

ONE PAGER

# Omnibus Simplification Package on Due Diligence

MAY 2025

EURATEX welcomes the European Commission's initiative to simplify the European Sustainability Reporting Standards (ESRS) and related obligations under the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). The current framework presents significant challenges in terms of complexity, applicability, and compliance burden—especially for SMEs in the textile and apparel sector.

As part of the EFRAG consultation launched in **April 2025**, EURATEX submitted a detailed response **addressing the consultation questions and outlining targeted technical recommendations** to ensure that future ESRS revisions support more practical, efficient, and proportionate implementation.

### Key Concerns Highlighted by EURATEX

- **Excessive Complexity:** The ESRS framework remains overly technical and resource-intensive, making implementation difficult for SMEs with limited capacity.
- **Materiality Principle:** The framework should allow companies to focus on genuinely material issues. A rigid, one-size-fits-all model contradicts the purpose of proportionality.
- **Value Chain Reporting Challenges:** The industry faces systemic barriers in collecting upstream data across global, fragmented supply chains due to limited traceability tools.
- **Data and Expertise Gaps:** Many companies lack access to reliable data and the internal technical expertise necessary to implement ESRS reporting requirements effectively.
- **Regulatory Overlaps:** Duplications and inconsistencies with other EU initiatives (CS3D, EU Taxonomy, Ecodesign) increase confusion and reporting fatigue.
- **Lack of Sector-Specific Guidance:** The ESRS's generic structure dilutes its relevance. Companies in the textile sector already rely on well-established schemes (e.g. Higg Index, STTI), which should be referenced and integrated.

### Recommendations from EURATEX

To support a more workable approach for textile companies, EURATEX proposes:

- The adoption of **simplified, modular templates**, particularly tailored to the operational capacities and realities of SMEs.
- A **phased implementation** of value chain disclosure requirements, recognizing the current structural limitations in traceability, especially in upstream supply chains.
- The inclusion of **clearer and more actionable implementation guidance**, with technical clarifications on materiality thresholds and prioritization of disclosures.
- A **streamlined treatment of Article 8-related information**, avoiding placeholder content that contributes to unnecessary reporting volume without improving decision-usefulness.
- The **harmonization of ESRS with broader EU sustainability legislation** (e.g. CS3D, SFDR, Ecodesign) to reduce fragmentation and compliance burdens.
- The establishment of **concrete interoperability mechanisms with international standards** (such as GRI, ISSB, CDP), moving beyond theoretical alignment to practical equivalence.