Federation of the European Sporting Goods Industry

FESI Position Paper

EU REPORTING REQUIREMENTS

December 2024

Introduction

The Federation of the European Sporting Goods Industry (FESI) supports the European Commission's and European Parliament's ambition to streamline and reduce reporting requirements. We recognize that reporting obligations are essential to effective EU legislation and evaluation. When harmonised, they also serve to replace disparate national requirements, increasing efficiency.

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 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. Furthermore, companies invest in specialized data management systems, requiring continuous investment with limited impact on tangible outcomes.

1. Concrete examples of administrative burdens and overlapping reporting requirements

a. Inconsistent packaging reporting standards

Under the Waste Framework Directive and PPWR, companies are subject to packaging reporting obligations. However, each EU Member State implements unique requirements, including diverging forms, submission timelines, and labeling standards. For example, plastic taxes originating from EU directives vary significantly across Member States, requiring companies to manage multiple reporting frameworks simultaneously.

b. Complex ESG Reporting under the CSRD, EU Taxonomy, and CSDDD

The overlapping Environmental, Social, and Governance (ESG) reporting requirements under the CSRD (Corporate Sustainability Reporting Directive), EU Taxonomy, and CSDDD (Corporate Sustainability Due Diligence Directive) create substantial administrative burdens. Companies must prepare enormous sets of ESG data using different metrics, report classifications, and submission formats, with each regulation imposing separate deadlines and validation requirements. This fragmented approach significantly increases workload, creating redundant data collection and verification efforts across departments which have to be assured by auditors leading to assurance costs that have significantly increased.

c. Stringent local compliance requirements on footwear and apparel

Some Member States require specific environmental impact reporting on materials used in footwear and apparel using the different LCA methods. This includes tracking the lifecycle impact of each product, which is challenging to standardize across borders due to variances in accepted impact metrics, product definitions, and compliance categories. This complexity requires dedicated local compliance teams, which are costly and detract from sustainability investments.

d. Resource-intensive verification of supply chain compliance data

Many companies in the sporting goods industry use social and environmental compliance management databases and external certification tools to comply with social sustainability standards. However, each system or database often has its own fee structure and reporting format, leading to duplicated efforts and added expenses to maintain compliance with EU and Member State requirements.

e. Data matching requirements with unrelated documents

New regulations increasingly require companies to reconcile sustainability filings with unrelated fiscal or financial records. This matching process involves meticulous cross-referencing and manual verification, creating further administrative complexity without providing added environmental or social benefit. This situation will become even more dire once the Eco-design for Sustainable Product Regulation will set up the Digital Product Passport and require information requirement for many products related data including potentially addressing substances of concerns which can amount thousands of substances that are not relevant within the industry and overlap with REACH reporting requirements.

---

2. FESI recommendations on key areas for improvement

---

a. Unified and simplified reporting framework

1. **Integration of reporting requirements**: All corporate reporting obligations should be consolidated under the CSRD to eliminate redundancy with other frameworks (e.g., CSDDD, Taxonomy, PPWR). Double reporting must be avoided.

2. **Simplification of ESRS standards**: The ESRS should focus on core metrics and consolidate repetitive data points. Additional sector-specific standards should complement rather than expand the existing framework.

3. **Biodiversity reporting**: Simplify the biodiversity reporting requirements within the ESRS to ensure practicality and usability for companies.

b. Taxonomy and standards reform

4. **Usability of taxonomy**: Simplify the EU Taxonomy criteria (e.g., "Do No Significant Harm") and include sectors like sports, outdoor, and fashion for equitable treatment.

5. **Building standards in taxonomy**: Adjust building-related requirements to be more practical and applicable across industries.

c. Harmonization across jurisdictions

6. **Avoid National Duplications**: EU-level regulations on sustainability should preclude overlapping or divergent national rules (e.g., eco-modulation, PRO reporting).

d. Reporting cadence and methods

7. **Reporting frequency alignment**: Ensure reporting cycles (e.g., two-year vs. annual) align with industry norms and existing third-party reporting frameworks.

8. **ESEF tagging**: Limit mandatory tagging to quantitative data or explore AI-driven solutions to reduce manual efforts.

9. **Unsold goods reporting**: Simplify reporting on unsold goods to high-level categories (e.g., first two CN code digits for apparel) to minimize administrative complexity.

10. **Standardization of Digital Product Passports**: Ensure that data and verification requirements under the ESPR remain manageable and cost-effective for industries such as textiles and footwear.

e. Administrative burden reduction

11. **Authorized representatives in member states**: Remove the requirement for an authorized representative in each Member State (e.g., for packaging and textiles under the WFD/PPWR), as it increases costs and creates barriers for SMEs. Follow the GPSR principle or a moral person.

12. **Harmonized eco-modulation**: Address inconsistencies in eco-modulation and other eco-labeling requirements across EU markets.

13. **Pre-verification of green claims**: Limit the pre-verification of green claims to complex and critical areas. Avoid burdensome requirements for minor claims (e.g., renewable energy usage) and introduce sufficient transition periods.

f. Collaboration and adaptation

14. **Integration with ratings organizations**: Encourage alignment of ESG evaluation criteria by ratings and rankings agencies with ESRS standards to maximize industry benefits from compliance efforts.

Conclusion

The sporting goods industry sees substantial potential for the rationalization of reporting requirements to relieve administrative burdens on businesses. FESI calls for reduced reporting data requirements and the alignment of redundant reporting standards across EU Member States.

Implementing these recommendations would support a balanced regulatory framework that enhances the competitiveness and productivity of companies operating in Europe.

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.

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