

Newsletter



14 February 2025

Impact Investing and Law: Navigating Sustainable Finance in Greece

As sustainable finance continues to reshape global investment strategies, impact investing is gaining significant traction in Europe and Greece. This investment approach focuses on generating measurable social and environmental benefits alongside financial returns.

A. Impact Investing: A New Era of Sustainable Finance

Impact investing goes beyond traditional ESG screening by actively allocating capital to projects that foster social progress, environmental sustainability, and long-term economic resilience. Key sectors driving impact investments in the European and Greek markets include:

- **Renewable Energy & Green Infrastructure** – Investments in wind and solar farms, energy-efficient buildings, battery storage systems, and smart grids to support the EU's climate neutrality goals.
- **Social Enterprises & Inclusive Finance** – Support for microfinance institutions, affordable housing, and businesses fostering social equity, particularly in regions transitioning away from fossil fuels.
- **Sustainable Agriculture & Circular Economy** – Financing regenerative farming, carbon reduction initiatives, and waste-to-energy projects in alignment with national and European action plans for circular economy.

Certain of the means to implement the above as part of impact investing are:

- **Green Bonds & Social Bonds** – Used to finance environmental and social impact projects, requiring adherence to the ICMA Green Bond Principles and, once finalized, the EU Green Bond Standard (EUGBS) to ensure transparency.
- **Private Equity & Venture Capital Funds** – Capital pooling integrating ESG principles into their investment strategies.
- **Blended Finance Models** – Public and private pooling aiming to de-risk sustainable projects, often supported by development banks and EU-backed programs.
- **Corporate Governance Policies and Reporting** – Organizations must integrate ESG considerations into board-level decision-making and executive compensation structures, as well as respective reporting.



- **ESG Risk Mitigation Strategies** – Firms must develop legal safeguards against false sustainability claims and ensure compliance with the applicable regulatory frameworks.

B. Considerations in Impact Investing

Regulatory Compliance: Aligning with EU & Greek Legislation

To ensure transparency, accountability, and credibility, impact investments must comply with EU and Greek sustainable finance regulations, including:

- **Sustainable Finance Disclosure Regulation (SFDR)** – Regulation (EU) 2019/2088: Applies to financial market participants, including asset managers, investment funds, banks, and insurers operating in the EU.

The SFDR requires mandatory ESG disclosures for investment products marketed as sustainable, ensuring transparency and preventing greenwashing.

- **EU Taxonomy Regulation** – Regulation (EU) 2020/852: Establishes a standardized classification system for environmentally sustainable economic activities, ensuring investments align with EU climate objectives.

It applies primarily to large corporations and financial institutions that offer ESG-labelled financial products. Affected entities must classify economic activities as environmentally sustainable if they meet strict EU Taxonomy criteria, focusing on six objectives: climate change mitigation, climate change adaptation, sustainable water use, pollution prevention, circular economy, and biodiversity protection.

- **Greek Law No. 5164/2024**: Transposes the **Corporate Sustainability Reporting Directive (CSRD)** – **Directive (EU) 2022/2464 into Greek national law**, introducing stricter ESG reporting obligations for large businesses, financial institutions, and non-EU entities with substantial economic activity in Greece.

Affected entities which implement related reporting obligations gradually starting from 2024 include large public interest entities, parent companies and non-EU companies with significant EU presence. They shall disclose ESG risks, sustainability policies, impact assessments, and sustainability targets, following the double materiality principle—reporting on both how sustainability issues affect them and how they impact society and the environment.



Alexandra Agorastou
Lawyer | Chief of Corporate Culture

aagorastou@saranti-partners.com

T: +302107295537