



Adapting to ESG: Greece's Path to Compliance with the EU ESG Directive

Introduction

Greece has embarked on a transformative journey toward sustainability with the transposition of the European Corporate Sustainability Reporting Directive (CSRD) into Greek law (Law 5164/2024). The Directive mandates comprehensive ESG reporting for companies operating within the EU by requiring organizations to disclose their environmental impacts, social policies and governance practices in alignment with global sustainability goals.

On January 17, 2025, the Ministry of Development issued a circular on the sustainability reporting standards to be used by obliged entities, aligning them with the Commission Delegated Regulation (EU) 2023/2772 on European Sustainability Reporting Standards (ESRS).

The transposition of the CSRD Directive in combination with the ESRS, forms a new, integrated framework for sustainable and transparent corporate reporting for obliged Greek entities on ESG (Environmental, Social, and Governance) aspects.

Which entities are affected and when?

The sustainability reporting requirements oblige certain entities to publish sustainability information, in accordance with the ESRS.

These entities are mainly large undertakings under Law 4308/2014 as amended and in force, SMEs (excluding micro-undertakings) of public interest, parent undertakings of large groups, non-EU companies either listed in the EU (excluding micro undertakings) or having business in Greece above certain thresholds.

Some undertakings are exempted from the obligation to publish an individual sustainability statement, provided that the information is included in the consolidated sustainability statement of a parent undertaking, and certain conditions are met as regards the content of the exempted undertaking's management report.

The deadline for compliance with the relevant reporting requirements is based on the following phased approach:

- **for financial years starting on or after 1 January 2024** (i.e. publication in 2025): large public-interest entities exceeding 500 employees or parent companies of large entity groups meeting this threshold;
- **for financial years starting on or after 1 January 2025** (i.e. publication in 2026): other large undertakings as well as parent companies of large entity groups apart from the ones mentioned above;
- **for financial years starting on or after 1 January 2026** (i.e. with publication in 2027):
 - SMEs (excluding micro-undertakings) which are public-interest entities;
 - small and non-complex institutions, if they meet the criteria for large undertakings or SMEs of public interest (excluding micro-undertakings);
 - captive insurance undertakings and captive reinsurance undertakings provided that they are either large undertakings or SMEs which are public interest entities (excluding micro-undertakings).

SMEs of public interest may have lighter disclosure requirements and may also opt-out from these requirements until financial years beginning before 1 January 2028, provided that they briefly state in their management report why the sustainability reporting was not provided.

- **for financial years starting on or after 1 January 2028**: obliged non EU undertakings.

What are the key responsibilities and obligations of entities in Greece?

Obliged Greek entities are mandated to disclose detailed sustainability-related information. The

sustainability reports will have to follow specific standards that have been issued by virtue of the circular with no. 3763/17.01.2025 of the Ministry of Development and align with the **ESRS**.

The categories of information required are designed to provide a holistic picture of how businesses interact with sustainability issues and their plans for improving performance over time.

These categories entail, inter alia:

- **General Information about business model and strategy**, including, how sustainability issues impact the business, how the company impacts sustainability issues (double materiality) and resilience to risks related to sustainability;
- **Environmental Factors**: Climate change mitigation and adaptation measures, pollution prevention and control, water and marine resource use, resource use and circular economy practices, biodiversity and ecosystems preservation, disclosure of greenhouse gas (GHG) emissions,
- **Social Factors**: Equality, diversity, and inclusion policies, working conditions, including wages, health, and safety, employee training and career development initiatives, human rights impacts, including measures to prevent child labor or forced labor, community impact and stakeholder engagement efforts.
- **Governance Factors**: Structure and roles of management and supervisory bodies regarding sustainability, board diversity policies and their implementation, anti-corruption and bribery measures, political donations or lobbying activities.
- **Sustainability Risks and Risk Management**: Identification of key sustainability-related risks, risk management processes addressing

these risks, mitigation strategies for adverse environmental or social impacts.

- **Policies, Targets, and Key Performance Indicators:** Company policies addressing sustainability objectives, targets set for improving sustainability performance, key metrics/KPIs to monitor progress, reported in a comparable and consistent manner over time.
- **Value Chain Information:** Sustainability impacts and risks across the entire value chain, including upstream suppliers and downstream customers.
- **Double Materiality:**
 - **Financial Materiality:** How sustainability issues affect the company's financial performance.
 - **Impact Materiality:** The company's impact on the environment and society.

The sustainability reports are subject to assurance, to be carried out by statutory auditors, or Independent Assurance Services Providers ("IASPs"), based on limited assurance standards.

The management report that includes the sustainability statement will be published to the Greek Commercial Registry (GEMI), together with the assurance opinion on the sustainability statement as well as with a reference to the persons responsible to publish such statement.

What are the purposes of this harmonization for Greek entities?

- *Streamline Reporting to Benefit Businesses:* to ensure that businesses submit the critical information necessary for compliance, to enhance the quality of information provided but also to guide businesses towards more efficient and objective compliance practices, investment initiatives and strategic decisions.

- *Facilitate Sustainable Investments:* for investors seeking to build a stable, sustainable, and inclusive economic system, these enhanced reports aim at offering clear, reliable insights in order to facilitate investment decisions that align with long-term sustainability goals.
- *Support Stakeholders Across Sectors:* other stakeholders, such as policy developers and environmental organizations, may benefit from the public availability of sustainability data in annual reports. This information can be used for:
 - Comparing businesses within the same market sector or across different sectors;
 - Monitoring environmental and social trends;
 - Contributing to environmental accounting;
 - Supporting evidence-based public policy development;
 - Encouraging Innovation and Job Creation.

How to Prepare?

- Understand what is legally required and applicable.
- Create dedicated roles within the organization to ensure compliance.
- Assess the organization's current ESG performance and identify gaps
- Develop a robust reporting framework in line with the new law's requirements.
- Educate stakeholders on the importance of ESG transparency and compliance.

- Prepare for continuous monitoring by regularly tracking and assessing sustainability performance.

What to expect?

While the above is being gradually implemented, the European Union has already adopted the Corporate Sustainability Due Diligence Directive (CSDDD), with additional "green" legislation expected to follow.

However, aimed at streamlining reporting obligations and minimizing the administrative workload for companies, the European Commission is expected to publish on February 26, 2025 its so-called "Omnibus Simplification Package", which will focus on the simplification of the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive and the adjustment to a more efficient sustainability framework.

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