

# Consumer Goods & Retail Sector

## UK corporate criminal liability reforms: risks for global supply chains

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Reforms to the UK's law on corporate criminal liability which will come into effect on 29 June 2026 will increase the risk of prosecution for businesses with complex global supply chains. Multinational organisations will be potentially criminally liable for the actions of certain individuals within them. They should review their supply chain operations and governance arrangements now and identify and address any weaknesses that could give rise to UK enforcement action.

Supply chain compliance depends on all participants identifying and addressing risks and meeting their legal and regulatory obligations across sourcing, manufacturing, distribution and marketing operations. For consumer goods and retail businesses, the risk of criminal investigations and enforcement action is particularly pronounced in the UK, the US, France and Italy. Implementing clear policies, conducting regular reviews of supply chain processes and putting in place thorough training arrangements across all relevant jurisdictions are therefore essential.

### Key takeaways

- 1 The scope for UK corporate criminal prosecutions is likely to expand as it becomes easier for individuals' conduct to be attributed to corporate entities. Prosecutors are active in the US, France and Italy too.
- 2 Investigations into supply chain issues can be lengthy and complex. They can involve multiple authorities and jurisdictions. The consequences can be far-reaching, including reputational damage, demands on senior management time, remedial measures, business monitoring and fines and increased exposure to related civil litigation.
- 3 Businesses can mitigate risks by identifying situations in which individual conduct could expose the organisation to liability and by implementing appropriate training, policies and other compliance measures.

Under the Crime and Policing Act (CPA), it will be easier for criminal enforcement authorities to initiate and pursue investigations and prosecutions. Complex cross-border supply chains create multiple situations in which individuals' conduct may expose companies to heightened risk of corporate criminal liability. Any prosecution would be based on the actions of a corporation's "senior managers" including, in some instances, conduct occurring outside the UK.

### **How earlier UK reforms have made corporate prosecutions easier**

These changes build on other recent reforms to the law on corporate criminal liability in the UK. Parts of the Economic Crime and Corporate Transparency Act (ECCTA) which entered into force in December 2023, have made it significantly easier for UK enforcement agencies to attribute the actions of individuals to corporate organisations for a range of economic offences. These offences include bribery, fraud, theft, money laundering, market manipulation and financial sanctions breaches. Corporate organisations, including those located or operating outside the UK, may now be held criminally liable where a senior manager, acting in the course of their duties, commits any in-scope criminal offence (i.e. not only the economic offences set out in ECCTA).

UK corporate criminal investigations are typically lengthy and complex. While prosecutors have made efforts to accelerate investigations, progress is often slow. The absence of corporate prosecutions to date using new mechanisms to hold companies to account should not be taken as an indication that such prosecutions will not follow.

The Serious Fraud Office (SFO) has indicated that it is actively looking for corporate prosecution opportunities. The new mechanisms for attribution of individuals' conduct to corporate organisations introduced under ECCTA and CPA are also available to the Crown Prosecution Service (CPS). The National Crime Agency (NCA) and HM Revenue & Customs (HMRC), both of whose remits include scrutinising supply chains, have wide ranging investigative powers, the exercise of which can lead to criminal enforcement action. The NCA, HMRC and the CPS have all come under pressure from NGOs to pursue investigations and prosecutions in connection with forced labour used to produce goods intended for UK consumers.

### **Supply chain corporate liability risks beyond the UK**

The consumer goods and retail sector is one that is particularly exposed to risks that arise in transnational, global supply chains. Before reaching an end buyer, goods or their components have typically passed through multiple parties in multiple jurisdictions between the extraction of raw materials, manufacture of products for sale, distribution and transmission to retailer and eventual sale to consumers. Criminal liabilities can arise – sometimes concurrently at each stage of the supply chain, including in sourcing, manufacturing, distribution and marketing.

Outside the UK, there have been a number of significant corporate investigations and prosecutions in the sector. These include investigations by enforcement agencies in the US, France and/or Italy into alleged offences such as modern slavery, worker exploitation and tax evasion.

While some investigations are public, many are not. Investigations are typically lengthy, complex and intrusive, involving extensive sharing of information between authorities within and across jurisdictions. Outside the UK, there is a corresponding emerging trend of NGOs applying pressure on prosecutors to pursue criminal investigations and prosecutions against corporates in respect of offences committed in supply chains. In some cases, NGOs may pursue criminal proceedings in their own name.

### Practical risks for consumer goods and retail companies

In practice, prosecutors will be able to select from a wide array of potentially relevant offences depending on the circumstances and the relevant jurisdiction.

In the UK, for example, some misconduct by "senior managers" could already form the basis of corporate prosecutions for fraud, bribery or other economic offences. Under the new law, companies operating in the consumer goods and retail sector could face a broader range of criminal liability, such as those shown in the table below.

Examples of potential corporate criminal liability under the Crime and Policing Act UK regime.

Example scenario	Underlying offence(s)
<b>Non-cooperation with investigations</b>	
<ul style="list-style-type: none"> <li>A country or regional manager omits key details when responding to questions asked by officers from authorities investigating alleged unfair commercial practices.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to respond to requirements to produce documents or provide information/providing misleading information to investigating authorities.</li> </ul>
<b>Supply chain offences</b>	
<ul style="list-style-type: none"> <li>A senior buyer within a fashion retailer purchases goods intended to be sold which he/she knows are counterfeit goods infringing various rights holders' trademarks and/or which have been made using forced labour.</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging or assisting the commission of supply chain offences.</li> <li>Trademark/counterfeit offences</li> </ul>
<ul style="list-style-type: none"> <li>A senior executive within an online retailer implements an initiative involving designing and sending multiple AI generated high pressure telephone and email communications to aggressively market to customers who have opted out of direct marketing, causing those customers alarm or distress.</li> </ul>	<ul style="list-style-type: none"> <li>Counselling or procuring the commission of harassment offences</li> </ul>
<b>Information sharing</b>	
<ul style="list-style-type: none"> <li>A senior executive within a retail group sets up arrangements for a loyalty scheme that involve sharing customer personal data with a third-party, without ensuring appropriate contractual safeguards for data processing.</li> </ul>	<ul style="list-style-type: none"> <li>Unauthorised disclosure of personal data</li> </ul>

## Steps to mitigate risks

It is not possible to eliminate criminal law risks from supply chains. However, corporates should take steps to manage these risks. Exhaustive supply chain mapping is rarely effective in and of itself. Instead, organisations should focus on analysing key steps and processes to identify the types of situations in which the conduct of an individual may lead to liability. Managing the risk of corporate criminal liability forms part of effective supplier due diligence, which should include careful consideration of suppliers' risk exposure and how they themselves manage risk. Supply chain processes should then be adjusted where necessary based on due diligence and continuing monitoring, supported by updated compliance measures and training.

In the UK, the changes introduced by CPA will require organisations to examine more closely the circumstances in which individuals might commit criminal offences in the course of their duties. This will require a detailed review of operational activities and an understanding that conduct previously treated as civil or regulatory risks may soon give rise to criminal prosecutions for the corporate itself. Tailored training, updated compliance policies, ongoing communications and adjustments to compliance processes will be essential to reduce the scope for offending and to demonstrate that any criminal conduct by individuals was not undertaken in the course of their duties.

## Other information

[Major changes to corporate criminal liability in the UK: What might these mean for key sectors?](#)

[UK Government presses on with corporate criminal liability reform](#)



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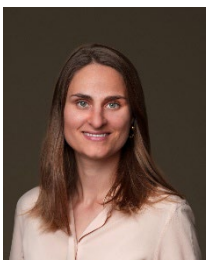
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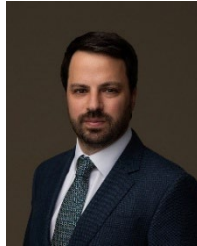
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