

Sustainability in Transition

2025 Takeaways | 2026 Outlook

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From Reporting to Sustainable Strategies / Key Lessons from 2025 and What to Expect in 2026

The year 2025 marked a turning point for sustainability. The introduction of the “stop the clock” Directive (EU) 2025/794 led to a significant shift in the evolution of ESG. By postponing certain sustainability reporting deadlines, the directive temporarily slowed the pace of mandatory disclosure. Yet, rather than weakening the ESG agenda, it has fundamentally **reoriented attention from reporting mechanics to strategic integration.**

The ESG/Sustainability Team of FDMA - closely following the developments on sustainability - has attended numerous conferences, throughout 2025, such as:

1. The “4th ESG Cleon Conference” (26 February),
2. The “Invest in Greece Conference” (20 March),
3. The “1st Sustainable Finance Conference” (27 March),
4. The “5th Athens ESG Forum” (26 June),
5. The “15th Athens Sustainability Forum” (3 October),
6. The “Ninth Sustainability Summit for SE Europe & the Mediterranean” (13-14 October),
7. The “3rd Effective Dialogue Conference and the Crossroads” (6 November),
8. The “Law & its Applications on Sustainable Development 2025” (in the framework of Sustainable Industrial Processing Summit (SIPS) 2025, 17-19 November),
9. The “ESG & Shipping Awards Conference” (19 November).

Drawing on insights echoed from the above mentioned events, this article outlines the main takeaways on sustainability from 2025 and what companies should expect in 2026.

In particular:

1. ESG integration becomes a Strategic, Legal and Board – Level Issue

Legal risk mapping – covering issues such as human rights, climate, supply chains and disclosure – is increasingly becoming a **strategic input and not a post – hoc compliance check**. Speakers – in the above mentioned conferences - repeatedly warned that misalignment between strategy and legal obligations is a primary source of ESG and legal risk.

2026 outlook: Greater integration of legal, risk and sustainability functions at board level is expected. Sustainability strategy can not be developed independently from robust legal counseling.

2. Law and Sustainability are becoming Inseparable

As the **Law & its Applications on Sustainable Development Conference** underlined, the legal frameworks will have a dominant role in shaping sustainability. From climate litigation and greenwashing, to human rights and environmental due –diligence obligations, sustainability will be increasingly enforceable.

2026 outlook: Legal risk is becoming a central ESG consideration for boards and investors alike, positioning legal counseling on sustainability issues, at a strategic level.

3. Governance and Board Accountability Are Central

A recurring theme in 2025 was the personal accountability of directors and senior management for sustainability failures. Sustainability is no longer a CSR function – it is a governance issue, strictly tied to risk oversight, accountability for sustainability failures and extra remuneration (ex.bonus) of directors and management teams, for attaining sustainability goals.

2026 outlook: More explicit linkage between ESG performance and accountability or extra executive pay is expected.

4. Due Diligence Is the New Core Discipline

Human rights and environmental due diligence dominated discussions across the above **legal and finance – focused conferences**. Companies are expected to identify, prevent, mitigate and remediate impacts across their value chains – not merely disclose policies. This marks a fundamental shift **from reporting to operational responsibility**.

2026 outlook: Expansion of due diligence expectations to SMEs via value – chain pressure and contractual clauses, is expected.

5. Sustainability is increasingly linked to Competitiveness and Growth

The “Invest in Greece” and “Global Sustainability” dialogues highlighted a growing alignment between sustainability and **national competitiveness**. Green infrastructure, clean energy and sustainable tourism were framed as growth engines.

2026 outlook: In 2026, sustainability is expected to be increasingly positioned less as a cost and more as a prerequisite for attracting long-term investment.

6. Climate Resilience is rising alongside Decarbonisation

While emissions reduction remains critical, 2025 discussions placed new emphasis on adaptation and resilience, particularly in climate-vulnerable regions like the Mediterranean region. Infrastructure resilience, water scarcity, food security and urban planning featured prominently. In addition, the importance of the unification on reporting, by aligned standards, allowing performance comparisons, has been stressed out by the speakers.

2026 outlook: In 2026, resilience investment is expected to gain stronger financial backing and policy support.

7. Social sustainability and the "S" in ESG are gaining substance

After years of environmental dominance, 2025 saw renewed focus on social issues: workforce transition, inclusion, skills development and community impact. Speakers - in the above mentioned conferences - stressed that only environmental strategies, without taking into consideration the social dimension of sustainability, will fail.

2026 outlook: Companies are expected to deepen their social metrics and link them more clearly to business continuity, reputation and social legitimacy.

8. Sustainable Finance Is Driving Real Economy Change

The sustainable finance agenda in 2025 highlighted that capital allocation is increasingly conditional on credible transition plans, science-based targets and governance quality. Financial institutions are no longer satisfied with ESG narratives; they demand **verifiable data and forward-looking resilience**.

2026 outlook: Markets are expected to “penalise” vague or weak sustainability claims, rewarding instead robust KPIs, proving commitment to long term resilience.

9. ESG Litigation Risk Is Rising Sharply

ESG - related litigation, (especially climate litigation and greenwashing claims) has been identified as a growing strategic risk. Courts are emerging as de facto climate governance actors, and companies -especially carbon- intensive industries- face growing claims from investors, NGOs and affected communities.

2026 outlook: More strategic litigation is expected, testing directors' duties and disclosure accuracy.

10. Shipping and Heavy Industry Face Accelerated Transition Pressure

“ESG & Shipping Awards Conference” reflected a sector under pressure but also rich in opportunity. Decarbonisation pathways, alternative fuels and financing headlined. These pathways are driven by combining CSRD (Corporate Sustainability Reporting Directive) for transparent reporting, EU ETS (Emissions Trading System) for immediate emission pricing, and IMO (International Maritime Organization) standards for long- term technical maritime regulations, whereas carbon permits and the CBAM regime (Carbon Border Adjustment Mechanism), will also shape the energy transition.

2026 outlook: Shipping and other hard-to-abate sectors are expected

to move to scaled solutions. Increased compliance costs are expected but also first - mover advantages for transition leaders.

11. Stakeholder Dialogue Is Becoming a Legal Expectation

The stakeholder "engagement" is now evolving into a procedural obligation, especially under due diligence regimes. Meaningful stakeholder dialogue is critical for legal defensibility and social legitimacy.

2026 outlook: Formalization of stakeholder engagement processes is expected, as well as documentation standards.

12. Data, Assurance and Digitalization Are Strategic Enablers

2025 highlighted the significance of robust data for sustainable strategies and the end of fragmented ESG data. Companies should now be investing in digital systems, internal controls and third - party assurance to meet regulatory and investor expectations. Poor data quality is increasingly viewed as governance failure, leading to major risks, such as legal claims or exclusion from procurement.

2026 outlook: Mandatory assurance is bound to become standard; regulators/ investors scrutinize data consistency.

Conclusion:

If 2025 has been the year of “stopping the clock” to reporting, 2026 is expected to be the year of focus on sustainable strategies. ESG reporting is only credible when it reflects real strategic choices, measurable investments and operational change.

The “stop the clock” pause allows companies to strengthen internal alignment between sustainability teams, finance, legal and core business functions, reducing fragmentation and improving decision – making quality.

From an investor and regulator perspective, the focus also shifts. Attention turns toward the robustness of transition pathways, the credibility of targets and the companies’ capacity to

manage long term environmental and social risks. In this sense, the “stop –the –clock” directive has acted less as a delay and more as a recalibration.

Ultimately, by slowing the reporting clock, the “stop the clock” directive has been accelerating ESG maturity. It reinforces the idea that sustainable value creation depends not on faster disclosure, but on **deeper strategic integration – with reporting serving as EVIDENCE of progress, rather than its primary driver.**

Concluding, those who will integrate law, strategy, finance, and governance around sustainability will not only reduce risk – but shape the future of their sectors.