PWH 2024-25 Policy Project

Catalyzing Climate Action: A Roadmap for Greek SMEs

Climate Governance Initiative Greece (CGIG)

Florence Onyiuke, Euel Kebebew, Inaya Zaman, Michal Wyrebkowski

May 2025

TABLE OF CONTENTS

Abstract: Small and Medium Enterprises (SMEs) are critical actors in the global response to climate change, contributing significantly to both emissions and sustainability innovations. According to the World Bank[1], SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development, representing about 90% of businesses and more than 50% of employment worldwide. In developed economies, SMEs account for 60-70% of employment and 55% of GDP. Despite their impact, SMEs remain underrepresented in climate governance frameworks, with policies often prioritizing larger corporations. In response to this gap, this paper examines how SMEs can leverage climate compliance to achieve economic resilience, streamline operations, and boost market competitiveness. Using case studies from the United States and the European Union (EU), the analysis showcases existing governance models, best practices, and regulatory incentives that support SME decarbonization. Our findings emphasize the need for dual-track strategies in Greece that pair regulatory alignment with practical financial and technical support. In particular, effective decentralization, incentive design, and supply chain preparedness emerge as key priorities for scaling climate action across the sector.

1. Introduction

SMEs, which comprise the majority of global businesses, are both significant contributors to carbon emissions and energy consumption and key drivers of local innovation and community development (Hampton et al., 2023; Rekkas, 2022). Globally, SMEs account for roughly 90% of businesses and more than half of all employment (World Bank, 2023. In Greece, this number rises even higher with 99% of enterprises being SMEs (Rekkas, 2022). These firms serve as the economic backbone of the country, providing critical employment, services, and innovation in both urban centers and rural areas.

Their outsized role became even more pronounced in the aftermath of Greece's 2009 financial crisis, where austerity and economic restructuring placed the burden of recovery heavily on SMEs. Many struggled to stay afloat due to limited access to capital and a weak domestic market, yet their continued survival has made them indispensable to Greece's economic resilience and social cohesion. Today, they remain uniquely positioned to drive sustainable growth if equipped with the tools and incentives to decarbonize.

However, these enterprises often face resource constraints, regulatory misalignment, and insufficient access to financial incentives which hinder their capacity and willingness to fully embrace sustainability initiatives (Purwandani & Michaud, 2021). Effective governance frameworks are therefore critical to addressing the decisive impact of SMEs, with the

[1] https://www.worldbank.org/en/topic/smefinance

potential to boost profitability, mitigate operational risks, and enhance resilience in an increasingly climate-conscious global market.

A growing body of literature underscores the need for integrated governance approaches that bridge the gap between SMEs and policymakers. Public-private partnerships, tailored regulatory mechanisms, and structured financial incentives have proven successful in SMEs' ability to align with environmental objectives (Schroeder et al., 2013; Brusati et al., 2020). However, challenges persist, including limited access to financial and technical support, regulatory misalignment, and insufficient recognition of SMEs' contributions to broader climate goals (Westman et al., 2021). Our aim is to examine how these approaches can be adapted to the unique needs of Greece, the broader EU in a dynamic global economic landscape. To do so, we draw on case studies from the U.S. and EU to analyze successful governance frameworks, identify best practices, and assess regulatory incentives that can support SME decarbonization.

There are marked differences in the governance approaches for addressing climate change management between the European Union and the US. The EU has a well-established regulatory framework that promotes climate action and sustainability through centralized policies such as the European Green Deal (2019) and Fit for 55 packages (2021). These regulations apply to all businesses, including SMEs, though there are often exemptions or reduced reporting requirements for smaller companies. Climate governance in the US is more fragmented, with a combination of federal and state-level regulations. The Inflation Reduction Act (IRA) (2022) introduced incentives for businesses (including SMEs) to reduce emissions, but regulatory requirements for SMEs are less centralized compared to Europe. The Environmental Protection Agency (EPA) enforces regulations, but there's less uniformity across states. Some states, like California, have stricter climate regulations than others. The SEC has proposed new rules for climate-related disclosures, but the framework is still evolving.

Notwithstanding the regulatory divergence, our results demonstrate the potential for well-designed **dual-track** strategies to mobilize compliance amongst SMEs, a solution we conceptualize as **'hybridization**.' Greece, in particular, has the opportunity to lead by example—developing strategies that are both climate-aligned and economically feasible for its uniquely SME-dominated economy.

The paper is organized as follows. Section 2 examines U.S. climate governance frameworks and their implications for SMEs, focusing on initiatives like California's Cap-and-Trade Program. Section 3 explores the EU's regulatory environment, highlighting sustainability reporting and carbon reduction mechanisms. Section 4 discusses governance challenges and opportunities in emerging economies, particularly their effects on global supply chains. Section 5 reviews best practices for SME climate action, using successful case

studies and tools. Finally, Section 6 provides a comparative analysis of governance models and recommendations for Greece and the EU, emphasizing the economic and environmental benefits of climate compliance for business and policymakers.

2. U.S Climate Governance Initiatives for SMEs

2.1 Cost Efficiency

Adopting sustainable practices poses substantial challenges for Small and Medium Enterprises (SMEs) due to limited financial resources and technical expertise. These constraints often prevent SMEs from investing in energy-efficient technologies or meeting regulatory requirements. Recognizing the critical role of SMEs in climate governance, the United States has implemented a range of initiatives designed to lower financial and technical barriers to sustainability (see Figure 1 for full table summary).. These programs employ mechanisms such as performance contracting, low-interest financing, and public-private partnerships to facilitate SME access to energy-efficient solutions while minimizing upfront costs.

Climate Smart Business Initiative (CSBI)

The Climate Smart Business Initiative (CSBI) is a key program designed to help businesses, including SMEs, adopt energy-efficient technologies and reduce greenhouse gas (GHG) emissions. A central feature of CSBI is its use of performance contracting, which allows businesses to finance energy upgrades through the cost savings generated by reduced energy consumption, eliminating the need for upfront capital investment (Department of Energy, 2022). The initiative also offers the CSBI Tracker tool, which helps businesses estimate potential energy savings, GHG reductions, and required investment. The CSBI also enables businesses to bundle multiple facilities into single projects, allowing them to address sustainability targets collectively. This bundling approach not only simplifies compliance with emissions regulations but also enhances cost efficiency by leveraging economies of scale. With its structured financial model and robust technical tools, CSBI demonstrates how structured financial mechanisms can drive large-scale decarbonization efforts among SMEs (Department of Energy, 2022).

Small Business Administration (SBA)

The Small Business Administration (SBA) 504 Loan Program is another initiative that provides long-term, fixed-rate financing for real estate and equipment upgrades. This program incentivizes energy-efficient improvements by offering increased loan amounts of up to $5.5 million for businesses that demonstrate at least a 10% reduction in energy consumption or offset energy use with renewable sources (SBA, 2023). Certified Development Companies (CDCs), which administer the loans, guide businesses on how to

meet these criteria, ensuring accessibility even for resource-constrained SMEs. For example, an SME might replace outdated HVAC systems with energy-efficient models to achieve the required 10% reduction in energy use. Alternatively, retail businesses might upgrade their lighting systems to LED technology, significantly reducing electricity consumption. By reducing upfront costs and providing low-interest financing, the SBA 504 Loan Program addresses financial barriers while enabling SMEs to modernize their infrastructure and lower operational expenses (SBA, 2023).

Energy Savings Performance Contracts (ESPCs)

Energy Savings Performance Contracts (ESPCs) further highlight how financial mechanisms can promote cost efficiency for SMEs. Managed under the Federal Energy Management Program, ESPCs enable businesses to partner with energy service companies to implement energy efficiency projects without requiring upfront capital. Instead, project costs are covered through the verified savings they generate (Department of Energy, 2022). This model has proven particularly effective for smaller enterprises that lack the financial flexibility to invest in sustainable technologies. By streamlining access to funding and guaranteeing measurable returns, ESPCs empower SMEs to implement energy-efficient solutions that enhance operational performance and align with long-term sustainability targets (Department of Energy, 2022).

The impact of these initiatives extends beyond cost reduction. SMEs participating in ESPCs, SBA-funded projects, or CSBI programs often report lower operating expenses and improved public perception, positioning themselves as leaders in sustainability within their industries (Department of Energy, 2022; SBA, 2023). This dual benefit of reduced costs and enhanced reputation demonstrates how well-designed governance frameworks can align economic and environmental objectives, encouraging SMEs to invest in long-term sustainable growth. These programs provide a valuable model for other regions seeking to enhance SME engagement in climate governance. In the context of Greece, adopting similar frameworks could address the unique challenges faced by its SMEs, enabling them to contribute effectively to national and regional climate goals.

2.2 Financial Incentives

Adjacent to cost-efficiency measures, incorporating financial incentives into climate governance frameworks provides another effective strategy for engaging SMEs in climate compliance. While cost-efficiency measures focus on reducing operational costs, financial incentives enable SMEs to derive direct economic benefits through Renewable Energy Certification (RECs) market-based mechanisms such as emissions trading and RECs. These programs reward proactive engagement in sustainability, fostering innovation and enhancing competitiveness.

California's Cap-and-Trade Program

California's Cap-and-Trade Program, introduced under the Global Warming Solutions Act of 2006, represents one of the most comprehensive market-based systems for emissions reduction. The program sets a statewide cap on GHG emissions, covering 85% of California's economy, including industrial, energy, and transportation sectors (California Air Resources Board, 2024). Entities emitting over 25,000 metric tons of CO2 annually are required to hold allowances equal to their emissions, which they can acquire through quarterly auctions or secondary markets. Businesses that reduce their emissions below the cap can sell surplus allowances, creating a financial incentive for innovation.

While primarily targeting larger emitters, the program indirectly benefits SMEs by fostering opportunities for collaboration and innovation. SMEs specializing in low-carbon technologies or energy-efficient products can position themselves as suppliers to larger entities seeking to lower their carbon footprint. Additionally, auction revenues are funneled into the Greenhouse Gas Reduction Fund (GGRF), which supports local environmental projects, including those involving SMEs in renewable energy and energy efficiency initiatives. This creates a cascading effect, where SMEs benefit from funding opportunities to modernize operations and adopt sustainable practices while contributing to the broader decarbonization goals of the program (Morgenstern & Adler, 2024).

Green Power Partnership (GPP)

The EPA's Green Power Partnership (GPP) is another key initiative leveraging financial incentives to encourage green production among SMEs. Participants commit to purchasing green power—electricity generated from renewable sources such as wind, solar, and hydropower—or RECs that validate their environmental impact (EPA, 2024). GPP participation offers SMEs several advantages. The program provides technical guidance to help businesses evaluate their energy consumption and transition to renewable sources. Furthermore, SMEs receive public recognition through EPA's Green Power Leadership Awards and inclusion in program rankings, which enhances their market visibility and strengthens consumer trust. Financially, the adoption of renewable energy can lower long-term energy costs while aligning businesses with emerging sustainability standards. For example, an SME that purchases RECs not only supports renewable energy generation but also demonstrates environmental leadership, differentiating itself in a competitive marketplace.

2.3 Brand Trust

Brand trust, defined as the confidence consumers place in a company's ability to act ethically, deliver on its promises, and operate responsibly, has become increasingly intertwined with climate compliance (Chaudhuri & Holbrook, 2001). For SMEs, engaging in sustainable practices offers a pathway to enhance brand trust, build customer loyalty, and secure a competitive edge in an evolving marketplace where consumers and investors increasingly prioritize sustainability.

SMEs can foster brand trust through three primary mechanisms:

1. **Transparency -** Clear communication of environmental goals and progress, such as public disclosures of carbon emissions, enhances consumer confidence in a company's commitment to sustainability (Ijomah et al., 2024)
2. **Certifications and recognition -** Programs like the EPA's GPP reward businesses for renewable energy adoption, providing recognitions that signal trustworthiness to consumers and investors (EPA, 2022).
3. **Community impact -** SMEs that integrate sustainability into local operations, such as reducing pollution or supporting green spaces, build stronger connections with their communities, enhancing brand loyalty and reputation (Amireh, 2021).

Costs, Resilience Gains, and Risks of Non-Compliance

Investing in climate compliance also yields significant financial and resilience benefits for SMEs in the EU. While initial costs for infrastructure upgrades or certifications may be substantial, they are often offset by operational efficiencies and improved market positioning. Moreover, climate-compliant businesses are better equipped to navigate external shocks, such as supply chain disruptions or, which disproportionately impact non-compliant firms.

Additionally, SMEs face increasing risks of losing business and procurement contracts, as large corporations increasingly require suppliers to meet specific sustainability and climate targets. This shift is driven by growing pressure on corporations to reduce Scope 3 emissions, making supplier compliance a key factor in meeting climate goals. As a result, SMEs that fail to align with these expectations risk exclusion from supply chains, supplier rosters, and bidding processes for long-term contracts. This risk is particularly high in sectors such as manufacturing and retail, where sustainability standards are embedded into supplier scorecards and audits. Furthermore, non-compliant SMEs may face limited opportunities in public procurement, as governments increasingly adopt green purchasing criteria.

Failure to align with these expectations can result in exclusion from supply chains and lost contract opportunities. Beyond business continuity, companies failing to invest in sustainability risk losing both capital and talent, as investors and skilled workers prioritize environmentally conscious organizations (Tripopsakul & Puriwat, 2022).The flight of capital and talent underscores the growing necessity for SMEs to integrate climate compliance into their core strategies to remain competitive in an evolving market landscape.

A lack of green investment can also exacerbate reputational risks for SMEs. Non-compliant businesses face reduced consumer trust, diminished access to financing, and exclusion from critical supply chains. In the EU, large corporations adhering to Scope 3

emissions standards increasingly require sustainability compliance from their suppliers. Scope 3 emissions represent the most extensive share of a company's carbon footprint, encompassing upstream and downstream emissions such as raw material sourcing, transportation, product use, and disposal (Garzón-Jiménez & Zorio-Grima, 2021; GHG Protocol, 2024). SMEs unable to meet these standards risk exclusion from critical procurement opportunities. In this context, brand trust emerges not only as a market differentiator but also a critical component of long-term business viability in the EU.

2.4 Structural Support

Roadmaps for green adoption are essential in facilitating climate compliance for SMEs, offering clear, step-by-step guidance on compliance requirements, technical support, and available incentives. By simplifying the transition to sustainable practices, these frameworks reduce uncertainty and empower businesses to align with environmental goals effectively.

In the U.S., programs like the Small Business Administration's (SBA) Green Business Programs and the Climate Smart Business Initiative (CSBI) provide valuable models for comprehensive structural support. These initiatives combine robust monitoring mechanisms, accessible funding opportunities, and tailored training to address the unique challenges faced by smaller enterprises. By lowering barriers to compliance, they enable SMEs to navigate complex regulatory landscapes and integrate sustainability into their operations seamlessly (Department of Energy, 2022; SBA, 2023). Similarly, in the EU, initiatives such as the European Green Deal prioritize making sustainability accessible to businesses of all sizes. These programs aim to align SMEs with environmental objectives while minimizing financial burdens, ensuring that smaller enterprises can contribute meaningfully to regional climate goals (Brusati et al., 2020).

In Greece, tailored structural support could play a transformative role in increasing SME climate compliance. Critical components may include grants to fund renewable energy projects, technical assistance for operational modernization, and cross-industry guidance to ensure alignment with EU standards. By integrating these into a cohesive roadmap, Greece stands to create a business environment that facilitates the seamless and cost-effective adoption of sustainable practices. This foundational framework will be key to developing a detailed compliance roadmap, as explored in later sections, drawing from best practices in both the U.S. and EU.

3. EU Climate Governance & Support Mechanisms

The European Union has developed a structured regulatory framework to support SMEs in their sustainability transition while balancing compliance burdens. Policies such as

the European Green Deal and Corporate Sustainability Reporting Directive (CSRD) provide incentives, exemptions, and reporting flexibility for smaller enterprises. This section explores EU governance mechanisms, financial support programs, and emerging regulatory trends aimed at enhancing SME participation in climate action.

The EU provides a degree of regulatory flexibility for small and medium enterprises in terms of compliance with EU regulations. SMEs with fewer than 500 employees are subject to a "comply or explain" approach under Sustainable Finance Disclosure Regulation (SFDR), allowing them to opt out of certain requirements if they justify their decision. Firms below the 500-employee threshold are exempt from mandatory Principal Adverse Impact (PAI)[2] reporting, reducing administrative burdens. (Henderson et al. 2023) Platforms like the EU Taxonomy Navigator and the European Single Access Point (ESAP) aim to streamline sustainability data access, indirectly assisting SMEs. (Verwey et al. 2024)

European Financial Reporting Advisory Group's new voluntary standard for SMEs offers a blueprint on how to support compliance with the downstream effects of CSRD, and SFRD for SMEs in value chains of companies subject to disclosures resultant from these regulations. It includes SME's practices and policies for sustainability (B2) such as reduction in water usage, energy-saving measures etc. that can be disclosed using a short-table, focusing on what is done now and any planned targets. Environmental metrics are divided into categories related to energy and GHG (B3), pollution (B4), biodiversity (B5), water (B6) and resource use & waste (B7). Metrics include i.e. total energy consumption, Scope 1 and 2 GHG emissions, water consumption, total waste generated. Social metrics (B8-B10) focus on workforce, health and safety, and bargaining. Governance metric is limited to any instances of conviction or fines for corruption/bribery.

For companies larger in scale or responding to more stringent stakeholder requirements—such as banks or investors—the Comprehensive Module (C1–C9) expands on these foundational elements with disclosures on the SME's business model and strategy (C1), climate-related targets and transition plans (C3), climate risks and adaptation measures (C4), human rights policies (C6), severe negative incidents (C7), and revenues from potentially sensitive sectors like fossil fuels or tobacco (C8). It also covers gender diversity at the governance level (C9) and whether the SME is excluded from EU reference benchmarks tied to the Paris Agreement. This advanced module ensures deeper alignment with investor and market expectations, while still remaining proportionate to an SME's operational context and resource capacity.

[2] Principal Adverse Impact (PAI) under the EU's Sustainable Finance Disclosure Regulation (SFDR) refers to "negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity".

FRAG's VSME Standard is simplified but consistent with the full European Sustainability Reporting Standards (ESRS) so that SMEs' data can feed into the broader reporting chain for large companies that need Scope 3 or supply-chain information. Moreover, the standard highlights key indicators linked to bank or investor requirements under the Sustainable Finance Disclosure Regulation (SFDR) so that SMEs can more easily access green loans or show sustainability credentials to investors.

Mirroring EU rules exempting smaller companies from certain mandatory provisions, the VSME Standard encourages transparency while allowing SMEs to bypass detailed topics if they are not material or are resource-intensives. EFRAG's analysis projects net positive impacts for SMEs by 2027, with recurring reporting costs decreasing by up to 40% compared to ad-hoc ESG questionnaires. (EFRAG, 2024)

Additionally, beyond the new voluntary disclosure framework tailored for SME compliance, the European Union offers multiple programs and funding channels to help smaller businesses in their transition to more sustainable business models. Horizon Europe, for example, provides grants for sustainability-focused innovation, covering areas such as energy resilience, carbon-reduction projects, and circular economy initiatives. In 2024 alone, Horizon Europe, with its "Innovate to Transform","Sustainable, secure and competitive energy supply", "Highly energy-efficient and climate-neutral European building stock" calls allocated €188.6 million specifically for energy-related projects targeting SMEs (Zabala.eu, 2024), signaling a significant push toward green innovation. Under the Single Market Programme, smaller enterprises also gain access to a mix of grants, loans, and equity financing through an SME-specific pillar. This support mechanism already reaches 850,000 SMEs spanning 35 countries (European Commission, 2024), underscoring the EU's concerted effort to mainstream sustainability across diverse markets.

In parallel, the LIFE Programme offers direct funding for SMEs that develop green products or technologies in fields such as waste management, renewable energy, and resource efficiency. By focusing on environmental and climate action, LIFE helps bridge the gap between early-stage innovative ideas and real-world sustainable solutions. Smaller, regionally focused funds like SME Go Green have been set up in the Western Balkans with an initial budget of €120 million, blending EU grants with local financing. This program not only accelerates the adoption of green technologies in agribusiness but also specifically supports women-led enterprises, ensuring inclusive access to sustainable growth opportunities.

Recognizing the evolving landscape of SME needs, the EU is balancing accessibility with selective criteria to target high-impact initiatives while managing administrative burdens. The SME Fund 2025 provides intellectual property support through a voucher-based system, reimbursing up to 75% of registration fees for SMEs with fewer than 250 employees and an annual turnover of ≤€50M or balance sheet of ≤€43M. (SME Fund, 2025)

Meanwhile, the TSI 2025 Flagship Initiative focuses on sustainability reporting, prioritizing SMEs subject to CSRD requirements and offering support via national authorities through workshops, digital toolkits, and sector guides (TSI, 2025). Unlike direct grants, access depends on the efficiency of national administrations. For deep-tech scaling, the EIC Accelerator funds disruptive innovations in AI, robotics, and clean energy, providing grants up to €2.5M and equity investments up to €12.5M. However, its two-stage selection process is highly competitive, with only 5.8% of applicants securing funding in the October 2024 round. (European Innovation Council, 2025) Common challenges across these programs include time-sensitive application windows, extensive documentation demands—particularly for the EIC Accelerator—and geographic disparities in TSI implementation.

Beyond existing financial and advisory programs for SMEs, zooming out to the European Union's twin strategy of enhancing economic competitiveness and streamlining sustainability regulations we see two new major initiatives: the "Competitiveness Compass" and the proposed Omnibus Bill. The Competitiveness Compass sets a strategic direction for ensuring Europe's industrial and technological leadership, while the Omnibus Bill aims to consolidate overlapping environmental, social, and governance (ESG) rules. Together, they seek to reduce administrative burdens—particularly for small and medium-sized enterprises (SMEs)—and foster a more innovation-friendly regulatory climate. The Commission stated that the goal is to reduce reporting burdens by 25% for large companies and 35% for SMEs. (European Commission, 2025)

Under the Omnibus Bill, three key sustainability frameworks—the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Taxonomy Regulation—are merged into a single, cohesive structure. This eliminates the risk of conflicting timelines and duplicative data requests. Beyond harmonization, the Bill aligns key definitions such as "value chain," "adverse impacts," and "sustainable activities" across previously separate directives. By absorbing these siloed rules into one unified standard, SMEs and larger companies alike can rely on a more predictable and streamlined reporting landscape, thereby lowering compliance costs.

A central part of the EU's Competitiveness Compass involves setting targets to cut red tape without compromising core sustainability aims. In this vein, the Omnibus Bill reduces large firms' disclosure loads by 25% and extends even greater relief to smaller businesses, with a 35% cut in mandatory reporting requirements. Many SMEs will be exempt from certain sector-specific metrics (for instance, advanced oil and gas methane reporting), and the Voluntary Sustainability Reporting Standard (VSME) developed by EFRAG offers a modular approach—allowing micro and small enterprises to disclose only what is relevant, while larger SMEs can adopt more comprehensive disclosures as needed.

In recognition of limited resources for smaller organizations, the Omnibus Bill envisages a phased adoption schedule. SMEs and non-EU companies could see their

reporting deadlines postponed until 2026–2028, giving them extra time to prepare data systems and adopt digital tools. Additionally, proposed adjustments to the CSDDD could raise the employee threshold from 500 to 1,000 for certain obligations, potentially exempting mid-sized firms from the strictest due diligence requirements. By pacing the rollout of new rules, the EU aims to strike a balance between ambitious sustainability targets and practical business realities.

One of the Bill's hallmark changes is replacing the strict double materiality assessment with an "if applicable" principle. This allows companies, especially SMEs, to omit disclosures that clearly have no bearing on their operations. Sector-specific requirements, such as detailed methane emissions tracking, are no longer automatically imposed across the board; instead, only firms for which these issues are truly material are expected to include them. This flexible approach reinforces the objectives of the Competitiveness Compass by targeting regulatory effort where it generates tangible stakeholder benefits and reducing burdensome "check-the-box" reporting.

Under the new framework, EFRAG's digital taxonomy and AI-assisted platforms will help businesses "auto-populate" reports using existing financial and operational data. This move aligns directly with the Competitiveness Compass's call for innovative, tech-driven policy solutions. Likewise, the Omnibus Bill mandates better interoperability between EU standards and global frameworks like the International Sustainability Standards Board (ISSB). For SMEs with cross-border activities, streamlined data formats and common templates reduce duplication and simplify compliance.

EFRAG's voluntary SME sustainability reporting standard simplifies compliance while ensuring alignment with broader EU regulations. Building on this, the EU's climate governance framework combines regulatory flexibility, financial incentives, and simplified reporting to support SME sustainability. Ensuring accessibility and proportional requirements will be key to its effectiveness.

4. Emerging Markets Climate Action: An Overview

The global push for climate compliance has amplified attention on Scope 3 emissions, particularly in emerging markets, which often host the production bases of multinational corporations and manufacturing SMEs. As Scope 3 requirements expand, understanding their implications for climate governance in these regions presents a growing opportunity and challenge for firms around the world.

The Implications of Scope 3 Emissions

Scope 3 emissions are increasingly subject to regulatory oversight as organizations strive to meet net-zero commitments. The Greenhouse Gas Protocol and other international frameworks have emphasized the importance of comprehensive Scope 3 disclosures, urging companies to collect primary data from suppliers in emerging markets to ensure accuracy. Many emerging economies, such as those in Southeast Asia and Latin America, have seen rising demand for climate action initiatives due to their integration into global value chains. However, data collection remains a significant barrier for businesses operating in these regions, where suppliers often lack the capacity or infrastructure to track and report emissions.

New reporting requirements from entities such as the European Union and the U.S. Securities and Exchange Commission (under the Biden Administration)[3] were poised to intensify scrutiny on businesses sourcing from emerging markets. Namely, the EU's Corporate Sustainability Reporting Directive (CSRD) mandates comprehensive sustainability disclosures, including Scope 3 data, for companies operating in or trading with the EU. This has ripple effects on suppliers in emerging markets, many of whom face challenges such as inadequate financial resources, technical limitations, and fragmented regulatory environments. As companies in developed markets push for compliance, emerging market SMEs will need support to meet these demands.

Governance Initiatives in Emerging Markets

Several emerging economies have begun implementing climate governance initiatives to address these challenges. For example, in South Africa, the Carbon Tax Act includes provisions to incentivize emissions reductions, with a growing focus on Scope 3 emissions reporting (South African National Treasury, 2023). Similarly, in Brazil, the RenovaBio program promotes biofuel production and sustainability reporting across agricultural supply chains, aligning with international Scope 3 standards (Brazilian Ministry of Mines and Energy, 2023). These initiatives indicate a shift toward integrating climate compliance into broader governance frameworks, though significant gaps remain in enforcement and scalability.

At a regional level, the ASEAN Green Recovery Platform provides a collaborative approach to climate governance, emphasizing the need for public-private partnerships and regional standardization of emissions reporting (ASEAN Centre for Energy, 2022). These efforts aim to harmonize regulatory requirements across borders, enabling more cohesive reporting mechanisms for Scope 3 emissions. However, the success of such programs depends on the provision of financial and technical assistance to SMEs, many of which lack the resources to meet evolving standards.

Implications for Greece and the European Context

[3] It is important to note that the future of these regulations in the U.S. remains uncertain under the Trump Administration, which could shift the regulatory landscape and alter compliance expectations for businesses.

The growing emphasis on Scope 3 emissions in emerging markets carries significant implications for Greece and the broader EU. As Greek businesses increasingly collaborate with suppliers in these regions, ensuring compliance across the value chain will be critical to maintaining access to global markets. Failure to meaningfully engage SMEs in emerging economies in climate action could lead to serious consequences, including carbon border adjustment taxes, reputational damage, exclusion from key supply chains, and increased vulnerability to regulatory penalties. Conversely, by fostering partnerships and providing technical assistance to these suppliers, Greece can mitigate such risks while drawing on EU initiatives like the European Green Deal to promote climate governance. This proactive approach supports global decarbonization goals, ensures the competitiveness of Greek businesses, and strengthens the resilience and sustainability of supply chains in an increasingly climate-conscious market.

5. Best Practices from Successful SME-Led Climate Initiatives

5.1 Case Studies

Successful SMEs have demonstrated that embedding climate goals into their operations can yield both environmental and business benefits. The UK is a pioneer in facilitating opportunities for British SMEs to reduce emissions across their operations and benefit from collaborative networks for knowledge-sharing. Similar initiatives have been taken across Europe as well, providing applicable examples of successful decarbonization strategies.

UK Case Studies

Wild Clouds, a UK-based fashion brand, is committed to achieving net zero emissions by 2030. The company embraces a slow fashion ethos, creating timeless, high-quality clothing made from organic cotton and linen, all of which are 100% natural, sustainable, and compostable. Looking ahead, Wild Clouds plans to optimize transport networks, integrate recycled and regenerative fabrics, and hire a Head of Sustainability to embed climate-conscious processes throughout the organization (Owen-Burge, 2024). These strategies have given Wild Clouds B Corp certification, a powerful sustainability metric providing market differentiation, improved brand reputation, and helping attract top talent and loyal customers.

Similarly, **Frog Bikes**, another UK SME focused on building sustainable childrens bikes, aims to reduce emissions by 50% by 2030 and achieve net zero by 2050. Frog Bikes incorporates post-consumer recycled aluminum, reduces plastic use, and implements energy-efficient production measures. In the short term, the company seeks to include 25% recycled aluminum in its bestselling bikes, while its long-term plans include refurbishing and reselling used bikes to extend product life cycles and reduce waste (Drew, 2024). With the

UK's national carbon budget being a top priority of the current administration, these green initiatives are well-positioned to enhance Frog Bikes' competitiveness in the market while aligning with regulatory expectations.

VMI, a camera rental company in the UK, has made significant strides in its sustainability journey by transitioning to an electric and hybrid vehicle fleet and installing solar panels for renewable electricity generation. The company has already reduced CO2e emissions by 50%, achieving this milestone two years ahead of schedule. VMI's future goals include eliminating landfill waste and single-use plastics. Its climate initiatives have not only reduced environmental impact but also enhanced client and employee engagement, demonstrating the business advantages of sustainability (Bassett, 2024). Moreover, the UK's national priorities, including mandates on Zero Emissions Vehicles and completely phasing out coal power, further VMI's alignment with public incentives.

These SMEs have leveraged the resources and support of global campaigns, such as **Race to Zero** and the **SME Climate Hub**, to help measure emissions accurately, set future-forward targets, and track progress. These organizations have also helped streamline operational changes for decarbonization through guidance and facilitation of collaboration across firms.

European Case Studies

The European Commission's 2024 Eurobarometer survey indicates that 93% of EU SMEs are implementing at least one resource-efficiency measure to create greener supply chains. However, only 25% of SMEs have reported developing a concrete decarbonization strategy (Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2024). These successful SMEs have leveraged blended financing models, sustainability advisors, and knowledge-sharing networks.

In Spain, the fashion brand Ecoalf has pioneered the use of recycled materials, such as discarded fishing nets, plastic bottles, and used tires, to create high-quality clothing and accessories. By promoting a circular economy, Ecoalf minimizes waste and reduces reliance on raw, natural resources, setting a benchmark for sustainable fashion (Santi, 2020). Moreover, Manufacturas Arpe, a Spanish synthetic microfibers manufacturer, utilizes solar energy for its factories through the Som Energia Cooperative, a cost-effective renewable energy supplier. The company also leverages the Recovery, Transformation and Resilience Plan, financed by the European Union in the framework of the Next Generation Program, to sustain these solar panels. These actions translate to savings of 15.9Tn CO2 equivalent annually (Kiraly, 2024).

In the Netherlands, federal regulations limit companies' usage of electricity and natural gas, mandating energy-saving initiatives for companies going above a certain quantity threshold. Butchery Derksen, a butcher shop, invested in re-insulating cooling pipes,

replacing fluorescent tubes with LED lighting, and replacing the chiller engine with an energy-efficient alternative. In total, these alterations resulted in 45%-60% reduction in overall energy usage. Similarly, Synerlogic, a Dutch dairy sourcing SME, has set ambitious targets to become energy neutral by 2050, investing in energy-efficient air conditioning and LED sensors, as well as launching a campaign against waste. Both Butchery Derksen and Synerlogic leverage the expertise of Green Alliances de Liemers, an organization helping SMEs invest in sustainable production methods. The Netherlands has also pioneered the use of the CO_2 Performance Ladder, a certification and procurement mechanism providing tangible incentives for long-term carbon reduction (*CO_2 Performance Ladder: Start Reducing Your Emissions Now*, 2025).

These case studies highlight that proactive sustainability efforts—such as adopting renewable energy, extending product lifecycles, integrating recycled materials, and transitioning to energy-efficient resources—position SMEs as leaders in climate action. Embedding climate goals not only helps reduce environmental impact but also drives cost savings, improves brand reputation, fosters customer loyalty, and enhances employee engagement, ensuring long-term resilience and growth.

5.2 Innovations in Decarbonization

Progressive businesses have shifted from viewing decarbonization as merely a cost to recognizing it as an opportunity to generate new revenue streams. This paradigm shift involves redesigning products to minimize raw material usage, leveraging carbon as a valuable resource, and implementing strategies to monetize waste. These innovative approaches not only reduce environmental impact but also create economic value, demonstrating that sustainability and profitability can go hand in hand. Practical steps to achieve decarbonization include baseline emissions calculations, setting ambitious yet achievable targets, decarbonizing supply chains, transitioning to renewable energy, and adopting circular economy principles (Bernoville, 2023).

Baseline Emissions Calculations

The first step in any decarbonization strategy is understanding a business's current environmental footprint. This involves conducting comprehensive baseline emissions calculations, which measure greenhouse gas emissions across Scopes 1, 2, and 3[4]. By identifying the sources and magnitude of emissions, companies can pinpoint areas for improvement and establish a solid foundation for their decarbonization efforts.

Target Setting and Supply Chain Decarbonization

Once emissions have been assessed, businesses can set clear, science-based targets aligned with global climate goals. These targets guide efforts to reduce emissions across operations

[4] Scope 1 emissions are "direct emissions" from sources that are owned or controlled by the company. Scope 2 emissions are "indirect emissions" from the use of purchased energy. Scope 3 emissions are all other emissions across the product value chain (McClymont, 2021).

and supply chains. Decarbonizing supply chains often requires collaboration with suppliers to adopt sustainable practices, such as using low-carbon materials, optimizing logistics, and transitioning to renewable energy sources. Companies that successfully integrate these practices into their supply chains not only reduce their carbon footprint but also create more resilient and sustainable value chains.

In Greece, where the economy heavily relies on maritime transport and imports, the shipping industry offers significant opportunities for supply chain decarbonization. Innovations like green hydrogen fuels, electric ferries, and energy-efficient logistics systems are critical for meeting these targets while maintaining global competitiveness (World Bank Group, 2023).

Transitioning to Renewable Energy and Circular Economy Principles

Adopting renewable energy sources is a cornerstone of effective decarbonization strategies. This includes investments in solar, wind, or other clean energy technologies to power operations. Greece's abundant solar and wind resources position the country well for renewable energy adoption, with initiatives like solar-powered island networks and offshore wind farms serving as models for other nations (International Trade Administration, 2024).

In parallel, businesses are embracing circular economy principles, which prioritize reducing waste, reusing materials, and recycling resources. In Greece, where waste management infrastructure is evolving, implementing circular practices such as upcycling construction materials, reusing waste from agriculture, and creating local recycling hubs can have a transformative impact (International Trade Administration, 2023). By rethinking product design, extending product life cycles, and finding innovative ways to repurpose waste, Greek SMEs can significantly reduce their environmental impact while unlocking new business opportunities.

Together, these steps demonstrate that decarbonization is not just a compliance measure but a driver of innovation and long-term growth. SMEs in Greece that adopt these strategies are better positioned to thrive in a low-carbon economy while leveraging the country's unique strengths, such as its natural resources and strategic location, to contribute meaningfully to global sustainability efforts.

6. Resources, Tools, and Public/Private Partnerships

Small and medium enterprises have a pivotal role to play in achieving global climate goals. Despite this, they often lack the resources, tools, and structured support necessary to align with sustainability objectives. This section examines the tools and initiatives available to

SMEs, explores the significance of public-private partnerships in accelerating sustainable practices, and highlights barriers to adoption alongside strategies to overcome them.

6.1 Supporting Tools and Initiatives

SMEs have access to a growing array of tools and initiatives designed to facilitate their transition to sustainable operations. Among the most impactful is the SME Climate Hub, which provides a comprehensive suite of resources aimed at helping SMEs commit to and achieve net-zero emissions. These resources include step-by-step guidance for emissions reductions, tools for measuring environmental impact, and access to a global network of businesses that have committed to similar goals (SME Climate Hub, 2024).

Another critical resource is the Science Based Targets initiative (SBTi), which offers frameworks for setting climate targets grounded in scientific research. The SBTi's tailored approach ensures that businesses can align their targets with global efforts to limit warming to 1.5°C above pre-industrial levels. This initiative not only provides credibility to SMEs' sustainability claims but also enhances their appeal to environmentally conscious investors and consumers (SBTi, 2024).

The Carbon Disclosure Project (CDP) further supports SMEs by providing a platform for environmental impact reporting. Transparency is a key driver of consumer trust and brand reputation, and tools like the CDP empower SMEs to disclose their environmental performance in a structured and comparable manner. In 2015, over 5,500 companies shared corporate environmental data with the project and now CDP has become the principal disclosure hub for companies representing two-thirds of global market capitalization (CDP, 2023; Pattberg, 2017). Disclosure with CDP is associated with 7-10% reduction of direct corporate emissions (CDP, 2023). Inevitably, such reporting will increasingly become a requirement for access to supply chains managed by larger corporations adhering to Scope 3 emissions standards (Pattberg, 2017).

Beyond these three major initiatives, platforms like FuturePlus offer self-management tools that help businesses track their sustainability progress. FuturePlus provides an in-house platform enabling SMEs to measure and project the outcomes of sustainable initiatives, ensuring that even those with limited resources can navigate the complex realm of sustainability (Burkinshaw, 2023). Additionally, the International Federation of Accountants (IFAC) has developed the Small Business Sustainability Checklist, a diagnostic tool tailored to each business's unique circumstances. This checklist assists SMEs in considering a comprehensive range of environmental, social, and governance (ESG) factors, facilitating a structured approach to sustainability (IFAC, 2023). Moreover, the Federation of Small Businesses (FSB) in the UK offers a Sustainability Hub that provides resources, tools, and guidance specifically designed for small businesses and the self-employed. This hub supports SMEs at various stages of their sustainability journey,

offering expert advice and showcasing small business success stories to inspire and guide others (Federation of Small Businesses, 2024).

However, the effectiveness of these tools is hindered by the lack of standardized guidelines across industries. SMEs often face confusion when determining which tools to adopt and how to integrate them into their unique operational contexts. Establishing industry-specific benchmarks and guidelines could significantly enhance the accessibility and impact of these initiatives.

6.2 Partnerships and Industry Support

Collaboration between the public and private sectors has proven essential in fostering sustainable practices among SMEs. Public-private partnerships (PPPs) enable the pooling of resources, expertise, and funding to address the challenges SMEs face in their sustainability journey. The United Nations Development Programme (UNDP) emphasizes that such collaborations are critical in helping SMEs reduce energy consumption, engage with the circular economy, and strengthen supply chain resilience—all essential components in achieving the Sustainable Development Goals (Neto, 2023).

The United Kingdom's Hospitality Sector Council serves as a prime example of such collaboration. By bringing together representatives from the government and hospitality industry, the council supports SMEs in adopting green practices, such as reducing food waste and improving energy efficiency. This initiative highlights how sector-specific approaches can yield tangible results, especially when supported by targeted funding and technical guidance (UK Hospitality Sector Council, 2023). Another notable example is USAID's Health, Ecosystems, and Agriculture for Resilient Thriving Societies (HEARTH) initiative, which leverages $75 million in public funds alongside more than $90 million from private sector partners, including major corporations like The Walt Disney Company, Starbucks, and Nestlé, as well as SMEs such as Ocean Farmers in Madagascar. This partnership has led to the planting of 2.6 million trees and the sequestration of 125,000 tons of carbon, demonstrating the tangible benefits of PPPs in promoting sustainability (Atiyah, 2024).

In addition to government-led initiatives, industry-driven partnerships play a crucial role. Networks like the SME Climate Hub and Race to Zero foster collaboration among SMEs by providing platforms for knowledge-sharing and collective action. These networks enable SMEs to learn from one another's experiences, access shared resources, and amplify their impact by participating in coordinated campaigns.

Moreover, financial institutions are increasingly stepping up to support SME sustainability through green finance programs. These programs offer low-interest loans, grants, and other incentives for SMEs to invest in renewable energy, energy-efficient technologies, and other sustainability measures. For instance, the European Green Deal has introduced funding mechanisms that make substantial financial resources available to SMEs

undertaking green projects, thereby addressing one of the most significant barriers to adoption (European Commission, 2025).

6.3 Barriers to Adoption and Strategies for Overcoming Them

Despite the availability of resources and partnerships, SMEs often encounter significant internal and external challenges that hinder their ability to adopt sustainable practices. Internally, many SMEs struggle with management dynamics and a lack of requisite talent and skills. The integration of green technologies and processes often requires a level of technical expertise that smaller businesses may lack. Resistance to change within organizational structures further compounds this challenge, as leaders may be hesitant to disrupt established workflows for sustainability initiatives (Durrani et al., 2023).

Externally, financial constraints remain a primary barrier. SMEs often operate on tight margins, making it difficult to allocate resources for sustainability investments. Capital limitations are particularly pronounced when it comes to infrastructure upgrades, such as energy-efficient building retrofits or renewable energy installations (Durrani et al., 2023). Landlord-tenant conflicts also pose a significant obstacle, as SMEs renting their premises may lack the authority to implement such upgrades or face unwillingness from landlords to share costs (Margosi, 2022).

Addressing these barriers requires innovative approaches. Financial innovations, such as green bonds and blended finance models, offer promising solutions. These mechanisms pool resources from public and private investors, reducing the financial burden on individual SMEs (Dominguez et al., 2023; Leung, et al., 2024). Micro-loans tailored to the needs of SMEs can further bridge the funding gap, enabling them to undertake smaller-scale but impactful sustainability projects (OECD, 2022). Capacity-building programs are another critical strategy. Governments and industry bodies can play a significant role by offering training programs that equip SMEs with the skills and knowledge needed to implement green practices effectively. For instance, targeted workshops on renewable energy adoption, waste reduction strategies, and emissions reporting can empower SMEs to navigate the complexities of sustainability transitions (Schröder et al., 2022). Finally, addressing the issue of split incentives in property upgrades requires targeted legal frameworks (Barbut and Kellet, 2025). Policies that incentivize landlords to invest in energy-efficient upgrades and share the benefits with tenants can help resolve this conflict, ensuring that SMEs in rented spaces are not left behind in the green transition (Schantz and Banny, 2022).

In essence, the interplay of resources, tools, and public-private partnerships is critical in enabling SMEs to contribute meaningfully to climate goals. While existing initiatives provide a solid foundation, addressing barriers to adoption and enhancing the standardization and accessibility of resources is essential. By fostering collaboration, financial innovation, and capacity building, policymakers and industry leaders can unlock the full potential of SMEs in driving a sustainable future.

7. Comparative Analysis & Recommendations

Comparing the climate governance approaches of the United States and the European Union reveals divergent yet complementary models, each offering critical lessons for Greece as it seeks to mobilize SME climate action. While the EU emphasizes top-down regulation with strategic flexibility, the U.S. model is more decentralized, relying heavily on incentives and public-private partnerships. Greece, which is navigating both regulatory expectations from Brussels and domestic economic constraints, stands to benefit from hybridizing both approaches.

7.1 Regulatory Rigor vs. Incentive-Driven Flexibility

The European Union anchors its climate governance in a robust legislative framework. Policies like the European Green Deal, the Corporate Sustainability Reporting Directive (CSRD), and Sustainable Finance Disclosure Regulation (SFDR) create mandatory reporting structures for large firms, while offering exemptions and simplified pathways for SMEs. However, even exempted SMEs are increasingly pressured to adopt sustainability practices due to their integration in supply chains of regulated firms. This reflects a market-driven spillover effect, wherein compliance becomes a competitive imperative even without formal mandates. By contrast, U.S. climate governance leverages performance-based contracting, low-interest financing, and voluntary engagement. Initiatives such as the Climate Smart Business Initiative (CSBI), the Small Business Administration's 504 Loan Program, and Energy Savings Performance Contracts (ESPCs) reduce upfront costs and allow businesses to reinvest savings from energy efficiency improvements into long-term sustainability transitions

For Greece, this contrast underscores the need to combine regulatory clarity with incentive-driven flexibility. A regulatory roadmap aligned with EU expectations is essential, but it must be paired with robust technical assistance and low-barrier financial instruments to accommodate the realities of Greek SMEs, many of which are micro-enterprises with limited capacity for upfront investment.

7.2 Structural Support vs. Regulatory Burden

The EU's governance model provides a wide array of structural supports, including the EU Taxonomy Navigator, the European Single Access Point (ESAP), and voluntary SME reporting templates under EFRAG. However, administrative burdens remain high, particularly for firms with limited reporting infrastructure. Though CSRD allows smaller firms to opt out of certain requirements, indirect pressure from banks, investors, and customers keeps compliance expectations high**.** Conversely**,** the U.S. approach excels in offering simplified, outcome-driven solutions. Programs like CSBI's Tracker Tool and SBA's energy-use reduction targets reduce complexity, focusing instead on measurable impacts. This makes engagement easier for resource-constrained SMEs.

Greek policymakers should avoid overwhelming SMEs with complex reporting tools and instead adopt outcome-based metrics with flexible reporting mechanisms—streamlining guidance into centralized portals in Greek and offering one-on-one compliance navigation support via chambers of commerce or municipal agencies.

7.3 Centralization vs. Localization of Effort

A defining strength of the U.S. model is its localization of climate action. State and city governments play an outsized role in implementation, creating room for experimentation and locally tailored solutions. California's Cap-and-Trade Program, for example, sets ambitious targets while partnering with community-based business coalitions to foster SME participation. The EU, while more centralized in target-setting, is increasingly recognizing the value of decentralized action, evident in the EU's Competitiveness Compass and the emphasis on local-level implementation via mayors and business organizations.

In the Greek context, this insight is particularly valuable. Greece's regional disparities—between urban centers like Athens and Thessaloniki and more remote island economies—require localized action. Engaging local governments, chambers of commerce, and business associations can enhance trust and foster adoption of climate initiatives in ways national policies alone cannot.

This in mind, key recommendations for Greece include:

1. **Blend Regulation and Incentives:** Adopt a dual-track strategy combining regulatory alignment with the EU and U.S.-inspired financial tools (e.g., energy performance contracting, green loan guarantees).
2. **Streamline Access:** Build a centralized platform to house all SME climate resources (templates, grant applications, technical guides) in Greek and with low literacy barriers.
3. **Decentralize Action:** Empower municipalities and regional business associations to serve as compliance ambassadors and implementation hubs
4. **Focus on Scope 3 Preparedness:** Given Greece's heavy reliance on supply chain exports, SMEs must be supported in mapping and managing Scope 3 emissions to maintain access to EU procurement and trade networks.

By embracing a hybrid model that combines the EU's regulatory backbone with the U.S.'s flexible incentive structures, Greece can drive scalable SME climate action, bolstering its economic resilience and positioning its businesses for long-term competitiveness in a decarbonizing global market.

8. Conclusion

This report has sought to articulate a business case for SME climate action in Greece by drawing from best practices in the United States and the European Union. Across both regions, a central insight has emerged: policy and business initiatives must work in tandem to mobilize meaningful SME engagement in the green transition. Regulatory frameworks alone, while necessary, are insufficient. Similarly, voluntary business-led programs without structural incentives fail to reach the scale and consistency required for systemic impact.

A comparison of U.S. and EU climate governance highlights this duality. The EU presents a model of centralized regulatory discipline through initiatives such as the Corporate Sustainability Reporting Directive and the EU Taxonomy. However, recent evidence suggests that regulatory fatigue and uneven enforcement are weakening momentum across some member states. At the same time, pressure from markets, investors, and supply chains remains strong, creating a secondary but powerful force for compliance. In the United States, where formal climate regulations are less centralized, market mechanisms and incentive-based programs have become the primary drivers of SME engagement. Tools like performance-based financing, loan guarantees, and recognition-based partnerships have proven effective in lowering barriers to action and making sustainability initiatives both accessible and economically attractive for small businesses.

This divergence offers a critical lesson for Greece. In a country where SMEs dominate the economy and where administrative burdens and capital limitations remain high, Greece must pursue a hybrid strategy. Regulatory alignment with EU mandates is essential to maintain cohesion and access to regional markets. But these rules must be matched by targeted incentives and practical support that speak to the realities of Greek SMEs. Financial mechanisms such as performance-based grants, subsidized audits, and public-private lending partnerships can significantly reduce the perceived and actual costs of compliance. When paired with clear business advantages—such as enhanced eligibility for procurement contracts, access to sustainable finance, and brand differentiation—climate action becomes not a burden, but a strategic growth opportunity.

This shift in perspective is particularly urgent for SMEs embedded in supply chains. As large firms and multinational buyers adopt Scope 3 emissions targets, their expectations will cascade down to suppliers, many of whom are small enterprises. Greek SMEs that fail to adapt risk being excluded from high-value contracts, export markets, and ESG-linked financing. Conversely, those that act early will gain a competitive edge and signal long-term viability to investors, customers, and lenders.

Finally, this transition cannot be managed by national policy alone. Local actors—including mayors, regional authorities, and business chambers—must be empowered to act as catalysts of change. Their proximity to SMEs, local networks, and deep knowledge

of regional economies position them as natural partners in delivering tailored support. Decentralization of implementation, combined with centralized coordination and financing, will be key to ensuring widespread adoption of sustainable practices across Greece's diverse SME landscape.

Greece stands at a strategic crossroads. By leveraging the insights of this report and adopting a dual-track approach that integrates regulatory discipline with business opportunity, the country has the potential to build a climate-ready SME sector that is both economically resilient and globally competitive.

REFERENCES

Alvarado, L., Leung, Y., Choi, P. Y., & World Economic Forum. (2024, September 9). *Unlocking climate solutions at scale through blended finance*. World Economic Forum. https://www.weforum.org/stories/2024/09/blended-finance-drive-climate-solutions

Amireh, E. (2021). Boosting brand citizenship behavior through internal green marketing: The role of brand trust and willingness to be environmentally friendly. *Journal of Sustainable Marketing*, *2*(1), 1–9. https://doi.org/10.51300/jsm-2021-28

ASEAN Centre for Energy. (2022, February 14). *Pursuing Another Chance for Green Recovery in ASEAN* . ASEAN Centre for Energy. https://aseanenergy.org/against-the-odds-pursuing-another-chance-for-green-recovery-in-asean/

Atiyah, E. (2024). *How public-private partnerships can balance people, planet and prosperity*. Innovationforum.co.uk; Innovation Forum. https://www.innovationforum.co.uk/articles/how-public-private-partnerships-can-balance-people-planet-and-prosperity

Barbut, S., & Kellett, G. (2025). *SMEs and the built environment How to incentivise investment in the energy efficiency of SME business premises February 2025*. Barclays. https://home.barclays/content/dam/home-barclays/documents/news/Insights/Final%20Report%20-%20SMEs%20and%20the%20Built%20Environment.pdf

Bassett, B. (2024, June 24). *VMI: Business improves when you take climate action - Climate Champions*. Climate Champions. https://climatechampions.unfccc.int/vmi-business-improves-when-you-take-climate-action/

Bernoville, T. (2023, September 13). *Decarbonisation strategy for SMEs: Top 10 low-hanging fruits for immediate impact*. Plan a Academy. https://plana.earth/academy/decarbonisation-smes

Brazilian Ministry of Mines and Energy. (2024, July 23). *Brazil's biofuel production grows, reaching historical record*. Secretaria de Comunicação Social . https://www.gov.br/secom/en/latest-news/2024/07/brazil2019s-biofuel-production-grows-reaching-historical-record

Brusati, L., Iacuzzi, S., Fedele, P., & Ianniello, M. (2016). Governing the Global Commons: how can SMEs be Engaged? *ProQuest*. https://www.proquest.com/docview/1803688487?sourcetype=Conference%20Papers%20&%20Proceedings

Burkinshaw, A. (2023, June 7). *FuturePlus: Empowering SMEs towards sustainable growth*. Sustainability News: The Latest News, Insights and Analysis for Business. https://sustainability-news.net/features/futureplus-empowering-smes-towards-sustainable-growth/

California Air Resources Board. (2018, March 16). *California Cap and Trade*. Center for Climate and Energy Solutions. https://www.c2es.org/content/california-cap-and-trade/

CDP. (2023). *Carbon Disclosure Project*. Cdp.net. https://www.cdp.net/en

Chaudhuri, A., & B. Holbrook, M. (2001, April). *The Chain of Effects From Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty | Request PDF*. ResearchGate. https://www.researchgate.net/publication/233894765_The_Chain_of_Effects_From_Brand_Trust_and_Brand_Affect_to_Brand_Performance_The_Role_of_Brand_Loyalty

CO_2 Performance Ladder: Start reducing your emissions now. (2025, February 7). CO_2 Performance Ladder. https://www.co2performanceladder.com/

Department of Energy. (2022). *Climate Smart Buildings Initiative*. Energy.gov. https://www.energy.gov/femp/climate-smart-buildings-initiative

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs. (2024, October 18). *Eurobarometer survey shows that more than 90% of SMEs invest in resource efficiency*. Internal Market, Industry, Entrepreneurship and SMEs. https://single-market-economy.ec.europa.eu/news/eurobarometer-survey-shows-more-90-smes-invest-resource-efficiency-2024-10-18_en

Dominguez, A. B., Kim, T., & Rogers, D. E. (2023, May 25). *Unlocking the potential of blended finance*. SDG Action. https://sdg-action.org/unlocking-the-potential-of-blended-finance/

Drew, A. (2024, June 24). *Reinventing the wheel: Frog Bikes' journey to net zero emissions*. Climate Champions. https://www.google.com/url?q=https://climatechampions.unfccc.int/reinventing-the-wheel-frog-bikes-journey-to-net-zero-emissions/&sa=D&source=docs&ust=1737509084253712&usg=AOvVaw0wMm7NhrZslFFkDYPArNCs

Durrani, N., Raziq, A., Mahmood, T., & Khan, M. R. (2024). Barriers to adaptation of environmental sustainability in SMEs: A qualitative study. *PloS One*, *19*(5), e0298580–e0298580. https://doi.org/10.1371/journal.pone.0298580

EPA. (2022). *Benefits of Green Power Partnership*. US EPA. https://www.epa.gov/greenpower/benefits-green-power-partnership

EPA. (2024). *GPP Guidance for the Public Sector 2024*. Www.epa.ie. https://www.epa.ie/publications/circular-economy/resources/epa-gpp-guidance-for-the-public-sector-2024.php

European Commission. (2025). *Green Action Plan for SMEs: turning environmental challenges into business opportunities*. European Commission - European Commission. https://ec.europa.eu/commission/presscorner/detail/ro/ip_14_766

European Environment Agency. (n.d.). *2030 Climate Target Plan — European Environment Agency*. Www.eea.europa.eu. Retrieved February 19, 2025, from https://www.eea.europa.eu/policy-documents/2030-climate-target-plan

European Parliament. (2022, January 12). *Energy saving: EU action to reduce energy consumption | Topics | European Parliament*. Topics | European Parliament. https://www.europarl.europa.eu/topics/en/article/20221128STO58002/energy-saving-eu-action-to-reduce-energy-consumption#new-energy-efficiency-targets-8

Federation of Small Businesses. (n.d.). *Small business sustainability hub*. Www.fsb.org.uk. https://www.fsb.org.uk/knowledge/fsb-infohub/small-business-sustainability-hub.html

Fun, S. (2025, February 3). *Guide for Measuring Your Emissions - SME Climate Hub*. SME Climate Hub. https://smeclimatehub.org/guides/guide-for-measuring-your-emissions/

FuturePlus. (2024, September 27). *About Us - Sustainability and ESG Platform*. Https://Delivery.future-Plus.co.uk/About-Us. https://www.future-plus.co.uk/about-us

Garzón-Jiménez, R., & Zorio-Grima, A. (2021). Effects of Carbon Emissions, Environmental Disclosures and CSR Assurance on Cost of Equity in Emerging Markets. *Sustainability*, *13*(2), 696. https://doi.org/10.3390/su13020696

GHG Protocol. (2024, March). *Summary of Proposed Updates to Scope 3 Reporting Standards*. World Resources Institute. Summary of Scope 3 Proposals

GHG Protocol. (2025). *Tools & Resources | GHG Protocol*. Ghgprotocol.org. https://ghgprotocol.org/tools-resources

Hampton, S., Blundel, R., Eadson, W., Northall, P., & Sugar, K. (2023). Crisis and opportunity: Transforming climate governance for SMEs. *Global Environmental Change-Human and Policy Dimensions*, *82*, 102707–102707. https://doi.org/10.1016/j.gloenvcha.2023.102707

Ijomah, T. I., Iyelolu, V., Idemudia, C., & Ebele, E. (2024). Exploring the Relationship between Sustainable Business Practices and Increased Brand Loyalty. *International Journal of Management & Entrepreneurship Research*, *6*(8), 2463–2475. https://doi.org/10.51594/ijmer.v6i8.1365

International Federation of Accountants. (2023, November 14). *Small Business Sustainability Checklist*. IFAC. https://www.ifac.org/knowledge-gateway/small-and-medium-sized-practices-smps/publications/small-business-sustainability-checklist

International Trade Administration. (2024, May 10). *Greece Renewable Energy projects 2024*. International Trade Administration . https://www.trade.gov/market-intelligence/greece-renewable-energy-projects-2024

International Trade Administration . (2023, August 3). *Greece Waste Management Opportunities*. International Trade Administration . https://www.trade.gov/market-intelligence/greece-waste-management-opportunities

Kiraly , B. (2024). *BEST PRACTICES FOR SMES IN THE ENERGY TRANSITION*. https://www.smeunited.eu/admin/storage/smeunited/ccce-best-practices-for-smes-in-the-energy-transition-final.pdf

McClymont, J. (2021, November 16). *What's the difference? Scope 1, 2 and 3 corporate emissions*. Workforclimate.org. https://www.workforclimate.org/post/whats-the-difference-scope-1-2-and-3-corporate-emissions?gad_source=1&gclid=EAIaIQobChMIv5KAtPm-iwMVFVpHAR0UlSI1EAAYAiAAEgLTmPD_BwE

Morgenstern, R., & Adler, D. (2022, August 10). *California Cap and Trade Explained*. Resources for the Future. https://www.resources.org/common-resources/california-cap-and-trade-explained/

Neto, M. (2023). *Public private partnerships are critical to enhance resilience of Small and Medium Enterprises (SMEs)*. UNDP. https://www.undp.org/speeches/public-private-partnerships-are-critical-enhance-resilience-small-and-medium-enterprises-smes?utm_source=chatgpt.com

OECD. (2022). *FINANCING SMES FOR SUSTAINABILITY Financin SMEs for Sustainability Drivers, Constraints and Policies*. https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/12/financing-smes-for-sustainability_19414952/a5e94d92-en.pdf

Owen-Burge, C. (2024, June 24). *A fashion revolution: Wild Clouds leads the charge for low-impact, long-lasting clothing - Climate Champions*. Climate Champions. https://climatechampions.unfccc.int/a-fashion-revolution-wild-clouds-leads-the-charge-for-low-impact-long-lasting-clothing/

Pattberg, P. (2017). The emergence of carbon disclosure: Exploring the role of governance entrepreneurs. *Environment and Planning C: Politics and Space*, *35*(8), 1437–1455. https://doi.org/10.1177/2399654417723341

Purwandani, J. A., & Michaud, G. (2021). What are the drivers and barriers for green business practice adoption for SMEs? *Environment Systems and Decisions*, *41*(4). https://doi.org/10.1007/s10669-021-09821-3

Rekkas, T. (2022). *Measuring the importance of SMEs to the national economy: The case of Greece*. ResearchGate.

Santi, A. (2020, May 6). *Dress yourself in discarded fishing nets*. European Investment Bank. https://www.eib.org/en/stories/fashion-recycling

SBA. (2023). *Getting More by Going Green with the SBA Grow (504) Loan Program SBA Loan Programs for Financing Building Energy E ciency Projects*. https://www.nrel.gov/docs/gen/fy17/66878.pdf

Schantz, M., & Banny, A. (2022, March 15). *Addressing the Landlord/Tenant Split Incentive to Drive Building Decarbonization*. Urban Land. https://urbanland.uli.org/sustainability/addressing-the-landlord-tenant-split-incentive-to-drive-building-decarbonization

Schröder, S., Wiek, A., Farny, S., & Luthardt, P. (2022). Toward holistic corporate sustainability—Developing employees' action competence for sustainability in small and medium‐sized enterprises through training. *Business Strategy and the Environment*, *32*(4). https://doi.org/10.1002/bse.3210

Science Based Targets. (2024a). *About Us*. Science Based Targets. https://sciencebasedtargets.org/about-us

Science Based Targets. (2024b). *How it works*. Science Based Targets. https://sciencebasedtargets.org/how-it-works

Singh, V. (2024, March 25). *German impact firm ecoligo raises €11M; here's how it plans to use this capital*. Silicon Canals. https://siliconcanals.com/ecoligo-raises-11m/

SME Climate Hub. (2024, December 10). *Mobilize your SMEs - SME Climate Hub*. SME Climate Hub. https://smeclimatehub.org/mobilize-your-smes/

South African National Treasury. (2023). *The South African Carbon Tax*. https://www.ieta.org/wp-content/uploads/2023/10/2023_IETA_BizBrief_South-Africa_V2.pdf

Tripopsakul, S., & Puriwat, W. (2022). Understanding the Impact of ESG on Brand Trust and Customer Engagement. *Journal of Human, Earth, and Future*, *3*(4), 430–440. https://doi.org/10.28991/hef-2022-03-04-03

U.S. Agency for International Development (USAID). (2024). *Transformative Partnerships for People and the Planet: USAID's Health, Ecosystems, and Agriculture for Resilient, Thriving Societies | Basic Page | U.S. Agency for International Development*. U.S. Agency for International Development. https://web.archive.org/web/20241214070429/https://www.usaid.gov/biodiversity/stories/hearth-storymap

UK Hospitality. (n.d.). *Environmental Sustainability Commitment*. UKHospitality. https://www.ukhospitality.org.uk/insight/environmental-sustainability-commitment-2/

Westman, L., Moores, E., & Burch, S. L. (2021). Bridging the governance divide: The role of SMEs in urban sustainability interventions. *Cities*, *108*, 102944. https://doi.org/10.1016/j.cities.2020.102944

World Bank Group. (2023, November 22). *Sustainable Development in Shipping and Ports*. World Bank. https://www.worldbank.org/en/topic/transport/brief/sustainable-development-in-shipping-and-ports

World Economic Forum. (2023, June 14). *3 actions to accelerate emerging market climate transition*. World Economic Forum. https://www.weforum.org/stories/2022/06/3-actions-to-accelerate-emerging-market-climate-transition/

APPENDIX

Figure 1. *Summary of Key U.S. Climate Governance Initiatives for SMEs*

Initiative	Objective	Eligibility Requirements	Key Features	Benefits to SMEs	Benefits to Government
Climate Smart Business Initiative	Facilitate energy-efficient upgrades through performance contracting, reducing GHG emissions and operational costs.	- Primarily applies to federally covered facilities, but framework can be adapted for SMEs.	- Uses performance contracting, eliminating upfront costs. - Allows bundling of multiple facilities for cost efficiency. - Provides CSBI Tracker tool to estimate energy savings and GHG reductions.	- No upfront capital required, financing comes from future energy savings. - Streamlined compliance with sustainability targets. - Access to technical tools and guidance for energy efficiency.	- Supports federal emissions reduction goals. - Mobilizes private sector investment in sustainability. - Enhances overall energy efficiency in building infrastructure.
SBA 504 Loan Program	Provide long-term, fixed-rate financing for energy-efficient building upgrades and equipment purchases.	- SMEs must work with Certified Development Companies (CDCs). - Projects must reduce energy consumption by at least 10%	- Loan amounts up to $5.5 million for eligible energy-efficie nt projects. - Administered through nonprofit CDCs focused	- Enables SMEs to modernize infrastructure affordably. - Reduces long-term operational costs through energy savings.	- Advances national energy efficiency and emissions reduction goals. - Encourages SMEs to adopt green technologies, supporting sustainable

		or incorporate renewable energy sources.	on economic development. - Fixed-rate financing for long-term investments.	- Provides access to capital with favorable loan terms.	economic growth. - Strengthens local economies through targeted development financing.
Energy Savings Performance Contracts (ESPCs)	Support SMEs in implementing energy efficiency projects without upfront capital investment.	- SMEs partner with energy service companies (ESCOs). - Projects must generate enough cost savings to cover investment repayment.	- No upfront costs; projects are financed through future savings. - ESCOs provide technical expertise and implementation support. -Performance-based approach ensures guaranteed savings.	- Overcomes financial barriers to sustainability improvements. - Reduces energy costs and increases operational efficiency. - Provides expertise and guidance from energy service providers.	- Reduces overall energy consumption and carbon footprint. - Encourages widespread adoption of energy-efficient technologies. - Supports climate targets without requiring government funding.
California Cap-and-Trade Program	Reduce greenhouse gas emissions by capping industry emissions and allowing market-based trading.	- Businesses emitting over 25,000 metric tons of CO2 annually must participate. - SMEs can benefit indirectly through innovation in emissions reduction technologies.	- Businesses can buy/sell emissions allowances, incentivizing efficiency. - Revenue from auctions funds sustainability programs. - Includes offset credits for projects that reduce emissions outside capped sectors.	- SMEs innovating in low-carbon technology can sell solutions to larger firms. - Incentivizes emissions reduction beyond compliance requirements. - Creates financial opportunities for companies that cut emissions efficiently.	- Encourages market-driven emissions reductions. - Generates revenue to reinvest in sustainability initiatives. - Aligns with federal and international climate commitments.

Green Power Partnership (GPP)	Encourage SMEs and larger businesses to adopt renewable energy and reduce their carbon footprint.	- Open to businesses of all sizes committed to green power use. - Requires a minimum percentage of electricity consumption to come from renewable sources.	- Provides technical guidance and recognition for renewable energy commitments. - Encourages purchase of Renewable Energy Certificates (RECs). - Public recognition enhances brand credibility.	- Helps SMEs transition to renewable energy cost-effectively. - Improves corporate sustainability reputation. - Reduces long-term energy costs and exposure to fossil fuel price volatility.	- Increases overall demand for renewable energy. - Contributes to national decarbonization goals. - Strengthens public-private partnerships in climate action.

Figure 2 *Summary of Key EU initiatives for SMEs in climate governance*

Initiative	Objective	Eligibility Requirements	Key Features	Benefits to SMEs	Benefits to Government
VSME Standard	Simplify sustainability reporting for SMEs	- Target: Non-listed micro, small, and medium-sized enterprises (SMEs) as defined by EU Directive 2013/34/EU. - Thresholds: - Micro: ≤€450k balance sheet, ≤€900k turnover, ≤10 employees. - Small: ≤€5M balance sheet, ≤€10M turnover,	- Basic: Mandatory environmental (energy use, Scope 1-2 GHG), social (workforce metrics), and governance (anti-corruption) disclosures - Comprehensive: Adds Scope 3 emissions, climate transition plans, human rights policies, gender diversity ratios, and revenue	- Cost Savings: Reduces recurring reporting costs by up to 40% compared to ad-hoc ESG questionnaires - Supply Chain Compliance: Meets CSRD-driven data requests	- Standardized Data: Streamlines ESG metrics for EU-wide sustainability tracking - Reduced Fragmentation: Replaces ~80% of fragmented ESG questionnaires, lowering enforcement costs - Economic Growth: Projects €3.4B annual savings for SMEs by 2027, fostering

		≤50 employees. - Medium: ≤€25M balance sheet, ≤€50M turnover, ≤250 employees. - Scope: SMEs outside CSRD mandates but subject to value chain reporting requests.	exclusions (e.g., fossil fuels). - Simplified Language: User-friendly structure without complex materiality assessments. - Global Alignment: Compatible with ISSB and TCFD frameworks	from larger corporates -Future-Pro ofing: Prepares SMEs for potential regulatory expansions	innovation and market access - Policy Alignment: Supports EU Green Deal and CSRD objectives without overburdening SMEs.
Horizon Europe	Fund green innovation	- SMEs must be established in EU member states or Horizon Europe-associate d countries (e.g., Ukraine, Moldova). - Projects must align with EU priorities: green/digital transitions, health resilience, or democratic values. - Consortia must include ≥2 independent entities from ≥2 countries, with ≥50% of costs covered by SMEs.	-€95.5B (2021–2027), with €634M allocated to the EIC Accelerator in 2025. Focus Areas - 35% for climate action (renewables, circular economy). - €13B for digital tech (AI, cybersecurity). New Initiatives - STEP Scale-Up: €300M in 2025 for strategic tech (AI, clean energy). - Women TechEU: Funding for women-led startups. Simplification - Flat-rate funding for reduced financial reporting. - Digital tools for proposal drafting.	- Financial Support: Grants cover 70% of R&D costs for collaborative projects. - EIC Accelerator: Up to €2.5M grants + €12.5M equity for high-potenti al ventures. - Market Access: Entry into cross-border value chains (e.g., EU Green Deal projects). - STEP Scale-Up supports scaling	- Strategic Autonomy: Reduces reliance on non-EU tech (e.g., Chinese solar panels via Solar Photovoltaics Partnership). - Economic Growth: Projects a 2:1 ROI, generating €11–14 GDP per €1 invested. - Policy Alignment: Advances EU Green Deal and Digital Decade targets.

				strategic technologies (e.g., floating wind farms). - Sustainability Incentives: SME Go Green Fund: €120M for Western Balkans' agribusiness and women-led enterprises.	
Single Market Programme	Provide financial support for sustainability transitions	- SMEs must be established in EU member states or associated countries (e.g., Albania, Ukraine). - Size thresholds: Micro: ≤10 employees, ≤€900k turnover. Small: ≤50 employees, ≤€10M turnover. Medium: ≤250 employees, ≤€50M turnover. - Activities must align with SMP priorities (e.g., market access, sustainability).	- Budget €4.2B (2021–2027) + €2B via InvestEU's SME Window. Focus Areas - Market surveillance: Enhanced product safety checks. - Consumer protection: Removing dangerous goods. New Initiatives - SME Fund 2025: 75% reimbursement vouchers for IP registration. - TSI 2025: Workshops for CSRD	- Financial Access: Grants/loans: €4.2B budget supports 850,000 SMEs across 35 countries. -SMP-COSME: Reduces cross-border trade barriers (e.g., VAT exemptions). Sectoral Focus: - Creative industries: Funding for design-drive	- Market Integration: Strengthens governance of the internal market (e.g., harmonized standards). - Competitiveness: Projects €3.4B annual SME savings by 2027 via reduced compliance costs. - EU SME Centre in China: Helps SMEs de-risk from Chinese market challenges. - Interoperability: Aligns EU standards with global frameworks (e.g., ISSB).

			compliance. Digital Tools - EU Taxonomy Navigator: Simplifies ESG reporting. - ESAP: Centralized data access	n innovations (e.g., sustainable fashion).	
LIFE Programme	Support green product developme nt	- - Entities: SMEs (micro to medium-sized), NGOs, public bodies, and private firms in environmental/cl imate sectors. - Geographic scope: EU member states, Horizon Europe-associate d countries, or international organizations. - Project focus: Must align with LIFE priorities(e.g., circular economy, biodiversity, clean energy).	-Funding split: €380M awarded in 2025 to 133 projects (55% for environment, 38% for climate action). - Project types: Close-to-market innovations, pilot demonstrations, and capacity-building initiatives (e.g., renewable energy systems, waste reduction). - SME-specific support: Dedicated grants for women-led enterprises and SMEs in underdeveloped regions (e.g., Western Balkans' €120M SME Go Green Fund)	- Financial support: Grants cover up to 60% of project costs for SMEs. - Market access: Helps commerciali ze green technologies (e.g., renewable energy prototypes). - Inclusive growth: Targets women-led SMEs and agribusiness es in regions like the Western Balkans	- Climate goals: Advances EU Green Deal targets (e.g., carbon neutrality by 2050). - Regional development: Promotes sustainable growth in underdeveloped areas. - Data collection: Standardizes environmental metrics for EU-wide trackingDrives regional decarbonization - Promotes inclusive growth
SME Fund 2025	Support IP registratio n for green/digi tal transitions	- Company size: SMEs with <250 employees, ≤€50M annual turnover, or ≤€43M balance sheet. - Geographic	- Voucher-based grants: - Patents: Up to €1,500 for drafting/filing European patents. - Trademarks/desig	-Cost reduction: Reimburses 75% of IP registration fees. - Competitive	- Innovation growth: Increases patent filings (23,500 SMEs supported in 2024). - Economic resilience: Strengthens SME

		scope: SMEs established in EU member states or Horizon Europe-associated countries. - Focus: IP protection for sustainability/digitalization transitions	ns: Up to €750 for registrations. - IP Scan: €1,350 for pre-diagnostic services. - First-come, first-served: €188.6M budget; applications open until December 2025	edge: Enhances market value and investor appeal (76% of 2024 beneficiaries were first-time IP filers). - Global reach: Supports cross-border IP protection	competitiveness in strategic sectors (e.g., clean tech). - Policy alignment: Promotes EU's digital/industrial sovereignty goals
TSI 2025 Flagship	Assist CSRD compliance	- - Targeted SMEs: - Listed SMEs: Required to comply with CSRD starting in 2026. - Non-listed SMEs: Voluntarily opting into reporting due to requests from banks, investors, or large companies in their supply chains. - Micro-enterprises: Exempt from mandatory reporting but can adopt modular disclosures. - Geographic scope: SMEs in EU Member States or countries	- Implementation support: - Workshops: Sector-specific training on CSRD, EU Taxonomy, and ESG risk assessment. - Digital toolkits: AI-driven platforms for auto-populating reports and gap analysis. - Sector guides: Simplified templates for SMEs to disclose energy use, GHG emissions, and workforce metrics. - Capacity-building: - Free online training modules for SMEs and advisors. - Helpdesk support via	- Reduced compliance costs: Standardized reporting templates cut administrative burdens by ~30% compared to ad-hoc ESG requests. - Access to finance: Aligns with investor/bank requirements under SFDR, improving eligibility for green loans. - Future-proofing: Prepares SMEs for potential	- Regulatory harmonization: Streamlines ESG data collection across Member States, easing enforcement of CSRD and EU Taxonomy. - Economic resilience: Strengthens SME participation in green transitions, supporting EU Green Deal targets. - Cost efficiency: Centralized tools (e.g., EU Taxonomy Navigator) reduce duplication in national reporting systems. - Policy alignment: Supports the Competitiveness Compass goal of cutting SME reporting burdens by 35%.

		participating in TSI 2025 (e.g., Slovakia, Lithuania, Italy). - Sector focus: No sector restrictions, but prioritizes SMEs in high-impact industries (e.g., manufacturing, energy).	national authorities. - Multi-country coordination: Shared resources and best practices across Member States.	CSRD expansion or stricter value-chain rules. - Competitive advantage: Enhances credibility with sustainability-conscious clients and partners.	