



Federation of the European
Sporting Goods Industry

FESI Position Paper

On the **Taxonomy Delegated Acts**

To make reporting
simpler and more
cost-effective for
companies

March 2025

SUMMARY

- 1. Clarifying materiality threshold**
- 2. Exempting obligations for non-essential activities**
- 3. Reviewing relevance of Taxonomy**
- 4. Conclusion**

The Federation of the European Sporting Goods Industry (FESI) welcomes the proposals to amend the EU Taxonomy, particularly the introduction of materiality thresholds. Overall, we believe that the proposed amendments provide a step in the right direction toward improving the clarity and efficiency of reporting obligations under the Taxonomy Regulation. However, we call on the Commission to ensure that the application of the thresholds and other exemptions are streamlined in a way that will significantly reduce the administrative burden on companies, while still providing reliable information to stakeholders. It is essential that the amendments aim to facilitate efficient reporting for companies without imposing excessive costs or complexity.

Therefore, FESI would like to address the following points that require further clarification:

1. CLARIFYING MATERIALITY THRESHOLD

The introduction of materiality thresholds is an important aspect of the proposed amendments. However, the current draft does not clearly define how the 10% threshold should be applied—whether it applies to individual activities or cumulatively across all activities. This lack of clarity could create operational confusion and unnecessary complexity in reporting. To simplify, FESI suggests that the threshold should be applied to individual activities rather than on a cumulative basis. This would prevent companies from having to report non-material activities and allow them to focus on more impactful, material activities, thus reducing administrative efforts.

2. EXEMPTING OBLIGATIONS FOR NON-ESSENTIAL ACTIVITIES

The draft proposal lacks clarity regarding the level of exemption for non-essential activities. Specifically, it is unclear whether the exemption should apply to the obligation to assess conformity with the Taxonomy's technical assessment criteria, or whether the obligation to report taxonomy eligibility should also be waived. In our experience, verifying the taxonomy eligibility of non-material activities often requires more effort than the conformity assessment itself, especially when these activities involve a large number of small transactions. Given that the information relevance of such disclosures is minimal for capital markets, FESI believes that a waiver for reporting taxonomy eligibility of non-material activities should already be established at this level, not just the conformity assessment.

3. REVIEWING RELEVANCE OF TAXONOMY

FESI believes that the proposals could be more closely aligned with the core business activities of companies. Currently, after four years of taxonomy reporting, the taxonomy has not played a significant role in sporting goods companies' interactions with the investment community, nor has it affected their core business model. As such, for many sporting goods companies, taxonomy-eligible sales are still equal to zero. The reporting obligation should be more strongly linked to a company's principles of value creation and growth. The exemption from the obligation to report opEx conformity in the case of taxonomy-eligible revenue of less than 25% of total revenue (although here too the proposed text contains references that can be interpreted in different ways as to what exactly the

correct reference value is) does not go far enough. Companies not generating significant turnover from taxonomy-eligible activities should be fully exempt from the reporting obligations.

4. CONCLUSION

In conclusion, while FESI is supporting of reviewing the Taxonomy Regulation and introducing a materiality threshold, a revision needs to clarify how the materiality threshold is calculated and ensure that the Regulation is truly relevant for sectors in scope. To do this, the Taxonomy reporting obligation needs to be aligned with core business activities and value creation. Without these changes, the proposals risk creating unnecessary complexity, while continuing to divert essential administrative and financial resources into the identification of non-material activities that are ultimately irrelevant for the financial market. Should these changes not be possible, companies that do not generate significant turnover with taxonomy-eligible activities should be completely exempted from mandatory taxonomy reporting.

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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