

## Omnibus 1 Directive comes into force in March 2026: key amendments to CSRD and CS3D

March 2026

The Omnibus 1 Directive ([Directive \(EU\) 2026/470](#)) was published in the Official Journal on 26 February. This new Directive, which amends the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D) will take effect from 18 March 2026. The following provides a summary of the key changes made to the CSRD and the CS3D by this new Directive.

### CSRD

#### EU companies and non-EU issuers:

CSRD will apply to EU companies and non-EU issuers which have **more than 1000 employees** and a **net annual turnover exceeding €450 million**.

Corporate sustainability reporting for these companies will commence in 2028 for financial years starting on or after 1 January 2027.

#### Non-EU companies:

CSRD will apply to non-EU companies with a net annual turnover in the EU **exceeding €450 million** and that have an **EU subsidiary or branch** with a net EU turnover of **more than €200 million**.

Corporate sustainability reporting for these companies will commence in 2029 for financial years starting on or after 1 January 2028.

#### SMEs listed on an EU regulated market:

These companies have been removed from scope.

#### Financial Holding Undertakings

There is a new exemption for “financial holding undertakings”, a term which has been narrowly defined in the Accounting Directive, to include undertakings whose sole objective is to acquire holdings in other undertakings without involving themselves directly or indirectly in the management of those undertakings. The business models and operations of the subsidiaries of these holding undertakings should be independent of one another.

These holding entities may choose to omit consolidated sustainability reporting at parent level.

<b>Large subsidiary companies with listed securities – new exemption</b>	The subsidiary exemption under CSRD allows subsidiaries to not report on an individual basis if they are included in the consolidated sustainability reporting of their parent. Large companies with transferable securities admitted to trading on an EEA regulated market had originally been carved out from the subsidiary exemption and were required to report individually irrespective of whether they were included in their parent's consolidated report. Under the Omnibus 1 amendments, these large companies will now be able to rely on the subsidiary exemption.
<b>Transitional relief for out-of-scope wave 1 companies</b>	Companies that reported under CSRD in 2025 for financial year (FY) 2024 but which now fall outside the revised scope may be exempted by Member States from reporting obligations for financial years 2025 and 2026.
<b>Revised European Sustainability Reporting Standards (ESRS):</b>	Reporting standards have been simplified, with greater emphasis on quantitative disclosures. Sector-specific reporting will be voluntary.  As part of the scaling back on the level of reporting obligations, EFRAG has submitted revised ESRS to the European Commission under CSRD. Those who remain in the scope of CSRD can expect reporting to be easier than at present with EFRAG proposing to reduce mandatory datapoints by 61%. The Commission is expected to adopt a Delegated Act to revise existing ESRS in the coming months.
<b>Value Chain Companies:</b>	Smaller companies with fewer than 1000 employees in the value chain may decline to provide to the reporting entity any information that exceeds what is specified under the voluntary sustainability reporting standards.

## CS3D

<b>EU companies:</b>	CS3D applies to EU companies with <b>more than 5000 employees</b> and <b>net turnover exceeding €1.5 billion</b> .
<b>Non-EU companies:</b>	CS3D applies to non-EU companies where their annual turnover generated in the EU <b>exceeds €1.5 billion</b> . There is no employee threshold.
<b>Risk-based approach to value-chain due diligence:</b>	Value-chain mapping obligations are replaced with a risk-based approach, allowing companies to focus on the areas of their chains of activities where adverse impacts are most likely or most severe, and to limit information requests to what is reasonably necessary.
<b>Climate Transition Plans:</b>	The requirement to adopt and put into effect a climate transition plan has been removed in its entirety.
<b>Liability and fines:</b>	Companies in breach of CS3D will be held liable under national law and not at EU-level. Fines are capped at 3% of net worldwide turnover.
<b>Transposition:</b>	The transposition deadline has been pushed out by an additional year to 26 July 2028 with in-scope companies required to comply with the new requirements of CS3D from 26 July 2029 (with reporting from 1 January 2030).

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