

BELGIUM HAS IMPLEMENTED THE CSRD

The European Union's Corporate Sustainability Reporting Directive (CSRD) aims at modernising, enhancing and standardising sustainability reporting across Member States. On 28 November 2024, roughly five months past the implementation deadline, the Belgian implementing law of the CSRD was adopted in Parliament. This law marks a significant step in aligning Belgian law with EU sustainability standards.

SCOPE AND TIMELINE

The CSRD applies to a broad spectrum of companies, including large public-interest entities and listed companies. Companies with more than 500 employees, already subject to the EU Non-Financial Reporting Directive (NFRD), will have to publish a sustainability report early next year. From 2025 (for publication in 2026), this will extend to large companies meeting at least two of the following criteria:

- EUR 25 million on the balance sheet
- a turnover of EUR 50 million
- 250 employees

Further, all companies (including SMEs) listed on regulated markets and EU-based branches must comply by 1 January 2026 (for publication in 2027), and subsidiaries of non-EU companies generating a net turnover of EUR 150 million in the EU must comply by 1 January 2028 (for publication in 2029).

Key aspects of the requirements under the CSRD include:

- Enhanced transparency in sustainability reporting
- Mandatory assurance of sustainability information
- Detailed disclosure requirements on environmental, social, and governance (ESG) factors
- Reporting on sustainability issues (i.e., environmental, social and human rights and governance factors)
- Double materiality
- All reporting in one document (management report)
- Reporting must be certified by an accredited independent auditor or certifier

Key issues

- Adoption of the Belgian implementing law of the CSRD on 28 November 2024.
- Phased implementation with the first group of companies already required to publish a sustainability report in 2025.
- The Belgian implementing law allows for limited disclosure in exceptional cases and offers flexibility for SMEs.

NATIONAL SPECIFICITIES

The Belgian implementing law dated 28 November largely mirrors the CSRD but also contains specific provisions, including:

- **Limited disclosure:** The Belgian implementing law includes a clause allowing companies to withhold certain information in exceptional cases where the publication of such information could seriously damage the commercial position of the company.
- **Flexibility for SMEs:** According to the Belgian implementing law, SMEs may not be asked to provide more information than what is required under European standards.
- **Sanctions:** in case of breach, officers, agents, directors, and auditors of the in-scope companies can be held liable to fines ranging from EUR 50 to EUR 10,000 for breaches committed with full knowledge of the facts, and imprisonment from one month to one year if the breach was made with fraudulent intent.

The Belgian implementing law still needs to be published in the Belgian State Gazette, after which it will officially enter into force.

CONCLUSION

The adoption of the CSRD into Belgian law marks a major shift towards increased corporate transparency and accountability in sustainability matters. Companies operating in Belgium that have not yet done so should urgently begin preparing to ensure timely compliance with their sustainability reporting obligations.

For further guidance on how the CSRD may impact your business, please do not hesitate to contact us.

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