



**ENFORCEMENT OF THE  
2025 ANNUAL REPORTS  
PUBLISHED BY ISSUERS  
SUBJECT TO THE  
TRANSPARENCY LAW**

Pursuant to Article 22 of the law of 11 January 2008 on Transparency requirements for issuers (hereinafter “Transparency Law”), the CSSF is monitoring that financial and non-financial information published by issuers is drawn up in compliance with the applicable reporting frameworks.

As issuers are now preparing their reporting for the 2025 financial year, the CSSF wishes to draw the attention to a number of topics and issues that will be the subject of specific monitoring during the CSSF’s enforcement campaign planned for 2026. These matters concern those issuers preparing their financial statements in accordance with IFRS and/or their sustainability reports in accordance with the ESRS on a voluntary basis, as well as their auditors. The CSSF acknowledges that the ESRS constitute a highly complex, yet very recent and still evolving reporting framework, so its expectations are that issuers’ reports follow a learning curve over the coming couple of years.

As long as the Corporate Sustainability Reporting Directive (CSRD) has not been transposed in Luxembourg, issuers will remain subject to the requirements of the Non-Financial Reporting Directive (NFRD). However, many issuers have chosen to voluntarily apply the requirements of the CSRD as from 2024 financial year. On a forward-looking approach, the CSSF considers it useful to continue to focus on ESRS-related topics, in order to accompany issuers in their transition to these new sustainability requirements. The EU Taxonomy disclosures remain also applicable for issuers falling in the ambit of the NFRD.

### **European Common Enforcement Priorities (hereinafter “ECEPs”)**

As in previous years, the European Securities and Markets Authority (ESMA), together with the European national accounting enforcers, including the CSSF, identified ECEPs for the 2025 annual reports to which particular attention will be paid when monitoring and assessing the application of the relevant reporting requirements. ESMA issued on 14 October 2025 a public statement which describes these 2025 ECEPs (ESMA32-2064178921-9254). This document is available on the CSSF’s website under [Enforcement of Issuer Disclosure](#). Issuers are encouraged to consider the ECEPs in addition to the CSSF’s enforcement priorities outlined below as the latter are derived from the ECEPs.

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More information on inspections and findings by the CSSF within the framework of its mission under Article 22 (2) h) of the Transparency Law are given under [Enforcement of Issuer Disclosure](#)



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## 1. Geopolitical risks and uncertainties (1/2)

The acute geopolitical tensions across the globe give rise to risks and uncertainties susceptible to have a pervasive impact on the issuers' businesses and financial reporting during 2025. Among the main drivers, one might name the ongoing war in Ukraine, the conflicts in the Middle East as well as the intermittent trade war between the world greatest economic powers. Those might have caused exacerbated energy and commodity prices volatility, supply chain disruptions and disturbances in the customary global trade flows. Such major geopolitical events might also have material bearing over different aspects of the issuers' financial reporting such as risk of asset impairments and write-downs, revenue recognition patterns, recoverability of deferred tax assets, need for new/additional provisions, liquidity risks, valuation models, compliance with debt covenants or even the going concern assumptions.

Issuers are required to provide clear, granular and tailored disclosures to allow users of the financial statements to adequately assess the impact of such risks and uncertainties on their financial position and performance. The below table summarizes areas which could potentially be affected:

Topics	Potentially affected areas	Reference to applicable IFRS
<b>Uncertainties</b>	Disclosure of judgements and estimations	IAS 1 §122-129
<b>Going concern</b>	Disclosure of judgements and assumptions related to going concern	IAS 1 §25, §122
<b>Liquidity risk</b>	Disclosures of debt covenants	IAS 1 §76ZA
	Financial instruments related disclosures	IFRS 7 §33-34, §39, §B10A
<b>Net realisable value (NRV) of inventories</b>	Decline in NRV due to trade tariffs, price volatilities or other trade restrictions	IAS 2 §28-33, §36 (e)
<b>Revenue recognition</b>	Increased cost could affect revenue when recognised over time using the cost-input method and could need to be treated as change in estimates	IFRS 15 §43, §B19 IAS 8 §39

# 1

## IFRS Financial Statements

### 1. Geopolitical risks and uncertainties (2/2)

Topics	Potentially affected areas	Reference to applicable IFRS
<b>Impairment of assets</b>	Tariffs, commodity prices, supply chain disruptions could be conducive to asset impairment	IAS 36 §12
	Disclosures related to the recognition/reversal of impairment	IAS 36 §130
	Possible need to adjust financial forecasts to reflect changes in management estimates when the recoverable amount is based on the fair value less costs of disposal	IAS 36 §33 (a), §36
	Disclosures about key assumptions, notably if affected by tariffs, price volatility, etc., used for the determination of the recoverable amount of CGU(s) including goodwill or intangible assets with indefinite life	IAS 36 § 134 (d) & (e)
	Disclosures required if reasonably possible change in a key assumption could lead to a CGU's recoverable amount to fall below its carrying amount	IAS 36 § 134 (f)
<b>Deferred tax assets (DTA)</b>	Adverse impact on future profitability due to geopolitical risks and uncertainties jeopardising DTAs' recoverability	IAS 12 §24, §34-36, §51, §56, §81-82
<b>Provisions</b>	Rising costs driven by geopolitical risks and uncertainties could result in a contract turning onerous	IAS 37 §66-69
	Geopolitical factors might cause major restructuring activities requiring the recognition of relevant provisions	IAS 37 §14, §70-83
<b>Expected credit losses (ECL) on financial instruments</b>	Potential impact on the counterparties' credit risk affecting loans, trade and lease receivables, etc.	IFRS 9 §5.5

# 1 IFRS Financial Statements

## 2. Segment reporting

Information whose disclosure is required by IFRS 8 is intended to help users of financial statements understand how the company's operations are structured and managed and assess the performance of different parts of the business.

In this context, the CSSF would like to draw the issuers' attention to an IFRS IC Agenda decision dated July 2024 which highlighted some of the requirements of paragraph 23 of IFRS 8, i.e. that issuers should disclose certain income and expense items, i.e.:

- those included in a measure of segment profit or loss reviewed by the CODM, even if they are not separately provided to, or reviewed, by the CODM,
- those regularly provided to the CODM, even if they are not included in the measure of the segment profit or loss.

Furthermore, it is noteworthy that material items of income and expenses referred to in paragraph 23 (f) of IFRS 8 do not only concern unusual or non-recurring items but should be apprehended under the general prism of materiality defined in IAS 1 (§7, §97). In addition, such material items of income and expenses are not limited to those listed in paragraph 98 of IAS 1. Therefore, the CSSF joins ESMA in its call to issuers to critically review their segment reporting disclosures of sub-totals and items in light of the above remarks.

We would also like to stress that in the current environment of growing hurdles to international trade and other geopolitical uncertainties, the entity-wide disclosures on geographical areas and major customers required by paragraphs 33 and 34 of IFRS 8 are particularly relevant.

## 1. Materiality considerations in reporting under ESRS

Due to the current moving regulatory environment as regards sustainability reporting, ESMA and the European national accounting enforcers have decided to carry over two priorities from last year's campaign which remain of utmost importance for implementing a high-quality reporting, i.e., materiality considerations and the scope and structure of the sustainability statement.

**Materiality considerations** are essential in sustainability reporting under the ESRS and serve as a filter to ensure decision-useful information for all users of the sustainability statement.

Issuers should therefore pay special attention to the disclosures related to their assessment process, providing detailed and entity-specific methodology descriptions.

The CSSF highlights the importance of disclosing the input parameters of the materiality assessment process, which should clarify the basis for determining whether an Impact, Risk or Opportunity (IRO) is material, including data sources, scope of operations, and key assumptions. Disclosures related to thresholds should help users understand the main considerations for determining material sustainability matters, particularly for matters where issuers were most uncertain, with negative impacts requiring details on severity scales and risks requiring disclosure of thresholds used.

Issuers should also be transparent about how they considered gross impacts before any prevention, mitigation or remediation actions in their materiality assessment. Moreover, information on engagement with affected stakeholders during the materiality assessment, if any, should explain how their interests and views were integrated into the materiality process.

The CSSF emphasizes the importance of ESRS 2 disclosures on the results of the materiality assessment (SBM-3 and IRO-2), which serve as entry points to the sustainability statement for users by providing a complete view of the issuer's material IROs and their relationship to strategy and business model. These disclosures should guide users to where the management of IROs is addressed in topical sections through policies, actions, targets, or their absence, and related metrics. They should notably include time horizons, whether IROs arise in own operations or in the value chain, and explain any interdependencies among material IROs. The CSSF also prescribes that positive impacts should not be confused with mitigation of negative impacts.

# 2

## Sustainability report

### 2. Scope and structure of the sustainability report

In ECEPs, ESMA notes that comparability is enhanced when IROs are mapped to ESRS topics and sub-topics using ESRS terminology. This mapping, together with the IRO-2 disclosure table, helps users navigate topical disclosures and identify entity-specific disclosures. The CSSF encourages systematic signposting of entity-specific disclosures as good practice for easier identification.

Finally, the CSSF underscores that non-material information, in cases allowed by the ESRS, should be clearly identified and not obscure material information.

The CSSF reminds issuers that it has released a [report](#) on the results of a review of corporate practices in the first year of reporting under ESRS, intended to inform stakeholders about the maturity, clarity, and comparability of reports, highlighting good practices and areas for improvement.

#### ***Scope of the sustainability statement***

The CSSF emphasises that the sustainability report must cover the same reporting entity as the financial statements (i.e., the same scope of consolidation as for consolidated financial statements), extended to cover information on material IROs connected with the issuer's entire value chain. When the sustainability statements are subject to scope limitations, issuers should be fully transparent and report on any consequences of such limitations.

#### ***Structure of the sustainability statement and connectivity***

Sustainability information shall be presented under a four-part structure (General, Environment, Social, and Governance) that facilitates access to and understanding of the reported information.

The CSSF recalls that cross-referencing within the sustainability statement as well as incorporation by reference as allowed by ESRS 1 can be used to avoid unnecessary duplication and emphasize connections among disclosures, providing that it does not undermine the overall purpose of usability.

Finally, issuers are required to describe the relationships between different pieces of information (connectivity). Issuers may also need to link narrative information to the related metrics and targets and to information in the financial statements.

### 3. Policies and actions to manage material sustainability matters

On top of the priorities set jointly with ESMA, the CSSF has decided to focus on the disclosure requirements on policies and actions to prevent, mitigate and remediate actual and potential material impacts, to address material risks and/or to pursue material opportunities. Although there is no certainty as to the final outcome of the ESRS revision process, the CSSF has retained below requirements that are most likely to remain valid in amended standards.

#### ***Policies adopted to address material IROs***

When describing a policy adopted, issuers shall provide a description of the key contents and of the scope of this policy (including affected stakeholders when applicable). They shall also indicate, where relevant, any reference to the third-party standards or initiatives that they undertake to comply with in implementing the policy. The CSSF also recommends that significant changes to the policies adopted during the reporting period be explained.

#### ***Actions and resources***

The CSSF highlights that the objective of disclosing actions and resources is to enable an understanding of the key actions taken and/or planned to prevent, mitigate and remedy material actual and potential impacts, as well as to address material risks and opportunities, and, where applicable, achieve the objectives of related policies.

Issuers shall disclose a list of key actions taken during the reporting year and planned for the future, including their scope and the related time horizons, as well as their expected outcome and, where relevant, how their implementation contributes to the achievement of policy objectives and targets.

The CSSF recalls that issuers are also expected to provide details and amounts on the current and future financial and other resources allocated to these actions if those resources are significant.

#### ***Presentation of policies and actions***

In accordance with the structure prescribed by the ESRS, information on policies and actions shall be located within the topical disclosures. The CSSF recalls that when a single policy or same actions address several interconnected sustainability matters, issuers may disclose the required information under one topical ESRS and cross reference to it under other topical ESRS, in order not to repeat the information.

Finally, if issuers have not adopted policies and/or actions with reference to a material sustainability matter, they shall disclose this fact.

# 3 Other considerations

## 1. Priority related to ESEF reporting

### ***Common ESEF filing errors found in the statement of cash flows***

For the examination of 2025 annual financial reports subject to ESEF requirements, the CSSF relays the priority set out in the ECEPs and will focus, inter alia, on common ESEF markup errors affecting the issuers' statement of cash flows. Please refer to ESMA's [Public Statement](#) on 2025 ECEPs for more details.

## 2. General considerations

### ***Considerations on IFRS 18***

IFRS 18 *Presentation and disclosure in financial statements* is expected to be endorsed in the course of 2026 and will be effective from 1 January 2027. The CSSF recommends that issuers be prepared to implement this standard and start assessing its impact on their financial statements and communication as well as on their reporting systems.

### ***Considerations on Taxonomy disclosures***

On 4 July 2025 and as part of the Omnibus package, the EC adopted a [Delegated Act](#) amending the Taxonomy Disclosures Delegated Act and the Climate and Environmental Delegated Act with the objective to reduce administrative burden for companies and simplify the application of the EU taxonomy. It notably introduces a materiality threshold on the KPIs and simplification of reporting templates, as well as simplification of certain DNSH criteria.

The Delegated Act will be in force after the scrutiny period if the co-legislators do not raise objections. Issuers are encouraged to apply the revised rules from 2026 (for financial year 2025) but have the option to apply the previous rules to that reporting cycle.



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