



ESG and CC&I e-bulletin

Forced labour in global supply chains: Navigating the EU Forced Labour Regulation, the EUFLR Guidance, and a shifting UK landscape

Global supply chains are entering a period of heightened scrutiny as regulators in the EU and UK move towards more assertive responses to forced labour risks. This briefing considers the practical implications of the EU Forced Labour Regulation and the European Commission's new guidance on its implementation, before comparing those developments with the evolving UK landscape, including proposed reforms to the Modern Slavery Act, emerging mandatory due diligence initiatives and broader corporate crime risks. For multinational businesses, the direction of travel is clear: robust, well-documented and operationally embedded supply chain due diligence is becoming increasingly important not only as a compliance tool, but as a means of managing enforcement, disruption and reputational risk.

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UK & EMEA

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EUFLR Guidance

Overview of EUFLR and role of EUFLR Guidance

The EU Forced Labour Regulation ("**EUFLR**") introduces a sweeping prohibition on placing or making available on the EU market any product made, in whole or in part, with forced labour, and prohibits the export of such products from the EU. It will apply from 14 December 2027. That date may appear distant, but for multinationals operating complex, multi-tier supply chains, the window for effective preparation is already narrowing.

A critical step to allow for such preparation has now been taken: on 26 June 2026, the European Commission published its [Guidelines](#) on the application of the EUFLR (the "**EUFLR Guidance**"), offering important clarity on how the EUFLR will be interpreted and enforced in practice, and on the due diligence steps that economic operators can take to identify and address forced labour risks.

The EUFLR Guidance fulfils the EUFLR's mandate for the Commission to provide non-binding guidance on due diligence in relation to forced labour and does not create any obligations on companies, including in respect of due diligence requirements. The Commission however specifically states that the EUFLR Guidance has a risk-reduction function and

may assist economic operators to reduce the risk of forced labour in their operations and supply chains. More significantly, the EUFLR Guidance is addressed directly to competent authorities meaning it defines the standard against which operator conduct be judged for purposes of enforcement.

Therefore, whereas structuring a due diligence framework around the EUFLR Guidance is not a safe harbour aligning due diligence processes with the Guidance will assist companies to ensure compliance with the EUFLR and to respond credibly if an investigation is opened by a competent authority.

Background: what the EUFLR does and does not require

The EUFLR is best understood as an obligation of result: it bans products made with forced labour, including child labour, from the EU market and from export, regardless of the sector or origin of the goods concerned. The prohibition applies to all products available on the EU market that have not yet reached end-users, whether manufactured in the EU or imported, made "in whole or in part" with forced labour at any stage of extraction, harvesting, production or manufacturing of the product, including in its working or processing at any stage of its supply chain, regardless of whether this occurs within or outside the EU. Therefore, products fall within the scope of the EUFLR irrespective of the size of the part that was produced with forced labour.

Enforcement is the responsibility of EU Member States, which are required to designate competent authorities and to lay down rules on penalties applicable to infringements of decisions issued under the EUFLR. Those penalties must be effective, proportionate, and dissuasive.

Whilst not imposing any specific due diligence obligations on companies, the EUFLR emphasises due diligence as a useful tool to address the risk of forced labour in supply chains. This is a structurally important distinction: there is no prescribed due diligence process that, if followed, guarantees compliance. Instead, due diligence is presented as the most credible means of demonstrating that products are not made with forced labour.

The EUFLR defines due diligence in relation to forced labour as "efforts by economic operators to implement mandatory requirements, voluntary guidelines, recommendations or practices to identify, prevent, mitigate or bring to an end the use of forced labour with respect to products that are to be placed or to be made available on the Union market or to be exported".

The EUFLR Guidance on due diligence in relation to forced labour

The EUFLR Guidance structures its due diligence framework around the six-step framework set out in the OECD Due Diligence Guidance, adapted specifically for forced labour contexts. It is explicit that forced labour due diligence under the EUFLR is voluntary and that the guidance is directed at companies willing to undertake such due diligence on a voluntary basis. References to "should" in the EUFLR Guidance (and in our summary below) should be read accordingly.

In addition, the EUFLR Guidance specifically states that the practical actions it describes are not intended to constitute an exhaustive checklist for due diligence; due diligence should be risk-based and not every action will be appropriate or required in every situation. Companies remain free to determine the concrete due diligence measures and processes in relation to forced labour in a manner that is commensurate with, and appropriate to, their specific risks, circumstances and context.

The six steps are summarised as follows:

- **Step 1 - Policy Integration**

Companies should integrate forced labour due diligence into all their relevant policies and risk management systems. They do not need to develop a separate, stand-alone forced labour due diligence system or policy but can adapt existing due diligence processes and policies in order to identify and address forced labour risks.

In contracts or other written agreements with suppliers and other business partners, companies should include their conditions and expectations on forced labour issues, for example: adherence to internationally recognised standards; transparency, monitoring and reporting; specifications for cascading due diligence requirements to their own business relationships; and grounds for disengagement for failure to meet expectations.

- **Step 2 - Risk Identification and Assessment**

Companies should carry out a broad scoping exercise of their operations and, where necessary, of their business relationships to identify general areas where forced labour risks are most likely to occur and be most significant.

They should consider risk factors specific to the geographical area, sector, product or company based on relevant information sources.

Based on the results of the scoping exercise, companies should carry out an in-depth assessment of the operations, suppliers and other business relationships in the areas and products where the most significant forced labour risks have been identified.

In situations that may involve state-imposed forced labour, companies should assess the broader legal, institutional and political context and check for evidence of a state policy or state-sanctioned practice that directly or indirectly mandates or legitimises the use of involuntariness or coercion. Because traditional on-site assessments and audits are deeply compromised in these contexts, in-depth assessments must involve independent desktop research, reports from international organisations, expert risk analysis and credible civil society data.

- **Step 3 - Prevention, Mitigation and Cessation**

Companies should focus first on prevention as the primary goal of due diligence. If companies identify an actual forced labour impact in the operations or supply chains of a product, according to the EUFLR they must not place it or make it available on the EU market, nor export it.

The measures adopted by companies must be: (i) suitable to attain the aim of prevention or cessation of risks; (ii) proportionate to the severity and likelihood of the risks and to the company's involvement in those risks; and (iii) appropriate to the context, such as the company's size, sector and the complexity of its supply chains, as well as its leverage over relevant business relationships.

The fact that the duration of the business relationship is dictated by a contract or that the supplier is a crucial business partner cannot be successfully invoked by the economic operator as a justification to avoid compliance with the forced labour ban. In the case of state-imposed forced labour, where company leverage is normally ineffective against state mandates and remediation is rarely possible, disengagement may be the only viable measure to mitigate or bring to an end the forced labour risk.

- **Step 4 - Monitoring**

Companies should conduct ongoing monitoring to assess the implementation and effectiveness of their forced labour due diligence measures. Monitoring should extend beyond the company's own operations to include monitoring and periodic assessments of business partners and suppliers, verifying whether risk-mitigation measures are being implemented and whether they are effective in addressing the risks or need to be adapted.

- **Step 5 - Communication**

Companies should communicate relevant forced labour due diligence information publicly. This should include information on the integration of due diligence into their internal policies and management systems, the areas where significant forced labour risks have been identified, the criteria used to prioritise forced labour risks, the activities carried out to prevent or mitigate those risks, and the outcomes of those activities.

- **Step 6 - Remediation**

Remediation involves restoring affected individuals or communities to a situation equivalent, or as close as possible to the one they would have been in had the forced labour not occurred. It should be proportionate to the company's involvement in the impact as well as to the scale of the impact. In addition, remediation involves addressing the root causes of forced labour and preventing future abuses.

As an overall obligation throughout the six-step due diligence process, companies should make appropriate, proportionate and reasonable efforts to engage with potentially affected groups and other relevant stakeholders in a meaningful, timely and inclusive way, to identify, assess and address forced labour risks.

The EUFLR investigative process and the practical case for supply chain due diligence

Understanding how competent authorities will conduct investigations is central to appreciating why early investment in supply chain due diligence is not merely good practice but a business-critical necessity. Any decision to ban a product from the market must be taken only after a thorough investigation conducted by a lead competent authority - either the Commission, where the suspected forced labour takes place outside the EU, or the competent authority of a Member State where it occurs on their territory.

Risk-based prioritisation

Competent authorities are expected to take a risk-based approach to investigations to ensure the effective use of limited enforcement resources by focusing efforts on cases where the risk and potential impact of violations of the forced labour ban are highest, and where intervention is likely to be most effective.

Competent authorities assess three cumulative criteria when prioritising cases:

- the scale and severity of suspected forced labour;
- the quantity or volume of affected products placed or made available on the EU market, as more EU businesses and consumers are potentially exposed to products made with forced labour where this is higher; and
- the share of the part or component suspected of being made with forced labour within the final product, understood in terms of its physical, functional or economic significance in relation to the final product.

When selecting which economic operators to focus on, competent authorities will consider:

- proximity to the alleged forced labour;
- leverage over the supply chain;
- size and economic resources of the operator; and
- supply chain complexity - critically for multinationals, the EUFLR Guidance states that greater supply chain complexity generally reduces transparency, accountability and traceability of the forced labour risks. Since forced labour may occur at many points in such supply chains or networks, the competent authorities may need more extensive analysis to detect it. For multinational businesses, this is a direct signal that greater supply chain complexity will attract closer scrutiny.

Information requests: scope and categories

At any stage of the investigative process, the lead competent authority is empowered to request information from economic operators that make the products under assessment available on the EU market and, where relevant, from product suppliers established outside the EU. This may include information across three broad categories:

- actions taken to identify, prevent, mitigate, bring to an end, or remediate risks of forced labour in their operations and supply chains in relation to those products;
- working conditions at the site of the alleged forced labour, where the products were manufactured or from where they originate; and
- the products under assessment.

The EUFLR Guidance sets out a detailed, illustrative, though non-exhaustive, list of the types of documentation that may be requested across these categories. On due diligence actions, this includes corporate policies and codes of conduct, supplier codes of conduct and contract clauses prohibiting forced labour, sectoral risk assessments, corrective action plans, and third-party independent audit reports. On working conditions, authorities may request worker interview transcripts and testimonies, social audits, employment contracts and payroll records, and photographs or videos of working conditions and dormitories. On the products and supply chain structure, requests may extend to chain-of-custody certificates and raw-material traceability data, supply chain maps covering both direct and indirect suppliers across tiers and sub-tiers, laboratory test results including isotopic testing, transactional records such as purchase orders, invoices, bills of lading and payment records, and production-capacity reports evidencing consistency between input volumes and output volumes.

Practical implications for multinationals

The scope and granularity of this information demand is striking and should not be underestimated. It encompasses not only high-level governance documents, but the operational detail of supplier relationships, physical facility evidence, transaction-level financial records, and production data extending deep into multi-tier supply chains - potentially across many jurisdictions simultaneously. A business that does not systematically collect, maintain and organise this information as a matter of course will face an acute practical difficulty when a request arrives, particularly given the 30-to-60 working day deadline within which responses must be submitted. For multinationals managing complex, geographically dispersed supply chains, the ability to respond rapidly and comprehensively to such a request is only achievable where supply chain mapping, traceability systems and due diligence documentation are already embedded in day-to-day operations.

Taken together, the investigative mechanics of the EUFLR make a compelling case for robust supply chain due diligence. The EUFLR Guidance provides that complete lack of, or inability to provide, traceability information where a product, raw material or component may have been mixed with one at high risk of forced labour, may weigh negatively in the overall assessment of evidence. Conversely, a business that has mapped its supply chain across tiers, maintained up-to-date supplier records, conducted proportionate risk assessments, documented its prevention and mitigation measures, and established credible monitoring mechanisms, will enter any investigation - or preliminary enquiry - in a

fundamentally stronger position. It can demonstrate to a competent authority, rapidly and coherently, what steps it has taken, why, and with what outcomes.

Comparison with developments in the UK

Current UK regime

Meanwhile, the UK's regulatory landscape governing forced labour in supply chains is at a pivotal juncture. Whilst the Modern Slavery Act 2015 ("**MSA**") established the UK as an early mover in supply chain transparency, the regime has faced sustained criticism for its limited enforcement teeth and the absence of mandatory human rights due diligence ("**HRDD**") obligations. Against a backdrop of the increasingly robust frameworks in the EU and US there is mounting pressure from stakeholders that the UK should materially strengthen its approach to mitigating forced labour and modern slavery.

The MSA came into force in 2015 and consolidated and updated prior anti-slavery and trafficking legislation in the UK England and Wales. For corporate actors, the most operationally significant provision is Section 54 which mandates that commercial organisations publish an annual modern slavery statement disclosing the steps taken (if any) during the financial year to ensure that slavery and human trafficking are not taking place in their own business or their supply chains.

Section 54 is a disclosure obligation, rather than a due diligence obligation. The MSA specifies six categories of information that an organisation may choose to cover in its statement, but critically it does not mandate that any of these steps actually be taken. An organisation can be legally compliant if it publishes a statement confirming it has taken no steps to ensure modern slavery is not taking place in its business / supply chains. There is no mandatory minimum content, no requirement that statements be approved by a competent authority, and no substantive enforcement mechanism for inadequate statements beyond a civil injunction.

Whilst this remains the position under the general MSA framework, there have been incremental developments at a sector-specific level that point towards a more substantive approach. In particular, the National Health Service (Procurement, Slavery and Human Trafficking) Regulations 2025 (the "**NHS Procurement Regulations**"), which came into force on 17 May 2025, require public bodies procuring goods or services for the health service in England to assess the risk that slavery and human trafficking is taking place in the relevant supply chain, and to take reasonable steps to address and, where practicable, eliminate any identified risk. Importantly, those reasonable steps may be embedded into the procurement process itself, including through participation conditions, award criteria and contractual terms, meaning that in practice private sector suppliers to the NHS may find themselves subject to enhanced contractual obligations relating to modern slavery due diligence. Contractual terms could, for example, require suppliers to conduct their own due diligence on modern slavery risks further down the supply chain, maintain and disclose supply chain traceability records, take corrective action in response to identified instances of slavery or human trafficking, and cooperate with government investigations. Whilst the NHS Procurement Regulations do not directly impose statutory obligations on private sector suppliers, they represent a meaningful, if sector-specific, step towards translating modern slavery risk management into binding contractual and procurement requirements, and they signal the manner in which broader mandatory obligations could be operationalised in due course.

There is therefore still a significant distinction between the UK and the EU and US, with the absence of any general import ban or trade measure directed at goods produced with forced labour. Whilst the UK's sanctions regime can be used to target individuals and entities implicated in human rights abuses, it does not provide a product-based import prohibition framework analogous to the frameworks in the US and EU.

Pressure for reform

The UK is facing pressure from multiple directions to close this gap from multiple stakeholders. UK businesses operating in both US and EU markets face the risk of supply chain disruption arising from the Uyghur Forced Labor Prevention Act ("**UFLPA**") and EUFLR enforcement actions, and the absence of a UK import ban does not insulate them from those consequences.

In addition, organisations have called on the UK Government to introduce import prohibitions, particularly in relation to high-risk regions and sectors (including cotton, polysilicon, and tomato products), along with various Parliamentary Committees making recommendations for mandatory HRDD and to impose civil liability on companies that fail to prevent forced labour abuses.

In particular, in July 2025 the UK Parliament's Joint Committee on Human Rights, published a report on forced labour in supply chains reaching the UK. The Committee found compelling evidence that products manufactured wholly or partly through forced labour are reaching UK consumers and concluded that the existing MSA framework has been ineffective

in preventing this. It was similarly critical of the UK's reliance on voluntary human rights due diligence measures, finding that this approach has failed to address forced labour risks adequately. The Committee recommended an ambitious legislative response, to make it unlawful to import or sell goods linked to forced labour in the UK, introduce mandatory human rights due diligence obligations for businesses and establish a civil cause of action for victims of forced labour. The Committee also recommended strengthening the transparency requirements under section 54 of the Modern Slavery Act by introducing effective sanctions for non-compliance and removing section 54(4)(b), which currently allows companies to satisfy the reporting requirement by stating that they have taken no action to address modern slavery risks.

The Committee concluded that as import bans are introduced in competitor markets such as the EU and US, the UK risks becoming an ever more attractive destination for goods produced by forced labour. It recommended that an import ban be modelled on the US approach, and include a rebuttable presumption that goods linked to regions where the UK Government considers state-imposed forced labour is imposed are linked to forced labour until proven otherwise, which places the burden of proof on the importers.

Additionally, in December 2025, the UK's Independent Anti-Slavery Commissioner published a report, "Strengthening the UK Forced Labour and Human Rights Legislative Framework". The report's central argument is that the UK now requires a single, coherent forced labour and human rights legislative framework that moves decisively beyond the MSA's largely transparency-led approach, both to protect workers and to prevent the UK from being undercut or becoming a "dumping ground" for affected products. The report proposes a model Forced Labour and Human Rights Bill structured around four interlocking pillars:

- a mandatory "failure to prevent serious human rights harm" liability framework, under which organisations that cause, contribute to, or are directly linked to serious human rights harm would face civil liability unless they can demonstrate they had reasonable due diligence procedures in place;
- a product-based forced labour prohibition covering importing, exporting, and placing "forced labour products" on the UK market, supported by powers to establish rebuttable presumptions for high-risk goods or regions and the creation of a public forced labour products database;
- replacement of the current Section 54 Modern Slavery Act regime with broader mandatory annual human rights statements, lodged on a public registry and backed by financial penalties for non-compliance; and
- an enforcement architecture centred on an expanded Office for Responsible Business Conduct with investigatory powers, the ability to impose civil penalties of up to 5% of global turnover, civil claims routes for victims and their representatives, and to bring criminal proceedings against corporates and senior officers.

There is significant momentum for reform and when the UK Government acts on these recommendations remains to be seen, but the direction of travel is clear. It is also worth noting, at the margins of this debate, that on 23 June 2026 the Government separately announced proposals to introduce mandatory supply chain due diligence requirements targeting illegal deforestation in relation to certain high-risk agricultural commodities - including cocoa, palm oil, rubber and soy - sectors which, in a number of producing countries, have also been associated with forced labour and wider labour abuses. The proposed regime is designed to align with the EU Regulation on Deforestation-Free Products ("EUDR"). Whilst the proposed regime is primarily an environmental measure, businesses that are required to conduct mandatory due diligence in relation to deforestation risks across their supply chains would be well-placed to conduct forced labour due diligence simultaneously; a comprehensive, integrated due diligence approach covering both environmental and human rights risks is likely to be considerably more practical and efficient than treating each as a separate compliance exercise.

Proposed amendments to the MSA and emerging mandatory due diligence legislation

Most recently, on 30 June 2026, the UK Government introduced proposed amendments to section 54 of the MSA by way of the Immigration and Asylum Bill (the "**Bill**"), currently before the House of Commons. If enacted, the Bill would represent a significant strengthening of the existing regime, addressing many of the criticisms outlined above. Critically, the Bill would remove the discretion that organisations currently enjoy as to the content of their modern slavery statements, replacing it with prescriptive mandatory disclosure requirements covering: risk assessment across operations and supply chains; policies on slavery and human trafficking; due diligence processes in place; staff training; and an assessment of the effectiveness of steps taken during the relevant financial year. Statements would also be required to include an accuracy declaration by the relevant signatory and, where applicable, certification by a parent undertaking. The Bill further proposes to extend modern slavery statement obligations to public authorities meeting prescribed financial thresholds, a development that is likely to have consequential implications for private sector companies contracting with the public sector, as those authorities are expected to impose more demanding supply chain due diligence requirements on their contractors.

Most significantly from an enforcement perspective, the Bill introduces a financial penalties regime for non-compliance for the first time, with the maximum penalty being the greater of 1% of an organisation's total turnover or total budget, or £1 million, alongside the possibility of injunctive relief. Whilst the Bill falls short of the mandatory human rights due diligence legislation called for by the UK Joint Committee on Human Rights and aligned with the EU's Corporate Sustainability Due Diligence Directive, it should be viewed as an interim step in a clear direction of travel: the UK Minister for Trade Policy, Chris Bryant MP, appearing before the Business and Trade Committee on the same day the Bill was introduced, expressed his personal support for mandatory human rights due diligence legislation and indicated that the Government intended to introduce such legislation "by the end of this parliament", as well as separately advocating for a forced labour import ban akin to the EUFLR.

Running in parallel, and indicative of the wider momentum behind more substantive legislative reform, is Baroness Young of Hornsey's Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill (the "**PMB**"), a Private Member's Bill introduced in the House of Lords on 17 June 2026. The PMB is considerably more ambitious in scope than the Government's Immigration and Asylum Bill. It would impose a duty on commercial organisations and public authorities to prevent human rights and environmental harms across their own operations and throughout their value chains, underpinned by a mandatory obligation to conduct iterative human rights and environmental due diligence.

In-scope companies would include UK-incorporated entities and any entity carrying on at least part of its business in the United Kingdom, with those meeting the £36 million annual worldwide turnover threshold also subject to annual reporting obligations.

The due diligence required under the PMB is substantive and multi-faceted: it would encompass meaningful stakeholder and rightsholder engagement, integration of gender-responsive due diligence into management systems, identification and remediation of actual and potential harms, operation of effective grievance mechanisms, and ongoing monitoring and public reporting. Importantly, audit reports, certification schemes and industry initiatives would not of themselves be sufficient to discharge the obligation.

The PMB's liability framework is equally robust – in-scope companies would face civil liability for human rights or environmental harms occurring in their operations and value chains where they failed to take all reasonable steps to prevent such harm, including by conducting reasonable due diligence. Financial penalties of up to 10% of global turnover could be imposed, trade unions and civil society organisations could bring representative actions on behalf of victims, and in certain circumstances individual directors could face personal fines or even imprisonment for non-compliance.

As a Private Member's Bill, the PMB's prospects of enactment in its current form are uncertain. However, it reflects a growing legislative movement in the UK towards mandatory human rights and environmental due diligence aligned more closely with the approach taken in the EU under the Corporate Sustainability Due Diligence Directive, and it reinforces the broader direction of travel signalled by both the Government's own Bill and the ministerial statements made on 30 June 2026.

Organisations and public authorities should monitor the progress of both Bills closely and use this period to assess whether their existing modern slavery governance, policies, procedures and reporting controls are fit for purpose in what is an increasingly prescriptive and enforceable compliance environment.

Interaction between forced labour risks and broader UK corporate crime developments

While the UK's legal framework relating to forced labour is subject to criticism and may have limitations as discussed above, the use of forced labour in the supply chain may nonetheless give rise to criminal liability through other legislation.

Exposure under existing anti-money laundering laws

Companies which know or reasonably suspect that products in their supply chain have been produced using forced labour may be liable for money laundering offences under the Proceeds of Crime Act 2002 ("**POCA**"). Under POCA, it is a criminal offence to:

- deal with criminal property (s. 327);
- acquire criminal property (s. 329); or
- become concerned in an arrangement which facilitates another person in acquiring or use of criminal property by another (s. 328),

in circumstances where one knows or suspects that it is criminal property.

Criminal property is defined very broadly for the purposes of POCA to include property which is or represents a person's benefit from criminal conduct (in whole or part and whether directly or indirectly), and the alleged offender knows or suspects that it constitute/represents such a benefit. In a landmark judgement, *World Uyghur Congress v National Crime*

Agency [2024] EWCA Civ 715, the Court of Appeal found that goods produced by forced labour could represent the proceeds of crime even if market value had been paid for them. As a result, companies can be liable for money laundering offences if they deal in goods which they know or reasonably suspect have been produced using forced labour (or other criminal conduct), even if they have paid adequate consideration.

The threshold for reasonable suspicion is low and, as criminal property cannot be 'cleaned' by the payment of adequate consideration, there is a risk of liability at every stage of the supply chain.

There has been a trend in recent years of non-governmental organisations seeking to bring private prosecutions for POCA offences in relation to supply chain issues. While there has yet to be a successful private prosecution on these grounds, this does represent a heightened risk for companies in addition to any action they may face from law enforcement agencies.

Failure to prevent fraud and fraudulent/ misleading statements

In September 2025, a new failure to prevent fraud offence (the "**FTP Fraud Offence**"), introduced by the Economic Crime and Corporate Transparency Act 2023, came into force. As a result, companies of a certain size may be held liable for specified fraud offences committed by employees or associated persons where there is an intention to benefit the organisation.

The FTP Fraud Offence applies to "large organisations" (those which meet two of the following criteria: i) more than 250 employees; ii) a turnover of more than £36 million; and iii) more than £18 million in total assets). A parent company can be a "large organisation" based on the application of the criteria to its subsidiaries. A company may also be caught regardless of where it is headquartered, provided there is some UK nexus. A more detailed analysis of the various elements of the offence is available in [our previous briefing](#).

Similarly to the failure to prevent bribery offence set out in the Bribery Act 2010, "associated person" is broadly defined and, as well as employees, can include agents, subsidiaries and their employees, or anyone who performs services for or on behalf of the relevant organisation.

It is a defence for a relevant organisation to demonstrate that it had reasonable procedures in place to prevent the fraud from occurring, and the Ministry of Justice has published [guidance](#) setting out key principles for such procedures.

Fraud by false representation, failing to disclose information or false or misleading statements by directors are all fraud offences which could give rise to a FTP Fraud Offence. As a result, companies can face unlimited fines and reputational damage for deliberate false or misleading claims about the use of forced labour in their supply chain. Companies may also be liable for a FTP Fraud Offence in relation to any false or misleading disclosure or statement made pursuant to obligations under the MSA (i.e. in their annual modern slavery statement).

Expanded corporate attribution

The Crime and Policing Act 2026 ("**CPA**"), which came into force on 29 June 2026, significantly expands the scope for corporate criminal liability in that companies can now be held liable if a senior manager commits any offence while acting within the actual or apparent scope of their authority.

Previously, a company could only be held liable if the offence was committed by its "directing mind and will", which typically meant board-level directors or those exercising ultimate control. Building on the senior management attribution framework introduced for specified economic crimes by the Economic Crime and Transparency Act 2023, the CPA has extended senior management attribution to cover all criminal offences, including offences relating to modern slavery and forced labour under the MSA as well as offences of encouraging or assisting the commission of a crime by another.

A "senior manager" is defined as an individual who plays a significant role in managing or organising the whole, or a substantial part, of a company's affairs. This is not determined by title, but rather an analysis of fact in the circumstances. It is not limited to directors of the Board but could include other personnel with decision-making authority and significant strategic or administrative responsibilities, such as heads of divisions, business units or support functions, and could include those with responsibility for procurement or supplier management at a regional or district level, for example.

The senior manager must be acting within the actual or apparent scope of their authority for attribution to occur. This does not require the company to have authorised the criminal conduct itself, however. The key question is whether the senior manager was performing an authorised activity, even if they did so improperly and in breach of internal policy. Activity overseas may be caught in certain circumstances (see [our briefing on the CPA](#) for further details).

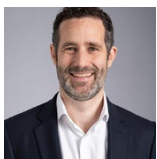
As a result, a company may be liable for any acts by senior managers who knowingly engage providers who use forced labour, for example. While not necessarily an offence under the MSA itself, in circumstances where, for example, it could be shown that the senior manager knows that a supplier is using forced labour, and the company continues to place orders or renew contracts, such acts could constitute an offence of encouraging or assisting in the commission of criminal offences. Liability could also arise under s2 MSA trafficking offences, if a senior manager becomes aware of

workers at a supplier having had passports confiscated and working under debt bondage. By continuing to place orders with that supplier, it could be argued that the company is encouraging exploitation.

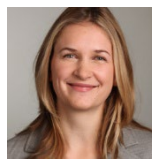
The risk of the company being held liable for an associated money laundering offence under POCA is also increased as post- ECCTA such offences may now be attributed to the company in circumstances where there may not previously have been the requisite knowledge or suspicion held centrally to meet the mental elements of the offences. Under senior manager attribution, a company may be held liable, for example, if it deals with goods from a supplier which uses forced labour in its manufacturing if the company's regional procurement manager was aware of, and ignored, red flags which reasonably suggested the use of forced labour by the supplier. This will be the case even if central management and/or the directors were unaware of the issue.

In summary, robust and documented supply chain due diligence, although not a legal requirement, is increasingly important as a mitigant and potential defence to criminal exposure under a variety of legislative instruments beyond the MSA.

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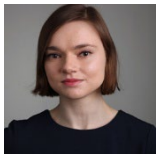
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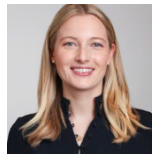
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