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ANNEX

ANNEX

to the

Proposal for a COUNCIL DECISION

on guidelines for the employment policies of the Member States

ANNEX

Guideline 5: Boosting the demand for labour

Member States should actively promote a sustainable social market economy and facilitate and support investment in the creation of quality jobs, also taking advantage of the potential linked to the digital and green transitions, in light of the 2030 EU headline target on employment. To that end, they should reduce the barriers that businesses face in hiring people, foster responsible entrepreneurship and genuine self-employment and, in particular, support the creation and growth of small and medium-sized enterprises, including through access to finance. Member States should actively promote the development and tap the full potential of the social economy, foster social innovation and social enterprises, and encourage those business models creating quality job opportunities and generating social benefits at local level, in particular in the circular economy and in areas most affected by the transition to a green economy due to their sectoral specialisation,.

Following the COVID-19 crisis, well-designed short-time work schemes and similar arrangements should also facilitate and support restructuring processes, on top of preserving employment when appropriate, helping the modernisation of the economy, including via associated skills development. Well-designed hiring and transition incentives and upskilling and reskilling measures should be considered in order to support job creation and transitions, and address labour and skill shortages, also in light of the digital and green transformations as well as of the impact of the Russian invasion of Ukraine.

Taxation should be shifted away from labour to other sources more supportive of employment and inclusive growth and in line with climate and environmental objectives, taking account of the redistributive effect of the tax system, while protecting revenue for adequate social protection and growth-enhancing expenditure.

Member States, including those with statutory minimum wages, should promote collective bargaining with a view to wage setting and ensure an effective involvement of social partners in a transparent and predictable manner, allowing for an adequate responsiveness of wages to productivity developments and fostering fair wages that enable a decent standard of living, paying particular attention to lower and middle income groups with a view to strengthening upward socio-economic convergence. Wage-setting mechanisms should take into account socio-economic conditions, including regional and sectoral developments. Respecting national practices and the autonomy of the social partners, Member States and social partners should ensure that all workers have fair wages by benefitting, directly or indirectly, from collective agreements or adequate statutory minimum wages, taking into account their impact on competitiveness, job creation and in-work poverty.

Guideline 6: Enhancing labour supply and improving access to employment, lifelong acquisition of skills, and competences

In the context of the digital and green transitions, demographic change and the Ukrainian war, Member States should promote sustainability, productivity, employability and human capital, fostering acquisition of skills and competences throughout people's lives and responding to current and future labour-market needs, in light of the 2030 EU headline target on skills. Member States should also adapt and invest in their education and training systems to provide high quality and inclusive education, including vocational education and training, access to digital learning, and language training (e.g. in the case of refugees including from Ukraine).

Member States should work together with the social partners, education and training providers, enterprises and other stakeholders to address structural weaknesses in education and training systems and improve their quality and labour-market relevance, also with a view to enabling the green and digital transitions, addressing existing skills mismatches and preventing the emergence of new shortages, in particular for activities related to REPowerEU, such as renewable energy deployment or buildings' renovation. Particular attention should be paid to challenges faced by the teaching profession, including by investing in teachers' and trainers' digital competences. Education and training systems should equip all learners with key competences, including basic and digital skills as well as transversal competences, to lay the foundations for adaptability and resilience throughout life. Member States should seek to strengthen the provision of individual training entitlements and ensure their transferability during professional transitions, including, where appropriate, through individual learning accounts, as well as a reliable system of training quality assessment. Member States should deliver on the potential of micro-credentials to support lifelong learning and employability. They should enable everyone to anticipate and better adapt to labour-market needs, in particular through continuous upskilling and reskilling and the provision of integrated guidance and counselling, with a view to supporting fair and just transitions for all, strengthening social outcomes, addressing labour-market shortages and skills mismatches, improving the overall resilience of the economy to shocks and making potential adjustments easier.

Member States should foster equal opportunities for all by addressing inequalities in education and training systems. In particular, children should be provided access to good quality early childhood education and care, in line with the European Child Guarantee. Member States should raise overall qualification levels, reduce the number of early leavers from education and training, support access to education of children from remoted areas, increase the attractiveness of vocational education and training (VET), access to and completion of tertiary education, facilitate the transition from education to employment for young people through quality traineeships and apprenticeships, as well as increase adult participation in continuing learning, particularly among learners from disadvantaged backgrounds and the least qualified. Taking into account the new requirements of digital, green and ageing societies, Member States should strengthen work-based learning in their VET systems, including through quality and effective apprenticeships, and increase the number of science, technology, engineering and mathematics (STEM) graduates both in VET and in tertiary education, especially women. Furthermore, Member States should enhance the labour-market relevance of tertiary education and, where appropriate, research; improve skills monitoring and forecasting; make skills more visible and qualifications comparable, including those acquired abroad; and increase opportunities for recognising and validating skills and competences acquired outside formal education and training. They should upgrade and increase the supply and uptake of flexible continuous VET. Member States should also support low-skilled adults to maintain or develop their long-term employability by boosting access to and uptake of quality learning opportunities, through the implementation of Upskilling Pathways Recommendation including a skills assessment, an offer of education and training matching labour-market opportunities, and the validation and recognition of the skills acquired.

Member States should provide unemployed and inactive people with effective, timely, coordinated and tailor-made assistance based on support for job search, training, requalification and access to other enabling services, paying particular attention to vulnerable groups and people particularly affected by the green and digital transitions. Comprehensive strategies that include in-depth individual assessments of unemployed people should be

pursued as soon as possible, at the latest after 18 months of unemployment, with a view to significantly reducing and preventing long-term and structural unemployment. Youth unemployment and the issue of young people not in employment, education or training (NEETs) should continue to be addressed through prevention of early school leaving and structural improvement of the school-to-work transition, including through the full implementation of the reinforced Youth Guarantee, which should also importantly support quality youth employment opportunities in the post-pandemic recovery. In addition, and in the light of the European Year of the Youth 2022, Member States should boost efforts notably at highlighting how the green and digital transitions offer a renewed perspective for the future and opportunities to counter the negative impact of the pandemic on young people.

Member States should aim to remove barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for low-income earners, second earners and those furthest away from the labour market including people with a migrant background and marginalised Roma. In view of high labour shortages in certain occupations and sectors, Member States should contribute to fostering labour supply, notably through promoting adequate wages and decent working conditions, as well as effective active labour market policies. Member States should also support an adapted work environment for persons with disabilities, including through targeted financial support and services that enable them to participate in the labour market and in society.

The gender employment and pay gaps should be tackled. Member States should ensure gender equality and increased labour market participation of women, including through ensuring equal opportunities and career progression and eliminating barriers to access to leadership at all levels of decision making. Equal pay for equal work, or work of equal value, and pay transparency should be ensured. The reconciliation of work, family and private life for both women and men should be promoted, in particular through access to affordable, quality long-term care and early childhood education and care services. Member States should ensure that parents and other people with caring responsibilities have access to suitable family-related leave and flexible working arrangements in order to balance work, family and private life, and promote a balanced use of those entitlements between women and men.

Guideline 7: Enhancing the functioning of labour markets and the effectiveness of social dialogue

In order to benefit from a dynamic and productive workforce and new work patterns and business models Member States should work together with the social partners on fair, transparent and predictable working conditions, balancing rights and obligations. They should reduce and prevent segmentation within labour markets, fight undeclared work and bogus self-employment, and foster the transition towards open-ended forms of employment. Employment protection rules, labour law and institutions should all provide both a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context, while protecting labour rights and ensuring social protection, an appropriate level of security and healthy, safe and well-adapted working environments for all workers. Promoting the use of flexible working arrangements such as teleworking can contribute to higher employment levels and more inclusive labour markets in the context of the post-pandemic environment. At the same time, it is important to ensure that the workers' rights in terms of working time, working conditions, and work-life balance are respected. Employment relationships that lead to precarious working conditions should be prevented, including in the case of platform workers, especially if low-skilled, and by fighting abuse of atypical contracts. Access to effective, impartial dispute resolution and a right to redress, including adequate compensation, should be ensured in cases of unfair dismissal.

Policies should aim to improve and support labour-market participation, matching and transitions, including in disadvantaged regions. Member States should effectively activate and enable those who can participate in the labour market, especially vulnerable groups such as lower-skilled people, people with a migrant background, including persons under a temporary protection status, and marginalised Roma. Member States should strengthen the scope and effectiveness of active labour-market policies by increasing their targeting, outreach and coverage and by better linking them with social services, training and income support for the unemployed, whilst they are seeking work and based on their rights and responsibilities. Member States should enhance the capacity of public employment services to provide timely and tailor-made assistance to jobseekers, respond to current and future labour-market needs, and implement performance-based management, supported also via digitalisation.

Member States should provide the unemployed with adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Unemployment benefits should not disincentivise a prompt return to employment and should be accompanied by active labour market policies.

The mobility of learners and workers should be adequately supported with the aim of enhancing their skills and employability and exploiting the full potential of the European labour market, while also ensuring fair conditions for all those pursuing a cross-border activity and stepping up administrative cooperation between national administrations with regard to mobile workers, benefitting from the assistance of the European Labour Authority. The mobility of workers in critical occupations and of cross-border, seasonal and posted workers should be supported in the cases of temporary border closures triggered by public health considerations.

Member States should also strive to create the appropriate conditions for new forms of work, delivering on their job-creation potential while ensuring they are compliant with existing social rights. Member States should thus provide advice and guidance on the rights and obligations applying in the context of atypical contracts and new forms of work, such as work through digital platforms. In this regard, social partners can play an instrumental role and Member States should support them in reaching out and representing people in atypical and platform work. Member States should also provide support for enforcement – such as guidelines or dedicated trainings for labour inspectorates – concerning the challenges stemming from new forms of organising work, such as algorithmic management, data surveillance and permanent or semi-permanent telework.

Building on existing national practices, and in order to achieve more effective social dialogue and better socio-economic outcomes, including in crisis times like with the war in Ukraine, Member States should ensure the timely and meaningful involvement of the social partners in the design and implementation of employment, social and, where relevant, economic reforms and policies, including by supporting increased capacity of the social partners. Member States should foster social dialogue and collective bargaining. The social partners should be encouraged to negotiate and conclude collective agreements in matters relevant to them, fully respecting their autonomy and the right to collective action.

Where relevant, and building on existing national practices, Member States should take into account relevant civil society organisations' experience of employment and social issues.

Guideline 8: Promoting equal opportunities for all, fostering social inclusion and fighting poverty

Member States should promote inclusive labour markets, open to all, by putting in place effective measures to fight all forms of discrimination and promote equal opportunities for all,

and in particular for groups that are under-represented in the labour market, with due attention to the regional and territorial dimension. They should ensure equal treatment regarding employment, social protection, health and long-term care, education and access to goods and services, regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Member States should modernise social protection systems to provide adequate, effective, efficient and sustainable social protection for all, throughout all stages of life, fostering social inclusion and upward social mobility, incentivising labour market participation, supporting social investment, fighting poverty and addressing inequalities, including through the design of their tax and benefit systems and by assessing the distributional impact of policies. Complementing universal approaches with selective ones will improve the effectiveness of social protection systems. The modernisation of social protection systems should also aim to improve their resilience to multi-faceted challenges.

Member States should develop and integrate the three strands of active inclusion: adequate income support, inclusive labour markets and access to quality enabling services, to meet individual needs. Social protection systems should ensure adequate minimum income benefits for everyone lacking sufficient resources and promote social inclusion by encouraging people to actively participate in the labour market and society, including through targeted provision of social services.

The availability of affordable, accessible and quality services such as early childhood education and care, out-of-school care, education, training, housing, and health and long-term care is a necessary condition for ensuring equal opportunities. Particular attention should be given to fighting poverty and social exclusion, including in-work poverty, in line with the 2030 EU headline target on poverty reduction. Especially child poverty should be addressed by comprehensive and integrated measures, in particular through the full implementation of the European Child Guarantee.

Member States should ensure that everyone, including children, has access to essential services. For those in need or in a vulnerable situation, Member States should guarantee access to adequate social housing or housing assistance. They should ensure a clean and fair energy transition and address energy poverty as an increasingly important form of poverty due to rising energy prices, partly linked to the war in Ukraine, including, where appropriate, via targeted temporary income support measures. Inclusive housing renovation policies should also be implemented. The specific needs of persons with disabilities, including accessibility, should be taken into account in relation to those services. Homelessness should be tackled specifically. Member States should ensure timely access to affordable preventive and curative health care and long-term care of good quality, while safeguarding sustainability in the long term.

In line with the activation of the Temporary Protection Directive¹, Member States should offer an adequate level of protection to refugees from Ukraine, including residency rights, access and integration to the labour market, access to education, training and housing, as well as access to social security systems, medical care social welfare or other assistance, and means of subsistence. Children should be ensured access to childhood education and care and essential services in line with the European Child Guarantee. For unaccompanied children and teenagers, Member States should implement the right to legal guardianship.

¹ Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof.

In a context of increasing longevity and demographic change, Member States should secure the adequacy and sustainability of pension systems for workers and the self-employed, providing equal opportunities for women and men to acquire and accrue pension rights, including through supplementary schemes to ensure an adequate income in old age. Pension reforms should be supported by policies that aim to reduce the gender pension gap and measures that extend working lives, such as by raising the effective retirement age, notably by facilitating labour market participation of older persons, and should be framed within active ageing strategies. Member States should establish a constructive dialogue with social partners and other relevant stakeholders, and allow for an appropriate phasing in of the reforms.