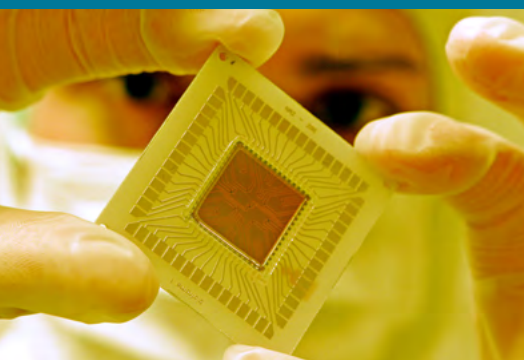




Séverine Picard  
June 2025

# Proposal for a European Just Transitions Directive

*Improving working conditions for just transitions through  
the anticipation and management of change*



## Imprint

### Published by

Friedrich-Ebert-Stiftung e. V.  
Godesberger Allee 149  
53175 Bonn  
Germany  
info@fes.de

### Issuing Department

Friedrich-Ebert-Stiftung | Competence Centre Climate and Social Justice  
Cours Saint Michel 30e | 1040 Brussels | Belgium

### Responsibility for this Publication in the FES

Claudia Detsch, Director of FES Competence Centre  
Climate and Social Justice

### Editor

Stephan Thalhofer, Policy Advisor, FES Competence Centre  
Climate and Social Justice

### Contact

justclimate@fes.de

### Design/Layout

pertext | corporate publishing  
www.pertext.de

### Cover Images (f.l.t.r.)

picture alliance / Caro / Kaiser | picture alliance / CFOTO / CFOTO |  
picture alliance / imageBROKER / Unai Huizi | picture-alliance/ ZB /  
Jan Woitas | picture alliance / photothek / Felix Zahn | picture alliance /  
Westend61 / Alena Kuznetsova | picture alliance / Fotostand / Foto-  
stand / K. Schmitt | picture alliance / Westend61 / Pau Cardellach Lliso |  
picture alliance / Roland Weihrauch/dpa / Roland Weihrauch

The views expressed in this publication are not necessarily those of  
the Friedrich-Ebert-Stiftung (FES). Commercial use of media published  
by the FES is not permitted without the written consent of the FES.  
Publications by the FES may not be used for electioneering purposes.

June 2025

© Friedrich-Ebert-Stiftung e. V.

ISBN 978-3-98628-717-7

Further publications of the Friedrich-Ebert-Stiftung can be found here:

➤ [www.fes.de/publikationen](http://www.fes.de/publikationen)

**Séverine Picard**  
June 2025

# Proposal for a European Just Transitions Directive

*Improving working conditions for just transitions through  
the anticipation and management of change*

# Content

- Foreword ..... 3
- Building Blocks of the Just Transitions Directive ..... 5
  - In a Nutshell: Why a directive and what is new? ..... 5
  - Detailed Content of the Directive ..... 6
- Proposal for a Directive on Improving Working Conditions for Just Transitions through the Anticipation and Management of Change ..... 9
  - Chapter I: General Provisions ..... 14
  - Chapter II: Principles of a Just Transition for Workers ..... 15
  - Chapter III: Workers’ Rights ..... 15
  - Chapter IV: Public Policies ..... 17
  - Chapter V: Transition Plans ..... 19
  - Chapter VI: Other Provisions ..... 20
  - Chapter VII: Enforcement ..... 20

# Foreword

## Competitive, Proactive, and Effective Transitions

Europe's twin transitions—climate and digital—will shape the future of our industries, workforce, and economy. The European Union has made bold commitments to industrial transformation, but the reality is that our economic success hinges on a factor too often overlooked: our workforce.

On behalf of the European Trade Union Confederation, I wish to thank the Friedrich-Ebert-Stiftung (FES) Just Climate team for their longstanding understanding of this fact and for commissioning this draft legal text. While this draft Directive is informed by ETUC's June 2024 resolution, 'A Just Transition Policy Framework and Directive to Anticipate and Manage Change,' it remains an independent contribution by FES rather than an official ETUC text. It provides a clear indication of what trade unions and other stakeholders can advocate for within EU legal competences, aiming to stimulate deeper engagement around the Just Transitions Directive.

The measures proposed here are extremely welcome—and while they are not the entire solution to the current failings of the digital and decarbonisation transition policies across Europe, they offer an informed and ambitious platform to address many of the challenges workers are facing today.

## The Skills Gap Is Holding Europe Back

Europe's workforce is being held back from keeping pace with the demands of the twin transitions. This is the situation we face:

- Less than 47% of working-age adults engage in training annually, far below the EU target of 60% by 2030<sup>i</sup>.
- 54% of European employers expect "shortages" to worsen, significantly above the global average. Their top priority for overcoming this challenge is funding for reskilling and upskilling<sup>ii</sup>.

→ A 2025 European Investment Bank study found that 81% of companies cite a lack of skilled workers as a major barrier to investment, second only to high energy prices<sup>iii</sup>.

→ The EU energy workforce must increase by 50% by 2030<sup>iv</sup>.

Yet, workers themselves are not holding back due to a lack of ambition. The European Commission's 2024 Employment and Social Developments in Europe (ESDE) report confirms the same persistent barriers tracked since 2011: **the three biggest reasons workers do not reskill or upskill are time, family obligations, and cost**<sup>v</sup>. The right to training exists in theory, but without structured employer involvement and financial support, it remains inaccessible for many workers.

The result? A chronic skills shortage that is holding back Europe's competitiveness. The energy sector provides a striking example: **targets don't build renewables—skilled workers do**. A lack of qualified workers slows down deployment, delays energy independence, and keeps prices high. Meanwhile, **the speed of the digital transition is and will be even more disruptive** than the green transition, with automation and artificial intelligence rapidly reshaping entire industries.

The recent Union of Skills communication identifies many of the right challenges. But it does not propose the fundamental solutions needed to ensure that workers and businesses can successfully navigate the transition. A **legally binding right to paid training during working time and a structured approach to anticipating and managing change**, both with the full involvement of social partners, are the missing pieces. Without these, we risk repeating past mistakes—failing to prepare, then reacting too late.

## A Fragmented and Reactive Approach Won't Work

The EU's Clean Industrial Deal (CID) acknowledges the need for a skilled workforce but falls short of addressing the real barriers to worker training and transition planning.

<sup>i</sup> Adult learning - participants - Statistics Explained

<sup>ii</sup> The Future of Jobs Report 2025 | World Economic Forum

<sup>iii</sup> EIB Investment Survey – European Union Overview

<sup>iv</sup> Union of Skills

<sup>v</sup> Employment and Social Developments in Europe 2024 – European Commission



The Draghi Report and the CID focus heavily on productivity and investment but **fail to ensure that the workforce is prepared for change**. Without structured worker involvement, transitions risk resistance and poorer outcomes. Giving workers a real voice in shaping change improves decision-making, strengthens industrial stability, and ensures wider acceptance of the transition.

A recent review of the Council Recommendation on Fair Transition found that **only one Member State has a dedicated, structured national plan for managing these transitions**<sup>vi</sup>. Many EU countries lack even basic legal frameworks to protect workers from sudden job losses or ensure access to reskilling.

Even when employers and policymakers recognize the problem, **voluntary approaches have failed**. The collapse of the Just Transition European Framework Agreement in the gas sector proves that without legal obligations, commitments can be abandoned. After five rounds of negotiations, Eurogas ultimately walked away from what would have been the first binding sector-wide transition deal, citing legal uncertainty. Despite broad recognition that **more than 220,000 gas workers will need reskilling, industry representatives refused to commit**<sup>vii</sup>. The European Commission, which funded the negotiations, acknowledged that social dialogue alone is not enough. This failure underscores the **urgent need for legally binding just transition measures** to ensure structured anticipation and management of change.

A binding framework for early intervention, structured workforce planning, and the right to paid training enables companies and workers to jointly anticipate and manage change. **Instead of reacting to crises, it creates the conditions to proactively prevent redundancies, ensuring that alternatives to redundancies**—such as redeployment, reskilling, or innovative job-sharing arrangements—are fully exhausted first. This builds long-term resilience in businesses and ensures **workers can finally trust that the transition will not leave them behind**.

Workers need to play an active role in positive change. Through proactive redeployment, reskilling initiatives, and innovative work arrangements, Europe's industrial base and regional skills capacity will be protected—strengthening economic competitiveness, quality jobs and social cohesion across the continent.

## Competitiveness Requires Anticipation

European industry cannot compete globally without the right workforce. The Antwerp and La Hulpe Declarations, alongside the Union of Skills, make it clear that European

**competitiveness depends on stability, skills, and smart transition planning**—via the shared responsibility of trade unions, government, and employers. This is not about adding complexity—it is about making the transition work. Right now, **regions, companies and workers are flying blind**, facing a fragmented, inconsistent, and unpredictable transition process.

## What a Just Transitions Directive would do

The proposed Directive would establish a clear and practical legal framework to ensure that companies, workers, and governments proactively manage economic transformation, rather than reacting to crises. It would set **a minimum floor of rights across all EU Member States**, ensuring that the transition to a climate-neutral and digital economy is predictable, fair, and economically viable in the sense of long-term competitiveness across our continent.

To those who claim such a Directive adds to the administrative burden—it does not. In fact, it would cut through the confusion. Right now, businesses face a maze of overlapping reporting requirements, each with different standards, timelines, and expectations. Many companies are unsure which regulations apply to them, or whether they comply at all. This Directive calls for one consistent framework—ensuring that reporting is **clear, predictable, and proportionate to the size and capacity of the enterprise**. Rather than increasing red tape, uniform standards across time and sectors will make compliance **simpler, transition planning easier, and long-term strategy more effective for businesses and trade unions**.

## Conclusion

This draft Directive is comprehensive, carefully targeted and should be broadly supported by all political forces serious about protecting European jobs. By ensuring that profitable companies contribute their fair share and invest proactively in workforce reskilling, this Directive provides a realistic and actionable solution—even in a period of regrettably constrained public budgets.

Now is the time to act. If we are serious about Europe's industrial future, **the time for patchwork approaches and voluntary initiatives is over**. The Just Transitions Directive is the missing piece of the puzzle—a relatively small but crucial fix that will allow Europe to build the workforce it needs, safeguard its economic leadership, and make the twin transition a success.

**Ludovic Voet**  
*ETUC Confederal Secretary*

<sup>vi</sup> Key messages from EMCO and SPC on the implementation of the Council Recommendation on ensuring a fair transition towards climate neutrality

<sup>vii</sup> European gas industry abandons deal to retrain workers for low carbon economy – Financial Times

# Building Blocks of the Just Transitions Directive

## In a Nutshell: Why a directive and what is new?

The proposed Just Transitions Directive sets minimum standards to ensure that workers and trade unions, companies and public authorities can anticipate, prepare for, and manage changes arising from transitions affecting the world of work. It is a comprehensive piece of legislation, which adopts a multi-pronged approach to ensuring just transitions that engages a variety of stakeholders. The empowerment of workers and trade unions to participate in shaping transitions is at the heart of this approach.

Transition should be understood in the broadest sense, encompassing all situations in which a company considers a strategic decision that significantly impacts the workforce. This includes, but is not limited to, transitions made in response to the EU's goal of achieving a climate-neutral economy, as well as digital transitions that involve integrating digital technologies — including AI — into various aspects of a company's business model.

Current EU laws and practices are inadequate to deal effectively with the employment and social impacts of major transitions. Although there are numerous directives that deal with the rights of workers to be informed and consulted on business decisions<sup>viii</sup>, as of 2020, fewer than one-third of companies in the EU facilitated the regular direct participation of employees in organisational decision-making<sup>ix</sup>. At the same time, the strength of worker participation in organisational decision-making in the EU has declined since 2009<sup>x</sup>.

Worker and trade union involvement in restructuring processes is often too limited, too late, or merely symbolic. On average across the EU, companies consult their workforce in only 38% of restructuring cases<sup>xi</sup>. A European Commission evaluation of the European Works Council (EWC) Directive found that in the majority of instances, the EWCs were first consulted *after* management restructuring decisions were already made<sup>xii</sup>.

This Directive builds on the existing EU labour law acquis and seeks to strengthen its practical impact when it comes to the anticipation and management of green and digital transitions.

The Just Transitions Directive introduces a comprehensive set of rights and obligations to ensure that workers, companies and public authorities can anticipate, prepare for, and manage transitions in a fair and inclusive way. It strengthens the existing EU labour law framework while also introducing several entirely new provisions.

## Transition Plans

- Companies must develop forward-looking just transition plans in collaboration with workers – ensuring early anticipation and structured management of change to minimise job losses and support long-term strategies.
- The provisions on corporate reporting build on the existing EU standards. They however offer significant simplification by providing a one stop shop for obligations which currently vary from one topic/ company to another.
- **New:** All companies must prepare transition plans not only for climate mitigation (Article 14) but also for other transitions that significantly affect employment (Article 15) that must be shared with workers before finalisation and reported to a new EU-level Fair Transition Observatory (Article 13).

## Anticipation and Management of Change

- Strengthens democracy at work – ensuring that trade unions and workers' representatives have early and meaningful access to company plans so they can foresee and shape changes proactively.

<sup>viii</sup> Workers' right to information, consultation and participation | Fact Sheets on the European Union | European Parliament

<sup>ix</sup> Just 31% of companies capitalise fully on direct employee involvement to enhance performance and well-being | European Foundation for the Improvement of Living and Working Conditions

<sup>x</sup> Benchmarking Working Europe ETUI 2020.pdf

<sup>xi</sup> Eurofond ERM report 2018: Impact of restructuring on working conditions

<sup>xii</sup> Evaluation study on the implementation of Directive 2009/38/EC on the establishment of a European Works Council – Publications Office of the EU

- Strengthens collective bargaining on transitions – helping social partners to negotiate fair outcomes and prevent crises, with a focus on protecting employment.
- **New:** Employers are explicitly required to inform and consult workers on a comprehensive list of transition-related issues (Articles 4, 6, 7), limiting corporate discretion and closing gaps in the current information and consultation framework.
- **New:** Member States must provide access to early warning tools that detect strategic or operational shifts affecting workers (Article 5).

## Skills

- **New:** Workers gain an individual right to paid training during working hours – addressing the major barriers to reskilling (time, cost, care duties).
- **New:** Employers and Member States must coordinate skills planning at regional and sectoral levels – ensuring alignment with real business and workforce needs.
- **New:** Measures ensure companies bear a fair share of training costs, especially larger and more profitable firms.
- **New:** Vocational education and training time must count as working time without loss of income, and apprenticeships must be fairly compensated (Article 11).

## Public Policies and Governance

- Member States must adopt just transition strategies at national and, where appropriate, regional level – developed in consultation with social partners (Article 9).
- **New:** Member States must promote and protect collective bargaining, specifically in the context of transitions, extending the scope of collective bargaining provisions introduced by the Minimum Wage Directive (Article 10).
- **New:** Member States must embed just transition principles into policymaking through regulatory impact assessments, gender mainstreaming, and social partner participation at all stages (Article 16).

## Enforcement and Conditionality

- Compliance with the Directive becomes a condition for access to public funding, including EU Structural and Investment Funds, and public procurement contracts.

- **New:** This conditionality applies not just to compliance with this Directive, but also to social and labour law obligations under EU and national law, including collective agreements (Article 18).
- Member States must adopt effective penalties with deterrent effect and ensure enforcement (Article 19).
- The Directive affirms the principle of non-regression and leaves room for Member States to go beyond the minimum standards (Article 20).

These are not minor additions. They reflect a major evolution in EU labour law, closing enforcement loopholes while adding concrete and enforceable duties for both companies and governments.

## Detailed Content of the Directive

The proposal is divided into several parts, which set out important definitions (Chapter I) and principles (Chapter II); provisions on workers' rights in the context of transitions (Chapter III); public policies relating to transitions (Chapter IV); obligations on companies to produce transition plans (Chapter V); provisions on regulatory processes and financial instruments (Chapter VI) and on effective enforcement (Chapter VII). Chapters III-V on workers' rights, public policies and transition plans constitute the core pillars of the Directive.

### Workers' rights

Chapter III sets out provisions to ensure that workers can anticipate change (Article 4). This includes a right to receive from central management timely information on the expected transitions that allows workers and their representatives to understand and assess the situation, participate in meaningful consultations and collective bargaining. It also includes a right for workers to be informed and consulted on a range of issues that include the initial analysis from management on the impact of transitions on operations, organisational structures and employment; plans for substantial changes that might affect employment or work organisation; the jobs likely to be affected, and so on. In addition, there is a right for workers to access early warning tools that can detect significant shifts in business strategy and operations (Article 5).

Workers also have certain rights when it comes to the management of change (Article 6). Here, the Directive states that redundancies should be considered by companies only as a last resort, and that priority should be given to other solutions that allow workers to remain in employment, such as upskilling, reskilling, redeployment or early retirement. It also requires Member States to promote collective bargaining on topics like guarantees of employment, job-to-job transition pathways, upskilling and reskill-



ing measures, as well as gender balance and diversity at the workplace.

There are additional provisions that apply in the specific context of the green and digital transitions (Article 7). Workers have a right to be informed and consulted on various aspects of strategic plans linked to the achievement of climate and environmental objectives, and the planned initiatives for the digitalisation of business operations. At the same time, Member States need to promote collective bargaining on topics linked to the management of the green and digital transitions, such as adjustments to company policies in response to these transitions, and safeguards when it comes to the introduction of new technologies. Finally, this chapter includes a right for workers' representatives and workers to request assistance from experts (Article 8), as well as an explicit right for workers' representatives to receive training to effectively exercise their rights under this Directive.

## Public policies

Chapter IV focusses on the proactive measures that Member States should put in place to support just transitions. This includes a requirement to develop national and regional just transition strategies to manage the social impacts of the green and digital transitions, which Member States need to do in consultation with the social partners (Article 9). These strategies should identify how transitions will affect individual sectors, workforce and skills needs, and the measures that states will take to ensure that transitions are just, fair and inclusive for workers.

Member States also need to put in place a framework that promotes dialogue between the social partners and negotiated solutions to issues arising from transitions through collective bargaining (Article 10). This includes strengthening the capacity of social partners to engage in collective bargaining on just transitions, encouraging constructive and informed negotiations on measures to ensure just transitions, and protecting the exercise of the right to collective bargaining on just transitions. This links up with the provisions on collective bargaining in Articles 6 and 7.

Another element of this chapter is an obligation for Member States to develop vocational training and education programmes which boost the employability and career transitions for affected workers, based on up-to-date labour market skills intelligence and foresight (Article 11). This includes access to free or subsidised upskilling, re-training opportunities and apprenticeships, and ensuring that training can take place during working hours without loss of income. In this respect, Member States need to ensure that employers bear a fair share of the costs of developing such vocational education and training programmes and ensuring access of workers to upskilling and retraining opportunities (Article 12).

While it does not impose new obligations in this respect, the Directive encourages Member State action to secure adequate social protection systems in order to provide income security and adequate social infrastructure in the context of transitions, pointing to the Council Recommendation on fair transition towards climate neutrality from 2022, as well as the Council Recommendation on social protection for workers and the self-employed from 2019 (Article 12).

The last provision in this chapter sets in stone the on-going establishment of an EU Fair Transition Observatory (Article 13). It specifies that the observatory governance needs to include representatives of the EU social partners, and that its task is to support policy makers in the monitoring of the employment and social impacts of the green and digital transitions. To this end, the observatory will assess companies' just transition plans and issue annual reports on important information on the impact of transitions across sectors.

## Transition plans

Chapter V, the third key pillar of the Directive, requires companies to prepare two types of plans. First, all companies need to prepare a transition plan for climate change mitigation (Article 14). Here the Directive cross-refers to the requirements of Article 22 of the Corporate Sustainability Reporting Directive, though it makes clear that even companies not covered by the CSRD need to prepare such a plan.

Second, where a company considers a transition other than climate mitigation, an additional transition plan needs to be prepared that details the impact of this transition on employment, including job numbers, work organisation and changes to the corporate structure; skill mapping; impact on occupational safety and health; and measures to mitigate employment impacts, among other elements (Article 15).

This Directive seeks to simplify the current reporting landscape and close loopholes. The Commission will, with the technical advice of EFRAG, develop a common standard for just transitions which will replace entity-specific reporting. Taking into consideration that this Directive applies to all undertakings, efforts will be made to develop standards proportionate to the size and type of companies.

## Others

These are the main pillars of the Directive when it comes to the measures necessary to ensure that workers, companies and public authorities can anticipate and manage change linked to transitions, and that these transitions are socially just. Additional provisions support the proper implementation and enforcement of these pillars.

For example, the Directive requires Member States to ensure that policies relating to the green and digital transitions reflect principles of just transition, such as involve-

ment of the social partners in the policy-making process and early-stage regulatory impact assessments (Article 16). Member States also need to make full use of European Structural and Investment Funds to promote a just transition for workers, and in that respect indicate how social partners have been involved in the preparation and implementation of the investment (Article 17).

The Directive includes a provision that makes access to EU and domestic state aid, including in the context of the European Structural and Investment Funds, conditional on compliance with the provisions of the Directive, but also compliance with the applicable obligations in the fields of social and labour law established by EU or national law and collective agreements (Article 18). It makes clear that Member States need to put in place penalties for the infringement of the rights and obligations under the Directive that have real deterrent effect (Article 19). Importantly, the Directive sets a minimum floor of protection rather than a ceiling, explicitly stating that Member States maintain the right to keep or introduce conditions more favourable to workers (Article 20).

## **Conclusion: How the Directive Works as a Whole**

The proposed Just Transitions Directive is structured to provide a comprehensive yet practical framework to anticipate and manage the impacts of significant workplace changes driven by transitions. Each part of the Directive serves a clear purpose: the provisions on workers' rights ensure transparency, meaningful involvement, and protection of workers throughout the transition process; the public policy obligations guarantee Member States adopt proactive strategies and tools to support workers and sectors affected; and the transition plan requirements ensure that companies explicitly account for and mitigate social impacts associated with strategic decisions.

Taken together, these components reinforce each other, creating a balanced and integrated system that enables collaboration between workers, companies, and public authorities. This holistic approach ensures that transitions embed fairness, inclusivity, and social dialogue into the EU's broader economic and environmental objectives.

Crucially, these provisions are firmly grounded in the competences provided to the EU by Article 153 of the Treaty on the Functioning of the European Union (TFEU). Article 153 TFEU specifically empowers the EU to adopt minimum requirements regarding working conditions, information and consultation of workers, social protection, and worker participation in management decisions. Thus, the Directive rests solidly within established EU competences, ensuring a coherent and legitimate EU-level response to the social and employment challenges arising from major economic transitions.

# Proposal for a Directive on Improving Working Conditions for Just Transitions through the Anticipation and Management of Change

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 153 (2), point (b), in conjunction with Article 153(1), points (a), (b), (e), (h), (i) and (j) thereof,

(...)

Whereas:

1. Pursuant to Article 3 of the Treaty on European Union (TEU), the aims of the Union are, inter alia, to promote the well-being of its peoples and to work for the sustainable development of Europe based on a highly competitive social market economy, aiming to ensure full employment and social progress, a high level of protection and improvement of the quality of the environment, while promoting social justice and equality between women and men.
2. By way of Regulation 2021/1119<sup>1</sup> the Union legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55 % by 2030. In this context, undertakings are increasingly undergoing restructuring to meet the demands of the transition to a green and digital economy. The concept of the ‘twin transitions’ recognizes that digital technologies should be harnessed for the good of the planet. Industries can accelerate their transition towards sustainable models by implementing digitally-based eco-innovations.
3. The green transition challenges the whole European economy, which remains heavily dependent on fossil fuels. At the same time, increasing digitalisation is reshaping entire systems of production, service delivery and logistics. This fundamental transformation will continue for decades, profoundly reshaping industries and societies. Specifically, in relation to employment, while the emerging green economy has huge potential, the transitions entail the restructuring of environmentally unsustainable sectors and the need for retraining to adapt to new green technologies. The digital transition also poses risks to workers, including job displacement due to automation, change in job profiles and risks to workers’ privacy through increased data collection and management by artificial intelligence.
4. As highlighted by Directive 2024/2832<sup>2</sup>, new forms of digital interaction and new technologies in the world of work, if well-regulated and implemented, can create opportunities for access to decent and quality jobs for people who traditionally lacked such access. However, if unregulated, they can also result in technology enabled surveillance, increase power imbalances and opacity about decision-making, as well as entail risks for decent working conditions, health and safety at work, equal treatment and for the right to privacy.
5. The unprecedented challenges created by the twin transitions are further compounded in a context of economic downturn. Restructuring processes are likely to intensify with significant changes to business structures and operations. These changes can result in adverse social impacts, with workers experiencing job losses, discontinuity of their collective agreements, lower wages and working conditions.
6. In its Resolution concerning a just transition towards environmentally sustainable economies and societies for all<sup>3</sup>, the ILO sets the principle that a just transition reflects a common global purpose that entails responsibilities for everyone, including governments, employers and workers. The ILO states that transitions need concerted efforts and must be planned and structured in a way that addresses employment losses, decent work deficits, inequality and sectoral and educational misalignments. It further notes that governments, employers and workers are critical agents of change and must urgently take concerted and coherent action based on effective social dialogue. The ILO also recommends that its Members give special attention to respecting, promoting and realizing freedom of association and collective bargaining as enabling rights, which are vital for social dialogue. Consultations, exchange of information and other forms of dialogue between social partners and with governments are also important for a just transition.

<sup>1</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations

<sup>2</sup> Directive (EU) 2024/2831 of 23 October 2024 on improving working conditions in platform work

<sup>3</sup> ILC.111/ Resolution V, 16 June 2023

7. As highlighted by the Council Recommendation of 16 June 2022 on 'ensuring a fair transition towards climate neutrality'<sup>4</sup>, the need for a just transition is an integral part of the green transition. It is also an integral part of the Clean Industrial Deal<sup>5</sup>, which committed to a just transition that delivers quality jobs and empowers people, building on their skills, while promoting social cohesion and equity across all regions. Fairness and solidarity are defining principles of the Union's policies towards the green transition and a requisite for its broad and sustained public support. In their first review of the Council Recommendation, EMCO and SPC found that Member States largely base their policy responses with a strong reliance on existing programmes, policies, and structures, while only one country has put in place a dedicated strategic and institutional framework for a fair transition. Several Member States also reported the lack of a common understanding of the adequate policies and definitions and encouraged the promotion of a structured exchange of best practices.
8. The transition to a climate-neutral and sustainable economy is a fundamental pillar of the Sustainable Competitiveness Agenda, ensuring long-term economic resilience, innovation, and social cohesion. The Clean Industrial Deal reinforces this approach by setting out a roadmap to balance industrial decarbonisation, strategic autonomy, and economic competitiveness. In this regard, the Union of Skills<sup>6</sup> recognises that human capital is key to the prosperity of the EU, the competitiveness of its industries, and its preparedness and resilience in the face of crises. It recognises that putting people first and investing in skill pays many times over, and commits to building skills for quality jobs and lives, as well as upskilling and reskilling an agile workforce mastering the green and digital transitions.
9. In line with this approach, this Directive recognises that sustainable competitiveness depends on a highly skilled and resilient workforce, and ensures that employment, training, decent working conditions and worker protections are fully integrated into Europe's industrial transformation. By putting people first and integrating just transition objectives with the Clean Industrial Deal, Member States can foster an industrial ecosystem that is both socially fair and globally competitive.
10. Chapters I and II of the European Pillar of Social Rights (the 'Pillar'), proclaimed at Gothenburg on 17 November 2017, establish a set of principles to serve as a guide towards ensuring access to the labour market and fair working conditions. Among other, Principle No 1 of the Pillar reaffirms the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to (...) manage successfully transitions in the labour market. Principle No 8 of the Pillar provides that the social partners are to be consulted on the design and implementation of economic, employment and social policies according to national practices and that they are to be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action. It also provides that workers' representatives, or where there are no such representatives workers themselves, have the right to be informed and consulted in good time on matters relevant to them, including on restructuring and on collective redundancies.
11. Article 8 of the Charter of Fundamental Rights recognises the right to protection of personal data, on the basis of consent, the right of access to personal data and the right to have it rectified. Article 14 recognises the right to education and to have access to vocational and continuing training. Article 23 recognises equality between men and women as well as the maintenance or adoption of measures providing for specific advantages in favour of the under-represented sex. Articles 27 and 28 recognise the right to information and consultation for workers or their representatives and the right of collective bargaining and action.
12. In this context, this Directive establishes minimum standards to improve working conditions to support just transitions. It aims to ensure that workers are adequately prepared, in a timely manner, for the shift towards a sustainable, resource efficient and climate-neutral, and digital economy. Key principles of a just transition for workers include guarantees that the employment and social impacts of a transition are proactively identified and mitigated as well as public policies that anticipate labour market needs, developed in close cooperation with social partners. This Directive seeks to implement these principles through the right to secure employment, to timely information, consultation and collective bargaining, including in the context of long-term structural change. The Directive also strengthens stakeholders' rights to transparency. Just transitions entail responsibilities for social partners and public authorities at all levels.
13. In the upcoming transitions, no one should be left behind. Particular attention should be given to vulnerable or under-represented categories of workers. Actions to promote diversity, equity and inclusion should be dealt with through an intersectional approach.

<sup>4</sup> Council recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (2022/C 243/04)

<sup>5</sup> Communication from the European Commission of 26 February 2025 on The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025)85 final

<sup>6</sup> Communication from the European Commission of 5 March 2025 on The Union of Skills, COM(2025) 90 final

14. This Directive should apply to every worker who has an employment contract or employment relationship as defined by the law, collective agreements or practice in force in each Member State, with consideration to the criteria established by the Court of Justice of the European Union (Court of Justice) for determining the status of a worker. Provided that they fulfil those criteria, workers in both the private and the public sectors, as well as domestic workers, on-demand workers, intermittent workers, voucher-based workers, platform workers, trainees, apprentices and other non-standard workers, as well as bogus self-employed and undeclared workers should fall within the scope of this Directive, irrespective of the designation of that contract
15. For the purpose of this Directive, transition should be understood as a dynamic concept encompassing situations where the workforce faces organisational restructuring, technology change or other shifts significantly affecting working conditions, employment or any aspect of work organisation. The need for transition may result from a public policy objective. Transitions may also result from company level decisions that entail substantial changes in business strategy, corporate structure or resource allocation. The green and digital transitions present specific challenges that justify tailored provisions for the anticipation and management of change, along with bespoke public policies.
16. Recognising the implications of corporate restructurings, including digital and environmental transformations, it is essential to ensure that workers and their representatives are fully and in a timely manner informed and consulted on matters directly affecting them. To this end, Member States should require central management to provide comprehensive and timely information on the anticipated transition, ensuring transparency and fostering trust between employers and workers.
17. Central management should consult workers' representatives on the legal, organisational and employment aspects of the anticipated transition, including the projections of occupations likely to be affected. Complementing this, workers' representatives should be consulted on a skill mapping aimed at detailing required competencies and qualifications as well as the specific training measures that can address these needs. Member States should also ensure that workers' representatives have early access to plans for the digital intensification of operations, including automation and technological innovations, so that they can address their potential impact on worker privacy, task organisation, and overall work dynamics. Additionally, a foresight analysis projecting the impacts of the transition over a specified timeframe should be conducted to enable forward planning and ensure preparedness.
18. This Directive should be regarded as a complement to the existing information and consultation acquis. To achieve the specific objectives of this Directive, Member States should ensure that domestic laws include provisions for information and consultation specifically addressing cases of transition in general and, in particular, of transition to a green and digital economy.
19. Workers' representatives often lack the financial and human resources necessary to closely monitor regulatory and market indicators that may signal impending change. To enhance their preparedness for upcoming transitions, Member States should ensure that workers' representatives have access to relevant and up-to-date information about the likelihood of a transition affecting their undertaking. Early warning tools could be triggered by, for example, non-payment of taxes or social security contributions, the initiation of a preventive insolvency procedure, the entry into force of a legal obligation applicable to the undertaking, or technological development likely to affect employment in the short term.
20. Early warning system tools could be developed either by Member States or by third entities, such as auditors, provided that the objective is met. For the purpose of this Directive, Member States may adapt the early warning tools developed under Directive 2019/1023<sup>7</sup>. Member States should make information about early warning tools available online, for example on a dedicated website or webpage. Member States should be able to adapt the early warning tools depending on the size of the enterprise and to lay down specific provisions on early warning tools for large-sized enterprises and groups that take into account their peculiarities.
21. A just transition for workers should guarantee secure employment. Member States should ensure that redundancies occurring within the context of a transition, as defined in this Directive, are treated as a measure of last resort, to be considered only after other alternatives have been exhausted. Furthermore, Member States should establish a legal and policy framework enabling social dialogue at relevant levels on job-to-job transitions, in particular for occupations that may disappear or be significantly reduced. Job-to-job transitions should preferably occur within the same undertaking, the same group of undertakings, or if not possible in cooperation with other undertakings, including through job placement programmes. To make these

<sup>7</sup> Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency)



transition pathways viable, every effort should be made to retain affected workers within the same sector and region, ensuring minimal disruption to their professional and personal lives.

22. Job-to-job transition pathways should be designed with full consideration of gender balance and diversity at the workplace. This could include setting higher targets, including upskilling and reskilling targets, for underrepresented groups of workers to ensure equitable opportunities and outcomes.
23. Considering the profound transformations brought about by the transition to a green and digital economy, dedicated collective bargaining processes should be undertaken. Member States have ratified ILO Freedom of Association and Protection of the Right to Organise Convention No 87 (1948) and ILO Right to Organise and Collective Bargaining Convention No 98 (1949). The right to bargain collectively is recognised under those ILO conventions, under ILO Labour Relations (Public Services) Convention No 151 (1978) and ILO Collective Bargaining Convention No 154 (1981), as well as under the Convention for the Protection of Human Rights and Fundamental Freedoms and the ESC. Articles 12 and 28 of the EU Charter of Fundamental Rights guarantee, respectively, the freedom of assembly and association and the right of collective bargaining and action. According to its preamble, the Charter reaffirms those rights as they result, in particular, from the Convention on the Protection of Human Rights and Fundamental Freedoms and the Social Charters adopted by the Union and by the Council of Europe. Member States should take, as appropriate and in accordance with national law and practice, measures promoting collective bargaining on wage-setting. Such measures might include, among others, measures easing the access of trade union representatives to workers.
24. Member States should place particular emphasis on adjustments to collective agreements and company policies resulting from the shift to greener production, monitoring progress toward climate and environmental objectives, and managing changes to working conditions. Special attention should be placed on safeguards accompanying the introduction of new technologies, including protections for worker privacy, consent to data collection, and human oversight in decision-making processes, and periodic audits. These specific measures should be considered as supplementary to the workers' rights in a situation of transition set out in this Directive.
25. Effective collective bargaining at cross-sectoral, sectoral and company levels is an essential means to ensure workers' anticipation and management of transitions. Building on Directive 2022/2041<sup>8</sup>, Member States should implement measures to facilitate the exercise of the right to collective bargaining in the context of transitions. Where relevant, Member States may expand the scope of the action plans adopted in accordance with Article 4 of Directive 2022/2041 to collective bargaining for just transitions.
26. To effectively complement collective bargaining on the management of change, Member States should implement national strategies to address skills challenges, with a particular emphasis on the requirements of the green and digital transitions. Considering the dynamic nature of labour markets and the evolving demands of the emerging green economy, Member States should develop advanced labour market intelligence and foresight mechanisms at a sufficiently granular level. These tools should identify and forecast both occupation-specific and transversal skills needs, ensuring that vocational education and training curricula remain relevant and responsive. Such efforts should be guided by the EU Fair Transitions Observatory's annual public reports, which should aim at facilitating timely and evidence-based updates to training programmes.
27. This Directive underscores the importance of inclusivity and accessibility in vocational education and training. Particular attention should be given to vulnerable groups, including people with disabilities, individuals with low qualifications, minorities, people with migrant backgrounds, and those disadvantaged by geography or socio-economic status. Gender balance in traditionally gender-segregated professions should also be actively promoted through targeted measures.
28. To ensure equitable access to training and development, Member States should ensure that workers have access to free or subsidised upskilling, retraining opportunities, and apprenticeships. Considering the financial and time commitments involved in vocational training, Member States should ensure that preparation, postprocessing, and training time are considered working time without loss of income. Similarly, apprenticeships should be compensated fairly.
29. Member States should ensure sufficient funding for quality skills and vocational training programmes. To this end, cost-sharing arrangements should be established between Member States and undertakings, ensuring that employers contribute fairly to the training, reskilling and upskilling of workers. Specifically, Member States may implement schemes co-funded by employer contributions.
30. Member States should implement a combination of diverse social protection policies to support the most

<sup>8</sup> Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union

vulnerable households and workers most affected by transitions. As set out in Council Recommendation 2022/C 243/04<sup>9</sup>, Member States should particularly focus on fair and progressive taxation, social inclusion policies, income support and access to affordable essential services and housing.

31. As a follow up to the Council Recommendation 2022/C 243/04<sup>10</sup>, the European Commission is expected to set up a Fair Transition Observatory. The Clean Industrial Deal clarified that the European Fair Transition Observatory will strengthen the evidence base on fairness aspects of the green transition, develop standardised indicators, collect best practices and facilitate data sharing to measure impacts and outcomes related to employment, quality job creation and job-to-job transitions, workforce reskilling, investment needs, social protection and access to essential services<sup>11</sup>. The EU Fair Transition Observatory should be based on transparent and inclusive governance, including representatives of European social partners. Its annual reports should be transparent and publicly available, for example via a dedicated webpage. The Observatory should be tasked with providing intelligence foresight to enable informed decision-making at all levels. To support this work, close synergies should be established with firm level reporting obligations. To this end, Member States should facilitate the Observatory's access to the transition plans required under this Directive.
32. Directive 2022/2464<sup>12</sup> highlights the need for greater transparency in corporate sustainability reporting to support the transition to a sustainable economy and the objectives of EU climate policy. The Directive highlights the contribution of sustainability reporting to improving social dialogue, and the role of stakeholders can play in identifying material impacts, risks and opportunities. Reliable, comparable and relevant sustainability disclosures enable investors and stakeholders such as workers and consumers, to assess undertakings' environmental and social impacts, improving corporate accountability and risk management. Such reporting is also crucial for the efficient allocation of capital towards sustainable investments and helps prevent greenwashing and social washing, ensuring that businesses contribute effectively to the Union's sustainability goals.
33. Several instruments of Union law, such as Directive 2024/1760<sup>13</sup>, Directive 2010/75<sup>14</sup> and Directive 2003/87<sup>15</sup> recognise the need for undertakings to develop and report on transition plans. In particular, Directive 2024/1760 requires undertakings falling within its scope of application to develop and report on climate mitigation plans. The present Directive builds on this Union law to streamline sustainability reporting obligations and close loopholes. Regarding transition plans for climate mitigation, it is important to ensure that all undertakings are covered, regardless of the various scopes established by different instruments. Concerning digital and other transitions, an obligation to report on transition plans should equally apply to all undertakings, with due consideration to their size and legal form.
34. Commission Regulation 2023/2772<sup>16</sup> requires undertakings to provide entity-specific disclosures where an impact, risk or opportunity is not covered or not covered with sufficient granularity by the applicable cross-cutting, topical, and sector-specific European Sustainability Reporting Standards. The present Directive simplifies the current situation by entrusting the Commission, with the technical advice of EFRAG, to develop a common standard for just transitions. The present Directive reduces the reporting burden on undertakings complying with this Directive by replacing entity-specific reporting with specific disclosure requirements. Taking into consideration that this Directive applies to all undertakings, efforts should be made to develop standards proportionate to the size and type of companies.
35. Recognising the significant economic and societal transformations brought about by the transitions to a green and digital economy, it is imperative to ensure that the policy-making process adheres to good regulatory principles. In line with the 2012 OECD Recommendation on Regulatory Policy and Governance, Member States should adhere to principles of open government, including transparency and participation of social partners in the regulatory process to ensure that regulation serves the public interest and is informed by the legitimate needs of those interested in and affected by regulation. Additionally, regulatory impact assessments as well as ex post regulatory

<sup>9</sup> See above note 11

<sup>10</sup> See above note 16

<sup>11</sup> See above note 12 at p.21

<sup>12</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2004, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

<sup>13</sup> Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859

<sup>14</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)

<sup>15</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC

<sup>16</sup> Commission delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

evaluations should be incorporated in the regulatory process, with a particular emphasis on employment and social impacts.

36. The European Commission should review existing European Structural and Investment Funds Regulations, including Regulation 2021/1056<sup>17</sup> and Regulation 2023/955<sup>18</sup>, to identify potential regulatory adjustments needed to enhance the coherence and effectiveness of the objectives set out in this Directive. For instance, European Funds could be strategically used to leverage Member States' actions in addressing skill gaps. In line with the principles of good regulatory processes outlined in this Directive, European Funds should be conditioned in particular on ensuring participatory governance and social dialogue.
37. To secure effective implementation of this Directive and in accordance with Articles 30(3) and 42(1) of Directive 2014/23/EU<sup>19</sup>, Articles 18(2) and 71(1) of Directive 2014/24/EU<sup>20</sup> and Articles 36(2) and 88(1) of Directive 2014/25/EU<sup>21</sup>, of the European Parliament and the Council, public procurement contracting authorities and contracting entities are to take appropriate measures, including the possibility to introduce contract performance conditions, and ensure that economic operators comply with the workers' rights set out in this Directive in particular on anticipation and management of change. Furthermore, the European Commission and Member States should ensure that the allocation of public funding, whether from national or European sources, is subject to social conditionalities, ensuring that public financial support actively promotes quality employment, social dialogue and just transition commitments.

Have Adopted This Directive:

## Chapter I: General Provisions

### Article 1 – Subject Matter

1. In line with the European Pillar of Social Rights, this Directive aims to promote just transitions by enabling undertakings, workers' representatives, trade unions, and public authorities to anticipate, prepare for, and manage change. The overall goal is to facilitate the Union's transition to a sustainable, climate-neutral, and digital economy.

2. To that end, this Directive establishes a framework to:

- (a) ensure minimum conditions for the protection of workers in situations of transition and the maintenance and creation of quality jobs;
- (b) enhance skills development, career transitions, and the right to remain in employment;
- (c) promote proactive engagement of social partners at company, sectoral and cross sectoral level through timely and effective social dialogue, collective bargaining, and transparent, inclusive decision-making processes.

### Article 2 – Definitions

For the purposes of this Directive:

- (a) **'transition'** means a situation where the undertaking is contemplating the adoption of a strategic decision that addresses:
  - i. a public policy objective, including public health; and/or
  - ii. an entity-specific action plan organised as a structured set of targets and actions, associated with a key strategic decision, a major change in business model, and/or particularly important actions and allocated resources.
- (b) **'green transition'** means the transition of the Union economy and society towards the achievement of the climate and environmental objectives primarily through policies and investments, in accordance with, among others, the European Climate Law laying down the obligation to achieve climate neutrality by 2050, the Clean Industrial Deal and international commitments, including the Paris Agreement, other Multilateral Environmental Agreements and the Sustainable Development Goals;
- (c) **'digital transition'** means the process of integrating digital technologies, including Artificial Intelligence, into various aspects of the economy and society to improve efficiency, including to accelerate the green transition;

<sup>17</sup> Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund

<sup>18</sup> Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060

<sup>19</sup> Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts

<sup>20</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

<sup>21</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

- (d) **‘central management’** means the central management of the undertaking or, in the case of a group of undertakings, of the controlling undertaking within the meaning of Article 3 of Directive 2009/38<sup>22</sup>;
- (e) **‘workers’ representatives’** means the workers’ representatives provided for by national laws and/or practices;
- (f) **‘information’** means transmission of data by central management to workers and their representatives in order to enable them to acquaint themselves with the subject matter and to examine it; information shall be given at such time, in such fashion and with such content as are appropriate to enable workers and their representatives to undertake an in-depth assessment of the possible impact and, where appropriate, prepare for consultations with central management;
- (g) **‘consultation’** means the establishment of dialogue and exchange of views between workers and their representatives and central management or any more appropriate level of management, at such time, in such fashion and with such content as enables workers and their representatives to express an opinion on the basis of the information provided about the proposed measures to which the consultation is related, without prejudice to the responsibilities of the management, and within a reasonable time, which may be taken into account within the undertaking or group of undertakings;
- (h) **‘collective bargaining’** means all negotiations which take place according to national law and practice in each Member State between an employer, a group of employers or one or more employers’ organisations on the one hand, and one or more trade unions on the other;
- (i) **‘social partners’** means employers’ organisations and trade unions, in accordance with national law and practice.

## Chapter II: Principles of a Just Transition for Workers

### Article 3 – Principles

1. A just transition for workers guarantees that the employment and social impacts of a transition are proactively identified and mitigated, particularly where adverse risks to workers and their communities arise.

2. To achieve a just transition for workers, the following principles shall be upheld by public authorities and social partners:
  - (a) Promote the principle of reindustrialisation through the creation of quality jobs, fostering open strategic autonomy, and reducing energy dependence in a manner that supports sustainable and resilient economic development;
  - (b) Ensure fair working conditions, and the full respect of workers and trade union rights, including the right to organize and to bargain collectively;
  - (c) Anticipate and manage change through collective bargaining and social dialogue, with a view to identifying negotiated solutions at cross-sectoral, sectoral and workplace levels;
  - (d) Guarantee workers the right to remain employed through proactive measures that support job retention and retraining or upskilling;
  - (e) Ensure the right for workers to high-quality training without cost to them and during working time;
  - (f) Develop evidenced-based public policy packages, addressing skills gaps, quality jobs, adequate social protections and decent standards of living for those impacted by the transition;
  - (g) Ensure inclusive policy-making processes with the active involvement of social partners.
3. Overall, a just transition for workers promotes measures that reduce inequalities and guarantee diversity and inclusion.

## Chapter III: Workers’ Rights

### Article 4 – Anticipation Of Change

1. Member States shall ensure that workers’ representatives, or where there are no such representatives workers themselves, have a specific right to receive from central management timely information on anticipated transitions, enabling them to conduct a thorough assessment, engage in meaningful consultations, and, where appropriate, participate in collective bargaining.
2. Member States shall ensure that central management informs and consults workers’ representatives on at least the following:

<sup>22</sup> Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees

- (a) Where relevant, the legal obligations resulting from Union and/or national law and applicable to the undertaking in relation to the anticipated transition;
- (b) An initial analysis from central management regarding the impact of the anticipated transition on operations, organisational structures, and employment;
- (c) Any plan for substantial change potentially affecting employment or work organisation, such as new working methods or production processes, transfers of parts or all of the undertaking, preventive insolvency and insolvency, cut-backs and closures, and collective redundancies;
- (d) A detailed analysis of occupations likely to be affected by the anticipated transition, including projection for job losses, job redefinition or potential relocations;
- (e) A comprehensive skills strategy, including a mapping of required competencies and qualifications, and the implementation of specific training measures to address identified needs;
- (f) The impact of the anticipated transition on health and safety at work, along with anticipated measures to mitigate new risks or the potential exacerbation of existing risks;
- (g) A foresight analysis projecting the anticipated impacts over a specified number of years in relation to (a) to (f);
- (h) Current state and projected trends of the economic and financial situation, as well as the anticipated development, production and sales of the undertaking.

## Article 5 – Early Warning

1. Member States shall ensure that workers and their representatives have access to early warning tools capable of detecting significant shifts in business strategy and operations.

These tools are intended to signal the need for urgent action by social partners in order to anticipate and proactively manage impending changes.

2. Early warning tools may include the following:
  - (a) advisory services provided by public or private organisations;
  - (b) incentives under national law for third parties with relevant information about the undertaking, such as auditors;

- (c) alert mechanisms triggered when market or economic indicators suggest potential impacts on employment within the undertaking, such as new technological or regulatory developments.

3. Member States shall ensure that workers and their representatives have access to relevant and up-to-date information about the availability of early warning tools.

Information on access to early warning tools shall be publicly available online, easily accessible and presented in a user-friendly format.

## Article 6 – Management of Change

1. Member States shall ensure that redundancies are considered by the undertaking only as a last resort and that priority is given to other solutions that allow workers in a situation of transition to remain in employment, such as upskilling, reskilling, redeployment initiatives and job-sharing, reduced working hours, remote working, long-term educational leave or early retirement.
2. In full respect of the autonomy of the social partners, Member States shall promote and facilitate collective bargaining at the relevant level on the following topics in particular:
  - (a) Secure employment and job-to-job transition pathways with priority given to maintaining workers' employment in the same undertaking or group of undertakings, sector and region;
  - (b) Measures for the upskilling and reskilling of workers, including:
    - i. Individual rights to training with quantitative targets, such as ensuring a minimum number of training targeting women in underrepresented occupations;
    - ii. Paid leave of absence for training or educational purposes
    - iii. Training budgets aligned with the defined training needs
  - (c) Gender balance and diversity at the workplace.

## Article 7 – Workers' Involvement in Relation to the Green and Digital Transition

1. In a situation of transition towards a green and digital economy, Member States shall ensure that central management specifically informs and consults workers' representatives, or where there are no such representatives workers themselves, on at least the following:



- (a) An initial strategic plan for the transition towards the achievement of climate and environmental objectives, including:
    - i. Concrete targets set by the undertaking, their justification and proposed timeline, including for long-term business strategy;
    - ii. Anticipated changes to working conditions directly or indirectly caused by the green transition, including change in nature of the tasks and modification in work processes or operations;
    - iii. Projections associated with job losses, job redefinition and change in working time or work organisation;
    - iv. Mapping of skills and competencies needs.
  - (b) Planned initiatives for the digital intensification of business operations, including:
    - i. the anticipated automation of processes or tasks;
    - ii. the proposed use of technological devices that may directly or indirectly impact worker privacy and work organisation;
2. In full respect of the autonomy of the social partners, Member States shall promote and facilitate collective bargaining at the relevant level on the following topics:
- (a) Adjustments to collective agreements and company policies to reflect the impact of the green and digital transition;
  - (b) Periodic reports assessing progress towards the targets for the achievement of climate and environmental objectives as well as potential adjustments to the anticipated changes in working conditions, job losses and job redefinitions;
  - (c) Safeguards accompanying the introduction of new technologies, including:
    - i. Workers' right to consent to data collection and storage;
    - ii. Data collection tools and policies relevant to workers' privacy, including policies on data storage and third-party access;
    - iii. Final human oversight and validation for decisions that impact workers;
    - iv. Periodic joint audits and evaluations to assess the impact of new technologies on workers.
  - (d) Fair share of added value, ensuring that workers equitably benefit from improvements and gains linked to the green and digital transitions, for example through wage increases, reduced working hours, or other equivalent advantages;
  - (e) Joint grievance mechanisms to address and resolve workers' complaints, which shall ensure that workers and their representatives have access to timely and effective remedies in case of violation of their rights. These mechanisms shall include clear procedures for filing complaints, independent oversight where appropriate, and guarantees against retaliation for workers who raise concerns.
3. This Article is without prejudice to the other provisions of this Directive. The obligations on information, consultation and collective bargaining specific to the transition to a green and digital economy shall be considered supplementary to the obligations laid down in this Chapter.

## Article 8 – Right to Expertise

1. Member States shall provide that workers' representatives, or where there are no such representatives workers themselves, have the right to request assistance from experts of their choice.
2. With a view to facilitate the exercise of their rights under this Directive, workers' representatives shall be provided with training without loss of wages.
3. The costs associated with the expertise shall be borne by management.

## Chapter IV: Public Policies

### Article 9 – Just Transitions Strategies

1. Member States shall develop and implement national and, where relevant, regional just transition strategies setting out a structured approach to managing the social impacts of the green and digital transitions at sectoral and regional level, in consultation with the social partners.
2. These strategies shall take into account the labour market and skills intelligence and foresight carried out in accordance with Article 11(2), the public annual reports issued by the EU Fair Transition Observatory in accordance with Article 13, and the transition plans of undertakings prepared in accordance with Chapter V of this Directive.
3. Just transitions strategies shall identify how transitions will affect individual sectors, outline workforce and skills needs, and the measures taken to ensure just, fair and

inclusive transitions for workers in accordance with this Directive and taking into account Council Recommendation 2022/C 243/04 where relevant.

## Article 10 – Collective Bargaining On Just Transitions

1. Member States shall guarantee an enabling framework that promotes dialogue between social partners, the formation of joint diagnoses and negotiated solutions through collective bargaining.
2. To that end, Member States, with the involvement of the social partners, in accordance with national law and practice, shall:
  - (a) promote the building and strengthening of the capacity of the social partners to engage in collective bargaining on just transitions, in particular at sector or cross-industry level;
  - (b) encourage constructive, meaningful and informed negotiations on just transitions, including in particular on the topics referred to in Articles 6 and 7 of this Directive, between the social partners, on an equal footing, where both parties have access to appropriate information in order to carry out their functions in respect of collective bargaining on just transitions;
  - (c) take measures, as appropriate, to protect the exercise of the right to collective bargaining on just transitions and to protect workers and trade union representatives from acts that discriminate against them in respect of their employment on the grounds that they participate or wish to participate in collective bargaining;
  - (d) for the purpose of promoting collective bargaining on just transitions, take measures, as appropriate, to protect trade unions and employers' organisations participating or wishing to participate in collective bargaining against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration.

## Article 11 – Skills and Training Programmes

1. Member States, in cooperation with the social partners, shall facilitate initial and vocational education and training programmes with a view to enhance employability and career development for workers in transition. Emphasis shall be placed on digital and other technical skills relevant to the emerging green economy.

2. To that end, Member States shall develop up-to date labour market and skills intelligence and foresight, identifying and forecasting occupation specific and transversal skills needs.

Vocational education and training curricula shall be regularly reviewed by Member States, in cooperation with the social partners, taking into account the information made available in the annual public report issued by the EU Fair Transitions Observatory in application of Article 13 of this Directive.

3. Vocational education and training programmes shall be inclusive and accessible for vulnerable groups, such as people with disabilities, low-qualified/skilled persons, minorities, people with migrant background and people with fewer opportunities because of their geographical location and/or their social-economically disadvantaged situation.

Targeted measures shall be developed to promote gender balance in traditionally 'male' or 'female' professions.

4. For the purpose of this Directive, Member States shall guarantee access to free or subsidized upskilling, retraining opportunities and apprenticeships.
5. Member States shall ensure that the time spent in preparation of vocational training, as well as time spent at the training itself, shall be considered as working time without loss of income.
6. For the purpose of this Directive, Member States shall ensure that the time spent on apprenticeship is paid or otherwise compensated, in accordance with national and collective agreements and taking into account arrangements on cost-sharing between employers and public authorities.

## Article 12 – Social Protection Systems and Skill Development

1. This Directive is without prejudice to Member States' actions to secure adequate social protection systems with a view to provide income security as well as adequate social infrastructure, taking into account Council Recommendation 2022/C<sup>23</sup> 243/04 and, where applicable, Council Recommendation 2019/C 387/01<sup>24</sup>.
2. Member States shall put in place measures to ensure that employers bear a fair share of the costs associated with the development of vocational education and train-

<sup>23</sup> Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (2022/C 243/04)

<sup>24</sup> Council Recommendation 2019/C 387/01 of 8 November 2019 on access to social protection for workers and the self-employed

ing programmes and access of workers to upskilling and retraining opportunities. Such measures may include, but are not limited to, funding schemes based on employer contributions.

3. By XXX, Member States shall communicate to the European Commission an overview of the measures taken in application of this Article.

## Article 13 – EU Fair Transitions Observatory

1. The Commission shall set up by delegated act an EU Fair Transitions Observatory.

The governance of the EU Fair Transitions Observatory shall include representatives of European social partners and civil society and environmental stakeholders.

2. The EU Fair Transitions Observatory shall support Member States and the Commission in the monitoring of the employment and social dimensions of industrial decarbonisation, and in the implementation of just transition policies, as set out in this Directive and Council Recommendation 2022/C 243/04<sup>25</sup>.

The Commission shall in particular entrust the Observatory with the task of collecting and assessing firm level data against the Union's commitments and issuing intelligence foresight.

To that end, Member States shall ensure that the transition plans referred to in Chapter V of this Directive are communicated to the EU Fair Transitions Observatory.

3. The EU Fair Transitions Observatory shall issue a public annual report detailing the following elements in particular:
  - (a) Main characteristics of on-going transitions across economic sectors and regions (in accordance with NUTS3 classification);
  - (b) Employment impact of on-going transitions across job functions, economic sectors and regions;
  - (c) Skill and training needs by job functions, economic sectors and regions;
  - (d) Collective bargaining trends and identification of good practice examples;
  - (e) Labour market and skills foresight, identifying and forecasting upcoming transitions, their employment impact and skills needs;

- (f) Identification of gaps between the climate mitigation targets mandated by Union law and the roadmaps set out in undertakings' transition plans.

4. The public annual report referred to in the above subparagraph shall include a dedicated section on transitions towards a green and digital economy, taking into account the specific provisions provided for in Chapter V of this Directive.

## Chapter V: Transition Plans

### Article 14 - Transition Plans for Climate Change Mitigation

1. Member States shall ensure that undertakings adopt and implement transition plans for climate change mitigation in accordance with Article 22 of Directive 2024/1760. Member States shall ensure that undertakings which are otherwise not covered by Directive 2024/1760 prepare a climate mitigation transition plan.
2. Without prejudice to Chapter III and Chapter IV of this Directive, and in accordance with Article 19b (5) and 29a (6) of Directive 2022/2464, the draft transition plan for climate change mitigation shall be provided to workers' representatives, or where there are no such representatives, to workers themselves, for discussion and for an opinion before finalisation.
3. The Commission shall adopt a delegated act establishing reporting standards for transitions plans for climate change mitigation, taking into account the technical advice of EFRA.

These standards shall be proportionate to the size and type of companies.

### Article 15 – Other Transition Plans

1. Member States shall ensure that where an undertaking considers a transition other than, or in addition to, climate mitigation, a transition plan is prepared in accordance with this Article.
2. Member States shall require undertakings to report on a transition plan for every case of potential transition within the meaning of this Directive.

The transition plan shall be updated annually, providing a description of the company's progress and an updated foresight analysis projecting anticipated impacts over the next five years.

<sup>25</sup> Council recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality (2022/C 243/04)

3. Without prejudice to Chapter III and Chapter IV of this Directive, and in accordance with Article 19b (5) and 29a (6) of Directive 2022/2464, the draft transition plan shall be provided to workers' representatives, or where there are no such representatives, to workers themselves, for discussion and for an opinion before finalisation.
4. For the purpose of reporting, the transition plan shall include at least the following elements:
  - (a) Relevant obligations arising from Union and/ or national law and applicable to the undertaking in relation to the anticipated transition;
  - (b) Impact on employment, including job numbers, work organisation, and changes to the corporate structure. This shall include both persons in an employment relation with the undertaking, agency workers, self-employed contractors (including platform workers), and workers in the value chain;
  - (c) Skill mapping;
  - (d) Impact on occupational safety and health;
  - (e) Measures for mitigating negative impacts on employment, such as upskilling and reskilling, redeployment initiatives and job-sharing or early retirement.
5. The Commission shall adopt a delegated act establishing reporting standards for transition plans, taking into account the technical advice of the European Financial Reporting Advisory Group (EFRAG) and in accordance with Article 29b of Directive 2022/2464.

These standards shall be proportionate to the size and type of companies.

6. Undertakings preparing a report for the purpose of this Article shall be deemed to have fulfilled their obligation to provide entity-specific disclosures as referred to in ESRS S1 paragraph 11 and AR1 to AR5 of Regulation 2023/2772<sup>26</sup>.

## Chapter VI: Other Provisions

### Article 16 – Regulatory Processes

When developing and implementing policies aimed at advancing the transitions to a green and/ or digital economy, Member States shall adhere in particular to the fol-

lowing stages of the policy cycle with a view to ensure a regulatory process that meets the principles of a just transition for workers:

- (a) Ensure meaningful opportunities for engagement by social partners at all relevant levels, allowing them to contribute to the preparation of draft policies as well as to participate in ongoing monitoring and ex post evaluation;
- (b) Incorporate regulatory impact assessments at the early stages of policy development. These assessments shall include thorough evaluations of employment and social impacts of the proposed policies;
- (c) Implement systematic monitoring and conduct independent ex post evaluations specifically focused on employment and social impacts;
- (d) Integrate gender perspectives comprehensively at all stages of the policy-making process;
- (e) Ensure that measures supporting a just transition are designed to enhance efficiency, reduce unnecessary administrative burdens, and create a predictable regulatory environment for businesses.

### Article 17 – Financial Support Instruments

1. Member States may make full use of European Structural and Investment Funds for the purpose of implementing the principles of a just transition for workers. Member States may in particular focus on investments that will facilitate the development of skills, training and apprenticeship programmes.
2. Member States shall indicate how social partners have been involved in the preparation and implementation of the investment, in accordance with the key steps outlined in Article 16.
3. The European Commission shall review by XXX how existing EU Regulations may need to be adjusted with a view to promote the principles and objectives of this Directive.

## Chapter VII: Enforcement

### Article 18 – Conditional Access to Public Resources

1. The appropriate measures that Member States take in accordance with Article 30(3) of Directive 2014/23/EU<sup>27</sup>, Article 18(2) of Directive 2014/24/EU<sup>28</sup> and Article 36(2)

<sup>26</sup> See above note 20

<sup>27</sup> Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts

<sup>28</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

of Directive 2014/25/EU<sup>29</sup> shall include measures to ensure that, in the performance of public contracts or concessions, economic operators comply with the obligations arising from this Directive.

2. Member States shall request contracting authorities to introduce, as appropriate, penalties and termination conditions ensuring compliance with the provisions of this Directive in public contracts and concessions.
3. Member States shall ensure that beneficiaries of European and/ or domestic state aid, including in the context of the European Structural and Investment Funds, comply with:
  - (a) the obligations arising from this Directive, and in particular from Chapter III;
  - (b) applicable obligations in the fields of social and labour law established by Union law and/ or national law and collective agreements.

Member States shall ensure that the failure to comply with these obligations is subject to administrative penalties, including reductions or exclusions from state aid.

## Article 19 – Penalties

1. Member States shall lay down the rules on effective, proportionate and dissuasive penalties applicable to infringements of the rights and obligations falling within the scope of this Directive. Member States shall take all measures necessary to ensure that those rules are implemented.
2. Member States shall ensure that the penalties referred to in paragraph 1 guarantee a real deterrent effect with regard to infringements of the rights and obligations arising from this Directive. Those penalties shall include fines, the setting of which shall be based on national law.
3. Member States shall ensure that specific penalties apply in the case of repeated infringements of the rights and obligations arising from this Directive.
4. Member States shall take all measures necessary to ensure that the penalties provided for pursuant to this Article are effectively applied in practice.

## Article 20 – Non Regression and More Favourable Provisions

1. This Directive shall not constitute valid grounds for reducing the general level of protection already provided to workers within Member States, in particular with regard to rights to training, job transition, job security and worker involvement.
2. This Directive shall not affect Member States' prerogative to apply or to introduce laws, regulations or administrative provisions which are more favourable to workers or to encourage or permit the application of collective agreements which are more favourable to workers.
3. This Directive is without prejudice to any rights conferred on workers by other legal acts of the Union.

## Article 21 – Monti Clause

1. Nothing in this Directive shall be interpreted or applied in a manner that restricts, infringes upon, or undermines the fundamental rights recognized in Member States, including the right to collective bargaining, the right to strike, or the right to take collective action.
2. This Directive respects the autonomy of social partners and does not affect their ability to negotiate, conclude, or enforce collective agreements, or to engage in other activities consistent with national industrial relations systems.

## Article 22 – Relationship with other Instruments of Union Law

1. This Directive creates additional rights to information, consultation and collective bargaining in situations of transitions.
2. This Directive shall be without prejudice to the application of other instruments of Union law on employee involvement, including Directive 2002/14<sup>30</sup>, Directive 2009/38<sup>31</sup>, Directive 98/59<sup>32</sup>, Directive 2001/23<sup>33</sup> and Directive 2023/970<sup>34</sup>.

<sup>29</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

<sup>30</sup> Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community

<sup>31</sup> See note 29

<sup>32</sup> Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies

<sup>33</sup> Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses

<sup>34</sup> Directive 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms



## Article 23 – Reports

1. Every three years, the European Commission shall submit a report to the European Parliament and the Council on the practical implementation of the provisions of this Directive, indicating the viewpoints of the social partners at national and European level.
2. By XXX, the Commission shall assess the effectiveness of the level of enforcement of this Directive, including through a review of the effectiveness, proportionality and dissuasiveness of the penalties as provided for by Article 19 of this Directive.

## About the Author

**Séverine Picard** founded in 2021 Progressive Policies, a research and training consultancy specialised in labour rights and industrial relations. Séverine Picard is a lawyer with over two decades of experience in European and global policies. From 2007 to 2021, she provided senior legal and policy advice to the labour movement. She previously worked at the European Parliament and in the NGO sector in a research role related to the European Union.

## Peer Reviewers

**Kalina Arabadjieva** is a senior researcher at the European Trade Union Institute. She has a PhD in labour law and currently works on the social dimension of EU climate and industrial policy, the linkages between labour law and environmental law, and gender equality at work.

**Nicola Countouris** is Professor of Labour Law and European Law at the Faculty of Laws of University College London, UK. Between 2020 and 2023 he was the Director of Research at the Brussels based European Trade Union Institute (ETUI), the research and training institute of the European Trade Union Confederation (ETUC).

**Sigurt Vitols** is a senior researcher at the Wissenschaftszentrum Berlin für Sozialforschung and an associate researcher at the European Trade Union Institute. His research focuses on worker participation, company law and sustainability. For the past four years he has contributed to the development of the European Sustainability Reporting Standards, which require large EU companies to report on their environmental and social impacts, including on their just transition provisions.

## Acknowledgements

The FES Competence Centre Climate and Social Justice would like to thank the author and the reviewers for their dedicated work on this legal proposal for a European Just Transitions Directive. We are also very thankful to Ludovic Voet for expressing the political support on behalf of the European Trade Union Confederation, acknowledging the usefulness of such a directive. It is evident that the challenges of the twin transition go beyond the limits of this proposed legal document and that public policies in various fields are needed to really assure that no one is left behind. We also would like to thank Ben Lennon very much for his support in helping to bring together the different people and elements needed for this project, and for the valuable insights into the unions' perspectives.

## Proposal for a European Just Transitions Directive

The success of Europe's twin transitions—climate and digital—will shape the future and prosperity of our industries, workforce, and economy. The European Union has made bold commitments to industrial modernisation. However, it often overlooks the workforce as a factor for success. Structured worker involvement with a real voice in shaping change improves decision-making, strengthens industrial stability, and ensures wider acceptance. Until now, the EU's approaches for a just transition are fragmented. A European Just Transition Directive, as suggested in this publication, would deliver a binding framework for early intervention, structured workforce planning, and the right to paid training in order to enable companies and workers to jointly anticipate and manage change. Through proactive redeployment, reskilling initiatives, and innovative work arrangements, Europe's industrial base and regional skills capacity will be protected—strengthening economic competitiveness, quality jobs and social cohesion across the continent.

Further information on the topic can be found here:

➤ [justclimate.fes.de](https://justclimate.fes.de)