



Preliminary Report WP2

“Framing the Green Transition”

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1. Introduction

The aim of the project **Social green deal - Role and perspectives of labor relations and social dialog in the management of the green transition of local economies** is to understand the current and potential role of labor relations and social dialog in the management of the greening of local economies.

After a series of environmental pollution, the aggravation of climate change, the lack of resources (especially due to the war in Ukraine) and the problems after the pandemic COVID-19, it is necessary today to think about how to ensure development that does not have a negative impact on the environment and is resilient and independent of other people's resources. It is necessary to transform the economy "from brown to green" and to orient industrial policy towards long-term social well-being. The European Union has set a goal of becoming a carbon-neutral continent by 2050, and the documents listed in this report provide an important framework for achieving this goal.

The first document of this project, entitled Preliminary report - Framing the Green Transition, aims to present the legal and policy framework of the green transition at the European level. This report provides an overview of the main documents that enable the green transition of the European Union economies with the aim of ensuring sustainable development. This document is an introduction to the topic and highlights the opportunities available to the countries of the European Union and therefore to the countries involved in this project: Italy, Spain, Belgium, Croatia, Bulgaria and the Netherlands.

2. Overview of the European and global strategy for implementing ecological change and sustainable growth

Today, the ecological transition and the implementation of a sustainable development model represent both necessary challenges and possible and desirable solutions to numerous economic, social and environmental problems that are a consequence of the linear concept of economic growth that still prevails. In search of new, alternative approaches to development, the EU has drafted and adopted a variety of strategic documents that provide an integrated strategic framework for the successful transition of the individual economies that are members of the EU to green growth and sustainable development. The objectives of the EU strategic framework designed in this way should lead to legislative changes, implementation of relevant policies, and specific actions by individual EU members. For this reason, the environmental green transition and the implementation of the concept of sustainable development can and should have multiple benefits for all members individually and for the EU as a whole: On the one hand, these processes should enable an increase in national prosperity, employment, and living standards, and on the other hand, they should reduce pressure on environmental components, preserve natural resources, and increase the quality of life of the EU population. The ecological transition will have positive effects from various points of view: Climate, environment, economy, health, employment, etc. The transition must be accompanied by equitable transition plans, policies and resources to leave no one behind and avoid social and occupational impacts.

2.1. The European Strategy's

2.1.1. The European Green Plan

The European Green Plan is a new growth strategy that aims to transform the EU into a just and successful society with a modern, efficient and competitive economy with zero net greenhouse gas emissions by 2050 through investment in research, innovation and environmental protection. The EU has the collective capacity to progressively make its society and economy more sustainable, to protect, preserve and increase the EU's natural capital, to protect the health and well-being of citizens from environmental risks, and to make a socially just transition so that no one is left behind, neither the individual nor a region.

The European Green Deal is an integral part of the European Commission's strategy to implement the Sustainable Development Goals, which aims at putting sustainability and the well-being of citizens at the centre of the economic policy while at the same time places the Sustainable Development Goals at the heart of the EU's policy making. In doing so, one of the priorities is to ensure a just and inclusive transition for all, with a view to cushioning the social and employment consequences of the transition towards a climate-neutral development model thus also gaining more social acceptance for the transformations needed.

“What is good for the planet, must be good for our people, our regions, our economies”, is written in the Political Agenda of the European Commission. No person and no place should be left behind: “We do not all start from the same point. We all share the same ambition but some may need more tailored support than others to get there”.

One of the ambition of the EGD is to create a coherent policy framework taking simultaneously into account economic, social and environmental objectives with a view to, on the one hand, create synergies between actions in these domains and, on the other hand, to identify and address possible trade-offs. In order to do so, a particular emphasis is put on the need of policy integration and on the coordination between institutional and societal actors at different levels of governance. As for the latter, the involvement of stakeholders is seen as a key feature in order to create the social consensus needed to ensure a successful transition.

The European Green Plan is divided into eight main categories, briefly presented in the table below.

Table 1. The European Green Book Plan, structured by areas and by objectives and activities

Field	Objectives and activities
Higher EU climate targets for 2030 and 2050	New European climate regulation - include climate neutrality in legislation Raise the greenhouse gas emissions reduction target to at least 50% and towards 55% for 2030 compared to 1990 levels Review all relevant climate policy instruments and propose their revision Possible extension of European emissions trading to new sectors Ensure effective carbon pricing across the economy Propose a marginal carbon adjustment mechanism for selected sectors Developing a new, ambitious EU strategy for adaptation to climate change
Providing clean, affordable, and secure energy	Develop an energy sector based on renewable energy sources with rapid phase-out of coal and decarbonization of gas Secure energy supply Revision of energy and climate plans Transition to clean energy with a view to decarbonization Eliminating the risk of energy poverty to achieve a just transition Smart infrastructure - innovative technologies and infrastructure (smart grids, hydrogen networks, carbon capture, storage and use, and energy storage)
Mobilizing industry for a clean and circular economy	Strong use of artificial intelligence, Internet of Things (IoT), 5G networks, and computing Improving consumer information on green and sustainable products Bringing together Europe's scientific and industrial originality to develop a model for environmental disaster

	<p>management</p> <p>Green public procurement</p> <p>Encouraging larger companies to use carbon-neutral products from the circular economy to support and accelerate the transition to a sustainable, inclusive economic model</p> <p>Creating a robust and integrated single market for secondary raw materials and byproducts</p> <p>Promoting new business models, setting minimum requirements to prevent environmentally harmful products from entering the EU market, and strengthening producer responsibility</p> <p>Empowering consumers to use informed sources and play an active role in the environmental transition and implementation of the Green Deal</p>
Building and renovating with efficient use of energy and resources	<p>Renovation of public and private buildings</p> <p>Legislation related to the energy performance of buildings</p> <p>Collaboration with stakeholders on the new renewal initiative</p>
Faster transition to sustainable and smart mobility	<p>Reduce transport emissions by 90%</p> <p>Promoting multimodal transport</p> <p>Propose measures to better manage the capacity of railroads and inland waterways</p> <p>Extend European emissions trading to maritime transport and reduce emissions allocated to airlines</p> <p>Increase the production and use of sustainable alternative fuels in transport</p> <p>Drastically reduce traffic pollution, especially in cities</p>
From "Field to table" - shaping a fair, healthy and environmentally sustainable food system	<p>Transition to more sustainable food systems</p> <p>The "from field to table" strategy will support the fight against climate change, environmental protection and biodiversity conservation. Likewise, this strategy will help achieve a circular economy, promote sustainable food consumption, and support affordable, healthy food for all</p> <p>Revise the Common Agricultural Policy - Apply sustainable practices</p> <p>Reduce the use and risks of chemical pesticides and the use of fertilizers and antibiotics</p>
Conservation and restoration of ecosystems and biodiversity	<p>Adoption of the Biodiversity Strategy</p> <p>To improve the quality and quantity of the forest areas of the European Union, to afforest, conserve and restore them</p>
Zero pollution level for a non-toxic environment	<p>Prevention of pollution and introduction of measures for cleaning and elimination of pollution</p> <p>Restoration of the natural functions of groundwater and surface water</p> <p>Evaluation of the existing legislation on air quality</p> <p>Elimination of pollution from large industrial facilities</p> <p>Adoption of a chemical sustainability strategy</p>

Source: The European Green Plan, https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

Significant financial resources will need to be allocated to ensure the implementation of the European Green Paper. The European Commission estimates that an additional annual investment of EUR 260 billion will be required by 2030 to meet current climate and energy targets. Given the scale of funding and the need for action, it is necessary to mobilize both the public and private sectors.

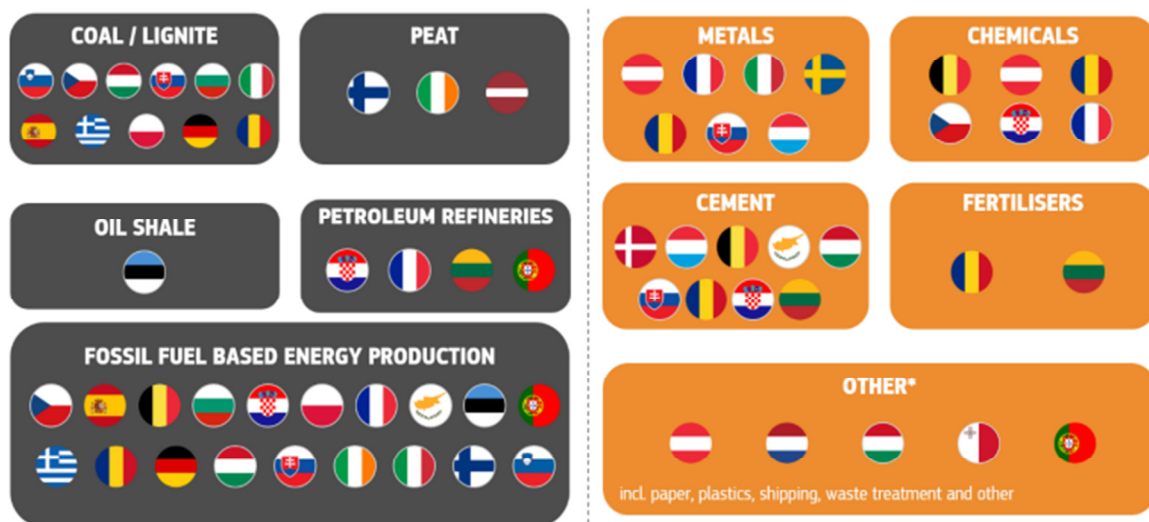
2.1.2. The Just Transition Mechanism in EU

Managing transitions to sustainability requires developing a strategic vision, investing in and implementing innovative solutions, phasing out unsustainable practices, and strengthening a just transformation. However, not all member states, regions, and cities begin the transition from the same stage of development, nor can they respond with the same capacity. This means that in addition to all the expected positive effects of the green transition and the implementation of the sustainable development model, the process itself will also be associated, at certain stages and in certain countries, with significant negative impacts, especially social ones, such as job losses. This may result, especially in the short term, in a decrease in the purchasing power of individuals and families, an increase in poverty, but also an increase in public spending on various forms of social transfers. For this reason, the Just Transition Mechanism was established as a key tool to ensure that the transition towards a climate-neutral economy, especially in the most CO₂-intensive regions and those with the highest number of fossil fuel employed, happens in a fair way, leaving no one behind. It consists of three pillars. The first pillar is the Just Transition Fund, which was established under the Cohesion Policy, the European Union's main policy for reducing risks and implementing structural changes in European regions. The Just Transition Fund will invest EUR 17.5 billion in the period 2021-2027 in the areas most affected by the transition to a carbon-neutral economy. It will support economic diversification and transformation of affected regions, including investments in small and medium enterprises, business start-ups, research and innovation, environmental clean-up, clean energy, workforce retraining, job search assistance, and transformation of carbon-intensive industries. The largest allocations under the first pillar go to Poland, Germany, Romania, and the Czech Republic, which is largely consistent with where job losses are expected to occur. The second pillar, the Just Transition Scheme under InvestEU, provides an additional EUR1.8 billion for investments in a broader range of JTF projects, including investments in energy and transport infrastructure, digitization and digital connectivity, and the circular economy. These investments will be made by private and public entities, along with financial products proposed by partners in the implementation of InvestEU, such as the European Investment Bank or national banks. Pillar 3 includes a public sector loan combining a EUR 1.5 billion grant component from the EU budget and a loan component of up to EUR 10 billion to the European Investment Bank, which is expected to mobilize EUR 25 to 30 billion, as well as public investments in energy and transport infrastructure, district heating networks, energy efficiency measures including building retrofits, and social infrastructure.

In order to address the main challenges of the transition to a carbon-neutral economy, especially when it comes to economic and employment issues, available funding should be directed to the areas most affected economically and socially by the transition. Unlike the European Regional Development Fund and the European Social Fund Plus, the Just Transition Fund will target a limited number of level 3 regions NUTS or parts of these regions. Therefore, in order to receive support from the Fund, each area must justify its dependence on fossil fuels (particularly hard coal, lignite, peat, oil shale, heavy fuel oil, and diesel fuel) and/or on industrial activities with high greenhouse gas emissions. The fact that these specific sectors are the most affected by the economic and social impacts of the transition must be justified, especially when it comes to the expected loss of jobs and conversion of production processes from industrial facilities with the highest greenhouse gas emissions.

The Commission has identified sectors in decline or transition that are potentially affected by the transition to carbon neutrality, as shown in the graph below.

Graph 1. Sectors in decline or transition that are potentially at risk from the transition to climate neutrality



Source: The Just Transition Mechanism in EU, https://ec.europa.eu/regional_policy/en/information/publications/communications/2021/the-territorial-just-transition-plans

2.1.3. The EU Climate Change Adaptation Strategy

The effects of climate change have far-reaching consequences inside and outside the Union. Water scarcity in the EU has affected various economic sectors such as agriculture, aquaculture, tourism, power plant cooling, and river freight. However, climate change is not only affecting the economy, but also the health and well-being of Europeans, who are increasingly suffering from heat waves. In addition, food security is threatened, social inequality is increasing, and cultural heritage is at risk. Due to cascading and spillover effects

on trade and migration, climate impacts occurring outside Europe are already being felt, and increasingly so, in the EU.

Economic losses due to more frequent climate-related extreme events are increasing. In the EU, these losses already average more than €12 billion per year. Conservative estimates suggest that global warming of 3 °C above pre-industrial levels would mean an annual loss of at least EUR 170 billion for the current EU economy (1.36% of EU GDP). For coastal areas, where about 40% of GDP is generated and where about 40% of the EU population lives, slow and gradual sea level rise is a growing problem. Losses are unevenly distributed, hitting regions already struggling with challenges such as weak growth or high youth unemployment.

The importance of adaptation is increasingly recognized at the global level, but several reports highlight the lack of preparedness. Extreme weather conditions and their impacts are almost constantly discussed in the media, and the increase in their intensity and frequency due to climate change is one of the main topics of global public debate. The Global Commission on Adaptation pointed out that adaptation solutions are often unquestioned, meaning that they should be implemented regardless of the final climate pathway. This is the result of their multiple additional positive impacts, especially in the case of natural solutions and disaster risk prevention, as well as the "triple bottom line" benefits of adaptation: avoiding future human, natural, and material losses; achieving economic benefits through risk reduction; increasing productivity and promoting innovation; and social, environmental, and cultural benefits.

The proposal for a European climate regulation provides the basis for a more ambitious and coherent adaptation policy. It also establishes the framework for achieving climate neutrality and ambitious adaptation targets by 2050 by incorporating a common international approach to action into EU law (i.e., the global adaptation goal from Article 7 of the Paris Agreement and the thirteenth Sustainable Development Goal). Sustainable Development Goal. In the proposal, the EU and its Member States commit to continuously improve adaptive capacity, strengthen resilience, and reduce vulnerability to climate change. The new adaptation strategy outlines a pathway for action and offers solutions to achieve this progress. Given the systemic nature of adaptation policy, adaptation actions will be implemented alongside other initiatives under the European Green Paper, such as the Biodiversity Strategy, the Renewal Wave, the Farm to Plate Strategy, the Circular Economy and Zero Pollution Action Plans, the Forests Strategy, the Soil Strategy, the Smart and Sustainable Mobility Strategy, and the Renewed Sustainable Finance Strategy.

Member States will continue to be key implementing partners, and more ambitious and proactive action at the EU level will help them meet their adaptation needs. Although adaptation challenges are local and specific, solutions can often be easily transferred and applied at regional, national, or transnational levels. Many climate change impacts have a strong transboundary (e.g., in the Arctic, macro-regions, or river basins) or international dimension (EU outermost regions and overseas countries and territories), and some are specific to the EU internal market. Solidarity between and within member states is necessary to achieve resilience in an equitable manner.

2.1.4. Fit for 55 %

The Fit for 55 package is a set of proposals to revise and update EU legislation and to put in place new initiatives with the aim of ensuring that EU policies are in line with the climate goals agreed by the Council and the European Parliament.

The package of proposals aims at providing a coherent and balanced framework for reaching the EU's climate objectives, which:

- ensures a just and socially fair transition
- maintains and strengthens innovation and competitiveness of EU industry while ensuring a level playing field vis-à-vis third country economic operators
- underpins the EU's position as leading the way in the global fight against climate change

Reducing these emissions over the next decade is critical if Europe is to become the world's first climate-neutral continent by 2050 and achieve the goals of the European Green Plan.

2.1.5. The European Industrial Strategy

Europe has been a pioneer of industrial innovation for centuries, improving the way people around the world produce, consume and do business. Built on a strong single market, European industry provides a stable life for millions of people and creates social centers around which communities gather.

Industry is key to Europe's future progress and prosperity. Industry accounts for more than 20% of the EU economy, employs some 35 million people, and many more millions of jobs are linked to it in Europe and abroad. Industry accounts for 80% of goods exports and is the main reason why the EU is the world's leading supplier and recipient of foreign direct investment. Small and medium-sized enterprises account for more than 99% of all European companies, and the vast majority of them are family businesses and the economic and social backbone (The European Industrial Strategy, European Commission). European industry is already undergoing a profound transformation. There is a significant transition from products to services and from sole ownership to shared ownership of products and services. Pressure on natural resources is already leading to a circular approach to production. Europe needs an industry that is becoming greener and increasingly digital, while maintaining its competitiveness on a global scale. It is also very important to rethink the development model, taking into account the limits of the planet and the need for an equitable distribution of resources and wealth. This will contribute to the transformation and growth of traditional and new industries, support small and medium-sized enterprises, and promote competitive sustainability across the EU.

New and changing geopolitical circumstances are having a major impact on European industry. Global market competition, protectionism, market disruptions and trade tensions pose increasing challenges to European industry. New forces and competitors are emerging. Established partners are choosing new paths. Combined with a period of global economic

uncertainty, these trends pose new challenges for European industry as it embarks on a dual environmental and digital transformation.

The industrial strategy is based on a set of fundamental principles for industrial change in Europe. The strategy envisages a series of actions to support all actors in European industry, including large and small companies, innovative start-ups, research centers, service providers, suppliers and social partners. In addition, the following basic principles for industrial change in Europe have been established:

- Creating certainty for industry: a better connected and increasingly digital single market,
- Maintaining a level playing field in the market on a global scale,
- Supporting industry's transition to carbon neutrality,
- Building an economy with a more pronounced circular dimension,
- Integrating the spirit of industrial innovation,
- Improvement and retraining, and
- Investing in and financing the transition.

Since the strategy was published the day before WHO declared the pandemic COVID -19, the European Commission presented an updated strategy in May 2021, seeking to accelerate recovery and strengthen Europe's open strategic autonomy in light of new lessons learned from the crisis. The updated strategy focuses on the following areas:

- Strengthening the resilience of the internal market
To solve the problem of the negative impact of the pandemic on the internal market, the European Commission has proposed the following measures: an emergency instrument for the internal market, the deepening of the internal market and the monitoring of the internal market.
- Solving the problem of the EU's strategic dependence
The pandemic has additionally underlined the need to strengthen the strategic autonomy of the European Union, and the European Commission has proposed the following measures: various international partnerships; industry associations; monitoring of strategic dependencies.
- Accelerating the dual transition
This update includes a series of measures proposed by the European Commission to accelerate the dual transition - green and digital.

2.1.6. European Climate Law

The goal of the European Climate Law is to achieve the goal of the European Green Plan, which is to make society climate neutral by 2050. In line with the goal of achieving climate neutrality and reducing negative emissions after 2050, the European Climate Regulation establishes a commitment to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. To achieve this, the law introduces a limit of 225 million tons of CO₂ and recognizes the need to improve the carbon sink. The Climate Change Act is the legal basis of the political commitment and irrevocably leads Europe into a dynamic future. It provides predictability and transparency to European industry and investors, guides strategy, and guarantees that the transition will be gradual and fair. The European Tin Law sends a

message to international partners about the need to work together to raise global ambition in implementing the common goals of the Paris Agreement. The Climate Law provides focus and discipline in achieving the established pathway. The Climate Law includes measures to monitor progress and adapt human action in accordance with existing systems such as the management processes of Member States' national energy and climate plans, regular reports from the European Environment Agency in coordination with the latest scientific knowledge on climate change and its impacts. Progress is reviewed every five years to ensure that the targets set out in the Paris Agreement are being met. Climate law specifies what steps must be taken:

- Based on a comprehensive impact assessment, the Commission will propose a new EU 2030 target for reducing greenhouse gas emissions. The climate law will be amended after the impact assessment is completed.
- By June 2021, the Commission will review all relevant policy instruments and propose revisions, if necessary, to achieve additional emission reductions by 2030.
- The Commission proposes to set a target path for greenhouse gas emission reductions across the EU for the period 2030-2050 to measure progress and provide certainty to public authorities, businesses and citizens on the predictability of actions and impacts.
- By September 2023, and every five years thereafter, the Commission will assess whether EU and member state actions are consistent with the goal of climate neutrality and the 2030-2050 trajectory.
- The Commission will be empowered to make recommendations to member states whose actions are not consistent with the climate neutrality target, and member states will be required to take these recommendations into account or provide justification if they do not. The Commission may also review corrections to Union-level targets and measures.
- Member states will also be required to develop and implement adaptation strategies to strengthen resilience and reduce vulnerability to climate change impacts.

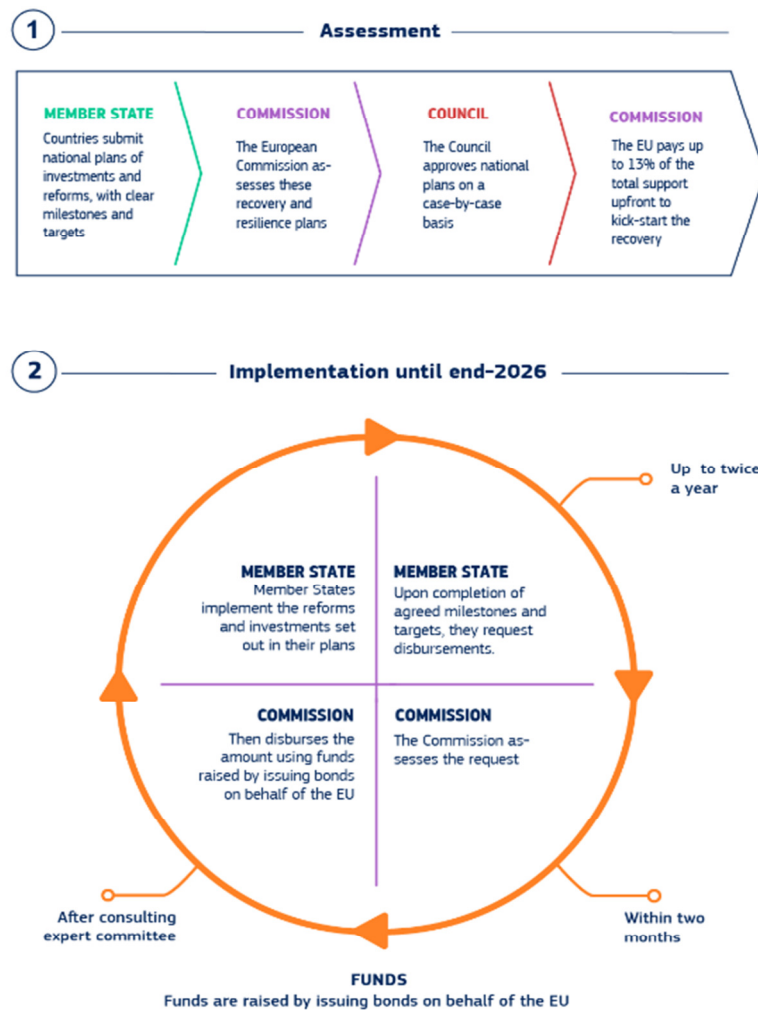
2.1.7. The Recovery and Resilience Facility

As part of the comprehensive response, the Recovery and Resilience Instrument aims to mitigate the economic and social impacts of the coronavirus pandemic and make European economies and societies more sustainable, resilient, and prepared for the challenges and opportunities of the green and digital transformation.

This plan allows the Commission to raise funds to help Member States implement reforms and investments that are in line with EU priorities and address the challenges identified in the country-specific recommendations in the context of the European Semester on economic and social policy coordination. To this end, it provides EUR 723.8 billion (at current prices) in the form of loans (EUR 385.8 billion) and grants (EUR 338 billion). The Recovery and Resilience Instrument supports the European Union in achieving its goal of climate neutrality by 2050, digital transformation, and creating jobs and boosting growth. The Recovery and Resilience Instrument is at the heart of the implementation of the

REPowerEU plan, which is the Commission's response to the socio-economic difficulties and disruptions in the global energy market caused by the Russian invasion of Ukraine. Each member state must create its own recovery and resilience plan. The following graph shows the process of the recovery and resilience plan.

Graph 2. The flow of the recovery and resilience plan



Source: The Recovery and Resilience Facility, https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

The Recovery and Resilience Plans will drive the reform and investment agenda of member states in the coming years.

2.1.8. EU taxonomy for environmentally sustainable activities

International institutions, governments and financial operators are mobilizing to promote socially responsible investments and guide the choices of economic operators taking into

account ESG (Environmental, Social and Governance) factors¹. At European level, a rapid evolution of the regulatory framework providing for the implementation of a new strategy on sustainable finance, is underway, within the framework formulated by the Action Plan launched by the European Commission in March 2018². The Action Plan defines three broad guidelines of strategic importance: reorienting capital flows towards environmental, social and governance sustainability objectives; mainstreaming ESG factors into risk management; fostering transparency and long-termism in financial and economic activity.

Among the most urgent actions implemented by the European Commission in this area was the creation of a classification mechanism for economic activities aimed at redirecting investments towards a greener economy with a lower environmental impact. In June 2019, the High-Level Technical Expert Group on Sustainable Finance - HLEG, appointed by the European Commission, drew up a taxonomy of economic activities based on their contribution to improving environmental sustainability³. The taxonomy regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.

Within the Action Plan, ten actions are envisaged to help the European economy take the path towards Sustainability.

- *Introduction of an EU taxonomy for sustainable finance, i.e. a shared system of classification and definition of products and services considered sustainable.*
- *Creation of EU quality standards and certifications for green bonds.*
- *Increased investment in sustainable infrastructure.*
- *Amendment of the Mifid II and Idd directives, as well as the Esma guidelines relating to the evaluation and adequacy of financial products in the name of Sustainability.*
- *Improvement of transparency in the construction of Sustainability benchmarks (leading reference products for each category).*
- *Incentive for the adoption of ESG criteria by capital raising and market research companies.*
- *Proposal for a law that includes Sustainability criteria in the definition of fiduciary duty, in order to bind investors to act in the best interest of the beneficiaries.*
- *Possibility of introducing reductions in minimum capital requirements on sustainable investments.*
- *Improve the quality and transparency of corporate non-financial reporting, taking into account the recommendations of the Financial Stability Board's Task Force on climate-related Financial Disclosure.*
- *Integrate ESG criteria and the long-term approach in the decisions of company boards.*

¹ The ESG term dates back to the 1990s, with the birth of the Global Reporting Initiative (GRI) to develop a reporting framework on the environmental behavior of companies. The guidelines of June 2000, which represent an important first step towards a sustainability reporting standard, define a first approach to ESG issues, which has been evolving over the decade.

² *EU Commission Action Plan: Financing Sustainable Growth*, Brussels, 8 March 2018.

³ TEG, *Taxonomy Technical Report*, June 2019.

Pursuant to the taxonomy regulation, the Commission has drawn up the list of environmentally sustainable activities, identifying the target sectors for which ecological conversion processes are encouraged on the basis of conditionalities linked to the improvement of environmental performance. The definition of the taxonomy of the sectors was accompanied by technical screening criteria (TSC), i.e. principles of a qualitative nature that motivate the choice to include the activity within the taxonomy, environmental performance monitoring metrics and threshold criteria to be taken into consideration so that the activities can contribute to an effective reduction of pollution. Based on a standardized system of classification of economic activities (NACE), the taxonomy has identified the activities that will continue to survive in the context of a net zero emissions economy in 2050, identifying target sectors whose contribution is crucial to triggering processes of Climate Change Mitigation and Adaptation. The concept of Climate Change Mitigation refers to the stabilization of the concentration of greenhouse gases in the atmosphere, which can be achieved through various methods such as, for example, the creation, conservation and use of renewable energies and innovative technologies for energy saving, the improvement of energy efficiency, the use of "clean" or climate-neutral mobility processes, the adoption of recyclable materials. Climate Change Adaptation, on the other hand, is linked to the physical risks deriving from the effects of climate change and is a parameter linked to the specificity of the various local contexts.

The target sectors of the taxonomy have been identified by the HLEG taking into account the CO₂ emissions generated at the sectoral level and how much investing in a specific activity can constitute an enabling factor for the reduction of emissions in other sectors. Low carbon activities, already characterized by a very low carbon intensity and zero emissions (green activities), have therefore been included in the taxonomy. For these activities, defined across the board on the basis of emission standards and not associated with a specific sector nomenclature, stable and long-term technical screening criteria are envisaged aimed at encouraging capital injections in order to encourage greater development. Then there are the greening by activities, activities whose diffusion limits the negative impacts on the environment (e.g. rail transport) or activates improvements in the environmental performance of other sectors (e.g. data-driven solutions for the reduction of greenhouse gases). Specific conditionalities are envisaged for these activities, aimed at spreading their use while reducing their environmental impact. Finally, there are transitionals, activities characterized by high levels of emissions (for example, steel production, aluminum production, cement production) but which, at the same time, offer great potential for reducing greenhouse gases. The HLEG attributes a crucial role to the reconversion of these activities in the ecological transition process and defines very stringent technical screening criteria subject to periodic review.

A change in the incentive system such as the one that is envisaged, together with technological, energy and market shocks, could put companies operating in the activities included in the taxonomy (especially transitional ones) facing two alternatives: reconvert or exit from the market. The Taxonomy proposed by the European Commission is a tool for identifying the economic systems on which the new rules and incentives in favor of climate change mitigation will produce the greatest impacts, thus requiring the greatest investments.

There can therefore be no on/off processes, but it will be necessary to build a set of stages towards a just transition by investing in interventions capable of offsetting the costs of the

transition. Also for this reason, the European Commission has integrated the legislative package for cohesion with the Just Transition Regulation (JTF) by introducing a specific JTF objective to offset the economic and social costs of the transition towards a climate-neutral economy.

2.1.8. Plan REPowerEU

European Union leaders agreed at the European Council to phase out Europe's dependence on Russian energy imports as soon as possible. Citing the Commission's communication, they called on the Commission to quickly present a detailed REPowerEU plan. This plan aims to reduce dependence on Russian fossil fuels as quickly as possible by accelerating the transition to clean energy and joining forces to create a more resilient energy system and a true Energy Union. REPowerEU proposes a number of additional measures:

- Saving energy - this is the fastest and cheapest way to solve the current energy crisis. Reducing energy consumption in the short and long term will lower high energy bills for households and businesses and reduce imports of Russian fossil fuels. Reducing energy consumption to increase efficiency is a fundamental part of the clean energy transition that will increase the resilience of EU economies and protect their competitiveness from high fossil fuel prices.
- Diversifying supply - The Commission and Member States have established the EU Energy Platform for voluntary joint purchasing of gas, liquefied natural gas and hydrogen. The platform is designed to meet three objectives: Standardization of gas demand; Optimized and transparent use of gas import, storage and transport infrastructure; Conclusion of long-term cooperation frameworks with reliable partners through binding or non-binding agreements.
- Rapidly replace fossil fuels by accelerating Europe's transition to clean energy - this will lead to a gradual abandonment of the use of Russian fossil fuels. This will reduce electricity prices and fossil fuel imports over time.
- Smart combination of investments and reforms - according to analyzes, the REPowerEU plan will require additional investments of 210 billion euros by 2027, on top of the funds already needed to achieve the goals of the "Ready for 55%" package. By implementing the framework of the "Ready for 55%" package and the REPowerEU plan, the Union will save EUR 80 billion in gas imports, EUR 12 billion in oil imports, and EUR 1.7 billion in coal imports each year until 2030.

The combination of these measures will structurally change the energy system of the European Union. They require effective coordination between European regulatory and infrastructure measures and national investments and reforms, as well as joint diplomacy in the energy field. Coordination of demand-side measures is also needed to reduce energy consumption and transform industrial processes. It is necessary to replace the use of resources such as gas, oil and coal with electricity from renewable sources and pure hydrogen.

2.2. Global Strategy

The above documents primarily refer to the EU strategic framework, which is crucial for a successful transition to a green economy and the implementation of a sustainable development model, in order to reduce the increasing pressure on the environment and climate and, in the long term, to rebalance the European economy and the state of the environment. However, numerous environmental problems and climate change are now global environmental as well as economic and social problems, and the success of the European vision and transition goals requires that international bodies and institutions are aware of these problems and are willing to make significant changes to achieve the global goals of sustainable development and climate change. From this point of view, the 2030 Agenda and the Paris Agreement are the two most important strategies of global significance for the implementation of the European transition processes towards a green economy and sustainable development.

2.1. The Agenda 2030

At the United Nations Conference on Sustainable Development, held in New York on September 25, 2015, 150 heads of state and government from around the world adopted the new Global Development Program to 2030 (2030 Agenda), under which 17 Sustainable Development Goals (SDGs) were adopted.

Graph 3. Seventeen goals of sustainable development



Source: <https://sdgs.un.org/goals>

The 2030 Agenda is a global agreement that sets out a universal, comprehensive program of action for all countries, including their national policies. It was adopted after a three-year

consultation process involving all social groups at all levels. The program links to the eight Millennium Development Goals (MDGs) that United Nations member states have committed to achieving by 2015, but also to other documents (e.g., the conclusions of the UN Rio + 20 Conference on Sustainable Development and the Conference on Financing for Development). Progress was made with the adoption of the Millennium Development Goals in 2000, but much remains to be done. The 2030 Agenda is very ambitious: the guiding principle is not only the reduction but the elimination of poverty, and it envisages high results in the areas of health, education and gender equality. These goals are universal and apply in all countries and to all people. The agenda also includes issues that were not included in the Millennium Development Goals, such as climate change, sustainable consumption, innovation, and the importance of peace and justice for all. In this sense, the signing of the Paris Agreement is very important for the achievement of the goals.

The European Union is committed to working on the implementation of the 2030 Agenda within the EU and within the framework of the European Union's external policy by supporting the implementation of the goals in other countries, especially those that need them most.

The Sustainable Development Goals will be accompanied by measurable indicators and sub-targets within management tools that will help countries develop strategies and allocate the necessary resources, as well as measure progress towards sustainable development, but also define the responsibilities of all stakeholders for achieving them.

2.2. The Goals of the Paris agreement

The Paris Agreement on climate change is the first universally legally binding global climate agreement. It was signed on April 22, 2016 and ratified by the European Union on October 5, 2016. The goal of this agreement is to combat climate change and accelerate action and investment for a sustainable, low-carbon future. The goal is to limit the increase in global average temperature to "significantly less" than 2°C or up to 1.5°C compared to pre-industrial times. It also set a global target for adaptation to climate change: Strengthening Adaptive Capacity, Enhancing Resilience, and Reducing Vulnerability to Climate Change to contribute to sustainable development and ensure appropriate adaptation measures under the temperature target. In line with the requirements of the agreement, the EU submitted its long-term emission reduction strategy and updated climate plans before the end of 2020, committing to reduce EU emissions by at least 55% by 2030 compared to 1990 levels.

3. Definition of the concept of sustainable development and importance of its use

The prevailing neoclassical concept of economic growth and development still shapes current economic trends. However, it not only neglected the relationship between the economy and the environment, but its starting points and objectives called into question the possibility of further economic progress, the reduction of poverty and the increase in the quality of life of a large number of people. For this reason, in the last forty years, science, including economics, has been "searching" for various alternative theoretical concepts, as well as implementation models for development that would allow the economic system to reduce the burden on the environment and help solve complex, global environmental problems.

The 1980s saw the emergence of the concept of sustainable development, which placed economic growth itself within a broader framework that included environmental dimensions and sociocultural aspects of development. This was preceded by the first argumentative findings about the unlimited nature of economic growth, i.e., based on analysis and projections, it was concluded that the linear growth model is not sustainable in the long run. The economists gathered in the so-called Club of Rome demonstrated that there are limits to economic growth based on the exploitation of non-renewable natural resources and that there are various types of soil, river and air pollution as side effects (negative environmental externalities) of production processes and the use of new technologies. A policy of choice was advocated: either economic growth or protection and improvement of environmental quality. At the beginning of the 1980s, the line of thinking changed, and a balance between economic growth on the one hand and environmental protection and rational use of natural resources on the other was proposed as a possible solution or alternative development model. This represents the basis of the concept of sustainable development, which found its confirmation in 1987 in the so-called Brundtland Report or the report "Our Common Future" and was adopted in 1992 at the United Nations Conference on Environment and Development.

According to the definition first given in the aforementioned Brundtland Report of 1987, sustainable development is that which, by meeting the needs of present generations, does not reduce the possibilities of meeting the needs of future generations. Although this is only one

of the possible and most frequently cited definitions, the basis of the conceptual approach of sustainable development is the preservation of the assimilative capacity of the environment as a prerequisite for its unimpeded and high-quality provision of all services necessary for economic and social development and the unimpeded development of natural processes on Earth. The philosophy of sustainable development is based on a development approach that supports growth and changes in the structure of production and consumption, while maintaining the level of quality and usability of natural resources. It is a model of sustainability that emphasizes development policies that make the best use of scientific achievements and new technologies to protect nature and preserve the environment.

Sustainable development today means change at all levels. All development investments and all serious investment projects require a breakdown into economic, environmental, and social components of sustainability, which should be evaluated separately. If development activities are sustainable in all components, they can be evaluated as projects that should be accepted as a whole. The global development goals are universal and can be implemented in all countries and communities by all people. Their implementation should take into account the specific possibilities, conditions and opportunities in different parts of the planet. Priority areas for action should be identified and one's own possibilities to contribute to sustainable development around the planet should be considered. In this way, one becomes part of a global partnership that is critical to achieving the goals.

Sustainable development also means redefining the rules to replace wasteful consumption and pollution with saving and conservation, and privilege and protectionism with fair and equal opportunities for all. Sustainable development focuses on the process of change over time in which the use of natural resources, the direction of investment in technological development, and the development of institutions are adjusted to meet the needs of current and future developments, and thus represents a departure from the static perception of the existing state of affairs.

Related to sustainable development is the concept of the green economy and the achievement of green growth. One of the most frequently cited definitions of the green economy indicates that it leads to an improvement in human well-being and social equality, while significantly reducing environmental pollution and ecological damage. This definition implies that the hallmark of a green economy is low carbon, efficient use of natural resources, and social inclusion. Regardless of the existence and different concepts of the green economy, they all have in common that they are based on a holistic approach and the principles of sustainable development, that is, achieving a balance between economic, environmental and social goals. Since the onset of the crisis in 2008, interest in the green economy has been growing rapidly, and worldwide. Thus, initiatives to promote the green economy through UNEP are emerging, such as the Global Green New Deal (GGND) of 2009, which aimed to highlight that investments in green sectors (such as energy-efficient technologies, renewable energy, public transport, sustainable agriculture, green tourism, and sustainable management of natural resources, including ecosystems and biodiversity) represent an opportunity for the recovery of economies and sustainable growth, increase competitiveness, create new, high-quality, decent jobs, and reduce poverty, while solving acute environmental problems. Closely related to the green economy concept, the green growth approach is also evolving. It assumes that it is possible to grow national output, such as GDP, while conserving natural resources and

minimizing the burden on environmental components. Such a scenario assumes the transition of economic activities to the green economy model and sustainable development. Considering the relationship between green growth, green economy, and sustainable development, it can be concluded that "economic growth that contributes to the rational use of natural capital, prevents and reduces pollution, and creates the opportunity to improve overall social well-being by building a green economy, and ultimately enables us to embark on the path to sustainable development.

4. The notion of “just transition” according to the ILO

The just transition perspective raises the attention on the fact that the changes required in order to build a more sustainable economic model will entail dramatic social and employment challenges, especially for some regions, economic sectors and social groups. Consequently, in order to be just, policies for the transition should ensure that both the risks and the opportunities deriving from these changes are equally distributed.

In 2015, the International Labour Organisation (ILO) tried to systematise the notion of just transition, identifying the constitutive elements of what was labelled a ‘just transition framework’ and publishing a set of ‘Guidelines for a just transition towards environmentally sustainable economies and societies for all’ (ILO, 2015).

A just transition for all towards an environmentally sustainable economy needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty. The four pillars of the Decent Work Agenda – social dialogue, social protection, rights at work and employment – are indispensable building blocks of sustainable development and must be at the centre of policies for strong, sustainable and inclusive growth and development.

From an analysis of the ILO’s guidelines, six key elements that should characterise a ‘well-managed’ and ‘just’ transition emerge:

- i) The elaboration of policies that are simultaneously context-sensitive and global, i.e. that, while recognising that risks and opportunities of the transition vary between territories, economic sectors and social groups, they also consider that decisions taken at one level of governance also have an impact at the global level;
- ii) The need to develop coherent policy frameworks for the transition, creating synergies between a multiplicity of policy areas linked to economic, social and environmental sustainability and identifying and addressing possible trade-offs.
- iii) Ensuring capacity building at all levels and developing solid and transparent indicators to elaborate and monitor the impact of policies.
- iv) The set-up of governance arrangements allowing for policy integration and coordination between a variety of institutional and social actors operating at various levels of governance.

- v) Social consensus to be achieved through the promotion of social and civic dialogue at all levels
- vi) Ensuring the availability of financial resources – especially through public investment – not only in order to ‘greening’ the economy but also to ensure that everybody can participate to the opportunities arising from the transition and is protected from the related risks.

5. Conclusion

The increasingly frequent occurrence of climate extremes, the worsening consequences of climate change, environmental degradation, the insufficient amount of natural resources and the consequences of the pandemic COVID 19 have led politicians, scientists, trade unions, social partners and decision-makers to think about the transition to green growth. This is a form of growth that allows the economy to progress and does not have a negative impact on the state of the environment.

A fair green transition needs a large – multi-level and multi-stakeholder – governance, including social partners, aimed at reconciling interests and leave nobody behind. A new development model based on green transition should be aimed at reducing disparities and inequalities as well as promoting social inclusion and cohesion.

In order to achieve implementation and achieve green growth and, therefore, sustainable development, it was necessary to establish a set of objectives, as well as measures to achieve them. The documents that established measures to achieve low-carbon development are: European Green Plan, The Just Transition Mechanism, EU Climate Strategy, European Industrial Strategy, European Climate Act, Recovery and Resilience Facility, Plan REPowerEU, but also documents at the global level such as the 2030 Agenda and the Paris Agreement goals. These documents set the path for the transition to a green economy. The goals they aim to achieve are: Reduce greenhouse gas emissions by at least 50-55% in 2030 compared to 1990; transition to the use of clean energy; develop smart infrastructures; use artificial intelligence; reduce transport emissions by 90%; transition to sustainable food systems; enable a fair transition for all European Union member countries; achieve climate neutrality: creating certainty for industry; Transitioning to a circular economy; Climate-neutral continent by 2050; Mitigating the economic and social impacts of the coronavirus pandemic; Ending the EU's dependence on Russian energy imports and limiting the rise in average temperature to significantly less than 2°C or up to 1.5°C.

By achieving all these goals, the European Union will become a more equitable and resilient society based on sustainable development.