

ESG REGULATIONS IN 2025:

A CROSS-COUNTRY PERSPECTIVE ON
GREECE, CYPRUS, AND PORTUGAL

ESG — LAB —

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This edition of the ESG_LAB newsletter vol.2 aims to shed light on the evolving landscape of **Environmental, Social, and Governance (ESG) regulations in 2025**, with a particular focus on **Greece, Cyprus, and Portugal**. As the European Union intensifies efforts to mainstream sustainable practices, it is crucial for stakeholders—especially **Small and Medium-sized Enterprises (SMEs)**—to understand the implications and opportunities arising from the ESG regulatory framework.

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The Significance of ESG Regulations for 2025

In 2025, ESG regulations are becoming increasingly central to the EU's green and inclusive transition. Driven by initiatives such as the **European Green Deal**, the **Corporate Sustainability Reporting Directive (CSRD)**, and the **EU Taxonomy**, ESG compliance is no longer optional but a strategic priority. These regulations aim to promote transparency, resilience, and responsible business conduct—placing environmental protection, social equity, and ethical governance at the core of corporate operations.

For **SMEs**, which represent the backbone of European economies, ESG compliance is both a challenge and an opportunity. On one hand, they face resource constraints in meeting reporting and performance standards. On the other, ESG integration strengthens competitiveness, enhances investor trust, and opens new markets shaped by green innovation and ethical accountability.



The Need for EU Alignment and National Action

While the regulatory direction is set at EU level, its effective implementation depends heavily on **national policies and support structures**. Alignment with EU ESG requirements calls for coordinated action in each Member State to support SMEs with **capacity building, simplified reporting tools, and financial incentives**.

In this context, **Greece, Cyprus, and Portugal** are taking important steps to translate EU regulations into actionable national strategies—each adapting to local realities while striving for the common goal of **sustainable development**. This newsletter offers a cross-country perspective on current policy frameworks, challenges, and innovative approaches in these three countries.



Main Topic 3: ESG Regulations in Cyprus

Navigating the ESG Landscape in Cyprus: A 2025 Perspective

As the global emphasis on sustainability intensifies, Cyprus stands at a pivotal juncture in integrating Environmental, Social and Governance (ESG) principles into its corporate framework. With the European Union's Corporate Sustainability Reporting Directive (CSRD) set to be transposed into national law by 2024, Cypriot enterprises are gearing up to meet the enhanced reporting obligations commencing in 2025.



Legislative and Regulatory Initiatives

The CSRD mandates comprehensive ESG disclosures, extending its reach to companies/groups with more than 500 employees that are, at the same time, public interest entities as defined in the national legislation (Law 53(I)/2017). This directive builds upon the existing EU Regulation 2020/852, which establishes a framework to facilitate sustainable investment and EU Regulation 2019/2088, focusing on sustainability-related disclosures in the financial services sector—both directly applicable in Cyprus.

In anticipation of these changes, local organizations like the Cyprus Federation of Employers and Industrialists have initiated efforts to promote Corporate Social Responsibility (CSR). The establishment of the CSR Cyprus Network, aims to encourage CSR practices through awards and programs, reflecting a proactive approach in integrating ESG principles within the Cypriot business community.

Challenges and Opportunities for Cypriot SMEs

Small and medium-sized enterprises (SMEs) form the backbone of Cyprus's economy, making their adaptation to ESG regulations crucial. However, SMEs often face unique challenges in this transition. A study highlighted that many SMEs in Cyprus lack awareness of ESG standards and the positive impact these practices can have on their business development. Difficulties in introducing non-financial reporting and a fragmented understanding of ESG, further complicate compliance efforts.

Conversely, embracing ESG principles presents significant opportunities for Cypriot SMEs and aligning with ESG standards can enhance competitiveness, attract investment and fosters long-term sustainability. By integrating ESG considerations into their operations, SMEs can not only comply with upcoming regulations but also position themselves as responsible and forward-thinking entities in the global market.

Comparative Insights and Development Strategies

When compared to other EU nations, Cyprus's journey towards ESG integration is both unique and reflective of broader regional trends. The EU's "Fit for 55" package and the Sustainable Finance Disclosure Regulation (SFDR), set ambitious targets for member states, aiming for significant reductions in greenhouse gas emissions and enhanced sustainability reporting.

Cyprus's approach not only aligns with EU directives but also adapts strategies to suit its unique economic landscape. For instance, the Cyprus Sustainability Forum 2024 focuses on guiding businesses through the process of developing effective sustainable strategies, by identifying critical ESG issues and implementing effective solutions throughout value chains.

Strategies for Effective ESG Implementation

To facilitate the seamless adoption of ESG regulations, Cypriot businesses particularly SMEs, can consider the following strategies:

1. **Education and Awareness:** Investing in training programs to enhance understanding of ESG principles and reporting requirements.
2. **Stakeholder Engagement:** Collaborating with industry associations, government bodies, and NGOs to share best practices and resources.
3. **Resource Allocation:** Allocating necessary resources, both financial and human, to develop and implement ESG strategies effectively.
4. **Leveraging Technology:** Utilizing digital tools and platforms to optimize data collection, analysis and reporting processes.
5. **Continuous Improvement:** Regularly reviewing and updating ESG practices to align with evolving regulations and societal expectations.

By proactively adopting these strategies, Cypriot businesses can meet upcoming ESG requirements, enhance their market reputation and contribute positively to sustainable growth.

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3. [Get Ready for the Next Wave of ESG Reporting](#)
4. [The Growing Importance of ESG Investing in Cyprus](#)
5. [All 2025 ESG and Non-Financial Reporting Regulations in the EU](#)



Main Topic 3: ESG Regulations in Portugal

Introduction: ESG Regulatory Landscape in Portugal

Portugal has been steadily aligning its national framework with the European Union's ambitions for sustainability, embracing **Environmental, Social, and Governance (ESG)** principles as essential components of long-term economic resilience. In recent years, the country has advanced in integrating ESG concerns into public policy, corporate responsibility, and financial markets.

As the **EU ESG regulatory environment tightens in 2025**, Portugal is intensifying efforts to support **SMEs**—which represent over 99% of national enterprises—in adopting sustainable and responsible business practices.

Implementation and Key Policies for SMEs

Portugal is implementing ESG-related regulations through a combination of national strategies and the transposition of EU directives, such as the **Corporate Sustainability Reporting Directive (CSRD)** and the **EU Green Taxonomy**. Key policies and tools facilitating ESG adoption among SMEs include:

- **Plano de Ação para a Sustentabilidade nas Empresas (Sustainability Action Plan for Enterprises):** A government initiative providing guidance and funding to help SMEs adopt sustainable practices.
- **IFD – Instituição Financeira de Desenvolvimento and Banco Português de Fomento:** Supporting green financing schemes targeted at innovation, energy efficiency, and circular economy transitions.
- **Compromisso para o Crescimento Sustentável:** A multistakeholder agreement fostering dialogue and collaboration between the public sector, businesses, and civil society on ESG priorities.

These efforts aim to simplify ESG integration for smaller businesses, offering technical support, digital tools for reporting, and access to funding aligned with green criteria.

National Strategies and Stakeholder Initiatives

The Portuguese government, in collaboration with sectoral associations and business incubators, has rolled out several impactful initiatives:

- **"Empresas Sustentáveis 2030" roadmap** by IAPMEI, supporting SMEs in measuring ESG performance.
- **Portugal Digital and Industry 4.0:** Encouraging digital transformation and sustainable innovation, including ESG tech solutions.
- **Partnerships with universities and research centers** to promote ESG training, especially in regional clusters.

Moreover, industry associations such as **AEP (Associação Empresarial de Portugal)** and **BCSD Portugal** are actively promoting ESG literacy, responsible supply chains, and ethical governance models among their members.

Examples and Best Practices from Portuguese SMEs

Several Portuguese SMEs are leading the way with impactful ESG initiatives, including:

- **VIZELPAS:** A packaging company investing in circular economy solutions and carbon footprint reduction through renewable energy.
- **MOG Technologies:** A tech SME integrating ESG goals in its operations, from inclusive hiring practices to low-impact IT development.
- **LUSOFORMA:** Implementing sustainable sourcing and waste management while ensuring social inclusion in workforce development.

These cases highlight how even small companies can turn ESG compliance into a **competitive advantage** and a driver for innovation.

Conclusions: Challenges and Opportunities Ahead

While Portuguese SMEs face challenges—such as limited internal resources, evolving regulatory expectations, and the complexity of ESG reporting—they are also increasingly aware of the **opportunities** tied to ESG alignment. These include:

- **Improved access to funding and investment**, especially green finance.
- **Enhanced brand value and stakeholder trust.**
- **Long-term resilience and international market readiness.**

To fully seize these opportunities, continued **capacity-building, simplification of compliance tools, and stronger public-private collaboration** will be essential. Portugal's trajectory shows promising momentum, and with the right support mechanisms, its SMEs can emerge as key players in the European sustainable economy.

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3. IAPMEI – Empresas Sustentáveis 2030: <https://www.iapmei.pt> (Search for sustainability-related initiatives targeting SMEs)
4. Banco Português de Fomento – ESG Financing Instruments: <https://www.bpfomento.pt> (Green bonds, sustainability-linked loans, and SME support lines)
5. BCSD Portugal – Sustainable Business Reports and Tools: <https://www.bcsdportugal.org>
6. AEP – ESG Tools for Portuguese Businesses: <https://www.aep.pt> (Support services and workshops for sustainable practices in SMEs)
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The Framework for the Implementation of ESG Criteria in the EU and Greece

On December 10, 2024, Greece, through Law 5164 - Government Gazette 102/12.12.2024 of the Ministry of Development, transposed the European Directive (EU) 2022/2464 (CSRD) regarding corporate sustainability reporting. Within this context, and in Greece as well, companies are obligated to prepare in a timely manner to comply with the significantly increased requirements for the development and submission of sustainability reports in accordance with the stipulated ESRS Standard.

This transition requires businesses to understand the requirements of the law and the ESRS Standard, provide timely and accurate information to their leadership as well as specialized training to management, involved executives, and sustainability officers, create planning and monitoring structures, integrate digital tools, and establish reliable baselines and data collection processes.

Additionally, it necessitates an assessment of the organization's current state, the involvement of senior management in identifying material issues, risks, and opportunities as well as in setting their targets, and the allocation of financial and human resources.

All of the above concern both companies that fall directly within the scope of the law's implementation and those whose inclusion occurs gradually according to it.

The ESG Framework and SMEs in the EU

Currently within the EU, SMEs represent 99.8% of businesses and constitute a vital pillar of its economies, promoting employment and innovation. The situation is similar in Greece, where SMEs are a fundamental contributor to our economic growth and employment.

The EU defines SMEs based on the number of employees, annual turnover, or balance sheet total, with specific thresholds for micro, small, and medium-sized categories. This common definition ensures consistent support measures and fair competition. Businesses are classified as autonomous, partner, or linked, based on ownership and control relationships with other enterprises, which affects how their size is calculated.

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 € 5 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

As SMEs encounter challenges in meeting the very high demands stipulated by the ESRS Reporting Standard, EFRAG has created the VSME standard with the purpose of supporting micro, small, and medium-sized enterprises, which do not fall within the scope of the CSRD Directive, while encouraging them to use this Standard for the preparation and disclosure of sustainability information.

This Standard covers the same topics as the European Sustainability Reporting Standard (ESRS) for large companies but is based on the principle of proportionality and considers the fundamental characteristics of these businesses. This Standard has no legal force; however, it offers micro, small, and medium-sized enterprises, a voluntary tool for preparing and submitting sustainability reports with the aim of:

1. Contributing to a more sustainable and inclusive economy.
2. Improving the management of the sustainability issues they face, namely environmental and social challenges such as pollution, and the health and safety of the workforce, thereby supporting their competitive growth and enhancing their resilience in the short, medium, and long term.
3. Providing information that will satisfy the data demands of lenders/credit providers and investors, consequently improving their access to financing.
4. Providing information that will help satisfy the data needs of large undertakings requesting sustainability information from their suppliers.

The Standard consists of three modules which can be used as a basis for the preparation of the sustainability report.

1. The Basic Module includes a specific approach to the disclosure requirements of micro-enterprises and the least acceptable reference content for other enterprises.
2. The Comprehensive Module defines the explanatory disclosures in relation to the Policies, Actions and Objectives of each company, which must be mentioned in addition to the previous disclosures.
3. The Business Partners section sets out data points that need to be reported and are likely to be included in the sustainability information requests from SME business partners, such as lenders, investors, and corporate clients.

Greek SMEs face both challenges and potential opportunities in the evolving regulatory environment of ESG criteria. While meeting the requirements may require significant investments in areas such as training and resources, the adoption of ESG principles can lead to a stronger reputation, improved competitiveness and increased access to financial support as well as their inclusion in important value chains.

SMEs that adapt early, by leveraging streamlined approaches such as the VSME standard, will be in a more favorable and competitive position.

In Greece, the competent Ministries, business associations, Chambers of Commerce, and the Hellenic Network for Corporate Social Responsibility (CSR Hellas), the main institutional representative of responsible entrepreneurship with a significant 25-year contribution in this sector, significantly contribute to informing businesses and fostering the public dialogue regarding ESG framework issues.

Other regulations in Greece

(See related footnotes)

Omnibus Proposal

The EU's Omnibus proposal aims to streamline the mandatory nature of ESG compliance with the necessity of enhancing the competitiveness of European economies. Within this framework, the thresholds, scope, and timeline for the implementation of the CSRD and CS3D Directives, as well as the simplification of the applied standards, are again being discussed.

ESG and the Blue Economy

For sectors such as the Blue Economy, compliance with the ESG framework is a pathway towards innovation, sustainability, and lasting growth with a positive social and economic footprint.

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