

Belgian implementation of the Corporate Sustainability Reporting Directive: Legislative overview

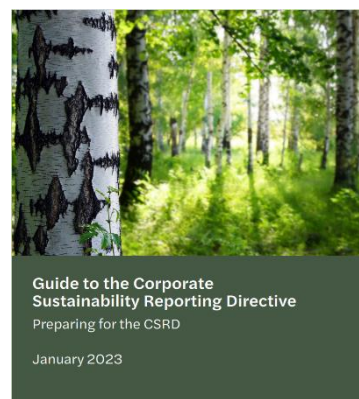
An analysis of the new legislation to integrate the CSRD into national law

A legislative proposal has been approved to incorporate the EU's Corporate Sustainability Reporting Directive (CSRD) into national law, setting stricter requirements for corporate reporting on environmental, social, and governance (ESG) issues. This article discusses the proposal and its specific Belgian provisions.



Almost four months following the ultimate deadline regarding the transposition of the CSRD into national legislation, which was set on 6 July 2024, a legislative proposal was introduced on 24 October 2024. This proposal was adopted on 28 November 2024 following a number of additional amendments that were introduced.

For an overview of the main principles of the CSRD, we refer to our [Guide to the Corporate Sustainability Reporting Directive](#). As for the (limited) options that were given to the members states when transposing the Directive into



national legislation, we have included an overview of the specifics that Belgium proposes to incorporate:



Interconnectivity between the sustainability reporting and the financial reporting

In the case where the sustainability information is audited by an auditor other than the statutory auditor, it was not clearly determined who would be responsible for the interconnectivity between the amounts in the financial statements and the sustainability information.

Therefore, the newly adopted legislation provides that the statutory auditor, who performs the statutory audit of the financial statements, bears the responsibility in verifying the references to the amounts in the financial statements, when the sustainability information mentions this.



Inclusion of the assurance report in the statutory auditor's report

It is useful for the assurance report to be included in the auditor's report, as a separate section, when the statutory auditor performs both the engagement of the audit of the financial statements and the assurance of the sustainability information. However, according to the final adopted text, the statutory auditor's assurance report can be either an entirely separate report or it may be included as a separate section of the report.

In case the sustainability information is audited by a different auditor than the statutory auditor, there will need to be a separate report for the statutory audit of the financial statements and the assurance of sustainability information.



New auditors

With regard to the auditors' qualification, the CSRD provides that a company auditor who starts his traineeship after 1 January 2026 may choose either to carry out exclusively the statutory audit of the financial statements, or either performing both the statutory audit of financial statements as well as the assurance of sustainability information.

The Belgian government however believes that all auditors should be able to perform the assurance of sustainability information. Therefore, the internship that company auditors will have to follow will concern both a formation as regards the financial and the non-financial part. In this way, this will allow companies to be able to choose from a larger group of company auditors.



Independent Assurance Service Providers (IASP)

The CSRD provides the option for member states that, in addition to auditors, who retain the monopoly of statutory audit, independent assurance service providers may also deliver an opinion on the company's sustainability information, provided that they have obtained the necessary accreditation.

The legislative text provides that IASPs may apply for such accreditation once a royal decree defining the equivalence requirements, which will apply to them, enters into force. The law further stipulates that IASPs shall apply for accreditation no later than after a period of three years from the entry into force of the law.



Safe harbour clause

Member states may allow information concerning impending developments or matters under negotiation to be omitted in exceptional cases if, in the duly justified opinion of the members of the administrative, management and supervisory bodies, the disclosure of such information would cause serious damage to the commercial position of the company, provided that the omission of such information does not prevent a true and balanced understanding of the development, performance and position of the company as well as of the effects of its activities.

The possibility to foresee this safe harbour clause was already provided in the Non-Financial Reporting Directive ("NFRD"), the CSRD's predecessor, which currently already imposes disclosure obligations on certain large companies. Belgium has opted to retain this clause, as it was currently already provided in the Code on companies and associations.



Request net-turnover for non-EU entities

The CSRD contains the option for member states that they 'may require the subsidiaries to provide them with information on the net turnover achieved by non-EU entities on their territory and in the Union'.

This option is foreseen in the legislative text and, in addition, the law contains the obligation to disclose that information from third countries, through the non-European parent company's sustainability information that branches or subsidiaries must disclose.

However, it is important to note that companies and entities that are not subject to the obligation to disclose sustainability information but are part of the value chain of entities in scope, should not be asked for more information than what is required in

light of the reporting standards and what can reasonably be required from companies and entities in a group's value chain.



The relationship with the works council

According to the CSRD, the management of the company should inform the employee representation at the appropriate level and discuss with them the relevant information and how the sustainability information is obtained and verified. The position of employee representation shall be communicated to the relevant management, executive or supervisory bodies as appropriate.

The law therefore provides for the insertion of a rule on the provision of information and consultation to employee representation through the works council, consisting of a cascade of bodies to be consulted.

Please do not hesitate to reach out to us in case of any questions regarding the CSRD or any other sustainability matters.

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