



Federation of the European  
Sporting Goods Industry

FESI Position Paper

# On the EU Omnibus Simplification Package

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February 2025

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## Introduction

On 26 February 2025, the European Commission is set to publish the Omnibus Simplification Package, with the aim of simplifying and reducing reporting requirements. The Federation of the European Sporting Goods Industry (FESI) supports the European Commission's ambition to simplify and address overlaps between the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy Regulation, and Corporate Sustainability Due Diligence Directive (CSDDD). We recognise that reporting obligations are essential for effective EU legislation and evaluation. When harmonised, they also serve to replace disparate national requirements, thereby increasing efficiency. In this context, we would like to highlight the need to focus potential changes to targeted measures aimed at burden reduction rather than ambition changes. Further substantial changes could help companies but should be weighted against the sector's sustainability investments and needed legal certainty.

## Challenges

The sporting goods industry currently faces significant operational burdens due to the rise in reporting requirements, which demand considerable time, financial resources, and data management efforts. The expanding number of reporting data points mandates has created a costly and complex compliance landscape, particularly affecting SMEs, where resources spent on reporting detract from sustainability initiatives and core business functions. Each new EU regulation compounds the reporting obligations across teams, including investor relations, finance, legal, and local compliance units. Companies now need to invest in specialised data management systems, with limited impact on tangible outcomes.

For these reasons, FESI wishes to make the following overarching and concrete policy recommendations:

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### 1. Overarching priorities

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#### a) Avoiding creating new legal obligations

When streamlining and simplifying rules, the focus should be on clarifying and reducing administrative burdens. The expansion of legal obligations or substantial changes to these initiatives should be avoided. At the same time, parallel work on CSDDD guidelines and compliance tools should be retained and sped up, to ensure that all stakeholders are well equipped to comply by the time the legislation come into applicability.

#### b) Involving industry in consultations

Industry should be involved and consulted in every step of the legislative process. The sporting goods industry in particular has extensive expertise in managing complex supply chains and deep knowledge of textiles, apparel, and footwear. Its insights into the unique challenges the sector faces can significantly contribute to advancing a circular economy. Regular consultations with the industry would ensure that relevant implementation gaps are addressed, regulatory efficiency maximised and unnecessary administrative burdens identified.

#### c) Ensuring consistent implementation

Lack or limited harmonisation leads to competitive imbalance, as companies under certain jurisdictions may benefit from looser requirements. These inconsistencies also risk undermining progress in value chain transparency, jeopardising the very core of due diligence legislation. Stakeholders need predicable and uniform standards that create a level playing field. It should always be ensured that regulatory requirements can be implemented as easily as possible for companies. In addition, the burden on companies should always be weighed against the benefits for the European economy as a whole, as well as their competitiveness.

#### d) Avoiding integrating further reporting requirements

Omnibus simplification packages offer a unique opportunity to streamline broader reporting requirements. Nonetheless, since the first package will focus on simplifying three complex pieces of

legislation on sustainable finance reporting and due diligence, we urge the Commission not to include more legislation in this simplification package. Going forward, we recommend for the Commission to separately assess the potential for increasing efficiency and alignment in other legislation, such as the Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Regulation. As for environmental legislation which will require extensive reporting and compliance documentation obligations, such as the Waste Framework Directive and Eco-design for Sustainable Product Regulation, efforts should be made to harmonised and align them as much as possible to minimise administrative burdens and enhance regulatory efficiency.

#### e) Introducing more lenient timelines for SMEs

As the EU continues to strengthen corporate sustainability reporting requirements, it is essential to recognise the unique challenges faced by small and medium-sized enterprises (SMEs). Unlike large corporations, SMEs often have limited resources and expertise to comply with complex reporting obligations. For this reason, an extension of applicability timelines or grace period should be considered.

## 2. Where to reduce administrative burdens

#### f) CSRD

**Value chain scope:** The scope could be phased in to only cover Tier 1 of the value chain, with additional tiers gradually introduced over time. Collecting reliable data beyond Tier 1 is challenging and entails significant burdens on reporting entities. Furthermore, businesses often have limited or no direct influence over actors deeper in the value chain, as most control and measurable changes lie in Tier 1. This does, however, does not preclude disclosing the names and locations of value chain partners.

**Clarifying definitions:** Only clear, legally allowed, advanced definitions that are already globally accepted by industry should be used. Different interpretations make it difficult to implement them in practice. Where clarification is lacking, companies should have flexibility on interpretation. Below are examples of definitions that currently lack clarity:

- ‘Adequate wage’: The definition currently differs globally from country to country
- ‘Microplastic’: Lack of industry standard/ method to calculate
- ‘Durability’: Lack of industry standards
- ‘Disabilities’: Disclosure is currently legally prohibited/restricted in some countries
- ‘Diversity’
- ‘Waste’ in relation to ‘product circularity’

Incidentally, practical implementation assistance, particularly guidance on identifying relevant materiality for each sector, as well as clear timely published guidelines, would be useful to relieve companies. Over-compliance with legal provisions due to excessively strict requirements, for example by auditors, must be avoided.

**Consolidating ESRS:** The ESRS should focus on core metrics and consolidate repetitive data points. Additional sector-specific standards should be delayed for at least 2 years to allow capacity building in sector-agnostic ESRS reporting and to assess and identify, in consultation with industry, the necessity of potential future areas of relevance where clarification via sector specific standards would be useful and complementary to ESRS.

A reduction in data points should be based on whether they are material against the background of the objectives of sustainability reporting. The assessment should consider the efforts needed to identify and analyse individual data points in relation to their informational value. SMEs are overwhelmed by the excessive detail of the data points and are sometimes unable to provide the necessary data. A reduction in disclosure requirements could relieve the burden placed on companies and ensure better data quality and data procurement along the upstream value chain.

**Phasing in Limited Assurance:** Limited assurance poses high costs (20-30% of audit fees) and legal uncertainty due to its binary pass/fail nature. To ease the transition, the first 2 years should focus only on a company's own operations, Scope 1 and Scope 2 emissions, with Scope 3 emissions and value chain metrics phased in gradually to reduce compliance pressure.

#### g) CSDDD

**Easing reporting:** Companies should be able to report in one jurisdiction only to facilitate compliance (similarly to LkSG – Germany, headquarters).

**Clarifying the risk-based approach:** CSDDD relies on risk-based prioritisation. Companies need to be able to easily demonstrate and justify prioritisation without incurring the risk of being held liable based on subjective criteria.

**Harmonising chain of activities/value chain:** The current misalignment between 'chain of activities' in CSDDD and 'value chain' scope in CSRD poses several challenges for stakeholders in understanding and applying the correct scope. Alignment should be thoroughly considered.

#### h) Taxonomy

**Redefining relevance and interpretation:** As core business activities are not defined nor subject to regulation yet, the significance of information for investors is low. Provisions' interpretation is neither uniform generally across reporting companies nor within the same industry, creating bias in the auditing process. We recommend applying a materiality threshold to report on eligible activities, as well as assessing and identifying elements that are actually useful in consultation with financial actors as a mandatory step for decision-making.

**Changing materiality and evaluation criteria:** The scope of the report includes aspects that are not material from the perspective of our industry's business model (e.g. checking the taxonomy compliance of a leased company cars). The technical evaluation criteria tend to be complex and require considerable resource expenditure, particularly in the case of capex in category (c) ('purchase of output of Taxonomy-aligned activities').

**Aligning EU and non-EU criteria:** Some test criteria refer to very EU-specific standards and/or practices. As the scope of the reporting includes all global activities, the conformity verification of activities outside the EU is often virtually impossible (e.g. lack of clarity about accepted building energy certifications compared to the EPC certificates mentioned).

**Removing the OpEx KPI:** The OpEx KPI as a non-relevant reference value should be eliminated due to its low relevance for the financial market. OpEx is an artificial KPI that cannot be reconciliated with the financial statement. It is not used to steer a company and investors are not able to interpret the published figures. While companies receive little or no questions from investors, the OpEx indicator requires considerable effort to collect and disclose the necessary data.

Founded in 1960 FESI - the Federation of the European Sporting Goods Industry represents the interests of approximately 1.800 sporting goods manufacturers (85% of the European market) through its National member Sporting Goods Industry Federations and its directly affiliated companies. 70-75% of FESI's membership is made up of Small and Medium Sized Enterprises. In total, the European Sporting Goods Industry employs over 700.000 EU citizens and has an annual turnover of some 81 billion euro.

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### **FESI – Federation of the European Sporting Goods Industry**

🏠 Rue Marie de Bourgogne 52, B-1000 Brussels

☎ +32 (0)2 762 86 48

✉ info@fesi-sport.org

🌐 [www.fesi-sport.org](http://www.fesi-sport.org)

