

Practical Application of Criminal Liability of Legal Entities in Greece

I. New trends in corporate exposure, organizational fault and selective criminal relief

Recent legislative developments in Greece suggest that economic criminal law is entering a more nuanced phase, in which criminal exposure linked to business activity is no longer approached through a single legislative logic. Rather than moving uniformly toward either stricter criminalization or broader decriminalization, the Greek framework increasingly combines two parallel tendencies: on the one hand, greater emphasis is placed on organizational failures within legal entities as a source of legal exposure; on the other hand, insolvency law is progressively used as a mechanism capable, in specific circumstances, of mitigating or even extinguishing certain criminal consequences.

This evolution becomes particularly visible when Articles 134 and 135 of Law 5090/2024 are read together with the recently introduced Article 198A of Law 4738/2020, introduced through Article 178 of Law 5259/2025. Although these provisions originate from different legislative contexts and pursue distinct policy objectives, they reveal a broader common denominator: criminal consequences linked to corporate activity are increasingly assessed through the quality of internal organization, the procedural status of the debtor, and wider economic-policy considerations.

In practical terms, Greek law is moving away from a purely person-centered understanding of economic offences and toward a framework in which internal governance, supervisory failures, and procedural restructuring mechanisms directly influence the legal consequences of misconduct.

II. The existing Greek framework: substantial exposure without general criminal liability of legal entities

As a matter of principle, Greek law continues to follow the traditional doctrine that legal entities do not bear general criminal liability and cannot be convicted for criminal offences in the strict criminal-law sense. Criminal responsibility remains formally attached to natural persons.

This principle, however, does not prevent significant legal exposure for companies where unlawful conduct occurs within their organizational sphere. In practice, where offences are committed by directors, employees,

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agents, subcontractors or other persons acting for the benefit of the company or under conditions of inadequate supervision, the legal entity itself may face substantial administrative, regulatory and financial consequences.

This already applies across several regulated sectors, including anti-money laundering, competition law, data protection, whistleblower protection, workplace health and safety, tax and social security compliance, customs and export control.

Depending on the field involved, sanctions imposed on legal entities may include significant administrative fines, suspension or revocation of operating licenses, exclusion from public procurement procedures, restrictions on business activity, freezing or confiscation of assets and civil liability toward third parties.

Although formally administrative, these mechanisms often operate in practice as a form of quasi-criminal corporate liability, particularly where sanctions have punitive and deterrent characteristics comparable to criminal consequences.

At the same time, Greek law fully recognizes criminal liability of directors, managers and officers. Their exposure extends not only to their own conduct, but also to unlawful acts committed by subordinates where management authorized, tolerated, or negligently failed to prevent the offence despite being under a legal duty of supervision.

This is particularly important in sectors where legislation imposes heightened organizational vigilance. In practice, directors most frequently face exposure in matters involving bribery and corruption, anti-money laundering, cartel conduct and obstruction, workplace accidents and labour violations, social security and payroll offences, customs irregularities, bankruptcy-related misconduct.

Possible consequences include imprisonment, criminal fines, administrative sanctions, personal tax and social security liability, and civil claims by creditors, shareholders or third parties.

A recurring characteristic of Greek economic criminal law is therefore that liability often arises not only through direct participation, but through failures of supervision.

III. Law 5090/2024: strengthening corporate exposure through organizational assessment

Against this background, Articles 134 and 135 of Law 5090/2024 represent an important development because they reinforce judicial attention on the internal functioning of the legal entity itself.

The practical significance of these provisions lies less in formally introducing full criminal liability for legal entities and more in strengthening the judicial relevance of organizational conduct when unlawful acts occur within a corporate environment.

The focus increasingly shifts from the isolated behaviour of the individual perpetrator to a broader inquiry: whether the offence reflects deficiencies in internal supervision, decision-making structures, escalation mechanisms or control systems.

In practice, courts acquitted non executive board members. Now they are likely to examine whether supervision mechanisms existed and functioned effectively, whether internal approvals operated in a meaningful way, whether escalation channels were available and used, whether warning signs were identified and addressed, whether management exercised active oversight.

Recent Greek case law, relating to liability in tort, already illustrates this direction. In a recent case, a Greek court examined liability in tort of both the company and the Board and individual members of the Board, arising from a workplace accident and clarified that, where the employer is a société anonyme, responsibility is linked to the conduct of its governing bodies / board of directors or duly appointed substitute organs. Importantly, the decision confirmed that members of the board who are directly entrusted with operational powers can be liable for acts of subordinate bodies, if fault can be established in their selection or in the discharge of their supervisory duties.

This approach highlights two key elements (a) the liability is closely tied to the allocation of responsibilities within the corporate structure; and (b) the failures in supervision may serve as a decisive basis for attributing fault. This marks a significant break from older company law case law that individual board members have a low level of personal responsibility. Changes in the Greek law on société anonymes and ESG and good governance principles appear slowly to seep through the more traditional concepts to establish more demanding responsibilities on board members. This effectively places organizational quality at the center of legal assessment.

A particularly important consequence is that compliance systems now acquire clear evidentiary significance. Internal compliance no longer operates only as preventive governance architecture; it increasingly becomes evidence capable of demonstrating that the company exercised appropriate organizational diligence.

Relevant evidence may include approval records, third-party due diligence documentation, internal reporting logs, audit interventions, whistleblowing handling, board and committee documentation.

A compliance framework that exists only formally, without operational proof of implementation, may offer limited practical protection.

For boards and senior management, this means that governance documentation becomes increasingly important not only from a regulatory perspective but also as part of litigation preparedness.

IV. Article 198A Law 5259/2025 – Greek Insolvency Code: procedural impact on criminal proceedings

A different legislative logic emerges in the field of insolvency law. This is related to the economic function of insolvency law, namely that assets are “recycled” back into the economy and that entrepreneurship is by definition a risk taking activity. Article 178 of Law 5259/2025, published in the Government Gazette on 12 December 2025, inserted Article 198A into the Greek Insolvency Code and introduced a specific mechanism under which certain debt-related criminal consequences may be suspended and ultimately extinguished once bankruptcy proceedings progress toward discharge.

This reform reflects the idea that an honest but financially distressed debtor should, under defined legal conditions, be allowed to return to economic activity without carrying indefinitely the criminal burden linked to pre-bankruptcy debt.

The mechanism applies specifically to criminal prosecutions concerning debts to the State under Law 1882/1990, and debts to social security institutions under Compulsory Law 86/1967. Article 198A operates in stages, each linked to a specific procedural milestone within the insolvency process.

Upon the declaration of bankruptcy or the registration of the debtor in the relevant electronic register (in cases of insufficient estate), criminal prosecution is suspended, along with the execution of any sentence already imposed. This suspension functions as a procedural pause, allowing insolvency proceedings to unfold without parallel enforcement pressure.

If, subsequently, the debtor is discharged in accordance with the applicable statutory timeframe, criminal liability for the relevant offences is extinguished, and any ongoing sentence execution ceases definitively. The effect is final, preventing the revival of prosecution for those offences.

At the same time, the law introduces a counterbalancing mechanism by suspending and extending the limitation period.

The scope of the provision remains deliberately limited. It does not affect a broader range of financially connected offences, such as non-payment of wages, certain private debt-related offences, and dishonoured cheque offences under Law 5960/1933.

This selective coverage leads to differentiated outcomes depending on the procedural path followed. Notably, certain offences (such as dishonoured cheques) may be treated differently under reorganization proceedings compared to bankruptcy discharge.

The result is a fragmented landscape in which criminal consequences may vary not only by type of offence, but also by the restructuring route chosen. This raises questions of consistency and may give rise to interpretative issues in practice.

More broadly, the provision of Article 198A reflects a legislative choice to allow, in narrowly defined circumstances, the outcome of insolvency proceedings to influence the continuation and final resolution of criminal cases linked to financial obligations.

V. Practical implications and concluding remarks

Taken together, these reforms confirm that Greek economic criminal law increasingly operates through parallel and sometimes contrasting legislative techniques.

On the one hand, organizational deficiencies and failures of supervision are becoming more central in assessing corporate exposure.

On the other hand, insolvency law increasingly functions as a mechanism capable of selectively limiting criminal consequences for financially distressed debtors.

For businesses, boards and legal departments, legal exposure must now be assessed through multiple interacting parameters:

- organizational governance,
- quality of compliance implementation,
- documentary evidence of supervision,
- insolvency timing,
- procedural defense strategy.

This is particularly relevant in sectors subject to heightened regulatory scrutiny, where criminal, administrative and civil exposure frequently overlap.

In practical terms, governance, documentation and procedural anticipation are becoming decisive not only in preventing misconduct, but also in shaping how legal exposure will ultimately be assessed.