of the EGD strategy, the 2019 EGD Communication refers to a multiplicity of governance tools, including legislation and non-legislative initiatives, EU funds, EU economic governance, and social and civil dialogue. Additionally, the Communication was accompanied by a Roadmap illustrating key actions that the European Union will take to implement the EGD. Reflecting on the latter aspect, Sabato and Vanhille (2024) demonstrate that the implementation of the EGD to date has varied across macro-areas and has been affected by external events, such as the energy crisis resulting from the war in Ukraine. However, in general, there was considerable activity around the EGD over the period 2020–2024: according to the European Green Deal section of the European Parliament’s Legislative Train Schedule, 100

2. It is possible to distinguish between different dimensions of justice: distributional justice, procedural justice, recognitional justice, and restorative justice (see EEA, 2024). Over time, the notion of a just transition has been used/promoted by national and international trade union organisations, policymakers, NGOs and grassroots organisations, international organisations such as the International Labour Organisation and the United Nations, and by the European Union.

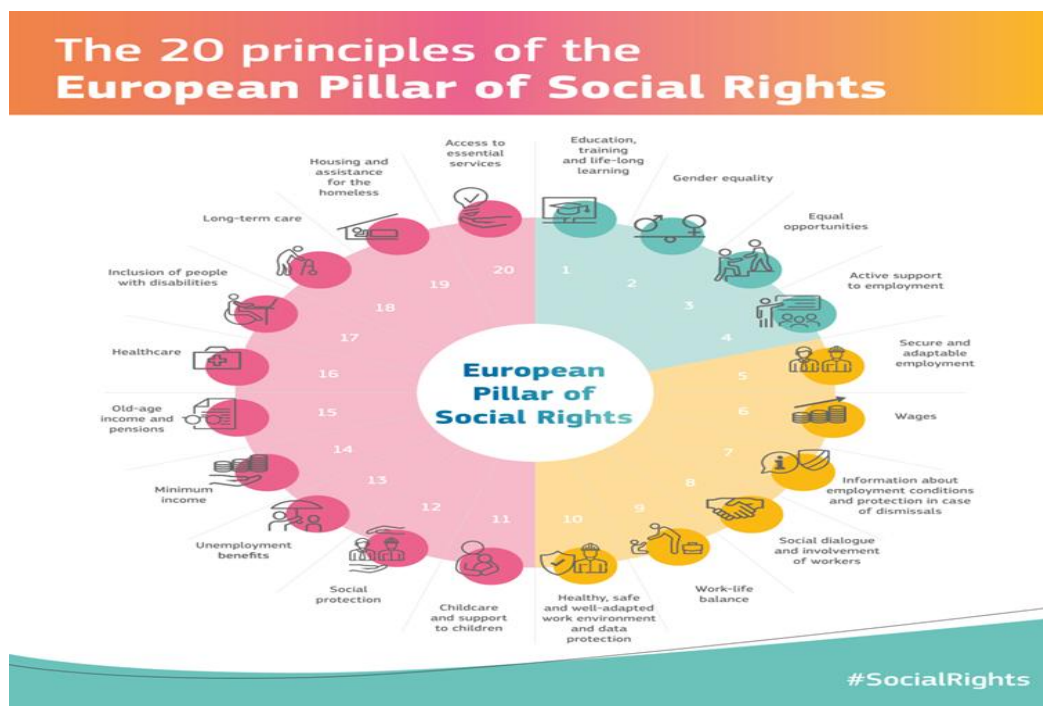
initiatives were adopted or completed by 2024 ⁽³⁾. These legislative initiatives include the European Climate Law, enshrining in EU law the objective of achieving climate neutrality by 2050, and the Fit for 55 package, consisting of several legislative initiatives to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels.

The number of initiatives explicitly devoted to the EGD just transition objective adopted over the period 2020-2024 was, however, limited (Sabato and Vanhille, 2024), basically consisting of the Just Transition Mechanism (JTM) and the Just Transition Fund (JTF) (already announced in the 2019 EGD Communication), the Social Climate Fund (SCF - part of the Fit for 55 package), as well as the (non-binding) 2022 Council Recommendation on ensuring a fair transition towards climate neutrality (see Section 3.1.3).

2.2 The European Pillar of Social Rights and the 2021 Action Plan

Jointly proclaimed by the European Parliament, the Council, and the European Commission in 2017, the EPSR comprises 20 principles and rights organised around three chapters (European Commission, 2017): (a) equal opportunities and access to the labour market; (b) fair working conditions; and (c) social protection and inclusion (Figure 3).

Figure 3. The 20 principles of the European Pillar of Social Rights



Source: European Commission (n.d.)

3. <https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal>, Last accessed on 21 May 2025.

The EPSR is accompanied by a Social Scoreboard, which monitors the situation and performance of Member States in most of the areas covered by the Pillar. In March 2021, the European Commission (2021a) published an Action Plan for the implementation of the EPSR, proposing several actions and initiatives to implement its 20 principles (see Rainone and Aloisi, 2021) and three headline targets (accompanied by sub-targets) to be achieved by 2030. The headline targets, which were subsequently endorsed by the Council and ‘welcomed’ by the European Council, are:

1. At least 78% of the population aged 20 to 64 should be in employment by 2030, which implies at least halving the gender employment gap;
2. At least 60% of all adults should participate in training every year, and access to basic digital skills must be promoted for at least 80% of people aged 16-74;
3. The number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030, including 5 million children.

The 2021 EPSR Action Plan contained a list of initiatives (both legislative and non-legislative initiatives) that the European Commission planned to undertake to ensure the implementation of the 20 principles of the Pillar, including an indicative timeline for their adoption. The Commission's Action Plan and, more generally, the way forward for the implementation of the EPSR was further discussed at a special Social Summit in Porto in May 2021, which brought together EU Heads of State and Government, the Presidents of the EU institutions and representatives of the social partners and civil society organisations (Porto Social Summit, 2021).

At the EU level, the EPSR is implemented and monitored through a threefold approach. Firstly, legislative and non-legislative measures are used, as well as thematic strategies. Secondly, the European Semester process (a key component of the EU socioeconomic governance framework) is the main governance procedure for monitoring the implementation of the EPSR and providing recommendations to the Member States on social policy issues and reforms related to the Pillar. Thirdly, the EPSR is supported by EU funding mechanisms, with the European Social Fund Plus (ESF+) being the main instrument supporting its implementation by bolstering initiatives and programmes that directly contribute to the realisation of the EPSR objectives. Other key funds supporting – to a varying extent – the implementation of the EPSR are the European Regional Development Fund (ERDF), the Cohesion Fund, and the Recovery and Resilience Facility (RRF) (Grossi et al, 2024). Implementing the EPSR is considered to be a shared responsibility of the EU and its Member States, which are expected to adequately involve citizens and stakeholders by promoting social and civil dialogue at all levels of governance.

Over time, its non-binding nature notwithstanding, the EPSR has played a role in reinvigorating the EU social policy landscape (see Copeland, 2025). It has also exerted some influence on EU economic governance within the European Semester, especially via the Social Scoreboard (see Vesan et al., 2022). According to Copeland (2025), the von der Leyen I Commission has delivered on all the initiatives listed in the 2021 EPSR Action Plan, even though the focus has been especially on the ‘productive returns’ component of social investment ⁽⁴⁾, while action on social protection and social inclusion policies have mainly consisted of non-binding initiatives, a circumstance largely reflecting the limited competences of the EU in some domains of social policy.

Importantly, it is worth noting that the 2017 EPSR lacks an environmental dimension (Crespy and Munta, 2023; Grossi et al., 2024), with the partial (and implicit) exception of principle 20 on ‘Access to essential services’ ⁽⁵⁾. As for the 2021 Action Plan, one of its declared objectives is to contribute to improving and adapting the EU’s ‘social rulebook’ to new realities, strengthening social Europe to ‘ensure that the transition to climate-neutrality, digitalisation and demographic change are socially fair and just, and making the European Green Deal and the upcoming 2030 Digital Decade successes for all Europeans’ (European Commission, 2021: 3-4). However, the Action Plan makes only limited references to policy areas and measures integrating social and green transition-related concerns (notably green skills, energy poverty, and social dialogue in the framework of the green transition), and it lacks sufficient detail regarding the governance arrangements that would effectively integrate and ensure consistency in the implementation of the EPSR with the implementation of the EGD.

All in all, and somewhat paradoxically, while the EPSR was intended to function as a foundational element of the EGD, connections between the Pillar and the EDG implementation are in practice either limited or absent, in terms of both policy and governance structures.

2.3 The Governance of the Energy Union and Climate Action and the National Energy and Climate Plans

The Governance of the Energy Union is the framework established by the European Union to coordinate and monitor the implementation of energy and climate policies across Member States. It was formalised through the Regulation on the Governance of the Energy Union and Climate Action (EU/2018/1999) (the ‘Governance Regulation’) and is designed to ensure that the

4. Important initiatives, however, have been taken related to other types of labour market policies and to working conditions, including the Directive on adequate minimum wages and the Platform Work Directive.

5. Principle 20 of the EPSR reads: ‘Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. Support for access to such services shall be available for those in need’.

EU meets its 2030 and 2050 energy and climate targets, including those under the Paris Agreement. This governance system serves multiple purposes. It ensures that national policies are aligned with EU-wide objectives, and enables regular progress checks through a common reporting and monitoring structure.

Central to this framework are the National Energy and Climate Plans, which every Member State must prepare, update, and submit. These plans outline how each country intends to meet its climate and energy goals in areas such as greenhouse gas emissions, renewable energy, and energy efficiency. They were also created in response to the EU's international obligations under the Paris Agreement, ensuring that national actions align with the broader goal of limiting global warming. Furthermore, the plans aim to provide long-term predictability for investors and businesses, enabling the large-scale investments required for the clean energy transition. Another key driver behind the NECPs was the need to strengthen the EU's energy security and reduce dependence on fossil fuel imports, particularly from politically unstable regions. In this context, the NECPs became the main instruments to operationalise the goals of the Energy Union and support the transition towards a climate-neutral, secure, and resilient European energy system.

This governance mechanism also encourages long-term planning by requiring Member States to develop strategies extending to 2050, including pathways toward climate neutrality. In addition, the European Commission plays a key role by reviewing the national plans and strategies, providing recommendations, and ensuring overall coherence across the EU.

The Member States submitted draft NECPs for the period 2021-2030 in 2018. Following an assessment by the European Commission, final plans were submitted in 2019. EU countries were then due to submit updated draft NECPs in 2023, to be finalised by June 2024 ⁽⁶⁾ and taking into account the Commission's assessment and recommendations on the draft plans. Importantly, Commission Guidance on the 2023 NECP update (European Commission, 2022) emphasised the need to strengthen the social dimensions of these plans, calling on the Member States to enhance their planning to ensure a fair and just transition and to fully consider the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality (see Section 3.1.3).

It is important to note that both the Governance Regulation and the original NECPs were developed prior to the publication of the EGD and the adoption of the European Climate Law. As a result, the existing climate governance framework shows some signs of inconsistency and misalignment with the heightened climate ambition and the provisions introduced under the Fit for 55 package, contributing to a sub-optimal framework for implementing updated climate

6. As of May 2025 Belgium, Estonia, and Poland had not yet submitted their NECPs.

objectives. The European Commission has announced that the Governance Regulation will be revised during this legislative term (2024–2029).

3. The EU just transition framework: governance structures

As outlined in Section 2, the three EU policy frameworks that are most relevant to the socio-ecological transition – the EGD, the EPSR and the Governance of the Energy Union and Climate Action – are expected to be implemented through legislative initiatives, EU economic governance and social and civil dialogue. Their implementation should be supported by EU funding. In this section, we explore the extent to which these governance structures have been used, to date, to promote integrated socio-ecological policymaking, as well as their added value and limitations in this respect, based on our own analysis, relevant literature, and the discussions held during the workshops of the Knowledge Community.

3.1 Legislative initiatives

In this section we use a broad understanding of legislative initiatives, encompassing both binding measures, such as EU regulations and directives, and non-binding measures, such as Council or Commission recommendations. Our analysis covers initiatives that are more directly related to the implementation of the EGD and the EPSR ⁽⁷⁾, as well as those that display a more integrated socio-ecological dimension.

3.1.1 Key initiatives implementing the EGD

According to the European Parliament’s ‘Legislative Train Schedule’ ⁽⁸⁾, at least 100 initiatives related to the European Green Deal were adopted or completed between 2019 and 2024. These include binding initiatives, such as Directives and Regulations, as well as non-binding initiatives (e.g. Council or Commission Recommendations), strategic planning documents and guidelines.

Galgóczi and Pochet (2025) identify two main phases in the policy trajectory of the EGD implementation (with a focus on its social dimension) over this period. First, between the launch of the EGD in December 2019 and 2022, EU institutions established the basis for implementing the Green Deal, publishing strategies related to key areas of action and approving significant legislation such as the European Climate Law and, on the social side, the Regulation on the Just Transition Fund. A crucial moment for the implementation of the EGD was the adoption of the

7. Initiatives implementing the EPSR included in this analysis are limited to measures related to Chapter 3 of the Pillar, on social protection and inclusion (the selection criteria are explained in Annex 1).

8. <https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal>, last accessed on 21 May 2025.

legislation included in the Fit for 55 package – a set of measures aimed at reducing EU greenhouse gas emissions by at least 55% by 2030, as set out in the European Climate Law – which put the EU on the path to achieving climate neutrality by 2050. From an integrated eco-social perspective, the Regulation on the Social Climate Fund is a particularly relevant element of the Fit for 55 package (see Section 3.2.1). Galgóczi and Pochet (2025) demonstrate that during this period, the implementation of the EGD was also impacted by external events, particularly Russia's invasion of Ukraine and the subsequent 'energy crisis'. This is evident in the adoption of the RePowerEU plan, which is linked to the Recovery and Resilience Facility (see Section 3.2.2). Second, since January 2023, the EGD has been refocused to prioritise enhanced competitiveness and a revised EU industrial policy for the low-carbon age, while trying to respond to geopolitical challenges (Galgóczi and Pochet, 2025).

Sabato and Vanhille (2024) analysed the implementation of the just transition principle in various EGD macro areas, assessing provisions that integrate green and social objectives and policies in initiatives adopted between January 2020 and October 2024. Their analysis revealed that the just transition approach was applied unevenly across the EGD's macro-areas, with achievement of a just transition being an important element of EU strategic documents in only three of them. Focusing specifically on implementation instruments, Sabato and Vanhille (2024) analysed 14 initiatives, including binding legislation, EU funds and non-binding initiatives. Some of their conclusions regarding the just transition dimension of EGD implementation are particularly pertinent to this analysis. First, the just transition perspective has been, in theory, integrated into most instruments implementing the EGD. However, this perspective is relatively limited in several policy instruments: in most cases the objective is merely referred to, in others there is a narrow focus on specific issues/target groups. Second, in many of these initiatives, just transition provisions are non-binding recommendations to the Member States. Third, these initiatives emphasise specific territories and sectors or issues, notably regions that rely heavily on fossil fuels for energy, greenhouse gas-intensive industries, energy and transport poverty, and the need to reskill and upskill the workforce. Fourth, most of these initiatives do not fully develop the links between green transition and welfare policies, particularly social protection and inclusion systems.

From a welfare state perspective, Sabato and Vanhille (2024) conclude that the benchmarking and enabling functions are prevalent in these EU initiatives. In terms of *benchmarking*, references to the EPSR as an overarching framework to ensure a socially fair transition can be found in most of the initiatives analysed. In some cases, EU initiatives recommend that Member States identify and measure the social and employment consequences (and distributional impact) of green transition policies. The most widespread example of the 'benchmarking' function, however, is the recommendation to Member States to prioritise measures that support the most vulnerable groups in society when designing and implementing policies for the green transition, paying

particular attention to individuals and households affected by or at risk of energy poverty. With regard to the *enabling function* of the welfare state, a social investment/activation interpretation of this function emerges in the vast majority of the instruments analysed by Sabato and Vanhille (2024), with most of them highlighting measures to upskill and reskill the workforce to meet the demands of a greener economy. From a 'greening the welfare state' perspective, some EU initiatives explicitly emphasise the need to improve the energy efficiency of social infrastructure, such as healthcare, education and social services, and to reduce their emissions. Most of these initiatives emphasise the pivotal role of social and civil dialogue, as well as citizens' participation, in ensuring a socially equitable green transition. This relates to the *consensus building/conflict management* function of the welfare state, discussed in more detail in Section 3.3. Finally, the *buffering function* of the welfare state in the green transition (social protection and inclusion benefits such as minimum income schemes, unemployment benefits, pensions, healthcare) is the least developed function within the sample of instruments analysed by Sabato and Vanhille (2024), with only the Social Climate Fund containing some provisions specifically addressing that function (and providing EU funding for that purpose, see Section 3.2.1).

3.1.2 Initiatives implementing the EPSR (Chapter 3)

Our sample of five EU initiatives related to the implementation of Chapter 3 of the EPSR on Social Protection and Inclusion comprises one binding initiative (a Directive) and four non-binding Council Recommendations (Table 2). The prevalence of non-binding initiatives in the sample reflects the EU's limited competences in most of the policy areas included in this EPSR chapter. The selected initiatives relate to the EPSR's principles: 11. 'Childcare and support to children' (the 2021 Council Recommendation establishing a European Child Guarantee and the 2022 Council Recommendation on early childhood education and care); 14. 'Minimum Income' (the 2023 Council Recommendation on adequate minimum income ensuring active inclusion); 17. 'Inclusion of people with disabilities' (the 2024 Directive establishing the European Disability Card and the European Parking Card for persons with disabilities); and 18. 'Long-term care' (the 2022 Council Recommendation on access to affordable high-quality long-term care).

Table 2. EU initiatives implementing the EPSR Chapter 3 – the socio-ecological dimension

Initiative	EPSR principle	Year	Socio-ecological dimension
Council Recommendation establishing a European Child Guarantee	11. Childcare and support to children	2021	Skills; Energy poverty
Council Recommendation on early childhood education and care	11. Childcare and support to children	2022	No
Council Recommendation on adequate minimum income ensuring active inclusion	14. Minimum income	2023	Adequate income support for transitions Skills Access to essential services for vulnerable groups (energy)
Directive establishing the European Disability Card and the European Parking Card for persons with disabilities	17. Inclusion of people with disabilities	2024	No
Council Recommendation on access to affordable high-quality long-term care	18. Long-term care	2022	Energy efficiency social infrastructures

Source: authors' elaboration

Two out of the five initiatives make no reference to an integrated socio-ecological approach: the 2022 Council Recommendation on early childhood education and care and the 2024 Directive establishing the European Disability Card and the European Parking Card for persons with disabilities.

In the other three initiatives, references to an integrated perspective are scarce and often generic. Thus, the 2021 Council Recommendation establishing a European Child Guarantee emphasises that investment in children lays the foundations for sustainable and inclusive growth by facilitating the future acquisition of skills, including those required for the green and digital transitions (Council of the European Union, 2021: recital 19). Furthermore, in relation to adequate housing, the Council Recommendation identifies energy poverty as a potential issue and invites Member States to 'assess and revise, if necessary, national, regional and local housing policies [including social housing] and take action to ensure that the interests of families with children in need are duly taken into account, including addressing energy poverty and preventing the risk of homelessness' (Council of the European Union, 2021: Art. 10).

The 2022 Council Recommendation on access to affordable, high-quality long-term care lists quality principles for long-term care. In terms of facilities, it requires that 'all long-term care provision complies with health and safety rules, accessibility, environmental and energy-saving requirements' (Council of the European Union, 2022a: Annex 1). Furthermore, recital 24 mentions the Just Transition Fund as an opportunity for EU funding of long-term care.

The 2023 Council Recommendation on adequate minimum income ensuring active inclusion acknowledges the green transition as one of the factors shaping social protection needs. This requires comprehensive and robust social safety nets to ensure adequate income support and facilitate labour market transitions, including support for reskilling and upskilling (Council of the European Union, 2023b: recital 14). Furthermore, the Recommendation recognises that Member States must safeguard continued effective access to essential services, including energy (ibid.: Art. 10), and that income measures aimed at vulnerable groups, in a context of increasing energy prices, must be compatible with preserving incentives to reduce energy demand and improve energy efficiency (ibid.: recital 14). However, aside from these general and indirect references to linking minimum income support to skills policies for the green transition, and to providing opportunities to increase the energy efficiency of the homes of vulnerable groups, the 2023 Council Recommendation on minimum income does not contain any concrete proposals on how to adapt these schemes to the green transition or the consequences of climate change and environmental degradation. This is surprising, given that minimum income schemes are among those addressed in the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality, which provides examples of how these schemes can be adapted to the green transition and climate-related challenges. The lack of such specificity in the 2023 Recommendation shows a missed opportunity to embed environmental sustainability more systematically in the structure of minimum income schemes. This is all the more relevant given that vulnerable populations – those most reliant on such schemes – are also disproportionately affected by environmental risks and are least equipped to cope with or contribute to a sustainable transition (Birkmann et al., 2022). As such, the limited environmental scope of the 2023 Recommendation risks perpetuating a siloed approach to social and environmental policymaking, at odds with the EU's stated commitment to a just green transition.

3.1.3 Integrated initiatives

According to our analysis, two EU initiatives display greater potential to promote the adoption of a comprehensive and integrated socio-ecological approach in the Member States: the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality and the updated National Energy and Climate Plans in the framework of the Governance Regulation.

Adopted by the Council of the European Union in June 2022, the Council Recommendation on ensuring a fair transition towards climate neutrality explicitly aligns with several international just transition frameworks, including the Paris Agreement and the International Labour Organization (ILO) Guidelines for a just transition towards environmentally sustainable economies and societies for all (Council of the European Union, 2022b: recital 6). The 2022 Council Recommendation can be seen as an attempt to establish a connection between the EU's green transition policies and objectives, as defined in the EGD, and its social policies and objectives, as defined in the EPSR.

The 2022 Council Recommendation acknowledges the disproportionate effects of the green transition on various sectors, occupations, regions, and Member States. Consequently, it urges Member States to implement ‘granular approaches’ tailored to the specific needs of affected regions and ecosystems (ibid.: recital 10). Reaffirming the principle that no one should be left behind, the Recommendation prioritises support for those individuals and households most adversely impacted by the green transition, with a particular emphasis on pre-existing vulnerable groups such as low- and lower-middle-income households (Council of the European Union, 2022b: recital 11).

According to the 2022 Council Recommendation, however, a granular approach to the just transition is not sufficient. Policy design of just transition policies should be enhanced through comprehensive, cross-cutting approaches, ensuring coherence in expenditure at both the EU and national levels (Council of the European Union, 2022b: recital 16). To this end, Member States are encouraged to formulate ‘comprehensive and coherent policy packages, addressing the employment and social aspects to promote a fair transition across all policies, notably climate, energy and environmental policies, as well as to make optimal use of public and private funding’ (ibid.: Art. 2). Specifically, these policy packages should consist of a comprehensive and coherent set of policy measures integrating social policies with green transition policies through a well-coordinated cross-sectoral approach (ibid.: Art. 3h), including measures ensuring: i) active support to quality employment; ii) quality and inclusive education, training and lifelong learning, as well as equal opportunities; iii) fair tax-benefit systems and social protection systems, including social inclusion policies; and iv) access to affordable essential services and housing.

In designing, implementing, and monitoring just transition policies, the 2022 Council Recommendation calls for a ‘whole-of-society approach’ (Council of the European Union, 2022b: Art. 8). This involves regional and local authorities, social partners, civil society, and other stakeholders. In particular, social dialogue is deemed crucial in shaping and implementing measures related to quality employment, equitable education, and lifelong learning opportunities. Furthermore, participatory mechanisms that facilitate the inclusion of individuals in vulnerable situations are strongly encouraged (ibid.: Art. 8d).

The European Semester is identified as a central governance framework for overseeing the implementation of the 2022 Council Recommendation (Council of the European Union, 2022a: Art. 11), with a focus on fostering the exchange of best practices among Member States. The Employment Committee (EMCO) and the Social Protection Committee (SPC), in coordination with other relevant bodies such as the Economic Policy Committee (EPC), are tasked with monitoring progress. Effective implementation monitoring will require an expansion of the current knowledge base, refinement and application of key concepts, and the development of robust and comparable indicators – particularly in areas such as energy and transport poverty, green

employment, and the distributive impacts of green transition policies (Council of the European Union, 2022b: arts. 9, 11d).

According to Sabato and Vanhille (2024), the 2022 Council Recommendation has three key strengths. First, it seeks to better define the notion of vulnerability in the green transition by identifying specific population segments particularly at risk, as well as vulnerable businesses such as SMEs and micro-enterprises. Second, it encourages Member States to adopt a comprehensive approach to the just transition by adapting key elements of their welfare systems to transition policies and the challenges arising from climate change and environmental degradation. Third, it provides concrete examples of useful measures for this purpose. However, the 2022 Council Recommendation is non-binding, and its implementation in Member States has so far been unsatisfactory. Member States usually lack comprehensive just transition strategies and, in most cases, fail to implement integrated socio-ecological measures (Council of the European Union, 2023a). Instead, they attempt to adapt existing welfare measures, particularly social protection and inclusion policies, to the challenges posed by the green transition, climate change, and environmental degradation (*ibid.*). Additionally, monitoring the implementation of the Recommendation through the European Semester is difficult due to a lack of relevant indicators and data.

Another example of potentially integrated socio-ecological policymaking is provided by the National Energy and Climate Plans. In its Guidance on the 2023 update of these plans, the Commission called on the Member States to better reflect the socio-economic impacts of the planned initiatives, including by conducting distributional impact assessments and strengthening ‘planning within the NECPs to ensure a fair and just transition, mitigating social and employment impacts, tackling labour and skills shortages, reducing energy poverty, and ensuring affordable access to essential services for all’ (European Commission, 2022: 25). Additionally, the Member States are invited to develop clear and comprehensive strategies, fully taking into consideration the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality (*ibid.* 29-30). Particular attention should also be paid to addressing energy poverty (*ibid.*: 31), taking into account the latest relevant EU legislative developments, such as the revised Energy Efficiency Directive, the Social Climate Fund, and the 2022 Council Recommendation on a fair transition. Additionally, the European Commission (2022:39) Guidance states, ‘social dialogue and a whole-of-society approach are key for developing and implementing effective energy and climate policies in line with the principles of the European Pillar of Social Rights’.

This said, however, analyses on the extent to which the updated NECPs have been able to integrate a social dimension paint a gloomy picture. Indeed, it emerges from a recent study on 10 final NECPs (Germanwatch and CAN Europe, 2025) that: i) the socio-economic impact assessments of the climate and energy transition are generally incomplete, with only a third of NECPs considered evaluating the effects of additional policies against existing measures, while

the gender dimension in the assessment of social impacts is entirely absent from almost all plans; ii) less than half of the NECPs considered outline policies to maximise social and environmental benefits or mitigate negative impacts, and most adopt a fragmented approach that lacks coherence with Territorial Just Transition Plans (TJTPs); iii) only a third of NECPs address reskilling needs comprehensively; and iv) only a third of NECPs include energy poverty assessments and mitigation targets. Only a few plans indicate how the Social Climate Fund will be used to alleviate energy and transport poverty. These findings lead CAN Europe to recommend to the European Commission that it strengthen the current reporting obligations in the NECP progress reports by making the inclusion of just transition elements mandatory and ensuring stronger alignment with the EU requirements set out in the SCF and JTF regulations (Germanwatch and CAN Europe, 2025: 15). A broader analysis of 16 NECPs (CAN Europe, 2025) confirms the limitations in the reporting on comprehensive just transition strategies, and highlights shortcomings concerning financing, public participation, enforcement, and the overall ambitions of the plans ⁹). Importantly, in line with the Commission's focus on simplification and implementation, in the future the NECPs could be used as 'an umbrella tool [...] to streamline national plan-making for the climate and energy transition' (T&E, 2025). This should also include the planning of national just transition strategies.

3.2 EU funds

In analysing EU funding supporting integrated socio-ecological measures, it is possible to distinguish between funds explicitly aimed at ensuring just transition initiatives and funds which have the potential to do so (Sabato and Vanhille, 2024). The former include the Just Transition Fund and the Social Climate Fund. The latter include the European Social Fund Plus (ESF+), the ERDF and the Cohesion Fund, and the Recovery and Resilience Facility.

3.2.1 EU funds explicitly supporting the just transition

Established in 2021, the Just Transition Fund (European Union, 2021) constitutes one of the three pillars of the broader Just Transition Mechanism (JTM), together with a dedicated Just Transition Scheme under InvestEU and a public sector loan facility to mobilise additional investment in the regions concerned. The JTM is explicitly referenced in the 2019 European Green Deal Communication as part of the Sustainable Europe Investment Plan.

The JTF is allocated EUR 17.5 billion (at 2018 prices) for the programming period 2021–2027. The fund adopts a distinctly territorial and sectoral approach: designed as a cohesion policy instrument, it aims at mitigating the economic, environmental, and social repercussions of the

9. This said, according to an assessment conducted by the European Commission (2025c) of the 24 NECPs submitted by April 2025, the current plans, if implemented, would put the EU only 1 percentage point short of meeting its 2030 climate target.

transition towards climate neutrality, particularly in sectors and regions identified as most vulnerable. These areas – typically characterised by a high dependence on fossil fuels for energy production or by the presence of greenhouse gas-intensive industries – were originally identified, according to predefined criteria, in Annex D to the 2020 European Semester Country Reports. The JTF follows a twofold rationale: on the one hand, it aims to alleviate the impacts of the process to achieve climate neutrality in the most affected territories, and, on the other hand, to enable regions and people to address the implications of the transition (Mandelli, 2022; Mandelli et al., 2023). In this respect, the assumption is that the transition towards a climate-neutral economy is a source of new economic opportunities, with significant potential for job creation, in particular in territories that currently depend on fossil fuels (European Union, 2021a). Access to JTF resources requires Member States to draw up Territorial Just Transition Plans outlining the specific challenges faced by each region, the intended objectives of interventions, and the proposed measures.

Within the broader context of eco-social policy integration, the JTF exhibits a strong emphasis on the enabling function of the welfare state. This is reflected in the fund's support for social investment initiatives such as upskilling and reskilling of workers and jobseekers, job-search assistance, and active inclusion measures. Moreover, certain provisions of the JTF Regulation allow for investments aimed at improving the energy efficiency of social housing, thereby contributing to the environmental sustainability of social infrastructure. As for the benchmarking function, in general terms, the TJTPs should be consistent with the EPSR (European Union, 2021a: Art.11.4), and their assessment should consider their contribution to the implementation of the EPSR's principles. When it comes to more specific provisions, the JTF Regulation underscores the importance of prioritising the reduction of energy poverty when implementing energy efficiency improvements in private housing. Concerning the conflict management and consensus-building functions of the welfare state, the preparation of the TJTPs should involve social dialogue and cooperation with relevant stakeholders.

Adopted in May 2023 as part of the Fit for 55 package, the Regulation on the Social Climate Fund (European Union, 2023) was introduced as a complementary measure to the proposed extension of the EU Emissions Trading System (ETS) to the buildings and road transport sectors. This regulatory expansion is expected to result in higher fossil fuel prices, with significant socio-economic implications, particularly for vulnerable population groups. In this context, the SCF is designed as a redistributive policy instrument to mitigate the social and distributive effects of carbon pricing on lower-income households, micro-enterprises, and transport users disproportionately affected by the transition.

The SCF is scheduled to become operational in 2026, with an estimated budget of EUR 86.7 billion for the period 2026–2032. Its primary focus is on supporting households and individuals experiencing energy or transport poverty, as well as more broadly defined vulnerable energy and

transport users – namely, those from low- and lower-middle-income brackets who are significantly exposed to the economic repercussions of the ETS expansion. In addition to households, the SCF extends financial support to micro-enterprises particularly impacted by escalating energy costs.

From the perspective of eco-social policy integration, the SCF plays a salient benchmarking role. Measures financed through the fund are expected to facilitate the decarbonisation of heating and cooling systems in buildings and improve access to low- or zero-emission transport options: these interventions are to be directed primarily toward the most affected social groups, with explicit prioritisation of those in conditions of energy or transport poverty. Furthermore, the fund supports initiatives aimed at fostering energy self-consumption and community-based energy solutions – such as renewable energy communities and citizen energy communities – as a means of promoting energy savings and alleviating energy poverty. Regarding the enabling function of the welfare state, the SCF Regulation underscores the importance of investments aimed at enhancing the energy efficiency of social housing. In relation to the consensus-building and conflict-management functions, the SCF requires Member States to develop, by June 2025, Social Climate Plans. These plans must be formulated through inclusive public consultations involving economic and social partners, as well as relevant civil society organisations, thus institutionalising participatory governance mechanisms. Notably, the SCF Regulation also includes elements aligned with the buffering function of the welfare state. In particular, it permits the temporary provision of direct income support to vulnerable households and transport users as a means of offsetting the immediate financial burden associated with increased fuel prices. This support is explicitly framed as transitional, with the expectation that it will be phased out over time as structural mitigation and adaptation measures take effect. At a more general level, the measures outlined in the Social Climate plans should, where relevant, contribute to the implementation of the European Pillar of Social Rights and be consistent with its Action Plan.

3.2.2 EU funds potentially supporting the just transition

Under the Multiannual Financial Framework (MFF) 2021–2027, the European Social Fund Plus consolidates the functions of the previous European Social Fund, the Youth Employment Initiative, and the Fund for European Aid to the Most Deprived. This integration aims to enhance the efficiency and coherence of European Union funding by establishing a unified framework for addressing social and employment challenges, with a view to fostering social cohesion, labour mobility, and competitiveness across Member States (Begg et al., 2023). Indeed, the ESF+ is the main EU financial instrument supporting the implementation of the EPSR, particularly by enabling reforms in key areas such as employment, social inclusion, access to healthcare for vulnerable groups, long-term care, as well as education and training. These actions are aligned with the EU's broader objective of poverty reduction. The Fund is also expected to contribute to the EU's

climate targets, specifically the commitment to allocate at least 30% of the Union's budget to support climate-related objectives.

To a certain extent, the ESF+ includes a socio-ecological perspective, notably through its emphasis on the enabling role of the welfare state from an activation/social investment perspective. According to its Regulation (European Union, 2021b), the ESF+ is mandated to support the development of flexible learning opportunities, facilitating the acquisition and upgrading of skills, including competencies relevant to the green economy, and to support the enhancement of industrial ecosystem transformation (through education and training and by funding social enterprises and ecological business models and the social economy). In accordance with the European Skills Agenda and the Council Recommendation on upskilling pathways, the ESF+ should support accessible, short, targeted, and modular training programmes that lead to formal qualifications, equipping individuals with skills that are responsive to evolving labour market demands, support the green and digital transitions, foster innovation, and address broader socio-economic transformations (European Union, 2021b: Art. 16). The Fund is also expected to facilitate reskilling and upskilling, career transitions, and both geographic and sectoral mobility, through tools such as individual learning accounts accessible to employees, self-employed individuals, and the unemployed. Furthermore, the ESF+ contributes to additional policy objectives outlined in its Regulation (European Union, 2021b: Art. 4). These include: i) the modernisation of labour market institutions and services to improve the assessment and anticipation of skills needs, and to provide timely, tailored support for labour market integration, transitions, and mobility; and ii) the promotion of a greener, low-carbon economy through enhanced education and training systems, aimed at adapting skills and qualifications, supporting the upskilling of the workforce, and facilitating the creation of green jobs in sectors such as climate, energy, the circular economy, and the bioeconomy.

The European Regional Development Fund and the Cohesion Fund constitute the European Union's primary instruments for regional policy, designed to mitigate economic and social disparities across regions ⁽¹⁰⁾. From an environmental standpoint, the regulatory framework governing both funds (European Union, 2021c) emphasises their role in facilitating a green and low-carbon transition towards a climate-neutral and resilient Europe. This includes support for clean and equitable energy transitions, green and blue investments, the circular economy, climate change mitigation and adaptation, disaster risk prevention and management, and sustainable urban mobility. Both funds are expected to contribute significantly to the EU's climate mainstreaming objectives. Specifically, at least 30% of ERDF allocations must be

10. Geographically, the ERDF is accessible to all EU regions, whereas the Cohesion Fund is targeted specifically at Member States with a gross national income (GNI) per capita below 90% of the EU average, and focuses on key infrastructure investments in those countries.

dedicated to climate-related initiatives, while 37% of the total financial envelope of the Cohesion Fund is earmarked for supporting climate goals.

In alignment with the EGD, the 2030 Agenda for Sustainable Development, and the EPSR, the ERDF for the 2021–2027 programming period is structured to support investments that address regional inequalities, social disparities, and environmental challenges. The Fund aims to foster territorial development models that are smart, inclusive, sustainable, and resilient. In terms of social policy, the ERDF is expected to play a significant role by financing infrastructure and equipment for employment services, education and training systems, and social services. It directly supports the realisation of the EPSR through: i) investments in educational and training infrastructure; ii) improvements in healthcare facilities; and iii) initiatives that foster job creation and economic innovation. Meanwhile, the Cohesion Fund aims at enhancing the capacity of less economically developed EU Member States by investing in major transport infrastructure projects, environmental protection measures, and energy efficiency and renewable energy schemes.

When assessed through the analytical lens of the four functions of the welfare state in the transition, both the ERDF and the Cohesion Fund demonstrate potential in relation to the enabling function. This pertains to both social investment and activation strategies, as well as initiatives aimed at reducing the environmental footprint of welfare systems (notably of welfare infrastructures). The ERDF can support, in particular, the provision of skills for green and digital transitions (especially for SMEs and industrial transformation), entrepreneurial discovery processes for smart specialisation strategies, training and apprenticeships in sustainability-related fields, and investments in the social economy as a mechanism for inclusive growth and innovation. Furthermore, in terms of the benchmarking function, the Regulation governing the funds (European Union, 2021c: Recital 5) explicitly recognises the importance of promoting a climate-neutral Union by 2050, acknowledging the socio-economic implications of this objective and the need to achieve a clean and fair energy transition and to promote sustainable urban mobility, mentioning specific challenges such as energy poverty. In this regard, the ERDF is particularly expected to contribute to improving energy efficiency in residential buildings and public infrastructure.

Part of the Next Generation EU recovery plan adopted in December 2020, the Recovery and Resilience Facility allocates EUR 672.5 billion (in 2018 prices) (EUR 360 billion in loans and EUR 312.5 billion in grants) to support Member States' reforms and investments, to be implemented by 2026. To access this funding, Member States were required to submit national Recovery and Resilience Plans (RRPs), outlining their strategies for promoting economic recovery and structural transformation. The national RRP had to be aligned with the European Semester priorities, including the EPSR, and ensure consistency with a range of EU and international

frameworks such as the Paris Agreement, the National Energy and Climate Plans, the TJTPs, and the United Nations Sustainable Development Goals (European Union, 2021d: Recital 4).

The RRF encompasses both environmental and social policy dimensions. While for the former, a minimum of 37% of national RRP expenditure must be dedicated to climate-related objectives, no such earmarking exists for social priorities. Additionally, the integrated socio-ecological dimension remains implicit in the RRF Regulation (which, nevertheless, mentions the need to achieve a just transition), comprising primarily two interrelated aspects (Sabato et al., 2021). First, in implementing green transition-related reforms and investments, Member States are expected to consider the social and distributional impacts of such measures and to demonstrate how their RRP will contribute to a just transition. Second, the Facility emphasises the strategic role of education and training policies in enhancing employability in a greener economy, thereby linking environmental objectives with social investment.

Sabato et al. (2021) observe that the benchmarking and enabling functions of the welfare state are most prominently reflected in the RRF's founding documents (European Union, 2021d; European Commission, 2021b). Regarding the benchmarking function, the EPSR serves as a normative reference point, particularly in framing the social dimensions of the green transition. A few themes emerge explicitly, including: i) encouragement of reforms that consider the distributional implications of 'green' fiscal transitions, such as shifting from labour-based taxation to environmental taxes; ii) the need to combine building renovation and energy efficiency policies with broader housing objectives, including affordability, social housing, and efforts to combat energy poverty; and iii) attention to marginalised communities, especially in relation to investments in waste management, water reuse, and the provision of environmental services. With respect to the enabling function, the RRF places significant emphasis on social investment – particularly active labour market policies, education, training, and skills development – as key enablers of the green transition. Furthermore, the environmental impact of welfare infrastructure is addressed through building renovation programmes targeting social housing, hospitals, schools, and other public facilities (European Commission, 2021b: 25). In contrast, the buffering and consensus building/conflict management functions of the welfare state in the green transition are not explicitly reflected in the RRF's constitutive framework.

As shown in this section, only two EU financial instruments directly provide funding explicitly devoted to just transition policies: the JTF and the SCF. The financial resources of both these funds are, however, expected to be insufficient to achieve their stated objectives in the foreseen window of time (CAN Europe, 2025; European Court of Auditors, 2022, 2023; EESC, 2023; ESABCC, 2024; IEEP, 2023). While assessments of the Social Climate Plans are not available at the time of writing this report (and the SCF might be affected by the current uncertainty around the ETS 2), assessments of the TJTPs show both upsides and downsides. On the one hand, the territorial approach of these plans is considered as added value since it would enable the

implementation of policies and measures tailored to the specific needs and context of each territory (WWF, 2024), and would potentially enable local stakeholders to be brought on board. However, on the other hand, this targeted approach may be too narrow and the JTF may overlook the broader social and health consequences of the climate crisis that impact the entire society of the Member States (Crespy and Munta, 2023). Additionally, stakeholders' involvement in the preparation and elaboration of the TJTPs varies significantly across the Member States, and it is on average unsatisfactory (see Section 3.4). In terms of socio-ecological measures supported, the JTF places a strong emphasis on the enabling function of the welfare state (in particular on active labour market policies, upskilling and reskilling measures), with some attention paid to increasing the energy efficiency of social housing and on initiatives to address energy poverty. There is therefore a risk that support for the transition regions will be incomplete (Crespy and Munta, 2023; Baker et al., 2023; WWF, 2023), since JTF resources cannot finance most social protection and social inclusion provisions, including protections for workers who lose their job, such as income support. Finally, the quality of the TJTPs and the ability to effectively implement the JTF depend strongly on administrative capacities, which vary greatly across EU regions (WWF, 2023, 2024).

When it comes to more established EU funds – the ESF+ and the ERDF – analysis of support given by these to the implementation of socio-ecological policies in the Member States is lacking. Sabato and Spasova (forth.) confirm that the ESF+ has a focus on supporting the development of skills for the green transition (see also European Commission, 2024b), while the ERDF has the potential to support sustainable social infrastructure. However, quantifying the magnitude of this support is a challenging endeavour (Sabato and Spasova, forth.). As for the RRF, its support to socio-ecological policies appears limited in quantitative terms (Sabato and Theodoropoulou, 2022).

3.3 EU economic governance

The primary purpose of the European Semester is to ensure that Member States align their budgetary and economic policies, following established rules and guidelines agreed upon at the EU level. One of the key outcomes of the Semester process is the Country-specific Recommendations (CSRs) that set out policy priorities for the individual Member States. The Annual Growth Survey (AGS) (renamed Annual Sustainable Growth Survey – ASGS – after 2020) is an essential part of the European Semester process and plays a role in the implementation of the EPSR. The AGS/ASGS, published by the European Commission at the start of each European Semester cycle, outlines the EU's key economic and social priorities for the upcoming year. The AGS informs the CSRs, which also address social challenges in the Member States. By emphasising issues such as labour market challenges, inequality, and access to education and

healthcare, the AGS helps, at least in principle, to direct reforms that support the EPSR Action Plan.

In the Country-specific Recommendations for 2020, the new Just Transition Fund for the period 2021–2027 was referred to as a useful tool to address some of the challenges posed by the transition to a climate-neutral economy for all the Member States. While in 2021 the publication of the CSRs was interrupted due to the outbreak of Covid-19, the year after, all Member States were recommended to make use of the Just Transition Mechanism in the context of cohesion policy to alleviate the socio-economic impact of the transition in the hardest-hit regions. However, in the following years the CSRs have not provided strong or consistent guidance to the Member States on how to develop just transition policies, nor have they offered clear direction on how to effectively use EU funds, such as the JTF or the ESF+ to address the social and economic consequences of the shift towards a greener economy. This gap has contributed to an uneven uptake and implementation of just transition principles across Member States, potentially undermining the EU's broader objectives of cohesion and fairness in the green transition.

The Joint Employment Reports (JERs) published between 2020 and 2024, with their more explicit focus on employment and social challenges, have dedicated some space to the topic of the just transition; however, this has been purely descriptive, mostly referring to available EU funding for the just transition, such as the JTF.

In principle, the JERs should highlight the need to equip workers with the skills necessary for green jobs, promote inclusive labour market policies, and ensure that vulnerable regions and populations are not left behind. By addressing aspects such as upskilling, social dialogue, and employment support mechanisms, the JERs should contribute more directly to achieving a socially fair transition, although their recommendations often lack binding force or direct financial levers, or focus primarily on 'activation' and training measures with little or no reference to social protection schemes. However, between 2020 and 2024, the same descriptive framing has persisted across successive JERs, with little analytical engagement regarding the implementation challenges, regional disparities, or social implications of the just transition. The reports acknowledge the existence of mechanisms such as the JTF but refrain from critically assessing their effectiveness, uptake, or alignment with broader social policy objectives. This lack of evaluative depth suggests that while the concept of a just transition is formally acknowledged, it remains rhetorically rather than substantively integrated into the EU's socio-economic monitoring framework. As a result, the JERs fall short of leveraging their potential as instruments for policy learning and coordination in support of a socially inclusive green transition.

Other than the notion of a just transition, the JERs mention green jobs relatively frequently, but without offering a clear definition, classification, or in-depth discussion of their quality, sectoral distribution, or accessibility across different social groups. References to green employment are often embedded within broader narratives on labour market transformation and skills

development, yet they lack specificity regarding the nature of these jobs or the mechanisms by which they contribute to both environmental objectives and social cohesion.

The 2020 and 2021 Annual Sustainable Growth Surveys set out the priorities for the Union in the domains covered by the Semester, identifying ‘competitive sustainability’ as a new paradigm to foster growth in the EU and to address the interrelated challenges with which the Union is confronted.

The 2022 ASGS, as in the past, maintains its focus on competitive sustainability as a guiding principle for the EU’s recovery agenda, with its four pillars: environmental sustainability, macroeconomic stability, productivity and fairness. Regarding ‘fairness’, the 2022 ASGS warns that ‘the recovery [from the Covid-19 pandemic] as well as the green and digital transitions increase the likelihood that some jobs will not be reinstated, which makes it important to support job transitions, especially in terms of active labour market policies and upskilling and reskilling measures’ (European Commission, 2021c: 11), hence emphasising the importance of activation measures such as active labour market policies, upskilling and reskilling initiatives.

The key policy priorities of the 2023 ASGS keep the focus on delivering on the four dimensions of competitive sustainability, which remain stable anchors for the coordination framework of EU economic and employment policies in the face of structural changes, while also providing a relevant steer to tackle the short-term challenges in the current turbulent times. In 2023, the European Semester cycle was ‘dominated’ by implementation of the Recovery and Resilience Plans.

The 2024 Annual Sustainable Growth Survey highlights the EU’s socio-economic policy agenda, taking into consideration the evolving macroeconomic, social and geopolitical landscape. The guidance follows a structured approach based on the four dimensions of competitive sustainability, aligned with the EU’s work to make progress towards the UN Sustainable Development Goals. The Communication also outlines the key aspects of the 2024 European Semester cycle. The four pillars of competitive sustainability are maintained, though with a stronger focus on macroeconomic stability and geopolitical tensions. Mentions are made also of the Member States’ efforts to implement the REPowerEU chapters of the RRP, with the addition of cohesion policy funds. At the time of publication of the ASGS for 2024, 23 Member States had submitted their REPowerEU chapters, amounting to EUR 54 billion. Further references are made to strengthening the EU net-zero industry, which is considered essential for providing the technologies and components needed to deliver on the European Green Deal and for Europe’s industry to remain competitive. According to that document, the future competitiveness of the EU net-zero industry will be determined by a stable supply of affordable and increasingly clean energy, the availability of a highly skilled workforce and adequate private and public funding.

For the 2024 Semester cycle, the ASGS explicitly mentions the importance of sustainable and inclusive wellbeing, explaining that ‘the European Semester will continue to be a main vehicle for monitoring and promoting progress towards the Sustainable Development Goals, also in a context of increased attention on sustainable and inclusive wellbeing beyond GDP’ (European Commission, 2023a: 10). The Social Convergence Framework was first introduced as a pilot in the 2024 European Semester. It aims to enhance the monitoring of upward social convergence within the European Union. The Social Convergence Framework provides a more in-depth analysis of social risks and challenges across Member States by offering a more comprehensive assessment of Social Scoreboard indicators.

Overall, it emerges from our analysis that the socio-ecological dimension of the European Semester in the period 2020–2024 has been rather limited, mostly remaining at the discursive level. The notion of competitive sustainability has helped to integrate an environmental dimension into the Semester (to some extent), alongside the economic, fiscal, and social dimensions which already characterised the process (Sabato and Mandelli, 2022). However, this integration, including of socio-ecological aspects, is insufficient. Hence, for instance, while the JTF is frequently referenced across European Semester instruments, these references (particularly in the CSRs and JERs) are largely descriptive and lack substantive engagement with implementation challenges, effectiveness, or alignment with broader social goals.

The European Semester is a process based on a balance between political priorities and evidence-based policymaking. Hence, the lack of indicators measuring, in an integrated way, the interaction between ecological and social issues hinders the development of a proper socio-ecological dimension within the Semester. The EPSR’s Social Scoreboard, for instance – used in the Semester and at the basis of the new Social Convergence Framework – lacks this type of indicators (McCauley and Pettigrew, 2022; Sabato with al., 2022). Attempts to develop such indicators are ongoing, including indicators on the Just and Inclusive Transition developed by the European Climate Neutrality Observatory (ECNO) ⁽¹¹⁾.

3.4 Social and civil dialogue structures

Most EU initiatives implementing the EGD and providing funding to support just transition policies (see Sections 3.1 and 3.2) underscore the critical role of stakeholder engagement and citizen participation, identifying both social dialogue and civil dialogue as essential mechanisms for ensuring a socially just green transition.

11. <https://climateobservatory.eu/building-block/just-and-inclusive-transition>

As demonstrated by Sabato and Vanhille (2024: 26), these forms of engagement are not only expressed as general principles but are also applied through the creation of formal fora and structured procedures at both EU and national levels. For instance (ibid.), the European Climate Law requires public consultations and multilevel climate and energy dialogues within Member States, while also involving social partners in the formulation of sectoral roadmaps through the European Climate Pact. Similarly, multi-level dialogue with stakeholders should be ensured in drafting the National Energy and Climate Plans (as foreseen by the Governance Regulation). Further participatory provisions are embedded in the revised Energy Efficiency Directive and the Renewable Energy Directive, both of which include measures to promote social and civil dialogue and to ensure the inclusion of citizens – especially those from vulnerable communities – in policy discussions and implementation.

Significantly, the governance frameworks of two flagship instruments focused on financing the just transition – the Territorial Just Transition Plans under the JTF and the Social Climate Plans under the SCF – explicitly require formulation and implementation through structured social dialogue and active stakeholder involvement.

While enhancement of stakeholders' involvement and citizens' participation is a key element of the EU's just transition initiatives and, in some cases, a requirement, several analyses demonstrate that this objective is not always met in practice (Sabato and Vanhille, 2024). These analyses identify significant variations between Member States in the scope, openness and effectiveness of stakeholder involvement, with many countries failing to ensure meaningful and timely involvement. This can be seen, for instance, in the multilevel climate and energy dialogue pursuant to the Governance Regulation (European Commission, 2023b; ESABCC, 2024; Faber et al., 2025), the JTF's Territorial Just Transition Plans (Bankwatch Network, 2023; Eurofound, 2023), the process of updating the NECPs (CAN Europe, 2025; Sicaud-Clyet and Didi, 2025), and the drafting of the Social Climate Plans (Local Alliance, 2025; Pedaja et al., 2025). This is confirmed by a recent study conducted by Oberthür et al. (2025), based on a systematic assessment of the quality of public participation 'mechanisms' for EU climate governance. The authors show that while EU governance provides for a wide array of public participation mechanisms for climate governance (at both EU and national levels), the quality of public participation across Member States and mechanisms is uneven.

4. The dawn of a 'new era'?

In Section 3, we analysed some key governance structures relevant to implementing the EU's just transition framework, which was developed in the context of the EGD. We discussed their added value, as well as their gaps and shortcomings. The development of this policy framework in a

relatively short timeframe is an important step towards more integrated socio-ecological policymaking at EU level. Yet our analysis shows that this framework is still largely insufficient and too fragmented to ensure that the EU and its Member States fully exploit the benefits of the transition to a more environmentally sustainable economy while mitigating the negative consequences of such a transition, particularly for the most vulnerable social groups and territories. Therefore, more decisive action is needed at both the EU and Member State levels to ensure a just transition (see also Council of the European Union, 2024; European Commission, 2024b). In particular, given that the existing EU just transition framework is incomplete and piecemeal, we argue that the linkages between EU green transition policies and social policies must be strengthened. This can be achieved by better aligning EU initiatives for decarbonisation and the fight against climate change and environmental degradation with the European Pillar of Social Rights.

In order to identify effective steps forward in this direction, it is necessary to understand the key developments in the current EU political and policy context. This period can be labelled a 'post-EGD' phase.

4.1 Before the 2024 European elections: the seeds of change

According to Sabato et al. (2025), 2024 was a critical moment for the EU's green transition and social policies. During the electoral campaign for the June 2024 European elections, clashes became evident between the implementation of the EU policy frameworks that characterised the von der Leyen I Commission (the EGD and the EPSR), and the strengthening of different narratives, priorities and paradigms, such as security and competitiveness (see also Galgóczi and Pochet, 2025).

First, there was growing and open opposition towards the implementation of an ambitious EU green transition strategy under the EGD, from major parts of the political spectrum, EU and national interest groups, and social groups. This resulted in important pieces of EGD-related legislation being watered down (e.g. the Green Deal Industrial Plan), complex adoption processes for other legislation (e.g. the Nature Restoration Law), and the withdrawal of certain tabled initiatives (e.g. the Sustainable Use of Pesticides Regulation) (Sabato et al., 2025: 126; Galgóczi and Pochet, 2025; Grossi and Rayner, 2024).

Second, in a manner that mirrors the challenges of green transition policies, Sabato et al. (2025: 127) identify indications of the emergence of 'Social Europe fatigue' (see also Copeland, 2025), which could jeopardise the future implementation of the EPSR. This is exemplified by the fate of the La Hulpe Declaration on the Future of the European Pillar of Social Rights (Belgian Presidency, 2024), adopted during the high-level conference on the European Pillar of Social Rights organised by the Belgian Presidency of the Council of the EU in La Hulpe, Belgium, on 15 and 16 April 2024.

This Declaration expresses the signatories' renewed commitment to the principles of the EPSR, and sets out a roadmap identifying key themes for its implementation in the next EU political cycle. This is particularly relevant in view of the EPSR Action Plan revision planned for 2025. Unlike the 2021 Porto Declaration (see Section 2), however, the La Hulpe Declaration was not unanimously agreed upon. This political document was signed by 25 EU Member States (with Austria and Sweden not signing), the European Parliament, the European Commission, the European Economic and Social Committee (EESC), cross-industry social partners (excluding BusinessEurope, the main employers' organisation), and civil society representatives.

Another event that took place in 2024, the European Industrial Summit in Antwerp on 20 February, is particularly indicative of the changing political climate. This summit was attended by Commission President von der Leyen and Belgian Prime Minister Alexander De Croo (Belgium was holding the Presidency of the Council of the EU at the time), among others. The summit resulted in the 'Antwerp Declaration' (2024). This advocates a European industrial deal focusing on competitiveness and lists ten areas for urgent action. The signatories of the Antwerp Declaration stated that 'industry will deliver the climate solutions Europe needs [and] only with a strong industrial fabric and strengthened social dialogue in Europe we can ensure that the green transition will be a just transition, as agreed in the Val Duchesse tripartite declaration' (Antwerp Declaration, 2024). On the one hand, the Antwerp Declaration explicitly refers to the need for a just transition, highlighting the key role of the social partners and social dialogue in this respect. Indeed, the 'Tripartite Declaration for a Thriving European Social Dialogue' (European Commission et al., 2024), which resulted from the Social Partners Summit in Val Duchesse, Brussels on 31 January 2024 ⁽¹²⁾, calls for a renewed commitment to strengthening social dialogue at the EU level in order to address the key challenges facing European economies and labour markets, including the green and digital transitions. Key actions to be implemented were identified as addressing labour and skills shortages, playing a part in attracting more people to the labour market, improving working conditions, facilitating the recognition of qualifications, and integrating workers from abroad.

The Antwerp Declaration adopts a market- and competitiveness-based approach to the just transition, addressing only some labour market-related elements and ignoring broader social aspects. The marginal role played by the socio-ecological dimension of the transition in the La Hulpe Declaration on the Future of the European Pillar of Social Rights has probably not helped to highlight the need for a comprehensive approach to the just transition at this crucial moment for setting priorities for the next European cycle ⁽¹³⁾.

12. A meeting of the Belgian Presidency, the European Commission and the European social partners.

13. References in the La Hulpe Declaration include a generic statement that 'the Pillar shall serve as our compass for fostering a fair transition, ensuring that no one is left behind' (Belgian Presidency,

Overall, a gradual shift towards narratives prioritising competitiveness, as well as preparedness, security and defence, could be observed in EU-level discourses and activities in 2024. The status of other priorities, such as achieving the green transition, sustainability and social progress, is more uncertain (Sabato et al., 2025). This shift occurred also due to geopolitical developments and ongoing high-level reflections, including the Niinistö (2024) report on strengthening Europe's civilian and military preparedness and readiness, the Letta (2024) report on the single market, and the Draghi (2024a, 2024b) report on the future of European competitiveness.

4.2 The von der Leyen II Commission and the just, clean transition

The European Parliament elections held from 6 to 9 June 2024 reaffirmed the European People's Party (EPP) as the dominant political force in the newly elected Parliament, followed by the Progressive Alliance of Socialists and Democrats (S&D). Both Renew Europe (Liberals) and the Greens/European Free Alliance (Greens/EFA) saw notable setbacks, while right-wing parties made significant advances. The Patriots for Europe emerged as the third-largest group, and the European Conservatives and Reformists (ECR) became the fourth largest. In this context – and anticipating a coalition majority of the EPP, S&D, and Renew Europe – EU leaders meeting at the European Council on 27–28 June 2024 proposed Ursula von der Leyen for a second term as President of the European Commission. Thus, while the new European Parliament still has a majority of traditionally pro-European integration political forces, it has also witnessed a strengthening of Eurosceptic groups and parties that are cautious, if not openly hostile, to the von der Leyen Commission's flagship European Green Deal, a stance also characterising some areas of the President's political majority in the Parliament, as well as some national capitals.

As a result, enhancing the EU's competitiveness has emerged as a key priority in President von der Leyen's Political Guidelines for the Next European Commission 2024–2029 (von der Leyen, 2024), where she outlines her vision for a 'new plan for Europe's sustainable prosperity and competitiveness'. The Guidelines seek to better integrate the green transition with the broader goal of boosting competitiveness and emphasising industrial policy. While the EGD goals and the emission reduction targets have been confirmed, the Political Guidelines nevertheless state that

2024: point 4), a mention of the importance of social dialogue in the green transition, references to a few specific themes such as the need to prevent specific climate change risks, and the priority of addressing energy poverty. Importantly, the 2024 Belgian Presidency of the Council of the EU held a 'European Conference on Just Transition' (Brussels, 4-5 March 2024), organised by the Belgian Federal Minister for Climate, Environment, Sustainable Development and Green Deal. This conference is credited with having contributed to the inclusion of a just transition dimension in the Council Conclusions on the mid-term review of the 8th Environment Action Programme, adopted by the Environment Council on 17 June 2024 (Council of the European Union, 2024). However, these activities have not been linked to the La Hulpe conference nor, explicitly, to the EPSR.

the focus should be on the implementation and simplification of the green transition legal framework (von der Leyen, 2024: 8).

In her address to the European Parliament in July 2024 and in the ‘Political Guidelines for the next European Commission’, Commission President von der Leyen also reaffirmed the priority of achieving the climate objectives for 2030 and 2050 in a socially just way, as well as her intention to strengthen participatory democracy by ‘embed[ding] citizens’ participation across the EU’. This commitment was further underscored by the just transition-related issues addressed in the Mission Letters to several Commissioners ⁽¹⁴⁾, where the need to ensure ‘a just transition for all’ was repeatedly emphasised, stressing in particular: i) the need to boost skills relevant to the green and digital transitions, ii) the plan to elaborate a Quality Jobs Roadmap in collaboration with the social partners, iii) the need to tackle energy poverty and ensure affordable and sustainable housing, and iv) the objective to significantly increase funding for a just transition across the next long-term budget.

In the Political Guidelines, however, the issue of the just transition appears to be related to the overarching objective of forging a green transition agenda more closely aligned with a revamped EU competitiveness/industrial agenda (with an enhanced focus on skills development). This is also with a view to ensuring Europe’s prosperity and security in an increasingly competitive and conflictual geopolitical context. The key initiative in this respect is the preparation of a ‘new Clean Industrial Deal for competitive industries and quality jobs’ (CID), intended as a new plan for Europe’s sustainable prosperity and competitiveness (European Commission, 2025a). The proposal for a CID and, more in general, the aim to link the green transition and commitment to the climate targets more closely with industrial and competition policies is in line with the main recommendations from the report on ‘The Future of Europe Competitiveness’ drafted by Mario Draghi at the request of President von der Leyen (Draghi, 2024a; 2024b). The highly influential Draghi report, a sort of roadmap likely inspiring the initiatives of the current Commission, highlights the need to take urgent action to fill the investment gap in several policy sectors (such as energy, critical raw materials, digitalisation and advanced technologies, artificial intelligence, energy-intensive industries, clean technologies, automotive, and transport), as well as to create an enabling policy environment by acting on a number of horizontal priority areas, including innovation, skills, investment, and governance.

On the social policy side, an examination of von der Leyen’s Political Guidelines and the Mission Letter to Executive Vice-President Mînzatu reveals the announcement of several social policy

14. These include: Mr Wopke Hoekstra (Commissioner for Climate, Net Zero and Clean Growth); Mr Jørgensen (Commissioner for Energy and Housing); Ms Roxana Mînzatu (Executive Vice-President for Social Rights and Skills, Quality Jobs and Preparedness); Ms Teresa Ribera Rodríguez (Executive Vice-President for Clean, Just and Competitive Transition); Ms Jessika Roswall (Commissioner for Environment, Water Resilience and a Competitive Circular Economy).

initiatives (Sabato et al., 2025). Firstly, however, most of these are non-legislative in nature. Secondly, while they align with the ongoing implementation of the EPSR, there is a noticeable shift toward prioritising labour market transitions, skills development, and economic competitiveness. As such, the von der Leyen II Commission appears to have framed its social agenda around supporting a competitive, inclusive, and skills-oriented European labour market, consistently with its broader competitiveness-driven approach.

Importantly, the commitment to implementing the EPSR was reaffirmed in the Political Guidelines, with a new EPSR Action Plan announced focusing on ‘areas where more progress is needed’, such as initiatives on the impact of digitalisation on the world of work (von der Leyen, 2024: 18).

4.3 After the European Green Deal: new overarching EU frameworks

Examining the initial months of the von der Leyen II Commission through the analytical lens discussed in Section 1, it could be argued that we are entering a ‘post-EGD period’. Although the goal of achieving climate neutrality by 2050 – central to the EGD and enshrined in the European Climate Law – has been confirmed, the EGD has exhausted its role as an overarching (ideally comprehensive and coherent) EU growth strategy. Meanwhile, the other two EU policy frameworks examined in this analysis – the EPSR and the Governance of the Energy Union – appear to be in a state of flux.

The role of the EGD as an overarching EU growth strategy seems to have been taken up by the Competitiveness Compass. The Clean Industrial Deal is expected to play a central role in achieving the Compass's objectives, particularly with regard to decarbonisation and meeting the Union's climate targets. Importantly, priority is given to simplification of EU policies and laws, and their better implementation, considered as ways to strengthen Europe's competitiveness.

The Competitiveness Compass, published by the European Commission in January 2025, builds on the analysis in the Draghi report on the future of European competitiveness. It is intended as a new roadmap to restore Europe's competitiveness and secure its prosperity by tackling the ‘longstanding barriers and structural weaknesses that hold [Europe's competitiveness] back’, first and foremost a ‘persistent gap in productivity growth’ (European Commission, 2025e:2). The Compass is based on three pillars, known as ‘transformational imperatives to boost competitiveness’: i) closing the innovation gap; ii) a joint roadmap for decarbonisation and competitiveness; and iii) excessive dependencies and increasing security (including action on the defence industry, security and preparedness). The second pillar is intended to be the primary means of ensuring the achievement of the EU's climate neutrality targets for 2050 and 2040. The Commission's vision is based on the idea that, on the one hand, decarbonisation can boost competitiveness if the right policies and objectives are in place to provide companies and

investors with certainty and predictability, and, on the other hand, that ‘decarbonisation policies are a powerful driver of growth when they are well integrated with industrial, competition, economic and trade policies’ (European Commission, 2025e: 8). Key actions announced by the European Commission under pillar 2 on ‘decarbonising our economies’ and particularly relevant to this research are: i) the publication of a Clean Industrial Deal; ii) the presentation of tailor-made action plans for energy intensive sectors and the elaboration of a Sustainable Transport Investment Plan; iii) the development of an ‘Affordable energy action plan’; and iv) the adoption of a Circular Economy Act. In addition to the three main pillars of the Competitiveness Compass, there are five ‘horizontal enablers’ to increase competitiveness ‘across all sectors’, labelled (European Commission, 2025e: 3): i) simplifying the regulatory environment, reducing burden and favouring speed and flexibility, including an omnibus simplification proposal, i.e. a package of legislative proposals simplifying rules on sustainability and EU investments ⁽¹⁵⁾; ii) fully exploiting benefits of scale offered by the Single Market by removing barriers; iii) financing (a refocused EU budget including a new European Competitiveness Fund); iv) promoting skills and quality jobs while ensuring social fairness; and v) better coordinating policies at EU and national level, including the setting-up of a ‘Competitiveness Coordination tool’ ensuring implementation at EU and national level of shared EU policy objectives, supported by the forthcoming Competitiveness Fund, and expected to work in conjunction with a ‘streamlined’ European Semester.

The ‘social dimension’ of the Competitiveness Compass appears to be limited to the fourth horizontal enabler, which promotes skills and quality jobs while ensuring social fairness. Here, the European Commission (2025e: 22) makes it clear that ‘effective social policies built around the European Pillar of Social Rights are central to shaping a competitive Europe’. It emphasises the two-way relationship between competitiveness and social policies. Firstly, enhancing economic competitiveness is presented as a prerequisite for ensuring the long-term financial sustainability of the European social model. Secondly, social policy can contribute to improving Europe’s competitiveness. This is particularly the case for skills policies, with the announcement of the Union of Skills initiative occupying most of the discussion on social policies in the Competitiveness Compass Communication (European Commission, 2025e: 22). Other social policy areas included in the EPSR are also mentioned, but the only concrete initiatives announced are the intention to present a Quality Job Roadmap and an Affordable Housing plan. With regard to social protection policies, the European Semester’s role in promoting reforms in Member States is emphasised.

As mentioned above, the Clean Industrial Deal, published by the European Commission in February 2025, is a key element of the Competitiveness Compass. It provides further detail on the close links between decarbonisation, competitiveness and industrial policy. In the European

15. The first omnibus package was presented in February 2025, and is expected to be followed by other similar packages in the future.

Commission's view, 'decarbonisation policies are a powerful driver of growth when they are well integrated with industrial, competition, economic and trade policies [and the] Clean Industrial Deal brings together climate action and competitiveness under one overarching growth strategy' (European Commission, 2025a: 1). This is, arguably, the policy paradigm at the basis of what has been dubbed the 'clean' transition.

Somehow mirroring the structure of the Competitiveness Compass, the CID is based on six 'business drivers': i) affordable energy; ii) lead markets; iii) financing; iv) circularity and access to materials; v) global markets and international partnerships; and vi) skills. For each of these business drivers, a list of 'flagship actions' (with a timeline for implementation) is provided, often accompanied by one or more Key Policy Indicators (KPIs) to measure progress. These business drivers are to be supported by complementary action on 'horizontal enablers' that are considered necessary for a competitive economy. This includes promoting quality jobs.

In line with the Competitiveness Compass, skills are the central social policy area of the Clean Industrial Deal and are also explicitly mentioned among the six business drivers that constitute the CID strategy. Additionally, one of the KPIs of the CID is 'Reducing the number of occupations requiring specific skills or knowledge for the green transition where at least five Member States reported a shortage' (European Commission, 2025a: 22) ⁽¹⁶⁾. In the CID Communication, skills and quality jobs are presented as the cornerstones for achieving social fairness and a just transition (ibid.: 20-21). As the European Commission puts it (ibid: 20), 'Our industry needs a skilled workforce and must offer quality jobs to attract top talent'.

The main skills-related initiatives announced are the Union of Skills and the Skills Portability Initiative. In terms of quality jobs, the forthcoming Quality Job Roadmap, which will be developed in collaboration with social partners, is presented as the key initiative to ensure a just transition for the workforce. However, key features of this initiative, notably its 'bindingness', remain unspecified. This said, the CID Communication states that discussions around the Roadmap will also centre on a framework to support restructuring processes at EU and Member States level ⁽¹⁷⁾. Other important elements related to the scope of future just transition policies ⁽¹⁸⁾ for workers mentioned in the CID Communication are: i) acknowledgement of the fact that investments should include income protection and active labour market policies to support workers during the transition; ii) a discussion on the functioning of the European Globalisation Fund; iii) the creation of a European Fair Transition Observatory to increase the knowledge basis on the social aspects of the 'green' transition; iii) a reflection on how the JTF is performing, also with a view to

16. In 2024, there were 27 such occupations (ibid.).

17. As specified by the European Commission (2025a:20), '[This] framework will be focused on just transition, on anticipation of change, quicker intervention when there is a threat of restructuring, and an improved information and consultation framework'.

18. See also the questions of the European Alliance for a Just Transition's (2025) on how the CID is expected to contribute to the just transition.

informing the design of future instruments under the next MFF; iv) adoption of the European Affordable Housing Plan; v) initiatives on social conditionalities, including linked to the evaluation of the legislative framework on public procurement; and vi) an assessment of the use of training and skills conditionalities for public funding supporting the anticipation and management of change and the industrial transition, as part of the review of the General Block Exemption Regulation.

At the time of the writing, only a few of the above initiatives more explicitly linked to the just transition have been published, including the Action Plan for Affordable Energy (February 2025) and the Union of Skills (March 2025). The Quality Jobs Roadmap, which has the potential to be a key initiative for the just transition, is expected to be published by the end of 2025, while the European Fair Transition Observatory is expected to start its activities at the beginning of 2026.

Overall, a preliminary assessment of the potential new balance between economic, social and environmental priorities in the current post-EGD EU context reveals both risks and (a few) opportunities. The same applies to the prospect of reinforcing the EU's just transition framework.

At the policy level, there is a clear emphasis on skills. The Union of Skills strategy, among the first initiatives enacted, is consistent with the focus on enhancing competitiveness and re-industrialisation, as adequate skills are a prerequisite for achieving these objectives. However, the just transition dimension is not limited to the theme of skills. It will be important to examine the content of forthcoming initiatives, such as the Quality Jobs Roadmap and the Affordable Housing Plan, and the nature of these initiatives (including how binding they are). That said, there seems to be a lack of ambition to adapt welfare systems more comprehensively to the transition and the risks arising from climate change and environmental degradation. The emphasis on skills and labour market policies, as well as previous EU just transition initiatives (see Sabato and Vanhille, 2024), is consistent with the overall balance of EU policy frameworks.

Indeed, in terms of overall EU policy frameworks, the Competitiveness Compass is a predominantly economic framework, even though it is expected to include decarbonisation objectives and, to some extent, social aspects. The same applies to the Compass's main initiative, the CID. These two initiatives play a central role in EU policies and their contours are clearly defined. However, it is not yet clear how the main framework for climate and energy action, the Governance Regulation, will be linked to and made consistent with this new EU overarching economic framework nor how the forthcoming 'Competitiveness Coordination tool' will be aligned with the existing climate governance framework. The same applies to the EU's overall framework for social policies, the EPSR. First, even though both initiatives have a social dimension, the EPSR seems to play a marginal role in both the Communication on the Competitiveness Framework, in which it is mentioned only once, and the Communication on the CID, in which it is not mentioned at all. Second, the fact that the new Action Plan for the implementation of the EPSR is expected to be published after the adoption of several social policy

initiatives, or initiatives with relevant social implications, risks weakening the Pillar's role as a comprehensive and coherent framework for EU social policies. It also risks narrowing the social dimension of initiatives in other policy domains.

Different patterns seem to emerge in the adaptation of implementation instruments to the needs of the new EU overarching priorities and narratives. First, new instruments, often binding, have been announced to pursue economic objectives, particularly competitiveness. Second, with regard to instruments primarily related to ecological/climate objectives, the rhetoric ranges from 'implementing' existing instruments to 'simplifying' the legislative framework. Third, with regard to social policies, emphasis appears to be placed on implementing existing legislation, with new initiatives arguably taking the form of non-legislative measures (see Section 4.2 and European Commission, 2025b).

5. Concluding reflections and policy recommendations

5.1 Strengthening the socio-ecological dimension of the EPSR Action Plan in the post-EGD period: key issues and findings from the research

The starting point of this research was that an EU framework for the just transition began to be developed following the publication of the European Green Deal. As this framework is incomplete and piecemeal ⁽¹⁹⁾, we argued that the linkages between EU green transition policies and social policies must be strengthened by better aligning EU initiatives for decarbonisation and the fight against climate change and environmental degradation with the European Pillar of Social Rights. Our assumption was that this better alignment could be achieved by making sure that the forthcoming new EPSR Action Plan has a strong socio-ecological dimension’.

Starting from these premises, we conducted our empirical research, discussing our findings with the participants in three Knowledge Community workshops held at key moments of the research process. The input coming from discussions during these workshops (see Annexes 2, 3, and 4) – constructive and at times challenging inputs, reflecting a variety of positions and interests – has greatly informed our research, in particular when it comes to fully grasping the added value and limitations of existing EU just transition initiatives, understanding the changed policy and political landscape since the June 2024 European elections, and elaborating a set of policy recommendations on initiatives to be included in the forthcoming EPSR Action Plan to strengthen its socio-ecological dimension. Importantly, as stressed by many participants in the Knowledge

19. So much so that a few participants in the Policy Community workshops questioned whether it would be appropriate to define it as a framework.

Community, these recommendations, while contributing to strengthening the existing EU just transition framework, should be consistent with the priorities of the current EU legislature, including the emphasis on enhancing competitiveness, re-industrialisation, and simplification.

While a few Knowledge Community participants maintained that the EPSR is intrinsically unfit to ensure the integration between social and climate/environmental objectives and policies, most recognised the crucial role that the Pillar should play in this respect. The forthcoming publication of a new EPSR Action Plan was thus considered as a key opportunity to ensure better alignment between EU social policies and EU green (or clean) transition policies.

Ensuring that the EPSR can play an important role in this respect appears even more crucial during the current EU political cycle, since our analysis shows that the EPSR risks losing its centrality as the main framework for ensuring a fair transition that leaves no one behind. Indeed, the EPSR is barely mentioned in the new EU overarching growth strategy, the Competitiveness Compass, and is not mentioned at all in the main strategic plan for implementing that vision: the Clean Industrial Deal. In our view, there is a risk of narrowing the social dimension of transition policies, ultimately rendering them ineffective. To avoid this, we are calling for a strong socio-ecological dimension to be added to the new Action Plan for implementing the EPSR. This would bring ongoing and future initiatives under the umbrella of the EU social policy framework which has ensured considerable progress for social Europe in recent years. In order to do so, it will be necessary to build both on what has been achieved over the last few years, ensuring full implementation of those initiatives, and on the possibilities offered by the new EU overarching policy frameworks, which emphasise priorities such as competitiveness, security and preparedness.

Our analysis, as well as discussions during the three Knowledge Community workshops, has been organised around the four governance structures considered as key to strengthening the socio-ecological dimension of EU policymaking, notably by ensuring that gaps identified in those governance structures are addressed in the new EPSR Action Plan. These are: i) legislative initiatives; ii) EU funds; iii) EU economic governance (notably, the European Semester); and iv) social and civil dialogue. The latter – related to the broader issue of stakeholders' and citizens' involvement in decisions on the green transition – is a key dimension for future action, for two reasons. First, stakeholder and citizen involvement is a prerequisite for the success of green transition policies, since it can enhance support from the public. Second, our analysis and several assessments indicate important gaps to date in stakeholder involvement in the implementation of EU just transition initiatives. Hence, while in this report we provide a few specific recommendations on this aspect, ensuring meaningful involvement of the social partners and stakeholders should be considered as a cross-cutting principle for the just transition, to be embedded in legislative initiatives, funding, and Semester-related decision-making processes relevant to the socio-ecological transition.

5.1.1 *Legislative initiatives: too little or too much?*

Our analysis shows that, to date, social considerations have been partially integrated into legislation implementing EU green transition policies (e.g. the Fit for 55 package). However, this has mostly been done through non-binding guidelines containing generic references to achieving a just transition or specific transition-related topics, such as skills, energy and transport poverty. The integration of environmental issues related to the green transition into EU social policies emerges as an under-researched topic. Our own analysis shows, however, a limited integration of environmental/climate-related concerns or green transition objectives in initiatives implementing Chapter 3 of the EPSR (on social protection and social inclusion). This means that the implications of climate change and environmental degradation, as well as green transition policies, for social protection and inclusion policies are absent from EU social policymaking. Priorities such as reducing the environmental footprint of the welfare state are also underdeveloped. Against this background, three main indications as to the way forward emerged from the Knowledge Community workshops. First, there is a need to work more on understanding ‘socio-ecological risks’ ⁽²⁰⁾ and the socio-ecological impact of climate change/environmental degradation dynamics, and of green transition policies. Second, metrics must be developed for systematic and comprehensive ex-ante and ex-post measurements of these impacts. Third, a reflection is needed on how to measure and reduce the ecological footprint of the welfare state. When it comes to measuring the impact of EU policies, an intergenerational fairness approach should be integrated into EU policymaking, based on strategic foresight (cf. Jensen with Pfitzner, 2025) ⁽²¹⁾.

In our analysis, we have also considered more integrated initiatives undertaken at the EU level: the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality, and the NECPs as part of the Governance of the Energy Union. While these initiatives represent a step forward towards more integrated socio-ecological policymaking at both the EU and national levels, their limitations are evident, since they are either non-binding or have not been implemented at the national level. Most of the participants in the Knowledge Community workshops have thus stressed the need to enhance the status of these two initiatives in EU policymaking – including in the forthcoming revision of the Governance Regulation – while making sure that these initiatives are aligned with the EU’s current top priorities.

Against this backdrop, the resulting EU just transition framework is, on the one hand, rather ‘thin’ on obligations for Member States. However, on the other hand, it is also somewhat patchy and, consequently, rather complex for national public administrations and stakeholders to implement. The same applies to some extent to the EU funds made available to support

20. On the notion of socio-ecological risks, see Mandelli et al. (2024).

21. It is worth recalling that, in the current European Commission, a Commissioner – Mr Glenn Micallef – is responsible for Intergenerational Fairness, Youth, Culture and Sport.

integrated socio-ecological measures (see below). Moreover, Member State authorities appear uncertain about which integrated socio-ecological measures they can implement, particularly in terms of social inclusion and social protection policies (see Council of the European Union, 2023a).

When faced with this situation, two views on the EU's just transition framework that appear to be at odds with each other came to light during the Knowledge Community meetings. The first view is that the current efforts are inadequate and that more binding initiatives are necessary. The second view is that the existing initiatives are sufficient, and the focus should be on implementing these provisions in Member States.

It emerges, however, from our analysis that there is a risk that the just transition dimension of EU policies may be further narrowed down in the present political context, also considering that the main framework for EU social policies – the EPSR – plays a marginal role in current overarching policy frameworks such as the Competitiveness Compass and the Clean Industrial Deal. If ‘skills and quality jobs for social fairness and a just transition’ are really expected to function as enablers necessary for a competitive economy (as stated in the Clean Industrial Deal Communication), much stronger links between the EPSR and the implementation of the CID should be developed. Hence, ideas discussed in view of the preparation of the new EPSR Action Plan include: i) the enactment of an EU Just Transition Directive ⁽²²⁾; ii) the establishment of an ‘enhanced job guarantee’ ⁽²³⁾ in transition territories, possibly linked to action under the Union of Skills; iii) revamping and expanding European directives on health and safety at work; and iv) the inclusion of integrated socio-ecological conditionalities in future legislation implementing the Competitiveness Compass and the Clean Industrial Deal (and in the revision of the Public Procurement Directive). Beyond the EPSR’s Action Plan, it would be important to make sure that the forthcoming EU initiative on climate adaptation announced by the European Commission include a strong social dimension ⁽²⁴⁾.

5.1.2 EU funds: increasing and/or mainstreaming?

Both our findings and discussions during the Knowledge Community workshops highlighted that the EU funding available for just transition policies is insufficient, and concerns were raised about the possible discontinuation of the Just Transition Fund after 2026. Making sure that sufficient financial resources for the just transition are available in the next Multiannual Financial

22. Over time, the proposal of an EU legislative initiative on the just transition has been supported by some institutional actors (cf. EESC, 2023) and social partner organisations such as IndustriAll Europe (2022) and the European Trade Union Confederation (ETUC, 2024).

23. During one of the Knowledge Community workshops, Alva Finn (European Liberal Forum) proposed the idea of providing workers in high-carbon sectors with an enhanced job guarantee to help them transition into green jobs.

24. We would like to thank Mags Bird (WWF European Policy Office) for bringing this point to our attention.

Framework emerged as a key message during the Knowledge Community's workshops: doubts were, however, cast on the possible 'reshuffling' of EU funds in the next MFF and about the absence of any mention of the just transition in the February 2025 Commission Communication launching the debate on the next EU budget. This seems in contrast with President von der Leyen's stated intention to increase EU funds for the just transition (see von der Leyen, 2024).

A certain fragmentation of EU funding emerges from our analysis. While some EU funds explicitly finance specific just-transition-related measures (e.g. the Just Transition Fund and the Social Climate Fund), the role of traditional EU funding sources in supporting just transition policies is less clear. Additionally, while EU funds especially support social investment policies in the form of active labour market measures and skills' development policies, the funding available for 'buffering' policies is more limited. This sometimes makes it difficult for national administrations to exploit all available opportunities.

Against this backdrop, two main options to enhance EU funding for the just transition in the post-2027 MFF were discussed during the Knowledge Community workshops. The first option would be to set up a JTF 2.0 with more resources to fund a broader variety of measures than the current JTF ⁽²⁵⁾. The second option would be to ensure that funding for just transition-related issues is mainstreamed in future funding sources. The most viable option will obviously depend on the structure of the next MFF: whether it will be based on the current budget model or, as seems more likely, take a new form by merging several existing funds into broader programmes. Irrespective of the type of support provided, meaningful public participation processes (social dialogue and civil dialogue) must be embedded in the funding cycle. Reflections on these two options and on how to ensure that the Member States experiment with more innovative eco-social policies could be included in the new EPSR Action Plan.

Finally, the Knowledge Community's workshops discussed proposals for innovative funding solutions, such as local employment guarantees and mobility funds. There was also a discussion about the need for a more geographically nuanced and place-based approach to enhance support for neglected territories and social groups in current policy frameworks for a just and green transition. Increasing the development opportunities and support available for these 'silent territories' would align with the effective enforcement of the 'right to stay' principle emphasised in the Letta report, and would enable the exploitation of untapped potential for the EU's competitiveness.

25. Crespy and Moreira Ramalho (2025:15) propose a JTF 2.0 amounting to about EUR 180 billion by merging existing funds such as the JTF, the Innovation Fund, the Modernisation Fund, and the SCF. Access to resources from this JTF 2.0 should be conditional on the development of National Just Transition Strategies.

5.1.3 EU economic governance: a missed opportunity

Following the publication of the EGD, the notion of competitive sustainability became the policy paradigm at the heart of the European Semester, to simultaneously achieve the objectives of: i) environmental sustainability; ii) productivity growth; iii) fairness; and iv) macro-economic stability. While this can be considered as a step forward, our analysis shows that an integrated socio-ecological perspective has not yet been included in the European Semester. Additionally, besides the new features introduced by the 2024 reform of EU economic governance, it is still unclear how the Semester will be modified (or ‘streamlined’) to align with the priorities of the Competitiveness Compass and the Clean Industrial Deal, and with the forthcoming Competitiveness Coordination Tool.

Nevertheless, there was in our Knowledge Community some agreement on the fact that the Semester will remain crucial for ensuring more integrated socio-ecological policymaking at EU level, creating synergies between economic, social and environmental objectives, and monitoring progress towards achieving them. Furthermore, most of the initiatives constituting the EU just transition framework (from funding to the 2022 Council Recommendation on ensuring a fair transition to the NECPs) are expected to be monitored through the Semester.

Hence, a few options on how to strengthen the socio-ecological dimension of the Semester were discussed during the Knowledge Community workshops, and some of these ideas could be integrated into the forthcoming EPSR Action Plan. These include, first, the need to better make use of the Semester to monitor the implementation of the 2022 Council Recommendation on ensuring a fair transition, and to better integrate the European Semester with monitoring of the implementation of the NECPs. This would be important in order to streamline the reporting obligations of the Member States. The second idea relates to the need to elaborate integrated indicators on emerging socio-ecological risks and on the social impact of green transition policies and of climate change/environmental degradation, and to integrate these indicators into the procedures of the Semester. In order to enhance policy coherence, it appears important, as far as possible, that the same integrated socio-ecological metrics are used for monitoring purposes in the various instruments/processes relevant to the just transition ⁽²⁶⁾. Third, the social partners and civil society organisations must be involved, in a transparent and meaningful way, in the decision-making of the Semester, including in the implementation and monitoring of socio-ecological policies.

5.1.4 Social and civil dialogue: need for consistency

Procedural justice – the involvement of stakeholders and citizens in decisions related to the transition – is a key dimension of the just transition, and a pre-requisite for citizens’ acceptance

26. We would like to thank Ekaterina Domorenok (University of Padua) and Taube Van Melkebeke (Green European Foundation-GEF) for bringing this point to our attention.

of transition policies. Although enhancing stakeholder involvement and citizen participation is a key element of the EU's just transition initiatives and, in some cases, a requirement, several analyses demonstrate that this objective is not met in reality. These analyses reveal significant differences between Member States regarding the scope, openness and effectiveness of stakeholder engagement. Furthermore, discussions during our Knowledge Community's workshops revealed that, although there are several structures for social and civil dialogue relating to the green transition at different territorial levels, it is unclear to what extent these structures are interconnected.

Enhancing social and civil dialogue within the framework of the green transition is a key topic; however, it is also somewhat sensitive for two reasons. First, civil and social dialogue have different statuses at EU and national levels. Second, Member States play a key role in organising civil and social dialogue structures, and the autonomy of the social partners (as well as of civil society organisations) must be respected.

While ensuring meaningful involvement of the social partners and stakeholders can be seen as a cross-cutting principle for the just transition (to be embedded in legislative initiatives, funding, and Semester-related decision-making processes relevant to the socio-ecological transition), some specific ideas for action to be included in the new Action Plan for the implementation of the EPSR in relation to social and civil dialogue in the transition were discussed during the Knowledge Community workshops. Among them, many participants highlighted the overarching importance of developing EU Guidelines on stakeholder involvement in transition processes, and closely monitoring the implementation of these Guidelines.

5.2 Policy recommendations for the EPSR Action Plan

Building on our analysis and on the input received during the three Knowledge Community workshops, we propose a set of policy recommendations (R) on how to strengthen the socio-ecological dimension of the new Action Plan for the implementation of the EPSR. These recommendations pertain to the four governance structures discussed in this report, and are grouped into 12 'core' recommendations and 7 'additional' recommendations.

5.2.1 Core recommendations for the EPSR Action Plan

On social and civil dialogue:

R1. Developing EU Guidelines on stakeholders' involvement in transition processes, and closely monitoring the implementation of these Guidelines.

These Guidelines should cover instances of both social and civil dialogue. As for social dialogue, the Guidelines should be consistent with the 2023 Council Recommendation on strengthening

social dialogue in the European Union, and their implementation could be monitored by the Employment Committee and the Social Protection Committee as part of the European Semester.

On legislative initiatives:

R2. Setting up a High-Level Group on 'eco-social policies', to investigate new eco-social risks and advise on ways to adapt welfare states to the challenges of the clean transition, climate change, and environmental degradation, including ways that social policy could open up fast and fair transformative pathways.

This High-Level Group should be modelled on the High-Level Group on the future of social protection and the welfare state in the EU, and its findings should inform the activities of the forthcoming EU Fair Transition Observatory and mutual learning activities on the topic organised at EU level.

R3. Further developing more systematic and comprehensive ex-ante and ex-post measurements of the distributional and wider socio-economic impacts of climate and environmental initiatives as well as of the socio-economic impact of climate change and environmental degradation.

This should include measurements of the co-benefits of these policies and methodologies for assessing distributional impacts. These assessments should be conducted when enacting legislation related to EU climate objectives or implementing the various elements of the Competitiveness Compass and the Clean Industrial Deal.

R4. Defining criteria to assess the potential environmental impact of welfare policies, and ensuring that future EU social initiatives always include integrated socio-ecological measures and more 'environmentally sustainable' options.

More integrated socio-ecological options should be in line with the measures indicated in the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality, including in relation to the policies set out in Chapter 3 of the EPSR. Examples of environmentally sustainable welfare options have been identified by the scientific literature on 'sustainable welfare', including in the domain of 'universal basic services'. The added value of these options should be based on evidence (i.e. their ability to ensure positive environmental and social outcomes, and their financial sustainability).

R5. Revamping and expanding European directives on health and safety at work in light of the new challenges posed by climate change and environmental degradation.

R6. Exploring the possibility of an 'enhanced job guarantee' for workers in territories and sectors that are more vulnerable to the transition towards a decarbonised economy.

Such an enhanced job guarantee should include upskilling and reskilling measures and be consistent with, or even integrated into, the pilot Skills Guarantee announced in the Communication on the Union of Skills. Additionally, measures related to this enhanced job guarantee should be consistent with the relevant EPSR principles on social protection and fair working conditions.

R7. Elaborating a legislative initiative on just transition, possibly an EU Directive, to provide Member States with clear guidelines on the content and governance principles that should characterise national just transition strategies.

This Directive should bring together clearly the existing elements of the EU's just transition framework, currently scattered across several EU initiatives and should be based on the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality.

Alternative options suggested by participants in the Knowledge Community include the set-up of a 'Just and Fair Transition Action Plan' (suggested by the Reform Institute – email communication), linked to the new EPSR Action Plan ⁽²⁷⁾. In the Reform Institute's view, this Just and Fair Transition Action Plan would include concrete steps and goals that increase the pressure on EU institutions and Member States to achieve a holistic, responsible green transition leading to structural change that is supported by the European society. It could raise awareness about such an important EU-wide issue and tackle it without triggering a long and complicated process of creating a new directive or regulation. New policy design should not just integrate the already existing instruments but also consider in more detail distributional issues beyond the topic of energy poverty, including, in particular, transport poverty and the overall distributional impact of the climate and energy policy on different socio-economic groups.

27. See Augustowski et al. (2025).

On EU funds:

R8. Exploring options for setting up an enhanced JTF 2.0, or earmarking sufficient money for just-transition-related issues in the new MFF post-2027, including the Competitiveness Fund.

Access to these financial resources could be made conditional on the preparation of national just transition strategies in line with the 2022 Council Recommendation on ensuring a fair transition (or a future EU Just Transition Directive). ‘Just transition-related issues’ include reskilling and upskilling policies (see recommendation R 17), but they are by no means limited to these policies.

R9. Exploring options for earmarking funding for the implementation of welfare reforms in line with the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality, as well as experimenting with more innovative and integrated eco-social policies.

Funding sources such as the Employment and Social Innovation (EASI) programme could be used for this purpose. Member States that implement such policies should also receive additional support from the Technical Support Instrument (TSI).

On EU economic governance:

R10. Considering how the European Semester procedures could be used to monitor Member States’ implementation of the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality.

For instance, specific sections of the yearly Joint Employment Report (JER) could be used for this monitoring.

R11. Exploring how the planned review of the Governance Regulation could support the development, implementation and monitoring of just transition policies at EU and national levels, while using the European Semester to streamline reporting obligations for Member States.

Improving the NECPs' template and codifying key indicators would meaningfully improve the quality of integrated national planning. One option would be to make it mandatory for the Member States to prepare and report (in the NECPs) on the implementation of national just transition strategies. These strategies should be in line with the 2022 Council Recommendation on a fair transition or with a future EU Just Transition Directive.

R12. Elaborating integrated indicators on emerging socio-ecological risks and on the social impact of green transition policies, and exploring if some of these indicators could be included in the EPSR's Social Scoreboard and used in the European Semester (including in the Social Convergence Framework).

The forthcoming EU Fair Transition Observatory could be tasked with collecting good practices of relevant national and local metrics and proposing EU-wide metrics. In general, in order to enhance policy coherence, it appears important that, to the extent possible, the same integrated socio-ecological metrics are used for monitoring in the various instruments/processes relevant to the just transition (e.g. NECPs, SCPs, TJTPs, European Semester). In particular, further work on green skills is needed, in line with the Clean Industrial Deal's KPI 'Reducing the number of occupations requiring specific skills or knowledge for the green transition where at least five Member States reported a shortage'. In particular, to make the EPSR a relevant set of principles for regional and local decarbonisation strategies, its implementation should include regional indicators for wellbeing, innovation capacity and quality jobs, to better identify challenges and opportunities (recommendation indicated by Michael Forte and Clàudia Fernández Cuñado, E3G – email communication).

5.2.2 Additional recommendations for the EPSR Action Plan

On legislative initiatives:

R13. Including integrated socio-ecological conditionalities in the legislation for implementing the Competitiveness Compass and the Clean Industrial Deal, and, importantly, in the revision of the Public Procurement Directive

This is already anticipated in the Clean Industrial Deal Communication.

R14. An EU Directive should be prepared to ensure a fair transition for businesses that are particularly vulnerable to the decarbonisation process (notably SMEs and micro-enterprises).

This Directive should synthesise and simplify previous elements already included in recent EU initiatives for the just, green transition, and it should be additional to a possible EU Just Transition Directive.

On EU funds:

R15. Taking stock of the available funds that can be used (directly or indirectly) to finance just transition policies. This should include an assessment of their adequacy, as well as an analysis of any synergies, overlaps and absorption rates in the Member States.

The aim of this stocktaking exercise would be to draw lessons for the next MFF. In general, periodic stocktaking exercises could be foreseen, and the EU Fair Transition Observatory could play a role in this ⁽²⁸⁾.

R16. Exploring options for setting up a fund to support the implementation of the ‘energy efficiency first’ principle defined in the recast Energy Efficiency Directive, notably to make sure that sustainable and affordable housing solutions are available for the most vulnerable groups in the population, and that social infrastructure is energy-efficient.

Energy poverty is among the issues to be addressed in both the Action Plan for Affordable Energy and the upcoming Affordable Housing Plan. This initiative should be in addition to funds that will be made available through the Social Climate Fund. Making sure that social infrastructure is energy-efficient would reflect the 'exemplary role of the public sector' in implementing the 'energy-efficiency first' principle. Particular attention should be paid to social housing, in line with the upcoming Affordable Housing Plan, and to public care services in advancing sustainable social infrastructure.

R17. A fund could be set up for the Union of Skills. This fund could facilitate targeted investments in education and training programmes, addressing specific skill gaps and giving workers the competencies needed in rapidly evolving industries.

Funding for skills policies could be provided through both the next ESF+ and the Competitiveness Fund announced by the European Commission.

According to BusinessEurope (direct email exchange), the ESF+ should continue to be the main EU funding source for skill policies, and its contribution to these policies should be enhanced to step up efforts to meet the 60% training target for 2030 agreed in the current EPSR Action Plan. Contacted as part of this project, BusinessEurope suggests that 50% of the next ESF + allocation should be earmarked for upskilling and reskilling programmes, of which 15% should be available directly to employers to provide training to their workers.

28. We would like to thank Taube Van Melkebeke (GEF) for suggesting this idea.

On social and civil dialogue:

R18. Collecting and assessing good practices on stakeholder involvement at EU, national and local levels.

The forthcoming EU Fair Transition Observatory could assist with this task.

R19. Assessing the added value and opportunities offered by more innovative participatory methods, such as deliberative mini publics, and evaluating how these experiments could be scaled up in Member States and at EU level.

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Annex 1 – Research methodology

This research has mainly used **qualitative methods**, notably: i) review of the relevant scientific literature; ii) analysis of legislative and policy documents; iii) analysis of the ‘grey literature’ (contributions by stakeholders); and iv) knowledge co-creation techniques, aiming to develop a Knowledge Community creating knowledge on the topic at hand. **Quantitative text analysis** techniques were used to investigate the socio-ecological dimension of the European Semester in the period 2020–2024 (see below).

The **Knowledge Community** we were able to create around this project was made up of representatives from EU and national institutions and organisations, social partner organisations, NGOs, academia, and think tanks.

The activities of the Knowledge Community have been fundamental for our research, for two reasons. First, developing knowledge through exchanges with policymakers and stakeholders allowed us to gather up-to-date and first-hand knowledge from the individuals directly involved in the creation and implementation of policies for the socio-ecological transition, and to go beyond the ‘state of the art’ of academic research. Second, it has been crucial to ensuring that reflections developed throughout the project period are integrated into the policy debate (at both the EU and national levels) in a timely manner, at all stages of the research process.

Three Knowledge Community (hybrid) workshops were organised, under Chatham House rules, at key stages of the research projects, to discuss our findings and receive the participants’ inputs (see Annexes 2, 3, and 4 for a summary of the main messages emerging from these meetings). 57 persons attended at least one of these workshops (most attended more than one workshop). The first workshop (held on 12 March 2025) was attended by 33 participants, the second workshop (15 May 2025) by 35 participants, and the third workshop (24 June 2025) by 22 participants.

The initiatives implementing **Chapter 3 of the EPSR** analysed in **Section 3.1.2** were selected on the basis of experts’ opinions. Notably, we contacted the researchers of the European Social Observatory asking them to indicate two key initiatives undertaken by the EU for each of the principles in Chapter 3 of the EPSR, within their areas of expertise. We specified that: i) they could select both binding (EU Directives and Regulations) and non-binding (Council or Commission Recommendations) initiatives; and ii) these initiatives should have been adopted between 2020 and 2024.

In order to assess the **socio-ecological dimension of key European Semester documents** in the period 2020–2024 (**Section 3.3**), we conducted a systematic keyword-based textual analysis using Python. The corpus comprised: i) all available Country-specific Recommendations issued between 2020 and 2024 (organised by country and year); and ii) all Joint Employment Reports issued between 2020 and 2024.

Using Python's PyPDF2 and pdfplumber libraries, we extracted the full text content of each PDF document. The text was normalised (lowercased and stripped of formatting and then scanned for a set of predefined keywords and phrases that are commonly associated with the just transition and eco-social policy discourse developed by Sabato and Vanhille (2024)). These included: i) just transition: socially just green transition, green jobs, climate justice, carbon neutrality; and ii) eco-social policy: eco-social policies, ecosocial policy, ecosocial policies.

Each keyword match was counted per document, and the results were compiled into structured .csv files, grouped by year and document (i.e. by year and country in the case of the CSRs, and by year in the case of the JERs). A final merged dataset was created to facilitate diachronic comparison. The choice of keywords reflects a combination of academic literature on eco-social policy integration and the terminology observed in EU communications and policy agendas relevant to the European Green Deal. Importantly, this method does not assess the qualitative depth or policy weight of each reference, but it provides a quantitative proxy for the visibility and mainstreaming of eco-social language into EU's coordination process. By mapping the frequency and distribution of key phrases across time and across documents, this analysis offers insight into whether and how EU governance institutions are beginning to express a coherent eco-social narrative. The results support further qualitative interpretation about the institutional uptake of just transition goals and the degree of social-environmental policy integration in EU-level coordination and governance.

Annex 2 – The first Knowledge Community workshop: main discussion points

This document summarises the key discussions and insights from the first Knowledge Community workshop organised by the European Social Observatory in the framework of the research project ‘Implementing the European Pillar of Social Rights through eco-social policies: governance options’, a research project funded by the European Climate Foundation (ECF). The workshop took place on 12 March 2025.

The project aims to understand the challenges and opportunities involved in integrating social and green transition frameworks within current EU policy – from a ‘just transition perspective’ – with a particular focus on the forthcoming new Action Plan for the implementation of the European Pillar of Social Rights. This first Knowledge Community workshop was mainly devoted to discussions on the *limitations and gaps* of the current policy frameworks and on the *challenges* deriving from the political context.

We thank the participants for contributing to a rich and critical dialogue during which the following main topics emerged. These topics touched upon both the **political background** and **policy aspects** and **governance arrangements**.

First, discussion started by highlighting the emergence, between 2019 and 2024, of an **EU ‘just transition framework’**. It has, however, been noted that this framework has significant limitations, including limited coherence and integration between green transition and social policies, and shortcomings of existing governance structures.

Second, discussions concerned the current **political context** (since the June 2024 European elections) and **geopolitical context** (increasingly conflictual). Some participants expressed scepticism as to the possibility of putting forward an ambitious just and green transition agenda, and maintained that ‘pursuing a just transition’ does not seem to be a top priority of EU institutions nowadays. Conversely, other participants saw potential for progress on such an agenda, if linked with current EU priorities and ‘keywords’, such as competitiveness, simplification, and streamlining. In this sense, it appears important to provide clear ‘political arguments’ as to which just transition policies should be a priority for national and EU policymakers, and to explain why these policies are consistent with top priorities such as competitiveness. This said, several participants warned that – in doing so – one should avoid the risk of framing just transition policies (and social policies in general) as merely instrumental for (or even subordinate to) economic and competitiveness-related imperatives. What is needed, rather, is a narrative on competitiveness which includes strong ecological and social dimensions.

Third, opinions were exchanged on the **adequacy of the EPSR** as a solid reference framework for the socio-ecological transition, especially since the Pillar does not have a ‘socio-ecological dimension’ (and this dimension is quite limited in the 2021 Action Plan for the implementation of

the EPSR). Various options were discussed, including: i) going beyond the EPSR, elaborating a more comprehensive EU socio-ecological framework (the political feasibility/desirability of this option was, however, questioned by many participants); ii) amending the EPSR to include more integrated ‘eco-social’ principles (including some discussion on which principles would be more relevant in this respect); and iii) making sure that the forthcoming Action Plan for the implementation of the EPSR has a well-developed socio-ecological dimension, backed up by credible governance mechanisms for policy implementation and monitoring. The latter option has been explored in this research project.

Fourth, regarding **approaches** and **areas** for (future) **EU eco-social policies**, some participants highlighted the need to develop a rights-based approach to the just transition, and to go beyond the current compensatory approach. They also stressed the need for concrete, data-driven policies to identify and protect vulnerable populations. In this respect, it appears crucial that EU just transition policies are not limited to skills development and active labour market policies, but also include social protection and inclusion policies. Additionally, several participants stressed the need to fully integrate the principle of gender equality into EU just transition policies and to duly take into account the territorial dimension of these policies. As for the latter aspect, just transition policies should be linked to the ‘right to stay’ principle promoted by the current European Commission.

In terms of governance, fifth, reflections concerned topics such as: i) the need to ensure **coherence and integration** among the various policy frameworks relevant to green transition and social policies (including reflecting on the role to be played by the new Clean Industrial Deal); ii) the need to **streamline** a just transition perspective across policy areas; iii) the importance of ensuring participatory processes based on **social and civil dialogue**; iv) the need to increase **communication efforts** in order to ensure people’s commitment to an ambitious socio-ecological agenda; and v) the implications of the current **division of competences** between the EU and its Member States, and the implications of the non-binding character of the EPSR.

Sixth, the participants devoted much attention to the issue of **funding** for the just transition, identified as a key topic. Most of them expressed concerns about the insufficiency of available EU funding and the possible discontinuation of the Just Transition Fund after 2026. Making sure that sufficient financial resources for the just transition are available in the next Multiannual Financial Framework emerged as a key message: doubts were, however, cast on the possible ‘reshuffling’ of EU funds in the next MFF and about the absence of any mention of the just transition in the February 2025 Commission Communication launching the debate on the next EU budget. Additionally, proposals for innovative funding solutions, like local employment guarantees and mobility funds, were discussed.

Seventh, the participants voiced doubts as to the Member States’ **fiscal space** to implement ambitious green and social policies, let alone more integrated eco-social policies. In particular,

social and green investment may be hampered by the reformed EU economic governance framework and by the need to considerably increase expenditure on security and defence.

Eighth, discussions turned to the **European Semester**. While acknowledging some progress since the publication of the European Green Deal, some participants noted that there is no adequate integration of an environmental/climate dimension into the Semester, seeing this as a limitation of the EU just, green transition framework. Conversely, other participants were concerned about the possibility of closer integration, since this would entail the risk that environmental priorities might be subordinated to economic objectives. The Social Convergence Framework was identified as a potential entry point for socio-ecological concerns to be included in the Semester, though no relevant indicators in this respect are yet available.

Hence, ninth, several participants highlighted the need to work further on collecting **data** and developing **indicators** on socio-ecological risks, vulnerable categories, and on the impact of green transition policies. In this respect, many expectations emerged as to the role of the forthcoming EU Fair Transition Observatory.

Overall, this first Knowledge Community workshop was mainly devoted to discussions on the *limitations and gaps* of the current policy frameworks and on the *challenges* deriving from the political context, and participants are encouraged to reflect further on the main points that emerged from this discussion. This is an essential starting point for the next workshop, which – again through a collaborative effort – will be devoted to **identifying and discussing concrete actions and policy recommendations** in order to make progress on a more ambitious and coherent EU socio-ecological agenda, and which will consider how to integrate (some of) these initiatives into the new EPSR Action Plan.

Annex 3 – The second Knowledge Community workshop: main discussion points

This document summarises the key discussions and insights from the second Knowledge Community workshop organised by the European Social Observatory in the framework of the research project ‘Implementing the European Pillar of Social Rights through eco-social policies: governance options’, a research project funded by the European Climate Foundation (ECF). The workshop took place on 15 May 2025.

We thank the participants for contributing to a rich and critical dialogue during which the following main topics emerged.

First, one of the key themes, reiterated from the previous workshop, was the **persistent fragmentation between social and ecological policies** at the EU level. Although this concern had already been highlighted in the previous workshop, it was emphasised again due to its importance. The lack of an ecological focus in the 2021 European Pillar of Social Rights (EPSR) Action Plan continues to hinder the prospect of an integrated fair and green transition. This disconnect remains an obstacle to coherent policy design and effective implementation. As some participants highlighted, the EPSR is a non-binding inter-institutional declaration. However, its implementation over the years has led to the adoption of numerous initiatives that have reinforced 'Social Europe'. Therefore, **incorporating a 'socio-ecological dimension' into the new EPSR Action Plan** could result in more integrated and effective policies for the socio-ecological transition, thereby strengthening the EU's just transition framework.

Second, the **legal and institutional architecture of the EU** was considered inadequate for supporting a fair transition, particularly with regard to competencies. Notably, the most comprehensive EU initiative to adapt national welfare states to the challenges of the green transition and of climate change and environmental degradation – the 2022 Council Recommendation on ensuring a fair transition towards climate neutrality – is non-binding. Nevertheless, there was a general agreement that **EU policies have been, and will continue to be, crucial** in encouraging Member States to implement fair transition policies that integrate social and climate/environmental objectives. In this respect, most participants called for stronger social conditionalities in EU industrial and environmental regulations, the creation of a legally binding framework to incorporate social adaptation mechanisms, and the enforcement of existing due diligence and stakeholder engagement requirements. If social fairness is to become more than a rhetorical commitment, these structural gaps must be addressed.

Third, with regard to **EU legislation**, two positions emerged. On the one hand, some participants emphasised the need to adopt new legislation to complement and reinforce the EU's just transition framework, including a 'Just Transition Directive'. Some argued that such a directive should regulate employment-related aspects of the transition (e.g. skills and the involvement of

social partners), while others argued that it should have a broader scope, touching upon welfare policies in general. Conversely, on the other hand, a few participants stressed the risk of policy overload, deeming existing legislation on the green and just transition sufficient, and emphasising the need to prioritise implementation and simplification. This could be achieved by **aligning existing processes**, such as the European Semester and the Governance of the Energy Union's National Energy and Climate plans (NECPs), more closely with just transition objectives, to ensure that they are mutually reinforcing. Some participants also argued that simplification and better alignment should extend to reporting requirements related to EU just transition initiatives, which should be streamlined. This 'streamlining' would involve examining existing planning, monitoring and reporting obligations, which are sometimes contradictory and duplicated, to identify synergies, rationalise existing rules and increase efficiency. This would be in line with the current **Commission's agenda of simplification and implementation**.

Fourth, the **lack of integrated indicators to track social and environmental progress simultaneously** was a key issue raised during the workshop. Without a data-driven approach, it is difficult to evaluate the impact of policies or adjust strategies effectively. Participants called for the development of socio-ecological metrics that could be incorporated into existing monitoring and evaluation systems, including well-being indicators. The forthcoming European Fair Transition Observatory's role in collecting data on the socio-ecological transition must be carefully assessed.

Fifth, the importance of employers and social partners as stakeholders in the transition was recognised. Some participants emphasised that businesses are already struggling to meet current environmental targets and adapt to new requirements, so further regulations are not necessarily what they are looking for. What is needed are support mechanisms and clear, implementable standards. A predictable regulatory framework and a clear policy signal for investment decisions will be crucial for the success of the **Clean Industrial Deal**. **Social dialogue** is crucial for negotiating fair outcomes and anticipating sector-specific challenges.

Sixth, participants emphasised that certain territories and social groups are neglected in current policy frameworks for a just and green transition. Many communities remain underrepresented or overlooked entirely in the discourse on the transition. These 'silent territories' are often disproportionately affected by economic and environmental changes, yet they lack a political voice. To ensure fairness and inclusion, a more **geographically nuanced and place-based approach** was advocated. To ensure the representation of all citizens affected by the transition, including the most vulnerable, it was emphasised that effective structures for **civil dialogue** are needed at all levels of governance. These structures must connect national and sub-national dialogue with EU-level developments in a structured way.

Seventh, **local and regional authorities** were identified as playing a key role in effective transition planning and implementation. Their proximity to communities puts them in a good position to

provide tailored solutions and build trust. Models such as Integrated Territorial Investments (ITIs) and community benefit schemes were cited as promising inclusive development practices.

Eighth, given the current **political landscape** across Europe, several participants urged caution against overstating the readiness or capacity of existing mechanisms and frameworks. The political will to support climate and social goals is unevenly distributed, with some of the electorate yet to be persuaded of the policy direction and engaged. Without this, the broader ecological agenda could be undermined by backlash. In this context, the importance of **narratives and communication** was repeatedly emphasised. A successful transition depends not only on policies, but also on the ability to tell an engaging and inclusive story. This transition must be presented as a route to a better life, offering tangible benefits such as decent employment, housing, healthcare and public services. To foster widespread support, clarity, honesty and relevance are essential. Finding a **common language** can also help overcome what might initially appear to be insurmountable differences.

Ninth, the **Future Generations Governance Framework** was mentioned. This is an innovative way to ensure more principles-based and inclusive policymaking, and is gaining traction in several regions around the world. It opens conversations about fundamental changes to how society and the economy are organised. At a time when the EU institutions are becoming increasingly polarised along political lines, the concept of intergenerational fairness transcends the traditional left-right divide, offering a powerful means of effecting real change.

Finally, it was seen as fundamental to **define what success means** in the context of the green transition. Success should be measured not only by the achievement of climate targets, but also by improvements in health, gender equality and access to essential services. A successful transition reduces inequality while safeguarding the environment. This requires systemic change, strategic clarity, legal reforms and deep societal engagement.

Annex 4 – The third Knowledge Community workshop: main discussion points

This document summarises the key discussions and insights from the third Knowledge Community workshop organised by the European Social Observatory as part of the research project ‘Implementing the European Pillar of Social Rights through eco-social policies: governance options’, funded by the European Climate Foundation. The workshop took place on 24 June 2025.

We thank the participants for contributing to a rich and critical dialogue during which the following main topics emerged:

First, when elaborating policy recommendations for strengthening the socio-ecological dimension of EU policies (and, notably, of the new EPSR Action Plan), a balance must be struck between recommendations which could be integrated into EU policies in the **short term** (because they are more in line with current EU priorities and initiatives) and (more ambitious) recommendations for the **medium and long term**.

Second, much discussion during the workshop concerned a possible **EU legislative initiative on the just transition**, notably an EU Just Transition Directive. The participants discussed both the pros and cons of such an initiative. Some participants stressed that the current political context would not be receptive to such a proposal. Others, however, maintained that such a legislative initiative is absolutely essential to make the EU just transition framework credible, and to ensure implementation in the Member States. They also maintained that a certain degree of institutional and societal support for such an EU legislative initiative does exist. Importantly, some participants stressed that an EU Just Transition Directive would not be in contradiction with the current focus on ‘simplification’, since it would mostly be aimed at enhancing the effectiveness of action already taken by the EU, as well as providing clarity to the Member States on EU just transition policies and how these should be implemented at the national level.

Third, the role of **EU funds** for the just transition was discussed at length, particularly in relation to the ongoing debate on the **next Multiannual Financial Framework**. Some participants in the Knowledge Community expressed concerns on future EU funding for social policies in general, and on funding for the just transition in particular. On this point, during the workshop, two – not necessarily alternative – options were discussed: first, proposals for setting up a Just Transition Fund 2.0, endowed with more resources, possibly by merging a number of existing funds relevant to the just transition; and second, mainstreaming just transition objectives in future EU funds. Other points discussed were the importance of introducing robust **social conditionalities** into the next MFF and of providing enough EU support for **skills development** policies. As for the latter aspect, the Union of Skills initiative needs to be supported by sufficient EU financial resources, partly provided through the envisaged Competitiveness Fund.

Fourth, the creation of **quality jobs** has been identified as a main objective for just transition policies, and a key driver to enhance Europe's competitiveness. In this respect, a new sub-target on job quality could be added to the new EPSR Action Plan within the overall target on employment. Other key topics identified are **energy** and **housing**, and – crucially – the importance of **social and civil dialogue** in developing and implementing just transition policies at all levels of governance.

Fifth, it emerged from the workshop that additional **analytical efforts** are needed to define more precisely notions such as 'just transition' and 'eco-social policies', as well as to develop **metrics and indicators** to measure socio-ecological risks and the social impact of clean transition policies. Data on these aspects should be collected also at regional and local levels, and should cover the gender dimension of these issues. Development of indicators on green jobs, job quality, and skills for the clean transition was identified as a priority by many participants.

Finally, sixth, some Knowledge Community participants stressed that it will be particularly important to carefully monitor if and how socio-ecological issues are included in **future EU initiatives**. Besides adoption of the MFF post-2027, it is important to look at the forthcoming EU adaptation strategy and the revision of the Governance Regulation.