

# Compliance & Risk

Volume 13 Issue 4

July/August 2024

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- Steep fines for unsafe water working, p.17
- New EU AML-CTF Package published in the Official Journal, p.18
- Mondelez fined €337.5m for cross-border trade restrictions, p.19

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## UK ruling on money laundering in modern slavery supply chains

The UK Court of Appeal has upheld the recent appeal in *R (on application of World Uyghur Congress) v National Crime Agency* confirming that the National Crime Agency (NCA) misdirected itself in law when it refused to investigate whether imported cotton goods were the product of forced labour or other human rights abuses.

The World Uyghur Congress (WUC), a non-governmental organisation, had provided the NCA with a 'substantial body of evidence' that consignments of certain cotton goods imported

from the Xinjiang Uyghur Autonomous Region of China were the product of forced labour or other human rights abuses. The WUC asked the NCA to open a money laundering investigation, on the basis that the goods, stemming from modern slavery, represented the proceeds of crime.

The NCA declined to investigate, saying that an investigation could not begin until a 'specific product' was identified as criminal property. The regulator also argued that if 'adequate consideration' had been received for criminal property, this

brought the goods within an exemption from liability under section 329(2)(c) of the Proceeds of Crime Act (POCA) meaning that they were 'cleansed' and free to be bought and sold thereafter without money-laundering consequences.

The WUC challenged the NCA's decision by way of judicial review, losing before the High Court but winning on appeal. The Court of Appeal's ruling on the interpretation of the adequate consideration exemption is significant, and suggests a much narrower interpretation

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## Water companies face legal challenges after landmark UK pollution ruling

Water companies in the UK could face a series of legal challenges after a landmark judgment from the UK Supreme Court ruled that private individuals can seek redress for sewage released into UK waterways, meaning that water management companies may face some serious legal challenges in the near future.

The Court heard arguments from the water company, United Utilities,

who claimed that the owners of the 129-year-old Manchester Ship Canal could not seek redress for the release into the Canal of "untreated foul water". United Utilities argued that, since privatisation of the sector under the Water Industry Act 1991, only regulators could take legal action against the utility companies.

However, the Supreme Court issued a unani-

mous judgment that Manchester Ship Canal Company Limited was entitled to bring a claim for damages resulting from the sewage pollution.

Although the High Court and Court of Appeal had previously ruled in favour of United Utilities, Manchester Ship Canal was supported by the Environmental Law Foundation,

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