

EU Corporate Sustainability Due Diligence Directive (CS3D)

Implications for government, private
sector and civil society in Asia

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Why due diligence, why now?

FROM VOLUNTARY COMMITMENTS TO BINDING EXPECTATIONS

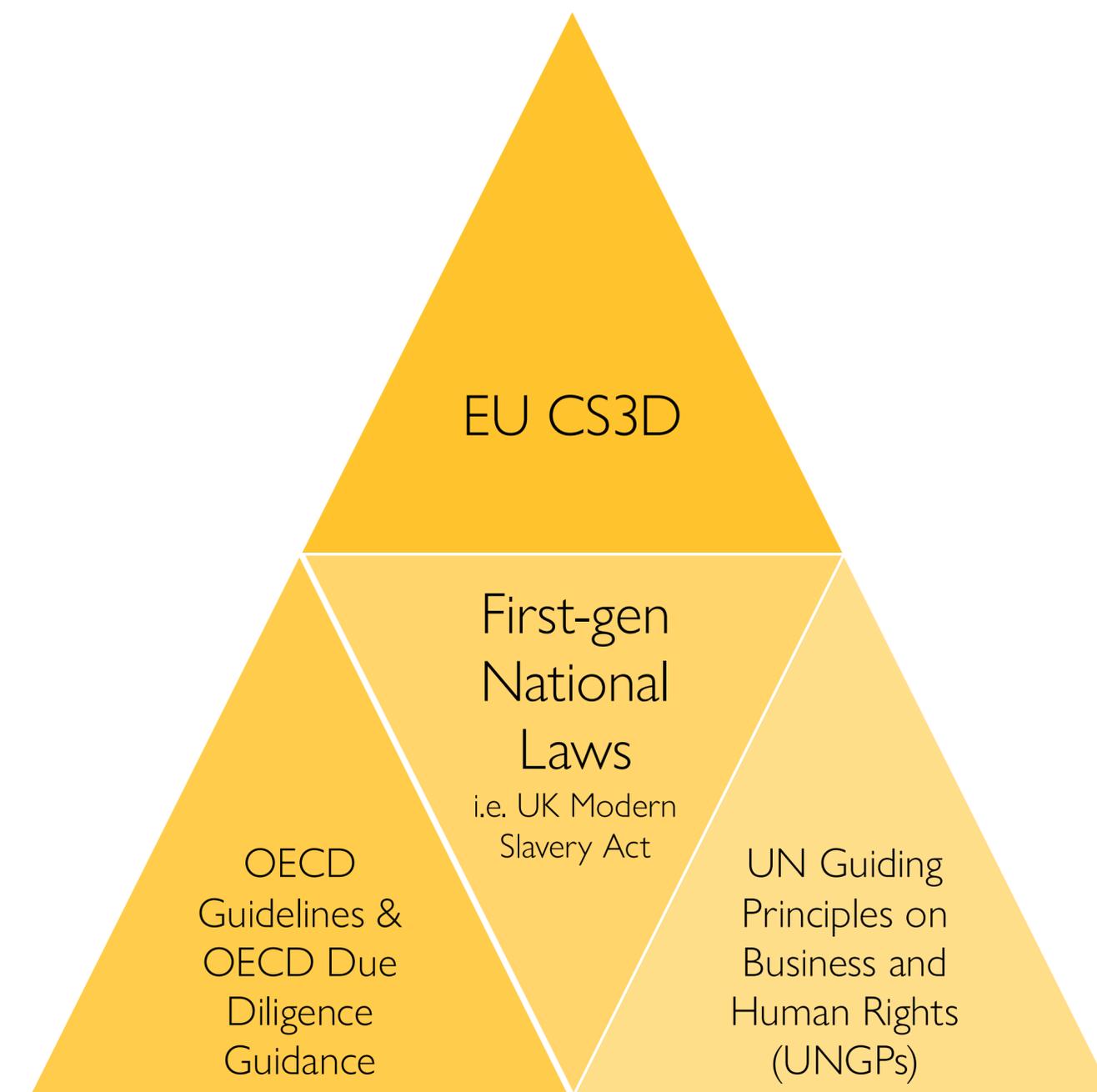
Human rights due diligence has moved from **voluntary commitments** to an **enforceable standard** of responsible business conduct.



A SHORT HISTORY OF BUSINESS AND HUMAN RIGHTS

The EU CS3D is part of 20+ years of evolution in business & human rights and responsible business conduct.

The business and human rights framework has evolved from a State-centric model to a shared responsibility architecture.



SOFT LAW IN ASIA



ASEAN

ASEAN Intergovernmental Commission on Human Rights (AICHR) Standards
 ASEAN Guidelines for Corporate Social Responsibility (CSR)
 ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers

Thailand NAPs on BHR (2019-2022) (2023-2027)

Taiwan PRC NAP BHR (2020-2024)

Japan NAPs on BHR (2020 – 2025) (2026 -)

Pakistan NAP BHR (2021 – 2026)

Cambodia NAP to Implement the 2017 ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers (2023–2025)

Indonesia NAP BHR (2023-)

Mongolia NAP BHR (2023 -2027)

Viet Nam NAP to Promote Responsible Business Practices (2023-2027)

Nepal NAP BHR (2024-2028)

Malaysia NAP BHR (2025 -2030)

The legal push for 'hard law' and accountability

EU Corporate Sustainability Due Diligence Directive (2024)

EU Forced Labour Regulation (2024)

US Tariff Act of 1930 (Section 307)

California Transparency in Supply Chains Act (2010)

UK Modern Slavery Act (2015)

French Corporate Duty of Vigilance Law (2017)

Australia Modern Slavery Act (2018)

Dutch Child Labour Due Diligence Law (2019)

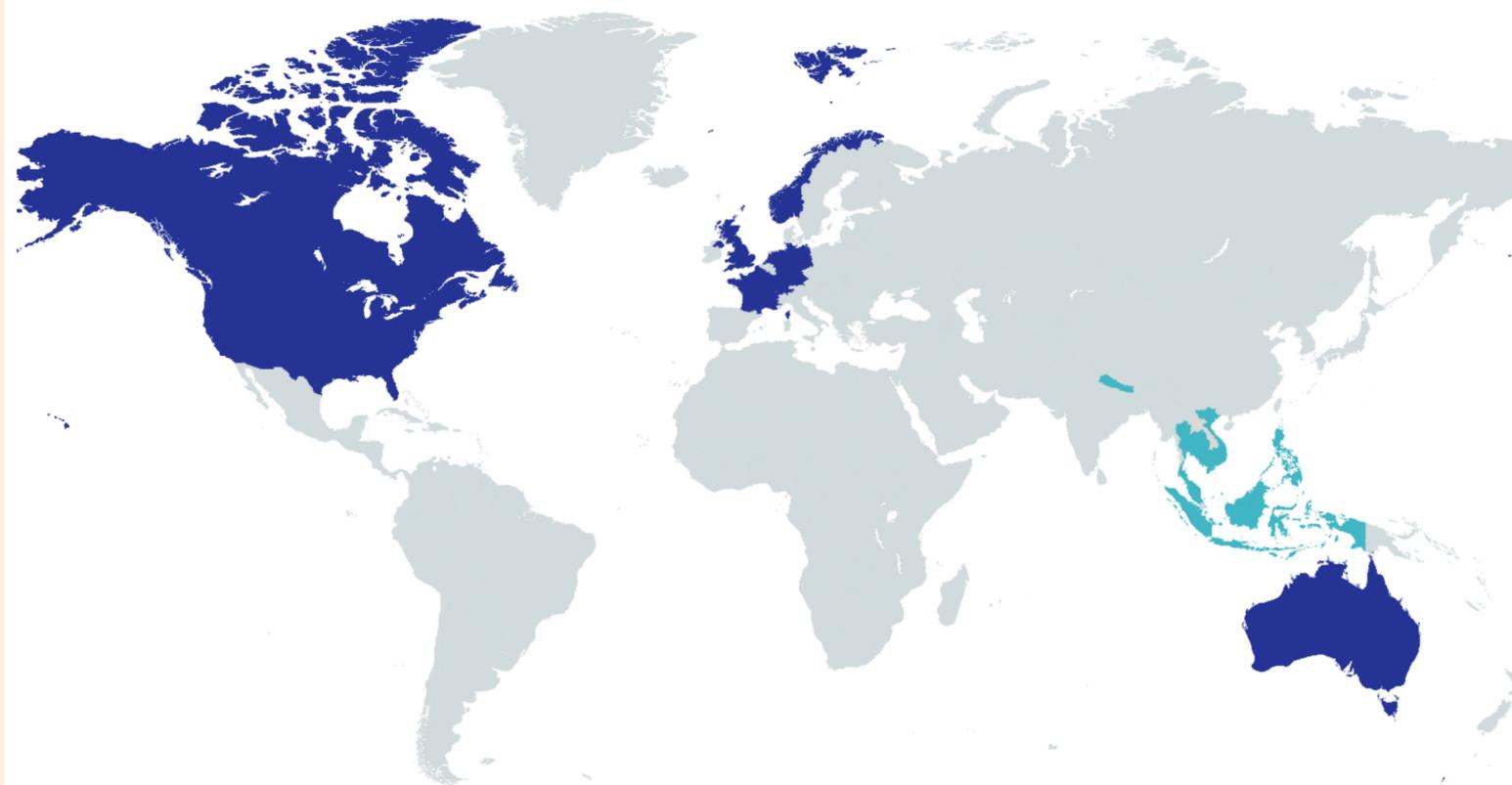
Norway Supply Chain Transparency Act (2021)

Germany Supply Chain Due Diligence Act (2021)

US Uyghur Forced Labor Prevention Act (2021)

Swiss Child Labor Due Diligence Law (2021)

Canada Modern Slavery Act (2023)



Indonesia Law on the Protection of Indonesian Migrant Worker (2017)

Cambodia Sub-decree on Management and Sending of Cambodian Workers Aboard through PRAs (2011)

Malaysia Employment Act (1955)

Nepal Foreign Employment Act (2007)

Philippines: Migrant Workers and Overseas Filipinos Act (1995); Magna Carta for Filipino Seafarers (2024)

Thailand Management of Employment of Foreign Workers (2017)

Regulation on Labour Protection in Sea Fisheries in Thailand (2022)

Viet Nam Law on Contract Based Overseas Workers (2020)

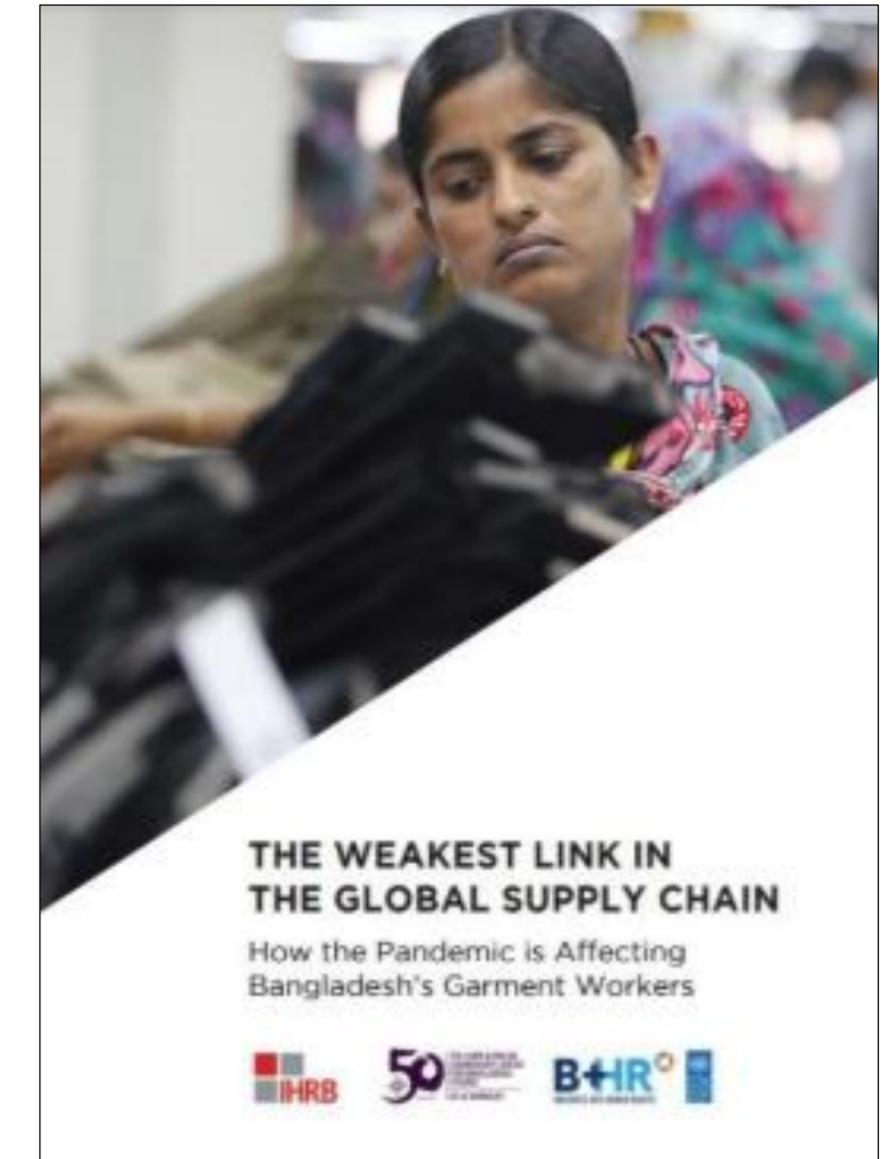
WHY SOFT LAW WAS NOT ENOUGH

Corporate Social Responsibility commitments and mandatory reporting **increased transparency** of businesses actions. But it didn't stop abuses.

Migrant workers still faced forced labour, debt, and exploitation **even when companies had policies in place.**

Research from ILO and UNDP showed that voluntary efforts alone **couldn't fix labour rights violations** in supply chains.

This led governments to introduce mandatory due diligence laws like the EU CS3D to ensure real accountability.



MIGRANT WORKERS AND CS3D

Due diligence under CS3D is impact-based: it prioritises where harm to people is most likely and most severe, not where risks are easiest to document.

Migrant workers face structural risks within global supply chains. In sectors like manufacturing, agriculture, and garments, many experience:

- Recruitment debt
- Withheld wages
- Legal dependence on employers

These conditions have repeatedly exposed them to **forced labour and exploitation**.

Cambodia's GFT Workers Face Abuse as Factories Conceal Violations

A report by Better Factories Cambodia has found widespread labour abuses in Cambodia's garment, footwear and travel goods sector, including child labour. An union leader says many cases go unreported, as factories often hide violations during International Labour Organisation inspections



Real life examples from Asia show how abuses emerge at the intersection of recruitment practices, subcontracting and buyer pressure.

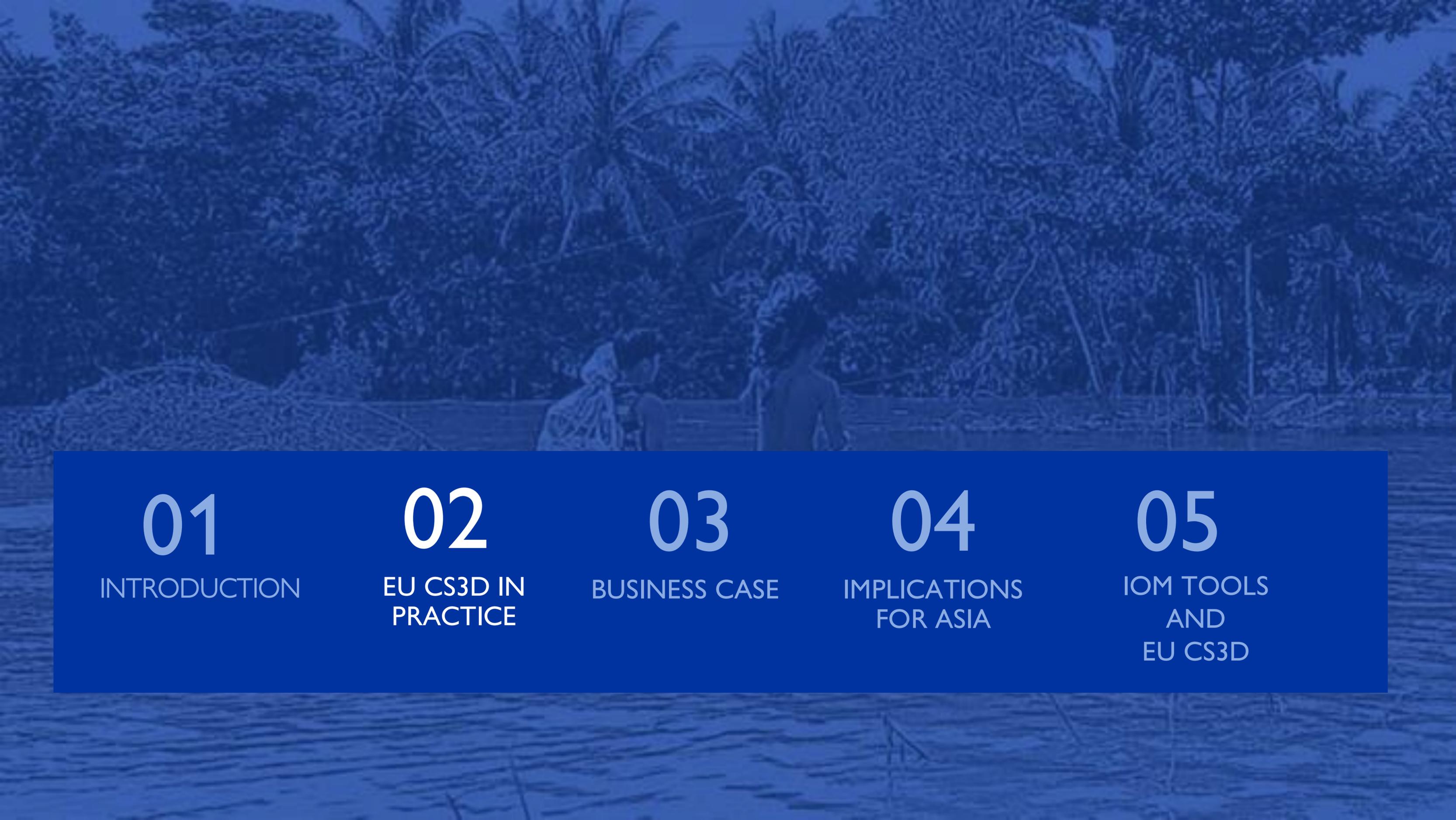
THE 2025 CONTEXT: MOMENTUM

Despite being approved in 2024, the EU CS3D has followed a revision process in the middle of political debates.

In December 2025, the simplification process ended.



The screenshot shows the top navigation bar of the European Council website, featuring the European Council logo and the text "European Council Council of the European Union". Below the navigation bar, there is a breadcrumb trail: "Home > Press > Press releases". The main content area displays a press release dated "9 December 2025 02:37" from the "Council of the EU". The headline of the press release is: "Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness".

The background of the slide is a blue-tinted photograph of a tropical beach. In the foreground, there is a wooden walkway or pier extending into the water. Several people are visible on the walkway, some standing and some sitting. The background is filled with dense tropical vegetation, including many palm trees. The overall color scheme is a monochromatic blue.

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EU CS3D: AN OVERVIEW



Who is covered?

Companies with **5,000+** employees & **1.5 Billion EUR** net worldwide turnover



Where does it apply?

Own operations, subsidiaries, and direct business partners



How far does due diligence go?

Where **actual and potential adverse impacts** are more likely to occur, based on available information



What about civil liability?

Not harmonised at EU level – Depends on national legal regimes



What penalties apply?

Up to **3%** of net worldwide turnover



Since when?

Compliance required by **July 2029**



- **Policy and Governance:** Adopt high-level policy; embed due diligence into strategy and oversight
- **Identify and Assess:** Focus on likely and severe risks using available information
- **Prevent and Mitigate:** Apply proportionate measures to prevent or reduce risks
- **Minimize Adverse Impacts:** End or limit actual harm where impacts have occurred
- **Remediation:** Provide or cooperate in remedy for harm caused or contributed to
- **Grievance Mechanism:** Operate accessible, safe, and effective remedy and grievance mechanisms
- **Monitor and Report:** Regularly assess effectiveness and adjust and communicate measures
- **Directors' Duties:** Ensure directors oversee and resource due diligence implementation
- **Civil Liability:** Accountability determined under national law; sanctions for serious breaches

EU CS3D: A PROCESS NOT A CHECK-LIST

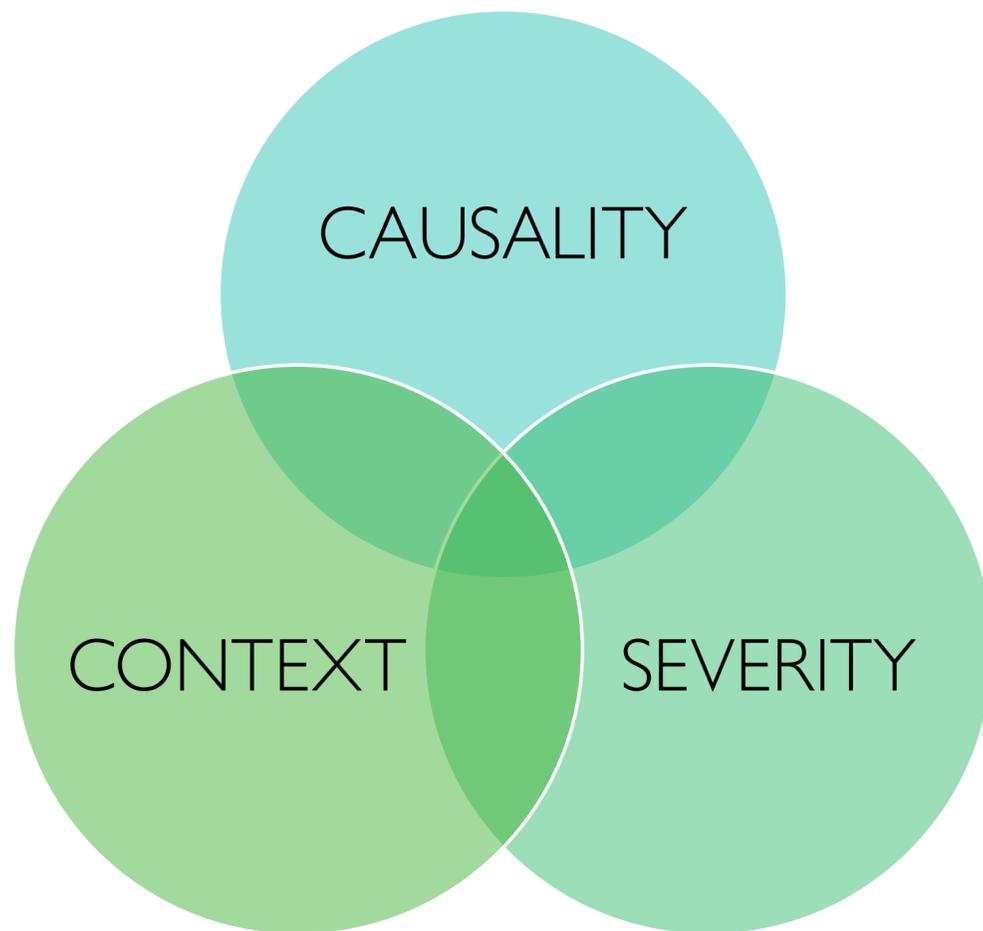
From box-ticking to systematic risk management

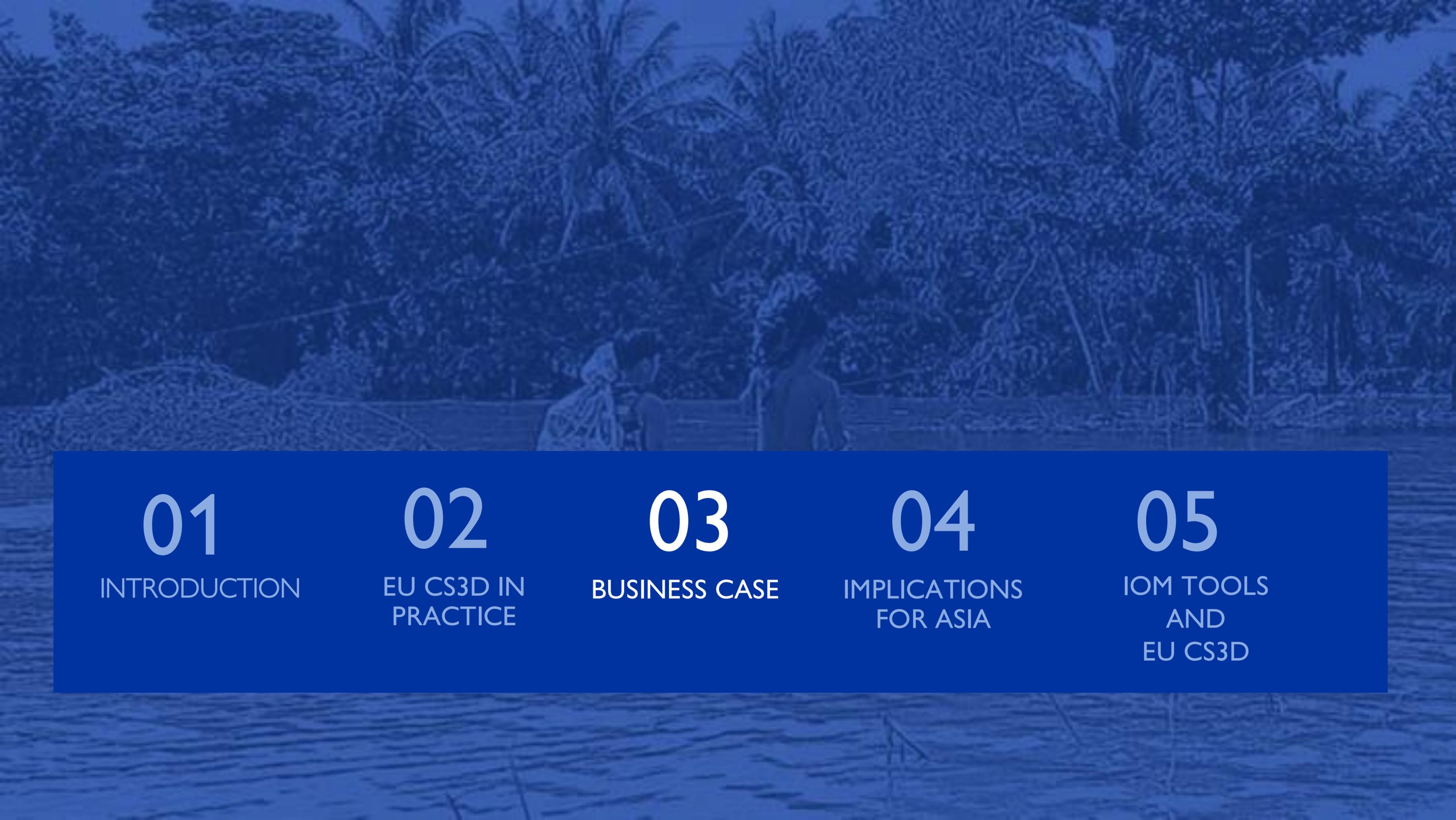
EU CS3D requires companies to go beyond isolated indicators and compliance checklists.

Tools like forced labour indicators remain useful, **but they are not sufficient on their own.**

EU CS3D instead emphasizes analyzing causality, severity and context when assessing risks.

Companies must examine how their own practices contribute to risks and take preventive action accordingly.



The background of the slide is a blue-tinted photograph of a tropical beach. In the foreground, there is a wooden walkway or pier extending into the water. Several people are visible on the walkway, some carrying items on their heads. The background is filled with dense tropical vegetation, including palm trees and other leafy plants. The overall scene is bright and sunny, though the blue tint gives it a calm, serene feel.

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A long term activity beyond business case

Respecting human rights is a **minimum expectation**, not a way to increase profits.

The idea of a “win–win” narrative is too simplistic: human rights due diligence (HRDD) can involve real costs.

The key issue is good governance: how to prevent severe harm and manage long-term exposure.



Cost of action vs. cost of inaction

Cost of action: initial compliance investments are manageable (EU estimate $\approx 0.13\%$ of annual shareholder payout; $\sim \text{€}463\text{k}/\text{year}$ in a Danish impact study)

Upfront investments in fair recruitment, decent working conditions and monitoring systems strengthen workforce stability and operational performance.

Cost of inaction: fines, investigations, operational disruption, management time, lost contracts/markets, reputational damage.

Poor recruitment practices and labour abuses lead to high worker turnover, recruitment debt, grievances, disrupted production, buyer pressure and loss of trust across supply chains.

CS3D shifts the calculus: prevention and early action are cheaper than crisis response

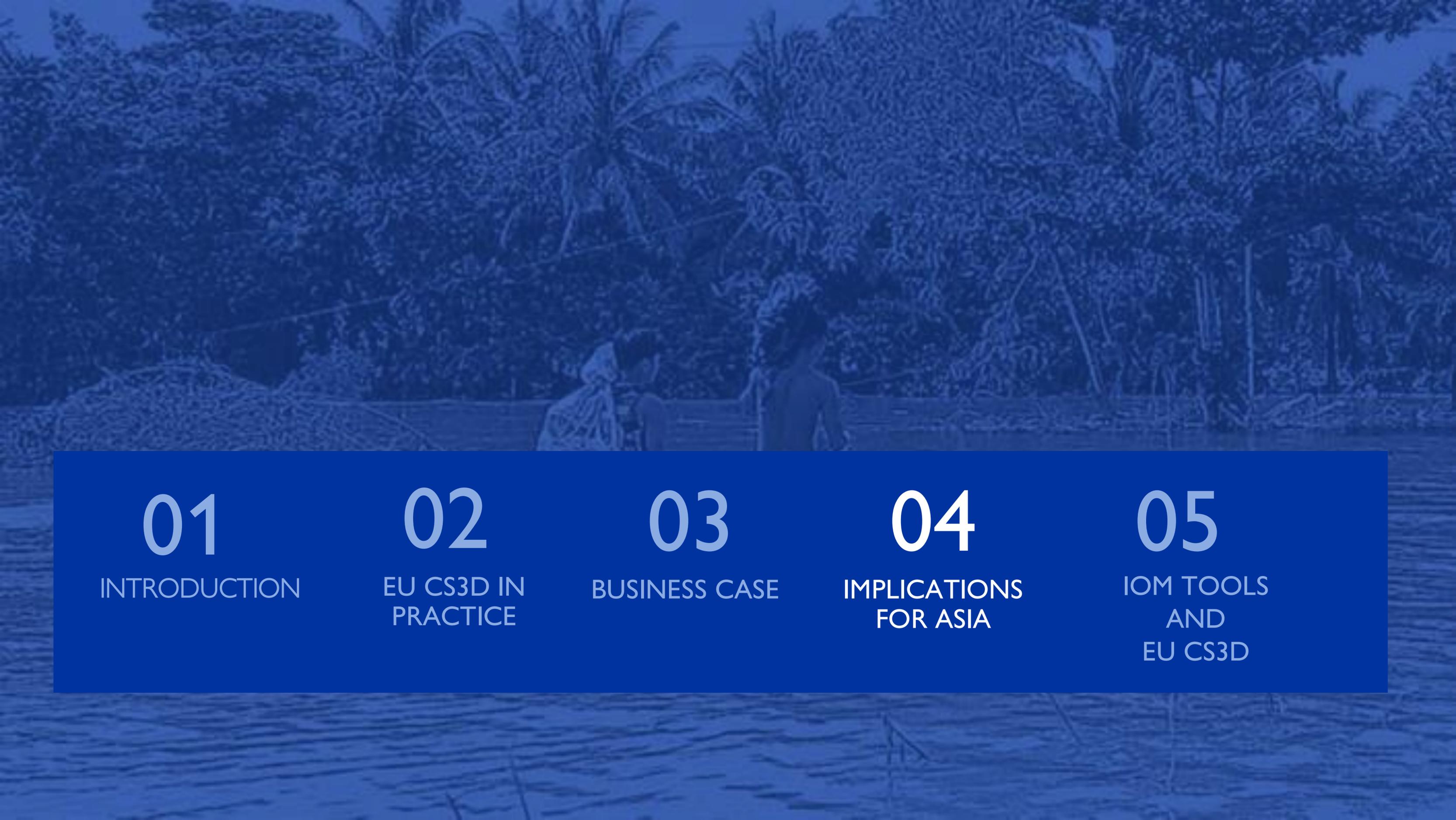


What companies gain (beyond avoiding fines)

Access to finance: incidents can reduce creditworthiness; lenders/investors increasingly require HR risk management

Reputation & social license: reputational risk is “the elephant in the boardroom”

Performance & resilience: evidence shows no competitiveness penalty; better HR performance can correlate with stronger operational outcomes

The background of the slide is a monochromatic blue-tinted photograph of a traditional tropical boat, possibly a outrigger canoe, on a body of water. The boat is filled with people, and the background is a dense forest of palm trees. The overall aesthetic is clean and professional, with a focus on the content text.

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Implications for different stakeholders



Governments

Move from policy commitments to effective enforcement. Better inspections, recruitment regulation and access to remedy, particularly in high-risk sectors.



CSOs

CS3D increases the value of local knowledge and worker-voice. CSOs play a critical role in identifying impacts, supporting grievance mechanisms and contributing to prevention and remediation efforts.



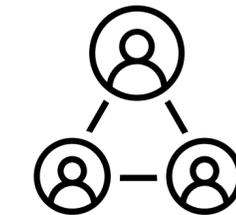
Large companies

Embed respect for human rights across their entire corporate activity. Companies are expected to identify and address human rights violations throughout their whole operations, and to integrate human rights due diligence into corporate strategy, governance and decision-making.



SMEs

Even if not directly in scope, SMEs will face cascading requirements from CS3D. Fair contracts and stable employment practices are key to maintaining market access, while voluntary reporting can strengthen reputation and support access to EU markets.



Recruiters

Recruitment practices become a central focus of due diligence. Ethical recruitment, fee-free placement and transparent contracts are no longer optional, as recruitment-related abuses are predictable sources of severe adverse impacts.

Case Study: Medical Gloves Supply Chain (Malaysia)



Severe Violations Before & During COVID-19

- Passport retention
- Recruitment-related debt
- Excessive working hours
- Substandard and overcrowded accommodation
- Intimidation & restrictions on movement

Underlying Structural Drivers

- Migration rules tying workers to employers
- Heavy use of labour intermediaries/brokers
- Weak enforcement of labour standards
- Buyer pressure on cost, volume & delivery deadlines

Voluntary Efforts Fell Short

- Continued issues despite codes of conduct and initiatives (e.g. Responsible Gloves Alliance)
- Recent illegal dismissal of Bangladeshi migrant workers shows risks remain

IOM – Fast Retailing: From impact identification to prevention



Trigger

IOM assessments identified migrant workers paying **excessive recruitment fees**.



Objective



Zero recruitment fees • **Freedom of movement** • **Transparent contracts**



Key Interventions



IOM's Migrant Worker Guidelines embedded into Supplier Guidelines



Updated Supplier Guidelines



Recruiter & Supplier Training



Pre-Departure Orientation



Ongoing Monitoring



Results



79 Suppliers Engaged



46 Recruiters Trained



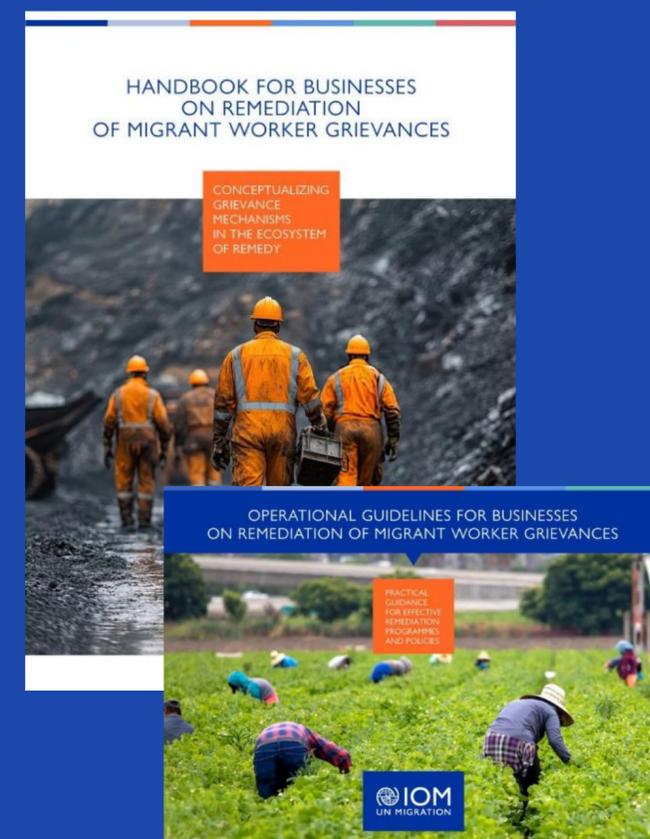
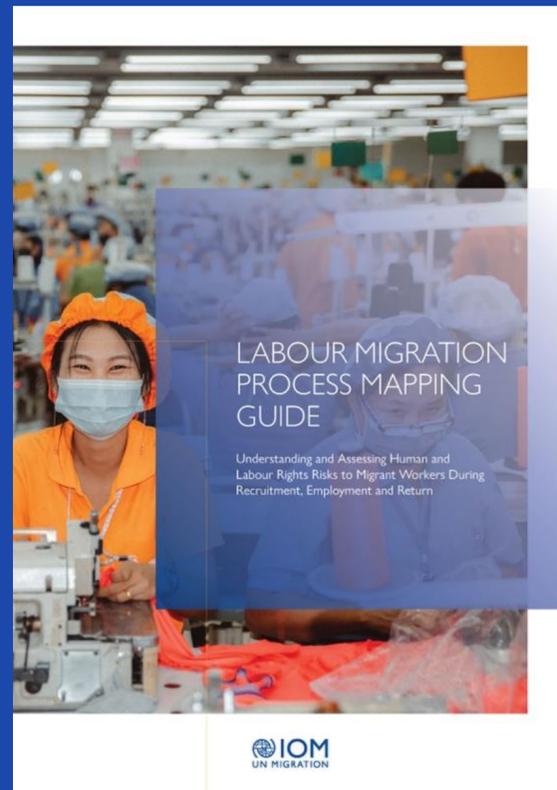
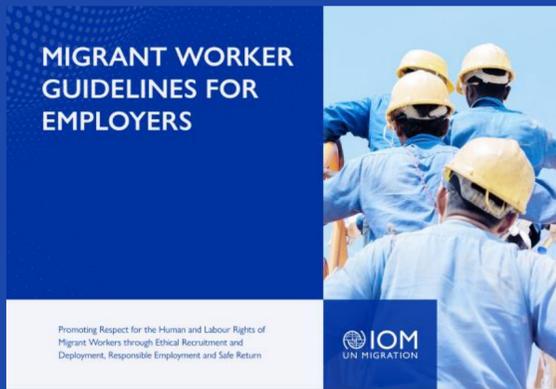
Open-Source Training Tools

79 Suppliers Engaged • **46 Recruiters Trained** • **Open-Source Training Tools**

IOM & Fast Retailing Partnership

9,800 migrant workers repaid recruitment fees and related costs, totaling USD +4.5 million

Almost 15,000 workers benefitted from updated ethical recruitment and employment policies



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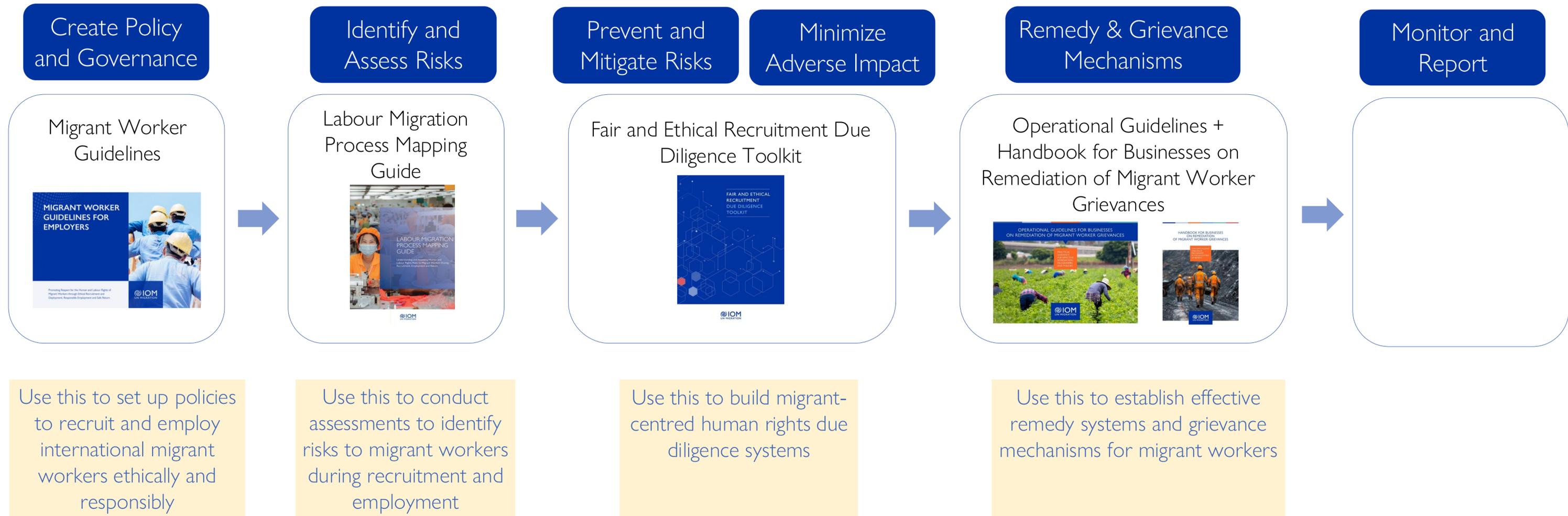
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IOM TOOLS AND EU CS3D

How IOM Tools Operationalize the EU CS3D Process

TOOLS



“Legal and policy frameworks that focus narrowly on forced labour and trafficking have proven insufficient to address the root causes of abuse experienced by migrant workers. Human rights due diligence must therefore extend across the entire migration continuum, including recruitment, transit, employment and return.”

UN General Assembly A.80/171

Key takeaways

The EU CS3D rewards **prevention, accountability and learning** - not box-ticking

It is not extraterritorial control, but a market based accountability system for companies selling into the EU.

The EU CS3D **aligns with global norms on business and human rights**; it does not create trade fragmentation.

Sanctions reflect a growing global consensus that companies must take responsibility for preventing severe human rights and environmental harm.



Q & A