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European Parliament

Sustainability reporting and due diligence: MEPs back simplification changes

- Sustainability reporting would be lighter and only necessary for larger companies
- Due diligence obligations would apply only to very large EU and non-EU corporations
- Transition plan would not be required, and businesses would be liable at the national level
- New digital portal for businesses with free access to templates, guidelines and information on all EU reporting requirements

On Thursday, Parliament endorsed reduced reporting duties and due diligence requirements for companies.

With 382 votes in favour, 249 against, and with 13 abstentions, Parliament adopted its negotiating position on simplified sustainability reporting and due diligence duties for businesses.

Sustainability reporting: simpler and only for large businesses

MEPs consider that only businesses employing on average over 1750 employees and with a net annual turnover of over €450 million should have to carry out social and environmental reporting. Only businesses within this scope would also be required to provide sustainability reporting under taxonomy rules (i.e. a classification of sustainable investments).

Reporting standards would be further simplified and reduced, requiring fewer qualitative details, and sector-specific reporting would become voluntary. Smaller companies would be protected from the reporting requirements of their large business partners, which would not be allowed to

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request more information than what is set out in the voluntary standards.

Due diligence: less duties and only for very large corporations

Due diligence requirements would apply only to large corporations with more than 5,000 employees and a net annual turnover of over €1.5 billion. MEPs want these businesses to adopt a risk-based approach to monitoring and identifying their negative impact on people and the planet. Instead of systematically requesting information from their smaller business partners, they should rely on information that is already available and could only request additional information from their smaller business partners as a last resort.

These companies would no longer need to prepare a transition plan to make their business model compatible with the Paris Agreement and could face fines for not complying with due diligence requirements the guidance on which will be provided by the Commission and member states. Offending firms would be liable at the national rather than EU level and would have to fully compensate their victims for damages.

MEPs also want the Commission to establish a digital portal for businesses with free access to templates, guidelines and information on all EU reporting requirements complementing the European Single Access Point.

Quote

Rapporteur of the Legal Affairs Committee Jörgen Warborn (EPP, SE) said: ”Today’s vote shows that Europe can be both sustainable and competitive. We are simplifying rules, cutting costs, and giving businesses the clarity they need to grow, invest, and create well-paying jobs.”

Next steps

Negotiations with EU governments, which have already adopted their position on the file, will start on 18 November, with the aim of finalising the legislation by the end of 2025.

Background

Following the delayed application of the sustainability reporting and due diligence obligations, the current proposal seeks to simplify them and reduce the administrative burden for companies. The updated rules are part of the Omnibus I simplification package proposed by the European Commission on 26 February 2025.

Simplification of EU rules a top priority for Parliament

MEPs have repeatedly called for a revision of the EU rulebook to simplify and reduce administrative requirements for companies. The “omnibus” proposals, tabled by the Commission as of February 2025, are designed to boost EU competitiveness and prosperity, and unlock additional investment capacity for businesses. As a matter of urgency, Parliament has already adopted some proposals and is making swift progress to finalise the remaining proposals.

A press conference with rapporteur Jörgen Warborn will take place today at 13.30. You can follow it live.

Further information

Adopted text (13 November 2025)
Vote results
Press conference with rapporteur (13 November 2025)
Procedure file
Legislative train

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