euromines | FuelsEurope FUELLING EUROPE'S FUTURE | International Copper Association Europe | International Association of Oil & Gas Producers

JOINT POSITION PAPER | MARCH 2025

5 reasons why Wave 1 companies must be included in the 'Stop-the-Clock' Omnibus

---

Introduction

The European Commission's Omnibus 1 proposal aims to reduce administrative burdens by delaying the application of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) for certain companies. However, Wave 1 companies for CSRD— primarily large public- interest entities with over 500 employees — are excluded from these deferrals.

These firms are still expected to report under CSRD for FY2024 (by 2025) while competitors benefit from postponed timelines. This creates a regulatory, operational, and competitive imbalance.

We urge EU policymakers to include Wave 1 companies in the "Stop-the-Clock" initiative to ensure fairness, legal consistency, and operational feasibility, without compromising the overarching policy objectives of the Green Deal.

Quick overview – Why Wave 1 companies must be included

1. **Legal Coherence**

   Avoids asymmetrical obligations and ensures consistent transposition across Member States.

2. **Competitive Balance**

   Prevents early movers from being unfairly disadvantaged in the EU and global markets.

3. **Implementation Readiness**

   Gives companies and supply chains time to adapt to complex, evolving requirements.

4. **Regulatory Certainty**

   Aligns compliance timelines with the adoption of final guidance and Delegated Acts.

5. **Better Compliance Outcomes**

   Reduces the risk of rushed, low-quality reporting and promotes consistency in assurance.

1. Legal considerations: Ensuring consistency and fairness

Equal treatment and legal certainty

Excluding Wave 1 firms creates unjustified disparities. Companies with similar size and scope face different deadlines based solely on listing status or timing. For example, a listed firm with 600 employees reports two years before an unlisted firm of the same size. *This violates the EU principle of equal treatment and risks legal challenges*.

Furthermore, Member States that have already transposed CSRD for 2024 now face legal fragmentation. Some are pausing implementation altogether, waiting for clarity. Extending the deferral to Wave 1 simplifies transposition, enforcement, and legal interpretation across the Union.

---

2. Economic integrity and competitiveness

First-Movers disadvantage

CSRD compliance requires significant investment in systems, staffing, assurance, and external support. Early reporters (Wave 1) face these costs immediately, while deferred companies (including private, smaller, or non-EU competitors) avoid them for at least two more years.

This creates a competitive distortion, particularly for capital-intensive or export-driven sectors. In some cases, companies may delay listing or EU expansion to avoid falling into Wave 1 scope. Including Wave 1 in the deferral would level the playing field and support EU industrial competitiveness.

Market distortions

An uneven rollout may impact investor perception and capital allocation. Heightened scrutiny on Wave 1 firms could affect valuations, while others escape comparable ESG disclosure for years. Synchronizing reporting timelines across all large companies avoids sending mixed signals to financial markets.

SME Supply Chain pressure

Large companies often cascade compliance costs and data requests to smaller suppliers. Wave 1 firms are already asking for ESG data from SMEs that are not legally required to provide it. A delay would reduce premature pressure on SMEs and allow value chains to prepare collectively and coherently.

3. Operational feasibility

Implementation challenges

Wave 1 companies have faced major hurdles setting up ESG data systems, assurance protocols, and double materiality assessments - all on a compressed, tight timeline!
The ESRS were only finalized in mid-2023, leaving less than a year to prepare for FY2024 reporting.

Many companies are still developing internal capabilities while managing parallel reporting obligations (e.g. under international frameworks such as ISSB and GRI).

A modest deferral would allow time for pilot exercises, training, and systems integration, which would lead to higher quality and more accurate reporting.

Supply Chain dependencies

CSRD extends beyond a company's operations, requiring data from often-unprepared upstream and downstream partners. First movers are effectively beta-testing implementation with suppliers, creating tension and unreliable data flows. A collective delay would support ecosystem-wide readiness and reduce friction.

Assurance bottlenecks

CSRD mandates limited assurance from auditors – a process that is currently still evolving. There have been several studies that proved that there is a shortage of qualified assurance providers, and that methodologies are not yet standardized throughout assurance companies (sometimes the same assurance company that operates in several Member States, will have different methodologies).
Wave 1 firms are shouldering these early challenges, alone.
Extending the timeline would allow regulators, the competent authorities, and the market to build the necessary assurance infrastructure and reduce inconsistencies.

4. Compliance practices

Preparedness gaps

Despite being considered 'large', Wave 1 companies are not adequately prepared. Surveys from Deloitte in late 2024 showed that 88% of companies did not feel ready for CSRD, and over 20% saw it as a burden with little added value, particularly as Guidance Documents – who have no legal standing – are still being published.

Other waves will benefit from Wave 1 lessons and a more settled legal landscape. A delay for Wave 1 would give all large companies a fair starting point.

Moving regulatory targets

With the European Commission proposing to reduce reporting requirements by 25%, drop the sector-specific ESRS, and clarify due diligence expectations, Wave 1 firms face the risk of having to comply with outdated or soon-to-be changed rules. Delaying their obligations ensures they invest in systems aligned with final, stable requirements, and therefore avoiding unnecessary duplication and cost.

Conclusion and recommendations

You will find, in ANNEX A of this Position Paper, **our proposed amendments.**

To ensure rightfulness, legal certainty and high-quality implementation, the 'Stop-the-Clock' initiative should be extended to include Wave 1 companies under the CSRD.
This would:

- **Harmonize application timelines for all large companies,**
- **Prevent competitive distortions to the market,**
- **Support preparedness across complex value chains,**
- **Allow companies to align with finalized guidance and reduce compliance risk.**

These adjustments would not undermine the sustainability goals the European Union has set but rather strengthen the quality and durability of the EU's Sustainability Framework.

It would also support the European Commission's commitment to reduce administrative burdens by 25% while fostering a workable and effective sustainability agenda.

ANNEX A

Proposed amendments to ensure inclusion of Wave 1 companies in the CSRD 'Stop-the-Clock' initiative

In response to the European Commission's proposals of amending the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) - namely, COM(2025) 80 final and COM(2025) 81 final - We welcome the European Commission's commitment to reducing administrative burdens and enhancing regulatory clarity through the so-called "Stop-the-Clock" initiative.

However, as currently drafted, the deferral of reporting obligations is limited to Wave 2 and Wave 3 companies, excluding Wave 1 companies: those large public-interest entities.

This exclusion risks introducing legal fragmentation and undermining the principle of equal treatment across the Single Market.
It creates an unjustified competitive imbalance, disproportionately burdening a limited group of early reporters who must comply with complex and still-evolving requirements without the benefit of finalised guidance, stable reporting standards, or a fully prepared assurance ecosystem.

To promote regulatory consistency, fairness, and practical implementation, we propose the following targeted amendments to the European Commission's texts.
These are applicable across several directives, including:

- **Directive 2013/34/EU (Accounting),**
- **Directive 2004/109/EC (Transparency),**
- **Directive 2022/2464/EU (CSRD),**
- **And associated transitional provisions.**

---

1. Amendments to Directive (EU) 2013/34 – Accounting Directive

Current proposal (Annex 1, Part A, Point 1) :

Only updates Articles 19a(1), (5) and (7) to reflect simplification of reporting obligations, with no mention of timing changes for Wave 1 companies.

→**Propose to introduce a new clause to Article 19a** :

“(1a) Notwithstanding paragraph 1, large undertakings as defined in point (4) of Article 3 that are public-interest entities with more than 500 employees, and public-interest entities that are parent undertakings of a large group with more than 500 employees, shall be allowed to defer the publication of their management report including sustainability reporting until the date applicable to other large undertakings under the first subparagraph of Article 5(2) of Directive (EU) 2022/2464”

Justification:
This ensures Wave 1 companies have the same deferral as later waves.

---

2. Amendments to Directive (EU) 2004/109 – Transparency Directive

Current proposals (Annex II):

Modifies certain references to reflect simplified reporting for issuers but maintains 2025 reporting for Wave 1 issuers.

→**Propose to add to Article4(7) the following point:**

“(e) Issuers falling under the first wave of the CSRD implementation schedule, as defined in Directive 2022/2464 Article 5(2), shall be permitted to delay the submission of sustainability reporting until 2027, in line with other large issuers.”

Justification:
Harmonizes reporting timelines across listed and unlisted Wave 1 entities, ensuring consistency.

---

3. Amendments to Directive (EU) 2022/2464 – CSRD

Article 3 (1), add to the end of the 1st paragraph:

“Member States shall ensure that sustainability reporting obligations for all undertakings falling within the scope of Article 5(2), including public-interest entities with more than 500 employees, apply no earlier than for financial years starting on or after 1 January 2026.”

Justification:

This would guarantee that national transposition respects the new uniform timeline for all large undertakings, avoiding confusion or misalignment at Member State level.

→Additionally, we would like to **propose to create, under Article 1 (a) an explicit derogation** that would create a stand-alone, clear legal basis for extending the delay to Wave 1 companies, avoiding ambiguity in the transposition or implementation process:

“Temporary Derogation for Wave 1 companies: by way of derogation from the application dates specified in Article 5(2) of Directive (EU) 2022/2464, Member States shall postpone the application of sustainability

reporting requirements for companies referred to in Article 5(2), point (a), until financial years starting on or after 1 January 2026.”

In Article 5(2), add a new paragraph after (1):

“(2) by way of derogation from the first subparagraph, large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU that are public-interest entities with more than 500 employees, and public-interest entities as defined in point (1) of Article 2 of Directive 2013/34/EU that are parent undertakings of a large group with more than 500 employees on a consolidated basis, shall report for financial years starting on or after 1 January 2026.”

Justification:
This aligns the reporting date of Wave 1 companies (currently FY2024 reporting in 2025) with that of Wave 2 (now delayed to FY 2025, reporting in 2026), ensuing consistency and fairness across large undertakings. It prevents disproportionate burdens on first movers and upholds the European Commission's own goal to reduce reporting burden and administrative costs.

In the 3rd subparagraph of Article 5(2), add:

“(aa) for financial years starting on or after 1 January 2026: issuers that are large undertakings with more than 500 employees and issuers that are parent undertakings of a large group with more than 500 employees on a consolidated basis, during the financial year.”

Justification:
This brings the timing of CSRD disclosures under the Transparency Directive into line with the deferred dates, ensuring no group of issuers is disproportionately disadvantaged or subject to parallel, inconsistent obligations.

Recital (3) – Revised text:

“Considering the ongoing Commission’s initiatives aiming at simplifying certain existing sustainability reporting obligations and to reduce the undertakings’ related administrative burden, and to avoid that undertakings currently required to report for financial years beginning on or after 1 January 2024 incur unnecessary and avoidable costs in anticipation of changes, the sustainability reporting requirements for all large undertakings, including those that are public-interest entities with more than 500 employees, should be postponed by two years.”

Recital (4) – add a sentence at the end:

“For reasons of proportionality and legal coherence, the reporting obligations for all large issuers, including those with more than 500 employees currently required to report for financial year 2024, should be aligned with those of other large undertakings.”

Justification:

These updates to the recitals reinforce the rationale for equal treatment and show that the delay is intentional, coherent, and grounded in the same administrative simplification logic.