



HOUSE OF
SUSTAINABILITY
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Sustainability Reports in Luxembourg 2025/26 Survey

Understanding CSRD Preparedness and Implementation Challenges
for Luxembourg Companies

**CSRD AS A STRATEGIC
ACCELERATOR, NOT JUST
A COMPLIANCE EXERCISE**

**SPECIALISED EXTERNAL
SUPPORT PROVES
HIGHLY EFFECTIVE**

**EARLY PREPARATION
& MANAGEMENT
INVOLVEMENT REMAIN
CRITICAL SUCCESS
FACTORS**



**VALUE CHAIN
DATA COLLECTION
EMERGES AS THE
TOP OPERATIONAL
CHALLENGE**

**COMPANIES SEEK PEER-
TO-PEER EXCHANGES
& COLLABORATIVE
LEARNING**

January 2026

Overview

Who we heard from

This study, conducted jointly by **Arendt** and the **House of Sustainability of the Chamber of Commerce**, reflects the perspectives of organisations with a significant operational presence in Luxembourg, including financial institutions, industrial and service companies, and ESG/sustainability leaders at management level. These profiles represent the core audience preparing for CSRD and provide a practical view of market readiness.

Context

With the adoption of Omnibus I and the introduction of new CSRD thresholds, organisations are adjusting their reporting strategies while continuing to develop their sustainability reporting capabilities. Across respondent types, one message is consistent:

CSRD is increasingly approached as a strategic exercise, not only a compliance requirement.

Key insights at a glance

1. CSRD is a strategic opportunity

The process helps organisations identify which ESG topics truly matter and structure their sustainability strategy more effectively.

2. Value chain data collection is the biggest hurdle

Challenges include:

- complex data requirements
- obtaining reliable data from suppliers
- taxonomy uncertainty
- fragmented international standards

3. Outsourcing delivers strong value

Specialised support, particularly for DMA, data readiness and reporting, is viewed as highly effective and accelerates progress.

4. Peer collaboration is highly demanded

Respondents highlight the need for more exchanges with peers, benchmarking opportunities and practical expert guidance.

5. Early preparation and leadership buy-in matter

Many organisations report that they would have benefited from starting earlier. Management engagement is cited as a critical factor in achieving smooth implementation.

Looking ahead

Omnibus I brings welcomed simplification and additional preparation time for organisations. While the scope of mandatory reporting has been significantly reduced in the agreement, most companies are continuing their preparation efforts, recognising that strong sustainability reporting capabilities will remain essential regardless of reporting timelines.

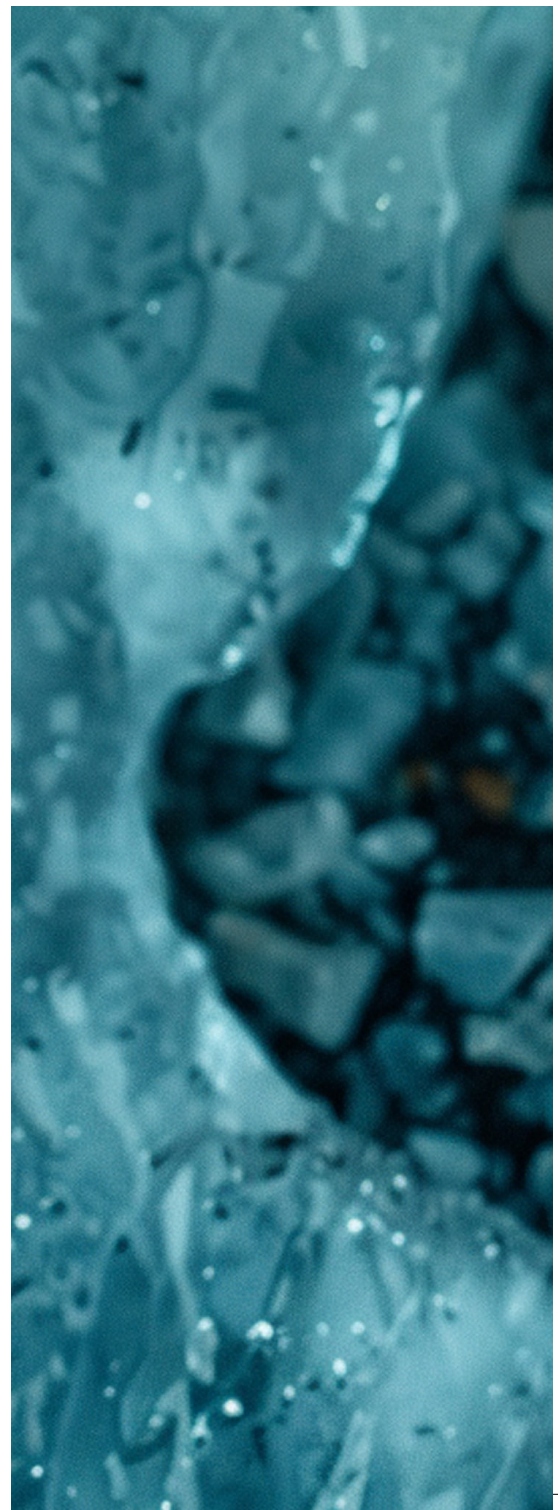


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1 Context of the Study

The Corporate Sustainability Reporting Directive (CSRD), adopted on 14 December 2022, represents a major step forward in the EU's sustainability reporting and wider sustainable finance framework, aiming to improve the quality, comparability and reliability of corporate disclosures. Through the adoption of the European Sustainability Reporting Standards (ESRS), the CSRD introduces a harmonised reporting system built around the concept of 'double materiality' assessing both how sustainability affects a company and how the company's activities can impact society and the environment.

The first harmonized CSRD aligned reports were expected for publication in 2025. However, in October 2024, the European Council urged all EU institutions, member states and stakeholders in response to the challenges outlined particularly in the **Mario Draghi The future of European competitiveness report**, to initiate a "simplification revolution", advocating for a streamlined, clear and efficient regulatory framework for businesses, with a focus on significantly reducing administrative, regulatory, and reporting burdens, especially for small and medium enterprises (SMEs).

In response to this call, the European Commission presented the 'Omnibus I' package (26 February 2025) aimed at simplifying legislation in the areas of sustainability and investment and targeted the CSRD and CS3D (Corporate Sustainability Due Diligence Directive) directives among other texts.

On the 16th of December 2025, Omnibus I was approved by the EU Parliament and removes the CSRD "Wave" system and bases applicability solely on new size thresholds. CSRD will apply to EU companies with more than 1,000 employees and over €450 million in consolidated annual turnover. Non-EU companies will be in scope if they generate over €450 million in EU turnover and have an EU subsidiary or branch with more than €200 million in turnover.

As a result, Member States may exempt former "Wave 1" companies that do not meet these thresholds for FY2025–2026, and many former "Wave 2" companies will no longer be subject to CSRD at all.

For Luxembourg businesses, CSRD reporting will not be mandatory for FY2025. The Bill n° 8370 specifies that it enters into force on the first day of the month following publication in the Luxembourg Official Journal. Undertakings whose financial year ended before entry into force are not required to report for that year but may do so voluntarily.

As organisations prepare for implementation, understanding the current state of preparedness in Luxembourg, key challenges associated with the exercise, and resource requirements is essential.

In this context, the the House of Sustainability of the Chamber of Commerce and Arendt opted to launch this Luxembourg focused study. This survey was conducted to capture the perspectives and experiences of organisations in Luxembourg as they navigate the complexities of CSRD implementation.

The insights gathered in this study provide a comprehensive view of the market's readiness and the obstacles that organisations still face. Based on these findings, and their practical expertise, the House of Sustainability and Arendt extracted a list of insights and recommendations, that will hopefully support Luxembourg companies in their future reporting exercise.

2 Executive Summary

Key insights

1. Urgent need for regulatory clarity and certainty: Whilst some organisations planned to publish their first CSRD-aligned report for FY 2024, the majority of respondents expressed uncertainty about whether they would remain in scope of the directive after the Omnibus simplification. When asked about the Omnibus' impact, respondents emphasised the need for clarity and certainty through finalised legislative texts at both EU and Luxembourg levels.

2. Simplification efforts welcomed despite concerns related to scope reduction: The EU's simplification efforts are overwhelmingly viewed as a positive development by Luxembourgish companies, although some respondents expressed concern about the potential impact of the proposed significant reduction in scope. In this context the 'review clause' included in the Omnibus I package introduces a welcome lever of flexibility to the simplification.

3. Voluntary early adoption demonstrates commitment to transparency: Many preparers have reported proactively and voluntarily in accordance with ESRS, underlining the growing importance of sustainability transparency regardless of the timing of transposition into national law. For their FY2024 sustainability statement, 18.2% of companies in the study are complying voluntarily with ESRS.

4. CSRD viewed as both a compliance exercise and a strategic opportunity: The CSRD disclosure exercise is predominantly seen as a balanced combination of compliance and strategic opportunity. Respondents noted that the exercise helped raise awareness and structure their ESG work. The CSRD disclosure exercise primarily helped companies identify ESG matters relevant to their business, demonstrating that reporting is not merely a data gathering exercise but helps companies structure their ESG strategy around what makes sense for their organisations.

5. Governance structures show varied but strategic approaches: The Chief Sustainability Officer holds primary responsibility in most cases, reflecting the strategic importance of dedicated sustainability leadership. In other cases, the Executive Leadership Team, Chief Financial Officer or Legal & Compliance teams are mainly responsible, indicating a collaborative, more cross-functional approach in these cases.

6. Climate, workforce and business conduct dominate materiality assessment: The survey's materiality selections show E1 (Climate) as dominant, followed by S1 (Own workforce), G1 (Business Conduct) and S4 (Consumers and end users), consistent with EFRAG*/CSSF**/ESMA's*** topic hierarchy.

7. Significant variation in Double Materiality Assessment 'DMA' maturity and scope reflects different approaches to materiality application and the varying complexity of organisations' sustainability profiles. Companies disclosed widely differing numbers of material topics which can be explained from diverse methods in applying materiality judgements and from inherent differences in sectoral business models, value-chain exposure, and sustainability complexity across organisations. The CSSF and ESMA reports also highlighted a staggering number of entity-specific disclosures, which can be linked to poor DMA methodologies and a risk of potential overlap with existing ESRS topics.

8. International alignment of sustainability standards required: Primary implementation challenges include fragmented international standards, complex data-collection requirements, uncertainty around Taxonomy alignment, and the need to integrate ESG risks and controls into existing financial reporting structures. At value chain level, the greatest obstacles are data collection, supplier transparency and emission tracking, reflecting the difficulty of obtaining reliable sustainability data from suppliers, customers, and other value chain participants.

9. Assurance readiness remains in early stages: Assurance-related activities, including engagement with assurance providers and assurance readiness assessments, remain largely in the planning stages for most organisations. This reflects the impact of Omnibus and suggests the adoption by respondents of a phased approach.

10. Strong demand for peer-to-peer collaboration and knowledge sharing: Companies highlight the need for more exchanges with industry peers, expert help and training to better meet CSRD requirements, suggesting that collaborative learning would significantly benefit organisations in their CSRD journey.

11. High vendor satisfaction drives strategic outsourcing: DMA, data gathering and report drafting typically receive the most external support, with vendor satisfaction very high at 89%. This suggests that targeted outsourcing for specialised areas delivers value.

Key Focus on:

Critical Gaps: Regulatory clarity needed; assurance readiness lagging; data collection infrastructure gaps

Positive Developments: Voluntary adoption; governance structures established; vendor satisfaction high

Watch Items: DMA maturity variance; entity-specific disclosure practices; value chain data quality

* The European Financial Reporting Advisory Group 'EFRAG'.

** The Commission de Surveillance du Secteur Financier 'CSSF'.

*** The European Securities and Market Authority 'ESMA'.

3 CSRD Perception and Impact of Omnibus

CSRD perception

When asked about their perception of the CSRD exercise our respondents seemed to adopt a rather positive stance. 76% of respondents declared perceiving the exercise as a balanced mix of compliance and strategic opportunity, and 12% saw it uniquely as a strategic opportunity.

The survey further displays that in the majority of cases, the Chief Sustainability Officer holds primary responsibility for the CSRD exercise. This choice reflects the strategic importance of dedicated sustainability leadership. In other cases, the Executive Leadership Team, Chief Financial Officer or Legal & Compliance teams were named as mainly responsible for the exercise, indicating the possibility to adopt a collaborative, cross-functional approach to the task.

With regards to the actual impacts of the CSRD on their business, our respondents overwhelmingly saw risk prevention and mitigation as a benefit of the data gathering exercise. 59% declared seeing it as an immediate benefit and 41% saw it as a potential future benefit. Answering questions about the CSRD's future impact on their business, our respondents further suggested that they expected the exercise to lead to **the remediation of adverse impact (71%), better environmental performance (53%), and a better oversight of IROs (Impacts, Risks and Opportunities) (53%).**

Impact of Omnibus

Overall respondents see the Omnibus simplification as positive (59%), as it will give them more time to comply with their CSRD obligations. 41% of our respondents also declared feeling neutral towards the Omnibus announcements meaning that no respondents were opposed to the simplification. This underlines that simplification was both needed and welcome.

It is interesting to note that 53% of respondents stated that Omnibus I had not impacted their sustainability reporting progress. While a few respondents mentioned 'lost momentum' as a result of the Omnibus I announcements, the majority seemed unaffected by the simplification in that regard.

Additionally, with regards to the effect of the **Omnibus directives**, respondents confirmed that **reporting options and possible exemptions were clarified (29%), the taxonomy analysis was simplified (29%)** as well as the **data collection exercise (23%)**. On the other hand, respondents indicated that the **Omnibus directives** did not simplify the **scoping exercise and/or value chain analysis (65%), the alignment with other regulations (65%) or the assurance readiness assessment (59%).**

Interestingly, when asked about the need for additional streamlining, some respondents **mentioned the need for a more international playing field and convergence towards a single standard.** A request to keep in mind in light of the recent publication (2024) by China of DMA aligned standards.

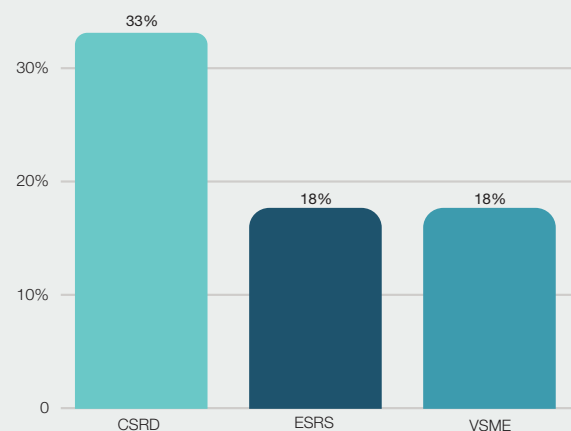


4 CSRD Preparedness and Progress

The benchmarking between the CSSF, ESMA and EFRAG reports and our Survey shows that despite simplification announcements, many preparers have **reported proactively and voluntarily in accordance with ESRS**, underlining the **growing importance of sustainability transparency** regardless of the timing of transposition into national law.

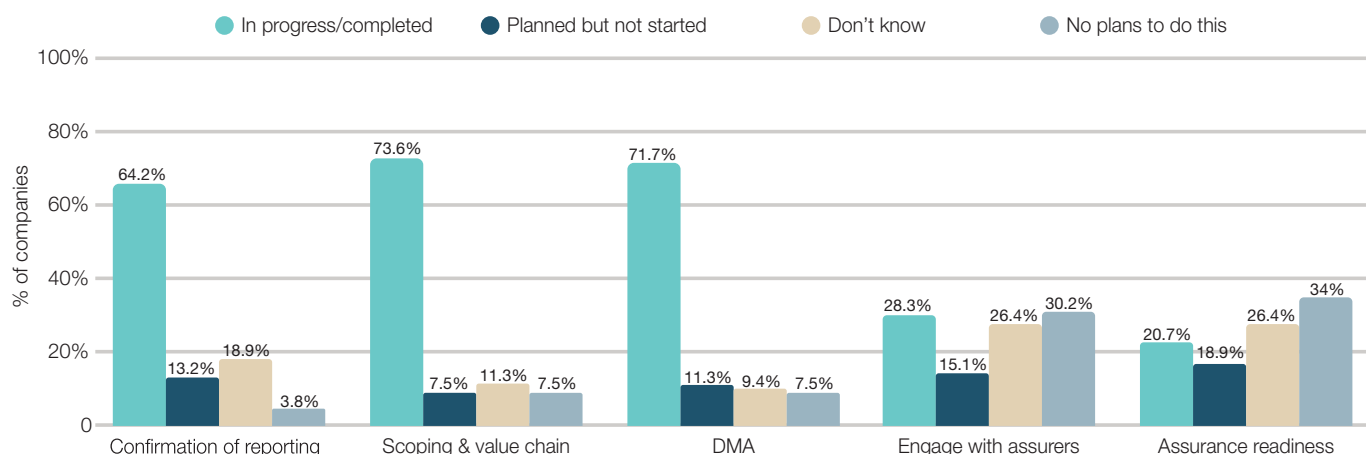
Our data shows that **49% of respondents elected to report on a voluntary basis** and only **4% of respondents declared they would not issue a report at all**. This demonstrates a clear buy in to the sustainability reporting exercise.

Interestingly, **51% of companies declared their intention to report using the ESRS framework** whether voluntary or not and the only other frameworks that our respondents declared they were planning on using are the VSME (Voluntary standard for Small and Medium Enterprises) standards (18%) and GRI (8%). This demonstrates a clear preference for the use of european harmonised standards in Luxembourg.



Based on the **survey responses, organisations have made the most progress in foundational activities** such as confirmation of reporting frameworks and scoping exercises. However, significant work remains across most implementation stages, with many organisations still in the planning or in-progress phases. This undoubtedly reflects the impact of the Omnibus I and simplification related delays.

The survey assessed progress across **11 key stages of CSRD preparation and implementation**. The results reveal varying levels of maturity across different workstreams:



Unsurprisingly, **assurance-related activities**, including **engagement with assurance service providers and assurance readiness assessments**, remain largely in the **planning stages** for most organisations (only 21% of respondents declared having started on this stage), reflecting a phased approach.

5 Focus on the Double Materiality Assessment

Longer, better-structured reports with DMA as a cornerstone

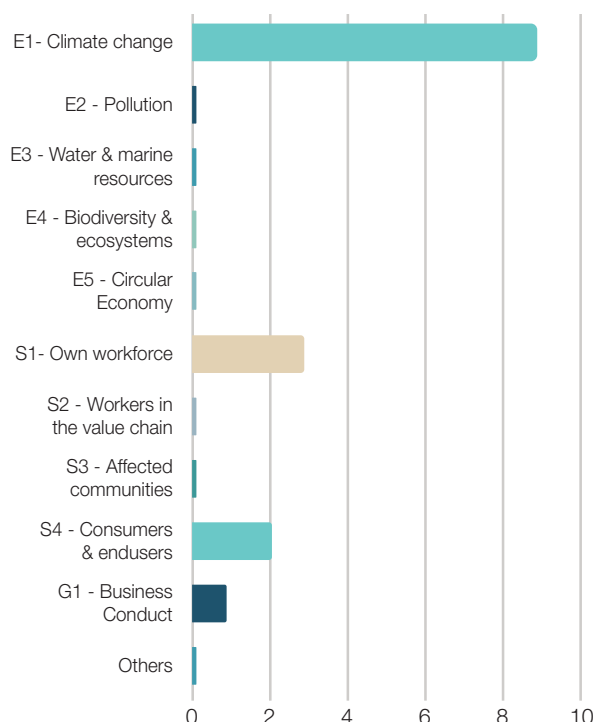
While the reports display varied quality and difficulties linking material topics to IROs, there is an overall increase in the quality of the DMA-related disclosures which is encouraging in the first year of application. However, some challenges remain such as when disclosures are limited to generic topics and lack clarity on where IROs are concentrated within companies' operations value chain.

Additionally, some disclosures did not provide meaningful insight on the judgements made regarding the materiality of their IROs, in particular for impacts. Materiality thresholds are also rarely explained.

With regards to stakeholder engagement in DMA, engagement focused primarily on business-related stakeholders with almost all preparers consulting their internal stakeholders (mainly employees).

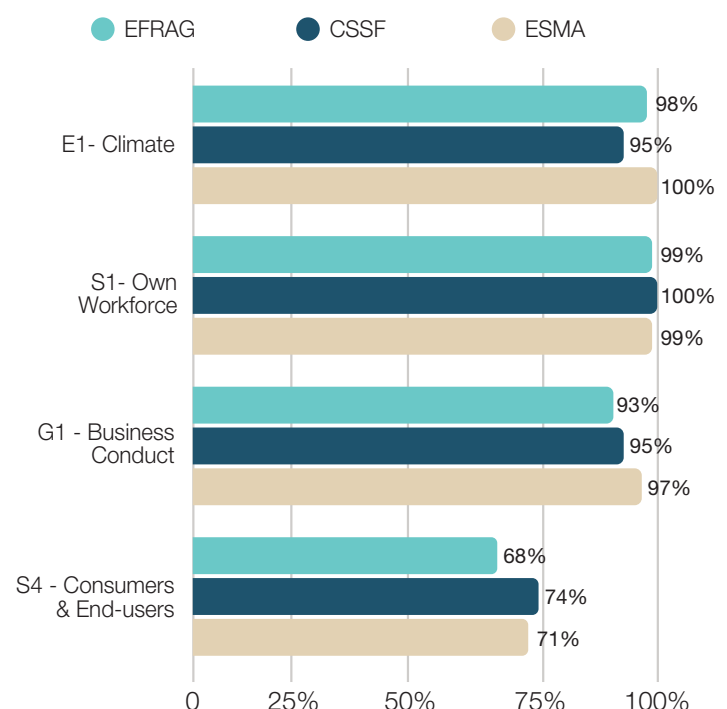
Overall the reports found the completion rate is encouraging, particularly given that the DMA represents one of the most complex and resource-intensive aspects of CSRD compliance.

The CSSF additionally indicates that the average number of material IROs reported per issuer is 39, with significant variance (11 to 100), which can be explained by different scopes and maturity of assessments. This wide variation reflects different approaches to materiality application and the varying complexity of organisations' sustainability profiles.



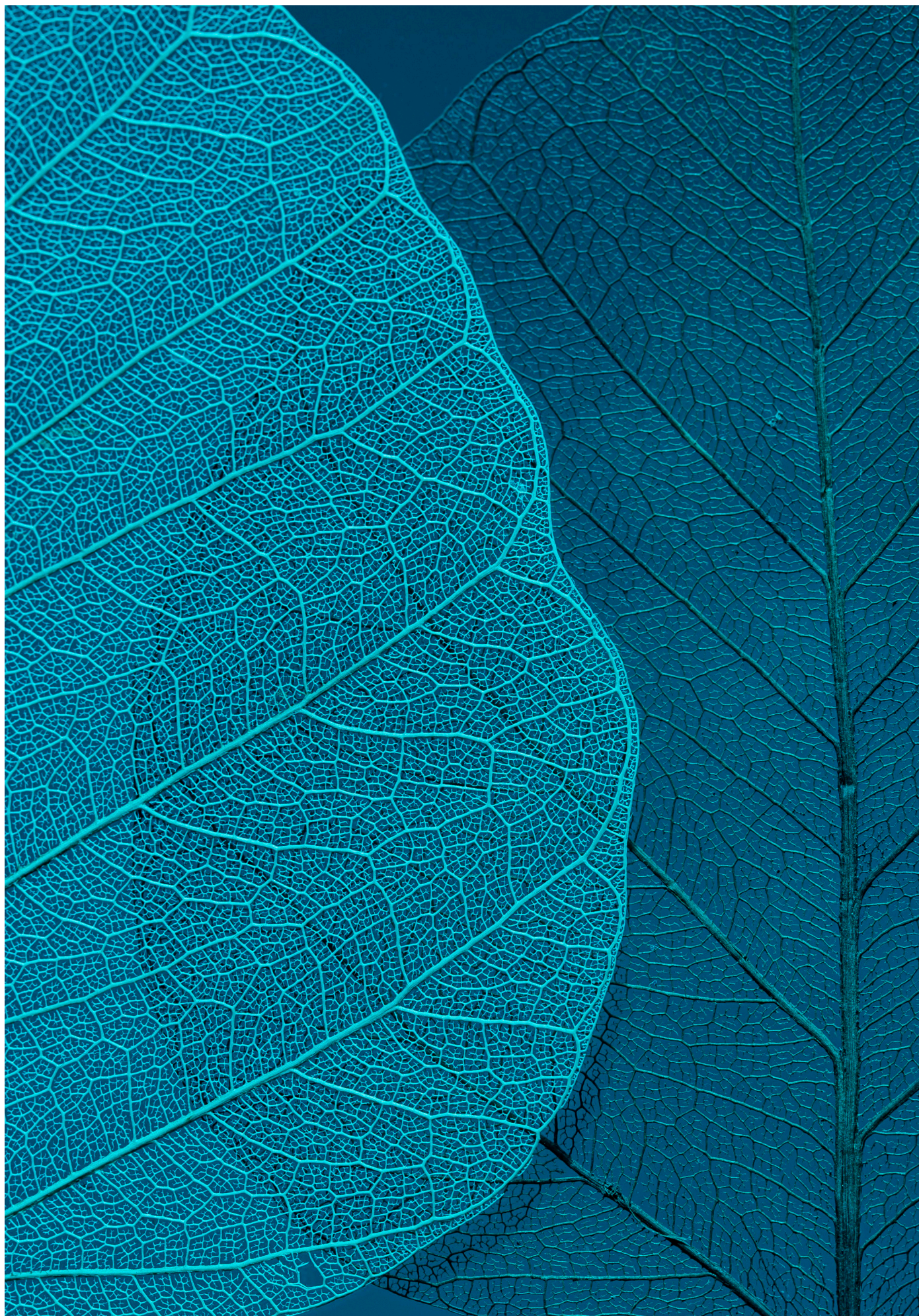
Climate (E1), Own workforce (S1) and Business conduct (G1) as dominant material topics

The survey's materiality selections show **E1 (Climate)** as dominant, followed by **S1 (Own workforce)**, **G1 (Business Conduct)** and **S4 (Consumers and end users)**, consistent with EFRAG/CSSF/ESMA topic hierarchy.



The Arendt/House of Sustainability Survey also indicates that many respondents will report **less than 600 data points**.

While a majority of companies feel confident about their ability to meet the **reporting requirements** of the above-mentioned topics, the other portion suggests a **need for clearer guidance on best practices** for ongoing materiality assessment and the frequency of updates.



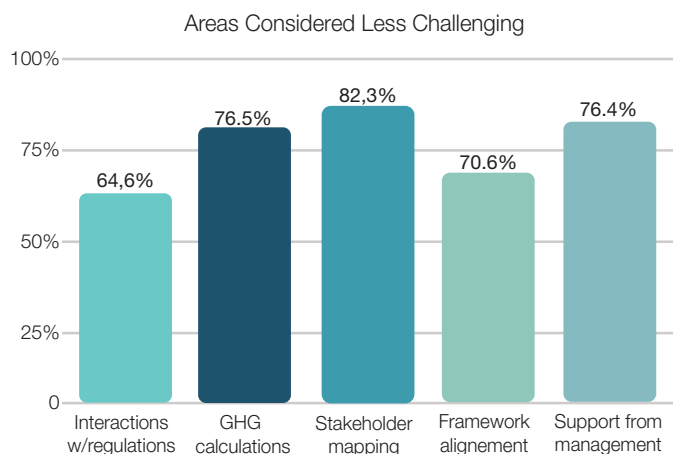


6 Implementation Challenges

Bridging the Gap: From Technical Competence to Comprehensive CSRD Compliance

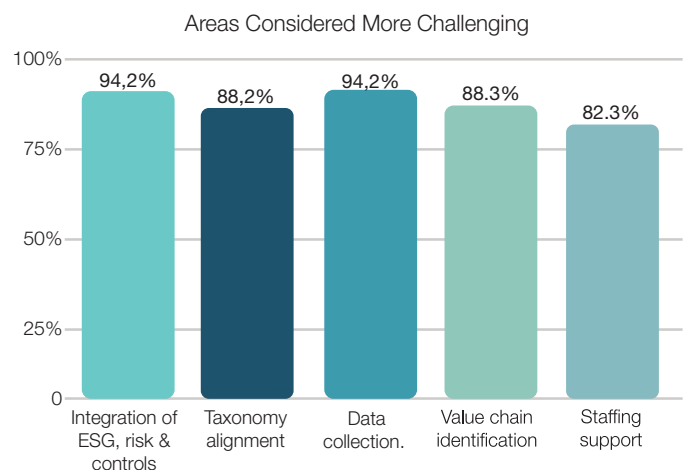
Overall, the findings indicate that while organisations are able to navigate certain **technical and procedural aspects of CSRD**, such as **scoping, stakeholder mapping, greenhouse gas calculations and interactions with other regulations**, they continue to face substantial barriers in core areas that are critical for successful implementation.

The most significant **challenges** arise from **fragmented international standards, complex data-collection requirements, uncertainty around Taxonomy alignment, and the need to integrate ESG risks and controls into existing financial reporting structures**.



At value chain level, the greatest obstacles are data collection, supplier transparency and emission tracking, reflecting the **difficulty of obtaining reliable sustainability data from suppliers, customers, and other value chain participants**.

Combined with **limited internal resources** and **ongoing regulatory uncertainty**, these issues create a **demanding environment for compliance**. Addressing these gaps through clear guidance and operational support will be essential to enabling organisations to implement CSRD effectively and consistently.





7 Support Needs for CSRD Compliance

Overall support needs

With regards to support: Respondents in Luxembourg have identified **peer-to-peer exchanges (26%), expert help (18%) and training (14%) as their top needs to better meet CSRD requirements.**

Interestingly additional time for preparation was also mentioned as an important step for supporting reporting companies. With regards to that specific request the Omnibus delays and the introduced transitional measures seem to have delivered welcome relief.

Focus on external support

When asked about the practical impacts of the CSRD on their organisations, 88% of our respondents mentioned that they had to increase their budget to accommodate for CSRD expenses and 76% declared that they engaged with external vendors to absorb at least some of the CSRD workload. These results do underline the fact that CSRD aligned reporting is a new and serious data gathering exercise that companies will have to adapt to.

Interestingly, when asked about their satisfaction levels regarding the external support received, our respondents overwhelmingly (89%) declared being satisfied with the support they received from external vendors.

This suggests that the level of expertise available in Luxembourg on this topic is satisfactory. In focus: One of our respondents underlined a lack of industry specific expertise encountered in their outsourcing experience, a comment that suggests that while the financial sector expertise is high in Luxembourg a gap might exist with regards to other industries.

Notably, 100% of our respondents declared having outsourced their DMA exercise whether partially (89%) or fully (11%).

8 Key Recommendations

Based on the survey findings, the House of Sustainability and Arendt recommend that organisations preparing for CSRD reporting should:

- 1. Allow ample time to prepare the CSRD report:** Start working and engaging staff on the CSRD project as soon as possible. In hindsight, 60% of respondents mentioned that they wish they had allocated more time to the exercise.
- 2. Engage with your board and your management:** Make sure they sign off and are aware of the significance of the project. Management support was cited by our respondents as the key to a smooth implementation.
- 3. Clarify governance structures:** With responsibility spread across various roles, organisations should establish clear accountability and cross-functional collaboration mechanisms.
- 4. Leverage external expertise strategically:** The high satisfaction rate with external support suggests that targeted outsourcing, particularly for specialised areas like DMA and data readiness, can be valuable for companies starting with their reporting journey.
- 5. Prioritise data collection and work related to Taxonomy:** Given that data collection represents the greatest challenge associated with sustainability reporting, organisations should invest early in robust data gathering systems and processes, particularly across the value chain. Our respondents identified this as their biggest challenge and mentioned that they do not expect the exercise to become easier in the coming year.
- 6. Engage with industry peers:** The strong demand for peer-to-peer exchanges suggests that collaborative learning and sharing of best practices significantly benefits organisations in their CSRD journey. If you are wondering how to reach out to your peers, consider joining dedicated CSRD groups like the House of Sustainability 'CSRD Network' and keep an eye out for sector specific guidelines that may be developed at the Commission's discretion following Omnibus I.
- 7. Plan ahead for ongoing DMA updates:** As materiality assessments evolve, organisations should build flexibility into their processes to accommodate regular updates and refinements.
- 8. Invest in dedicated tools:** Whether internal or external, our respondents found that these are non negotiable for efficient reporting in the long term.



9 Methodology

The survey was conducted to capture the perspectives and experiences of organisations in Luxembourg as they navigate the complexities of CSRD implementation, providing a comprehensive view of the market's readiness and the obstacles that organisations face.

The survey aimed to assess:

1. **Current state of CSRD preparedness** amongst organisations in Luxembourg, with a focus on the **DMA** process
2. **Insights on the impact of Omnibus I** and the **governance of sustainability reporting**
3. **Key challenges and obstacles** to successful implementation

The survey covered multiple dimensions of CSRD implementation, including:

- **Organisational characteristics and reporting timelines**
- **Current sustainability reporting practices**
- **Double materiality assessment** status and results
- **Challenges** across technical, operational, and strategic areas
- **Resource requirements** and **outsourcing decisions**
- **Perceived benefits** and **strategic value**

The survey collected **55 responses** with most respondents being **corporations** that have a **significant operational presence in Luxembourg**, demonstrating the survey's relevance to the local market. The 55 relevant questions were organised into several **thematic sections**: the organisational profile of the respondents, the reporting timeline and framework, the governance and current practices, the implementation progress, the challenges and confidence, double materiality assessment, value chain and strategic perspective, outsourcing and support and additional reflections.

To ensure a complete overview and a strong representativity of the data analysed, this survey also provided **benchmarking with the EFRAG 'State of play 2025', ESMA results of a fact-finding exercise on 2024 corporate reporting practices under ESRS Set 1 and CSSF '1st Year of Reporting by Issuers Report 2025'.**

The data we collected is to be put into perspective as our analysed sample is different in terms of numbers and quality between each organisation: the CSSF has analysed a sample of 19 sustainability reports prepared in accordance with the CSRD, either fully or partially, from issuers under its supervision, ESMA considered a sample of 91 sustainability reports from issuers from 23 EU Member States while EFRAG considered the largest scope, with 656 preparers from various EU Members and across all industries.

Scope and respondents' profiles

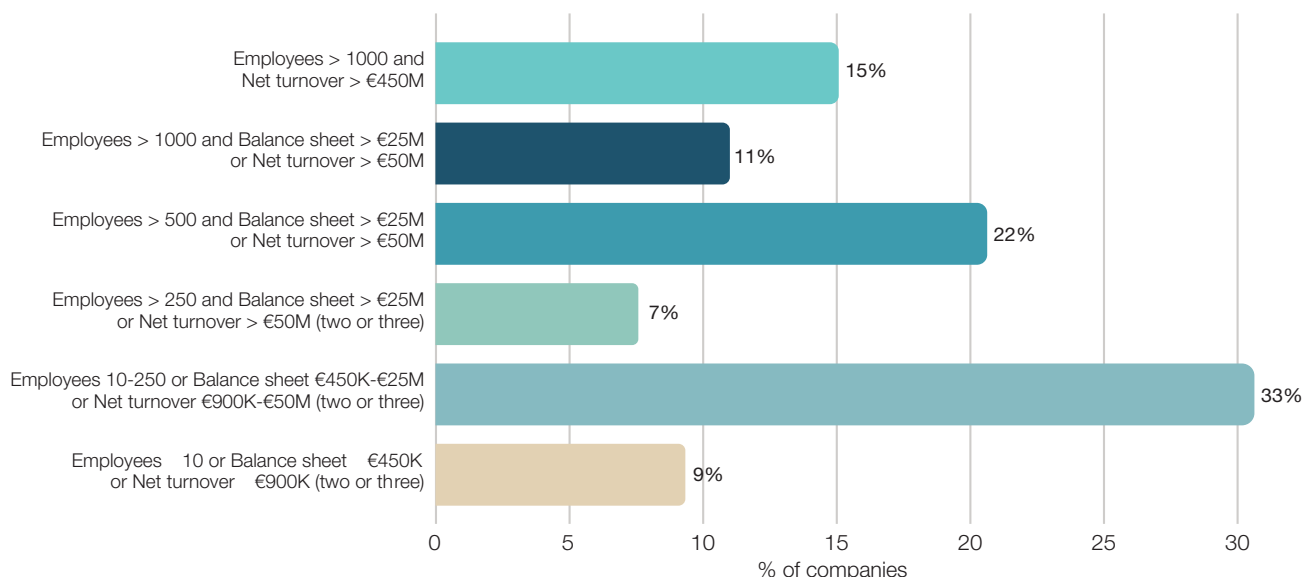
- The survey predominantly captured responses from corporations, representing the core target audience for CSRD requirements. The financial sector was well-represented with banks and insurance or reinsurance companies representing the 2nd and 3rd most represented type of organisations.

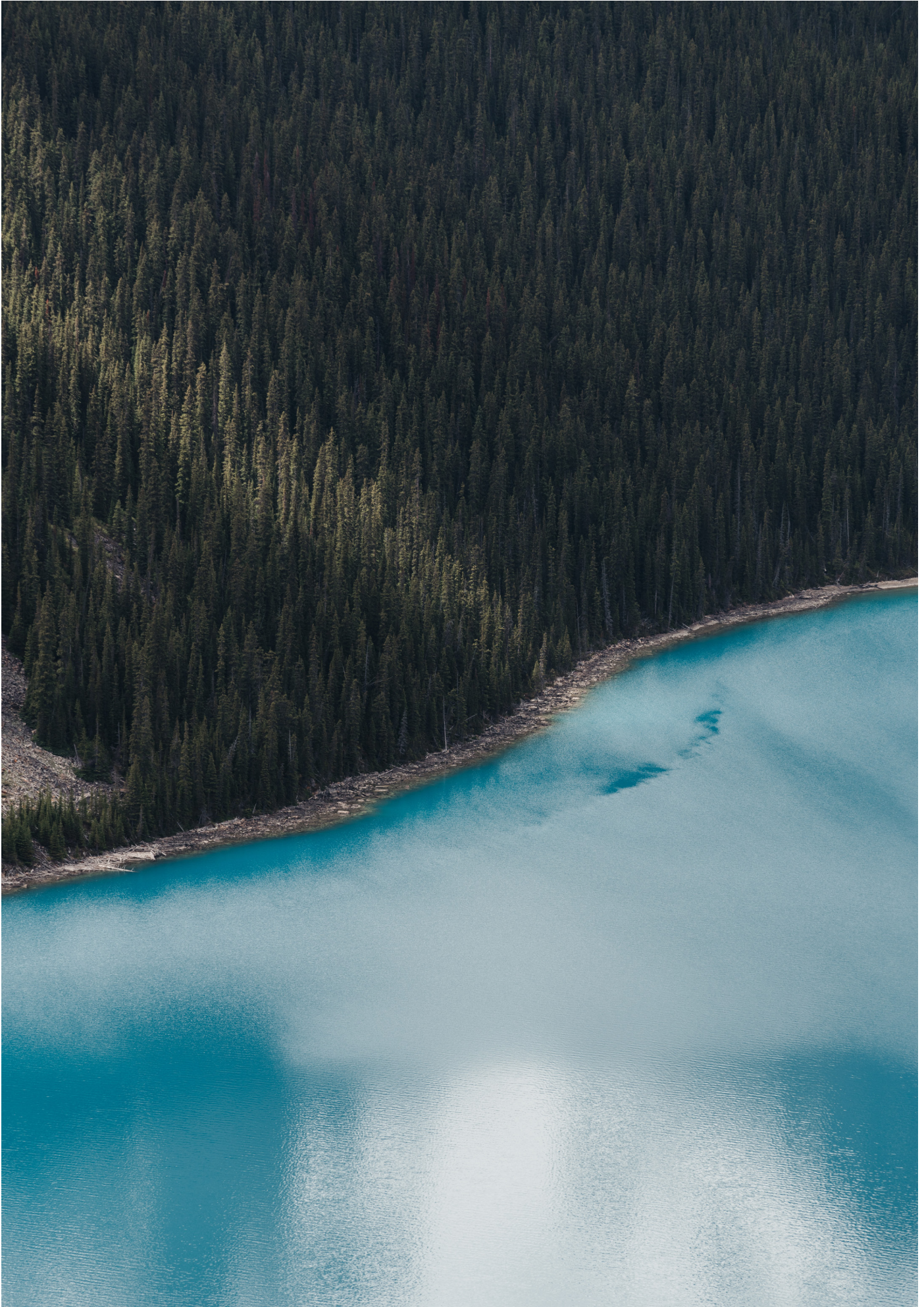
- Regarding the main business activity, the sectors of financial services, industrial goods and services, technology and construction and materials, were, in order, the most represented, highlighting the financial sector's prominence in Luxembourg's economy and its proactive approach to CSRD preparation. Most of these companies (82%) declared having a significant operational presence in Luxembourg. The reporting was at 39% at standalone level, 41% at consolidated level while 20% were undecided.

- Respondents were overwhelmingly in the ESG/sustainability team at the level of top management (26%), middle management (21%), manager (23%) or senior associate (11%).

- The survey displays that the Chief Sustainability Officer holds primary responsibility in most cases. In other cases, the Executive Leadership Team, Chief Financial Officer or Legal & Compliance teams are mainly responsible.

- With regards to scoping, the distribution between each categories is as follows:





10 Arendt and the House of Sustainability

Arendt

As sustainability risks become recognised as material business risks, regulation is evolving to reflect this shift. This alignment of market awareness and regulatory change calls for the strategic integration of sustainability risk management into core operations and compliance. At Arendt, lawyers and consultants combine complementary expertise to deliver seamless, practical support throughout every companies' business lifecycle.

Our mission is to guide companies through ESG compliance, strengthen their strategy, meet growing stakeholder expectations, create long-term value, and turn ESG challenges into opportunities.

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House of Sustainability

The House of Sustainability is an initiative of the Chambre de Commerce, Luxembourg's largest professional chamber representing businesses across all sectors of the economy, and a key institutional actor in supporting competitiveness, innovation and sustainable growth. The House of Sustainability's mission is to support Luxembourg-based companies in their transition towards more sustainable business models and practices.

Through its activities — including conferences, studies, workshops, support programs, trainings and partnerships. The House of Sustainability aims to strengthen corporate sustainability maturity, encourage the exchange of best practices and support a pragmatic, proportionate and value-creating transition for the Luxembourg economy.

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