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Sustainable Fashion Academy and the Scandinavian Textile Initiative for Climate Action position paper on:

The European Commission's Omnibus Simplification Package

About SFA and STICA

The Sustainable Fashion Academy (SFA) is a non-profit organisation based in Stockholm, Sweden. SFA's mission is to exponentially accelerate progress towards science-based sustainability targets and the global sustainability goals (SDGs) by leveraging the power and influence of the apparel and textiles industries. To achieve this, SFA initiates research and analysis to inform better decision-making, inspires and educates change agents, and mobilises key stakeholders around issues needed to transform the industry, including policy, finance and accountability. SFA founded and coordinates the Scandinavian Textile Initiative for Climate Action (STICA), a platform for accountability and leadership. STICA's aim is to ensure the Nordic and EU apparel and textiles industry reduce their greenhouse gas emissions in line with what is required to stay within the 1.5°C degree warming pathway, while inspiring the global apparel industry to do the same. In STICA's Company Climate Action Program, fifty-five Scandinavian apparel brands and retailers have committed to reduce their emissions and transform their businesses.

Executive summary

Simplification is a key priority of the European Commission's 2025–2029 mandate, with the first Omnibus package proposing significant changes to sustainability legislation affecting the textile value chain. STICA, the Scandinavian Textile Initiative for Climate Action, welcomes efforts to reduce administrative burdens but is concerned that several proposed changes may weaken the EU's climate and sustainability ambition. In particular, we caution against excluding SMEs entirely from the scope of revised sustainability legislation. While simplification is important, SMEs play a vital role in the green transition and should remain engaged through proportionate and manageable requirements.

Introduction

Simplification has been confirmed as a key priority for the European Commission's 2025–2029 mandate. On 26 February, the Commission introduced its first Omnibus simplification package, bringing important changes to legislation relevant to the textile value chain. This includes the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) - areas where many textile businesses have already made significant investments in compliance.

We, the Scandinavian Textile Initiative for Climate Action (STICA), including the signatories of STICA's Company Climate Action Program, welcome several of the measures aimed at reducing complexity and administrative burden. However, we are concerned that certain changes could risk weakening the EU's overall climate ambition. While many of STICA's members are no longer - or will soon no longer be - within the scope of some of the revised legislation, we strongly believe that simplification efforts should not come at the expense of climate action. We therefore encourage the EU to ensure that these revisions continue to support, rather than dilute, European climate goals.

Summary of our key recommendations:

- We reject excluding SMEs entirely from the scope of revised sustainability legislation. While simplification is important, SMEs play a vital role in the green transition and should remain engaged through proportionate and manageable requirements.
- We advocate against limiting due diligence obligations to direct suppliers. Many environmental and human rights impacts occur deeper in the supply chain, and effective due diligence must reflect this complexity.
- We do not support the removal of the requirement to implement climate transition plans, as this risks shifting company priorities away from ambitious climate strategies.
- We are concerned that the removal of the EU-wide civil liability requirement contradicts the Omnibus proposal's goal of simplification, moving away from a level playing field across Member States.

Recommendations in detail:

Value chain cap: Obligations for SMEs

- SMEs represent 80% of the European economy and play a critical role in the green transition. **As STICA, we recognise the need to reduce administrative burdens, especially for smaller businesses**, through the Omnibus simplification package. **However, we advocate against removing SMEs entirely from the scope of revised sustainability legislation**.
- Before the Omnibus proposal, the scope and scale of reporting requirements under the CSRD would have placed a significant strain on internal resources, limiting our capacity to focus on implementing climate and other sustainability actions. In this respect, the Omnibus proposal improves our ability to deliver impact. However, by exempting many companies entirely from mandatory reporting, it also removes an important external driver and layer of accountability. We believe that even smaller companies should be subject to some form of climate-related requirements - albeit with a lighter, more manageable reporting burden. **Voluntary tools, such as an SME-standard, could play a key role in reducing complexity while maintaining momentum.**

Scope of due diligence: Going beyond Tier 1 and making risk-based approach a central element

- **We believe that limiting obligations to direct suppliers, under the revised CSDDD, would significantly weaken efforts to address climate and other impacts across complex and global supply chains.** In the textile sector, most emissions and other impacts occur in the early stages of the value chain. The revised approach only asks a limited group of suppliers to demonstrate climate awareness and take action. This weakens the case for our suppliers to pass on similar requirements to their own sub-suppliers.
- In relation to the limited stakeholders' definition proposed by the Omnibus**, STICA urges continued engagement with a broad range of stakeholders** to ensure climate-related impacts are understood and addressed effectively across the value chain and across business sizes.

Streamlined sector-agnostic ESRS, meaningful sector-specific standards

- **We strongly support the streamlining of sustainability reporting standards**, which should help reduce the number of required data points and lower compliance costs. The current framework is overly complex, making it difficult for companies to navigate. Refocusing on the most material and decision-useful information is a positive step. However, it is essential that the full breadth of sustainability topics be maintained to ensure that ambitious climate strategies can be effectively implemented and monitored.
- On the other hand, **we believe sector-specific ESRS are essential to ensure that disclosures are relevant, consistent, and comparable across our sector.** We support an approach that requires companies to report on sector-identified topics - or to clearly explain why those topics are not considered material in their specific context. The textile sector is highly specific, with an exceptionally complex and multi-tiered supply chain. This complexity requires tailored reporting guidance. Hence, we believe sector-specific standards could help the industry align on efforts and help establish a foundation for common projects across brands with aligned goals communicated to our supply chains.
- **We advocate for phased-in data requirements**. A balanced approach is beneficial—one that emphasizes climate action while recognizing the continued importance of this topic within reporting frameworks.

Implementation of climate transition plans

- Removing the requirement to implement climate transition plans is likely to shift company priorities away from ambitious climate strategies. Without this legislative pressure, it will become more difficult to advocate internally for resources and funding, weakening abilities to elevate the issue to the board level and push for a more ambitious transition plan.
- **Within STICA, our commitment to climate action remains unchanged.** Regardless of regulatory shifts, we will continue to require signatories to develop and implement robust climate transition plans. However, removing the requirement to produce and implement climate transition plans can undermine this work.

Harmonised civil liability across the EU

- By removing the EU-wide and uniform civil liability requirement, the Omnibus proposal risks undermining its own objective of simplification. **STICA supports harmonised EU-wide civil liability requirements, which is essential for creating legal clarity and a level playing field across the EU.**
- We also believe the current approach proposed in the Omnibus could weaken the overall impact of the legislation, particularly in jurisdictions where human rights and environmental protections are not prioritised.

Conclusion

As the EU moves forward with its simplification agenda, STICA and the signatories in our Company Climate Action Program urge policymakers to strike the right balance between reducing administrative complexity and preserving the integrity and ambition of the EU's climate objectives. Simplification should not mean dilution. Instead, it should enable more effective and focused implementation of existing goals—particularly in high-impact sectors like textiles, where global supply chains and emissions hotspots require tailored and ambitious approaches. We call on the European Parliament and Member States to ensure that revisions to legislation such as the CSDDD and the CSRD continue to empower businesses of all sizes to take meaningful climate action across the full value chain.

As demonstrated in STICA's *2024 Progress Report*, voluntary action alone is not enough to drive meaningful climate progress. Mandatory climate reporting is an essential element—without it, we cannot accurately assess company performance, hold companies accountable or reward them for their leadership. Basic reporting requirements, even for SMEs, are essential for developing penalties for poor performance and rewards for effective climate action. While reporting for SMEs should be simplified to reflect their capacity, they must not be excluded. That being said, we cannot stop at transparency alone: to truly accelerate climate action, we must also create sufficient financial rewards for companies that deliver strong climate results.

Contact us

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