



EU to Reshape ESG Reporting

What Business Leaders Need to Know

The European Commission's ("EC") announced revision of ESG reporting and due diligence rules marks a pivotal moment in sustainability regulation. Although simplification is the stated goal, the legislative process could trigger broader discussions on reporting content, timelines and scope of coverage. This potential expansion has created significant uncertainty among affected stakeholders and raises important strategic considerations for business leaders.

Key Developments to Watch

- The EC is expected to publish a legislative proposal on 26 February.
- This proposal is part of a broader re-evaluation of the European Green Deal, specifically targeting enhanced competitiveness for European firms while reducing regulatory burden.
- The legislative proposal and subsequent political negotiations may require companies to adjust their compliance preparedness plans.
- Early signals suggest the scope of changes could extend beyond procedural simplification to core reporting requirements.



Stakeholder Perspective

The proposed changes have generated diverse reactions from key stakeholders across the EU landscape, with each group bringing distinct concerns and priorities to the discussion:

- **Parliamentary** reaction reveals deep-seated concerns across the political spectrum, with many members arguing that the proposed changes fall short of meaningful administrative burden reduction. Despite the EC president's emphasis on streamlining regulations, critics maintain that without addressing fundamental bureaucratic challenges, the initiative risks being superficial. Notably, some lawmakers advocate for a measured approach, emphasizing the need for evidence-based evaluation before revising recently adopted legislation.
- **Many businesses**, especially small and medium enterprises, find current ESG reporting complex, costly and user-unfriendly. They have expressed concerns about the administrative burden and seek simplification. However, not all businesses are looking favorably at the proposal; many have invested in a quality compliance framework and want legal certainty.
- **Asset managers** continue to highlight a persistent challenge: the scarcity of relevant, comparable and reliable sustainability data to drive investment decisions.
- **Civil society organizations** advocate for maintaining the level of ambition which is needed to achieve EU climate goals, and supporting companies through enhanced guidance, capacity building for SMEs and clear sector-specific standards.

Strategic Implications

The proposed EU ESG regulation represents an ambitious attempt to streamline sustainability reporting while maintaining its effectiveness. Success will depend on balancing competing demands: reducing administrative complexity while preserving the robust reporting necessary for meaningful ESG assessment. Mixed stakeholder reactions highlight the delicate balance between simplification and maintaining reporting integrity. Business leaders should closely monitor these developments to ensure their organizations remain compliant and strategically positioned in this evolving regulatory landscape.

To understand how these changes might affect your organization, or for a more detailed analysis of the potential impacts, reach out to us.



VITTORIO ALLEGRI

Senior Director
+32 2 289 0411
vittorio.allegri@fticonsulting.com

JOSEPH BERKHOUT

Director
+32 2 289 1820
joseph.berkhout@fticonsulting.com

KERSTIN DUHME

Senior Managing Director
+32 2 289 0931
kerstin.duhme@fticonsulting.com

ANASTASIYA VAVELYUK

Consultant
+32 2 289 0955
anastasiya.vavelyuk@fticonsulting.com

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals. FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. ©2025 FTI Consulting, Inc. All rights reserved. fticonsulting.com

01102025 | VN03953-v03