Unpunished and Undeterred:

Corporate Accountability After Grenfell

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Contents

Executive Summary

On 14 June 2017, a routine kitchen fire in Grenfell Tower spread uncontrollably through an external cladding system, leading to the deaths of 72 people. The cladding system comprised combustible plastic products made by three companies: Arconic, Kingspan and Celotex. Arconic's product, Reynobond PE, was found to be the "primary cause" of the rapid spread of the fire.[1] Nine years on, Arconic has yet to face any meaningful accountability process.

This briefing builds on investigative research by Common Wealth and FIND.ngo into Arconic Inc and their provision of the flammable Reynobond PE cladding used on Grenfell Tower. It outlines key legal mechanisms by which Arconic has avoided accountability for its role in the fire and recommends actions targeting the regulatory discrepancies that facilitated this.

By tracing Arconic's conduct in relation to the fire, we observed how legal structures intended to balance corporate power, instead enabled and shielded it. While victims and survivors of the fire (henceforth, "the affected community") are still waiting for justice, Arconic continues to generate billions in revenue for directors, shareholders and partners.[2]

Using this conduct as a case study, the report proposes stronger corporate accountability frameworks in England and Wales, noting that we lag behind our international counterparts. We suggest that the factors which led to Grenfell, if left unchecked, would allow future misconduct to go unpunished and undeterred.

Our investigation revealed the following:

In 2023, Arconic completed two settlements related to the fire: a settlement with its shareholders for economic loss arising from misleading statements in connection with the safety of Reynobond PE (the *Howard* case), and a civil settlement with the affected community (the *Abdel-Kader* litigation).

Arconic paid out more to its shareholders than to survivors of the fire and bereaved families. It insured away its legal problems, while British taxpayers footed cladding remediation costs.

Despite the risk to life posed by its defective cladding, exposed in the Grenfell Tower fire, there is no evidence that Arconic has since sought to trace the majority of its Reynobond sales.

[1] "The Grenfell Tower Inquiry: Phase 1 Report", Gov.UK, October 2019, Ch 34, p. 783. Available here.

[2] "Apollo Reports Fourth Quarter and Full Year 2025 Results", *Apollo.com,* 9 February 2026. Available here.

Findings:

1. **In 2023, Arconic completed two settlements related to the fire:** a settlement with its shareholders for economic loss arising from misleading statements in connection with the safety of Reynobond PE, and a civil settlement with the affected community.[3] Arconic's largest payout for Grenfell was to its shareholders ($74 million) and not to the estates of victims or survivors of the fire ($43 million).[4]
2. **All but $2 million of Arconic's payments were covered by their insurers.** These included Ironshore, Starr, Allianz, SCOR, ANV, Starstone, Apollo, Hiscox, XLC, Great Lakes, Endurance, Arch, Catlin and ACE Bermuda.[5]
3. **UK taxpayers covered the cost of remediating more than 500 other tall residential buildings clad with dangerous ACM PE.**[6] An unknown number of these were also fitted with Reynobond PE, sold by Arconic.[7]
4. **The Reynobond PE used on Grenfell Tower made up less than one per cent of annual Reynobond sales at the time.** Arconic has not made public where the remaining 99 per cent of Reynobond is. The product had been sold globally for at least 20 years before Grenfell.[8] Arconic has previously confirmed sales of 12.75 million square metres in total.[9]
5. **Several key individuals remained in positions of responsibility at Arconic and have faced no transparent accountability process.**
6. **In 2023, Arconic was acquired by private equity giant Apollo Global Management in a deal valued at about $5.2 billion.**[10] The legal settlements took place while Arconic was in the process of acquisition.

These findings allow us to observe that Arconic successfully avoided consequential accountability for its role in the fire, through a series of ordinary

[3] Howard v. Arconic Inc., No. 2:17-cv-01057-MRH, ECF No. 253 (W.D. Pa. Aug. 9, 2023; *Abdel-Kader v Royal Borough of Kensington and Chelsea* [2022] EWHC 2006 (QB), see also "Grenfell Tower fire: Civil settlement claim worth £150m", *BBC,* 02/05/2023. Available here.

[4] Arconic Corp., Quarterly Report (Form 10-Q), 4 May 2023. p. 23-25. Available here.

[5] Ibid; see also Letter from Sean Grimsley, Bartlit Beck LLP, to Jeffrey Goodman, Saltz Mongeluzzi & Bendesky P.C. (Aug. 6, 2020), Ex. A-28, Behrens v. Arconic, Inc., 487 F. Supp. 3d 283 (E.D. Pa. 2020) (No. 19-2664), ECF No. 229-4.

[6] "The Remediation of Dangerous Cladding", Gov.UK. Available here. Contact Common Wealth for more information on our Freedom of Information requests on this matter.

[7] AD Editorial Team, "Indications Suggest That Hundreds of Residential Towers in England Are Clad in Potentially Combustible 'Reynobond PE'", *Arch Daily,* 22 June 2017. Available here.

[8] Based on a fire test carried out in 1997.

[9] Peter Apps. "Grenfell 7 years on: Experts fear more buildings have ACM cladding", *The Developer,* 13/06/2024. Available here.

[10] Pratyush Thakur, "Apollo to take aerospace supplier Arconic private in $5.2 billion deal", *Reuters,* 4 May 2023. Available here.

business practices. We argue that without adequate standards and laws, corporate misconduct embeds itself as common sense, leaving those suffering its consequences with ever-diminishing rights and remedies.

Recommendations:

1. Courts should have discretion to direct a portion of shareholder settlement recoveries to victim funds where the underlying conduct involved identifiable third-party harm.
2. Punitive damages should be available in England and Wales in cases where corporate illegality is implicated in a death or deaths and should cover reckless and negligent conduct as well as gross negligence and gross breaches.
3. It should be mandatory for corporate liability insurers to conduct human rights and environmental due diligence.
4. Accountability mechanisms must be introduced to ensure that insurers do not cause, contribute, or are linked to entities involved in human rights violations.
5. Arconic should make public information regarding the remaining 99 per cent of Reynobond sales for 2014-2015, and sales of Reynobond for preceding years.
6. Increase the five-year ceiling on debarment from public contracts under the 2023 Procurement Act.
7. Permanent debarment of Arconic from public contracts, to be reconsidered at publication of sales.
8. A comprehensive review of criminal sanctions that apply to corporate malpractice in England and Wales.

Many of these recommendations echo Corporate Justice Coalition's ("CJC") proposal for a Business, Human Rights and Environment Act, which would create a general duty for businesses to identify, prevent and address human rights and environmental harm.[11] Such mechanisms already exist in other areas of law, most notably the "failure to prevent" model used in the 2010 Bribery Act.[12] CJC's proposed Act expands use of this model against other forms of corporate malpractice. More detail on the Act can be found in Chapter 2 of this report. It is currently in its second reading in the House of Lords.

[11] Commercial Organisations and Public Authorities Duty (Human Rights and Environment) HL Bill (2026–27) [31]. Available here.

[12] Bribery Act 2010, s 7.

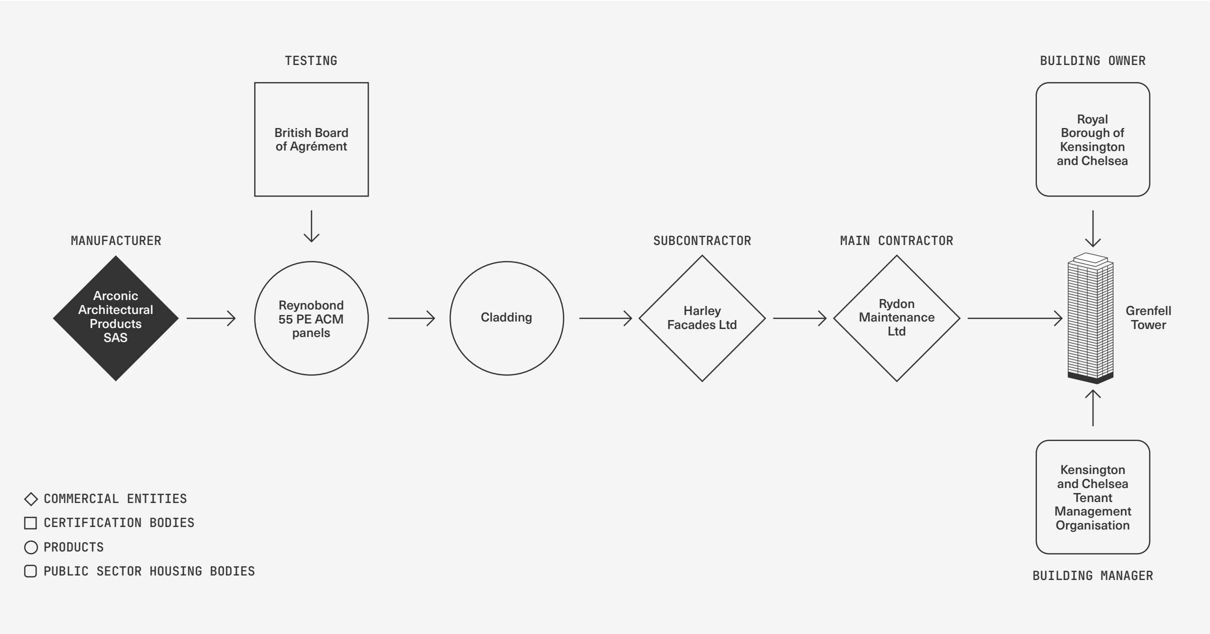
Background and Key Issues

The Grenfell Tower fire happened on 14 June 2017 in a 24-storey residential building in North Kensington, West London. The fire started shortly before 1:00 AM and burned for around 60 hours, resulting in 72 deaths, more than 70 injuries, and 223 survivors. The scale of the tragedy led to extensive investigations into the building's management, fire safety systems, building regulations, the use of combustible cladding, emergency response and government oversight.

The Grenfell Tower Inquiry (known as "the Grenfell Inquiry", and here, "the Inquiry"), launched in September 2017, found that the building's combustible exterior cladding was a key reason for the fire and criticised delays in evacuation advice. Its final report, published in February 2025, made 58 recommendations, all of which the UK Government accepted.

In the Inquiry, Arconic's product was found to be the "primary cause" of the rapid spread of the fire.[13] The Inquiry also found that Arconic "deliberately concealed from the market the true extent of the danger" of using Reynobond PE, "particularly on high-rise buildings".[14]

Figure 1: The Procurement Process of Reynobond PE



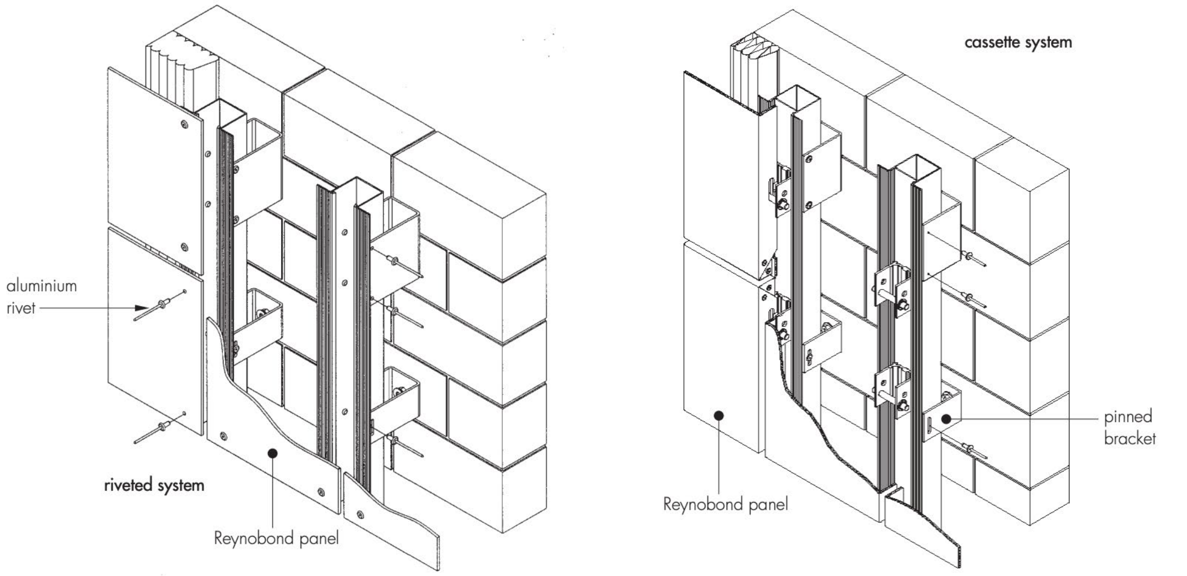
Source: The Grenfell Inquiry.

[13] "The Grenfell Tower Inquiry: Phase 1 Report", Gov.UK, October 2019, Ch 34, p. 783. Available here.
[14] "The Grenfell Tower Inquiry: Phase 2 Report", Gov.UK, September 2024, Ch 2, p. 12. Available here.

Reynobond PE: a brief history of regulation and “compliance”

Reynobond PE is an aluminium composite material (ACM) comprising a highly combustible plastic called polyethylene (PE) held between two thin aluminium sheets. For cladding purposes, panels can be fitted to a wall in two ways: they can have holes drilled to be bolted to a frame that attaches to the wall (“riveted”), or they can be bent and hung from hidden rails (“cassettes”).

Figure 2: Reynobond PE in Cassette and Riveted Form



Source: British Board of Agrèment.

The Inquiry found the following:

From early 2005, Arconic had been in possession of test data showing that, in its cassette form, the product reacted to fire in a very dangerous way and could not be classified in accordance with European standards. Nonetheless, Arconic persisted in telling the market that the panels had been classed B-s2, d0 — which was permissible for use on tall buildings in certain territories, including the UK — without drawing any distinction between the cassette and riveted forms.

By late 2007, Arconic had become aware that there was serious concern in the construction industry about the safety of ACM panels and had itself recognised the danger they posed. By the summer of 2011, Arconic was well aware that Reynobond PE in cassette form performed much worse in a fire and was considerably more dangerous than in riveted form.

Despite the knowledge gained from cladding fires in Dubai in 2012 and 2013, Arconic did not consider withdrawing Reynobond PE in favour of the fire-resistant version then available. Instead, it allowed customers in the UK to continue buying the unmodified product.

Following further testing in 2013, Arconic decided that Reynobond PE would be certified as Class E (where F implies highest flammability) whether used in riveted or cassette form.[15] However, it did not pass that information to its customers in the UK or to the certification body — the British Board of Agrément ("BBA"). According to the Grenfell Inquiry: "[T]hat was not an oversight. It reflected a deliberate strategy to continue selling Reynobond PE in the UK based on a statement about its fire performance that it knew to be false."

In December 2014, the French testing house Centre Scientifique et Technique du Bâtiment ("CSTB") classified the panels in riveted form as Class C and the panels in cassette form as Class E. However, Arconic failed to inform the BBA of those revised classifications.

Arconic obtained a certificate from the BBA that drew no distinction between the different forms of fixing. It concealed important information from the BBA, in particular the test data relating to the product in cassette form that showed that it performed much worse than in riveted form. It caused the BBA to make statements in the certificate that Arconic knew to be false and misleading.[16]

Arconic has consistently denied wrongdoing.[17]

In fact, business-as-usual has continued for Arconic: almost 98 per cent of its legal settlements were paid out by insurance, while its 2023 acquisition by private equity giant, Apollo Global Management, guaranteed its financial stability. Shareholders were compensated via well-oiled legal routes to redress, while the affected community faced numerous setbacks and difficulties, navigating ineffective accountability mechanisms at substantial economic and personal cost.

Several of Arconic's key employees have not faced transparent accountability processes. A former head of technical sales support went on to serve in a more

[15] The Euroclass scale ranges from A1 (completely non-combustible) to F (highly flammable). A Class E rating implies high flammability and an intense risk of contributing to a rapidly spreading fire.

[16] The section commencing "From early 2025" and ending "false and misleading" has been directly quoted, and where suitable paraphrased, from the following reference in the Grenfell Inquiry. "The Grenfell Inquiry: Phase 2 Report", Ch 2 p. 12. Available here.

[17] "Arconic Architectural Products SAS (AAP) Statement on Grenfell Tower 9th Anniversary", *Arconic.com.* Available here.

senior role at a similar organisation.[18] Another employee, who declined a meeting with a colleague to discuss Reynobond PE in 2012 as he was “overloaded with work”, was remunerated €400,000 in 2023, including an “exceptional bonus” of €18,963.[19] He, along with two other individuals, refused to testify in the Inquiry, citing an obscure French law.[20]

Through research and analysis of Arconic’s court filings, case documents, annual reports and accounts, and Freedom of Information requests to various government bodies, we found that:

1. In 2023, Arconic completed two settlements related to the fire: a settlement with its shareholders for economic loss arising from misleading statements in connection with the safety of Reynobond PE, and a civil settlement with the affected community.[21] Arconic’s largest payout for Grenfell was to its shareholders ($74 million) and not to the estates of victims or survivors of the fire ($43 million).[22]
2. All but $2 million of Arconic’s payments were covered by their insurers. These included Ironshore, Starr, Allianz, SCOR, ANV, Starstone, Apollo, Hiscox, XLC, Great Lakes, Endurance, Arch, Catlin and ACE Bermuda.[23]
3. UK taxpayers covered the cost of remediating more than 500 other tall residential buildings clad with dangerous ACM PE.[24] An unknown number of these were also fitted with Reynobond PE, sold by Arconic.[25]
4. The Reynobond PE used on Grenfell Tower made up less than one per cent of annual Reynobond sales at the time. Arconic has not made public where the remaining 99 per cent of Reynobond is. The product had been sold globally

[18] Frédéric Taddeï, "En redressement judiciaire, Rinaldi Structal en quête d'un repreneur," *Verre & protections.com*, 24 March 2023. Available here; Verif, "RINALDI STRUCTAL (37830497600038), COLMAR," *Altares–D&B.* Available here.

[19] Arconic Architectural Products SAS, *Annual accounts for year ending 2022,* Fifth Decision, filed with the Registre du commerce et des sociétés, Tribunal de commerce de Colmar (deposited 9 October 2024), p. 2. Available here; The Grenfell Tower Inquiry, Transcript of Oral Evidence (18 February 2021, Day 93) [p. 98]:[line 15] (Claude Schmidt). Available here.

[20] Ibid, Ch 16, p. 11. Available here.

[21] Howard v. Arconic Inc., No. 2:17-cv-01057-MRH, ECF No. 253 (W.D. Pa. Aug. 9, 2023; *Abdel-Kader v Royal Borough of Kensington and Chelsea* [2022] EWHC 2006 (QB), see also “Grenfell Tower fire: Civil settlement claim worth £150m”, *BBC,* 02/05/2023. Available here.

[22] Arconic Corp., Quarterly Report (Form 10-Q), 4 May 2023. p. 23-25. Available here.

[23] Ibid; see also Letter from Sean Grimsley, Bartlit Beck LLP, to Jeffrey Goodman, Saltz Mongeluzzi & Bendesky P.C. (Aug. 6, 2020), Ex. A-28, Behrens v. Arconic, Inc., 487 F. Supp. 3d 283 (E.D. Pa. 2020) (No. 19-2664), ECF No. 229-4.

[24] “The Remediation of Dangerous Cladding”, Gov.UK. Available here. Contact Common Wealth for more information on our Freedom of Information requests on this matter.

[25] AD Editorial Team, “Indications Suggest That Hundreds of Residential Towers in England Are Clad in Potentially Combustible "Reynobond PE"”, *Arch Daily,* 22 June 201. Available here.

for at least 20 years before Grenfell.[26] Arconic has previously confirmed sales of 12.75 million square metres in total.[27]

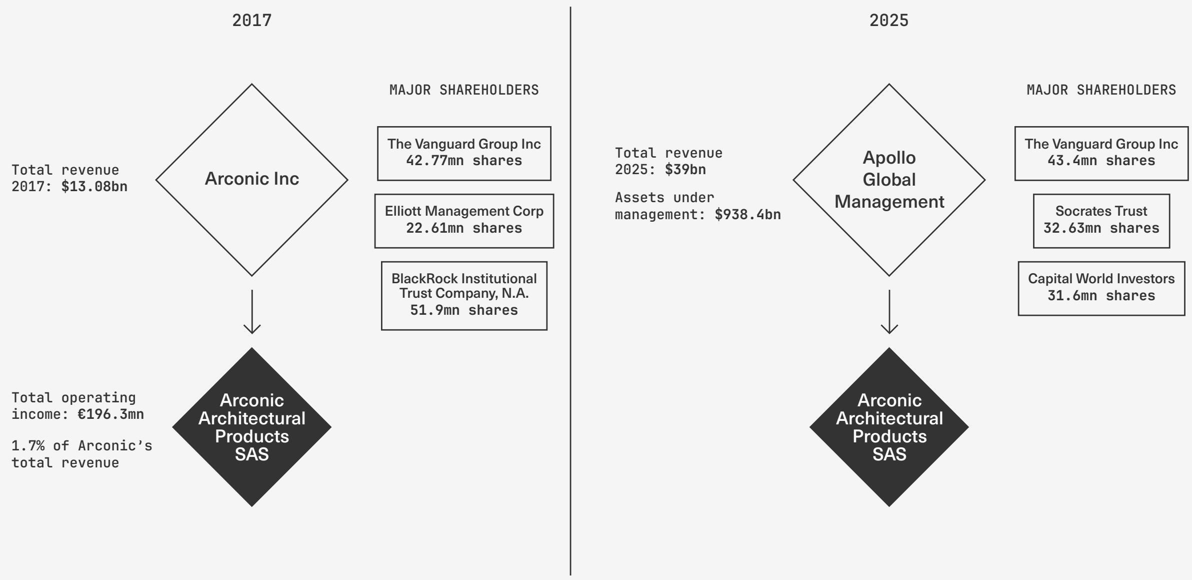
5. Several key individuals remained in positions of responsibility at Arconic and have faced no transparent accountability process.
6. In 2023, Arconic was acquired by private equity giant Apollo Global Management in a deal valued at about $5.2 billion.[28] The legal settlements took place while Arconic was in the process of acquisition, on which more below.

Findings 1 – 4 are treated in depth. Findings 5 and 6 are referenced where relevant. More detail on finding 5 can be found in Phase 2 of the Grenfell Inquiry.

Who is Arconic

Arconic Corporation ("Arconic") is an American industrial company specialising in lightweight metals manufacture and engineering. Arconic Architectural Products ("AAP") is a separate business within the Arconic structure — functioning as an integrated manufacturing and sales business for specific aluminium-based architectural products, including interior and exterior of buildings, as well as signage, etc. Its business revolves around its sole factory in Merxheim, France.

Figure 3: Arconic's Organisational Structure in 2017 and 2025



Source: LSEG, Arconic Inc Annual Report 2017, Pappers.fr, Apollo Global Management Inc Annual Report 2025.

[26] Based on a fire test carried out in 1997.
[27] Peter Apps. "Grenfell 7 years on: Experts fear more buildings have ACM cladding", *The Developer*, 13/06/2024. Available here.
[28] Pratyush Thakur, "Apollo to take aerospace supplier Arconic private in $5.2 billion deal", *Reuters*, 4 May 2023. Available here.

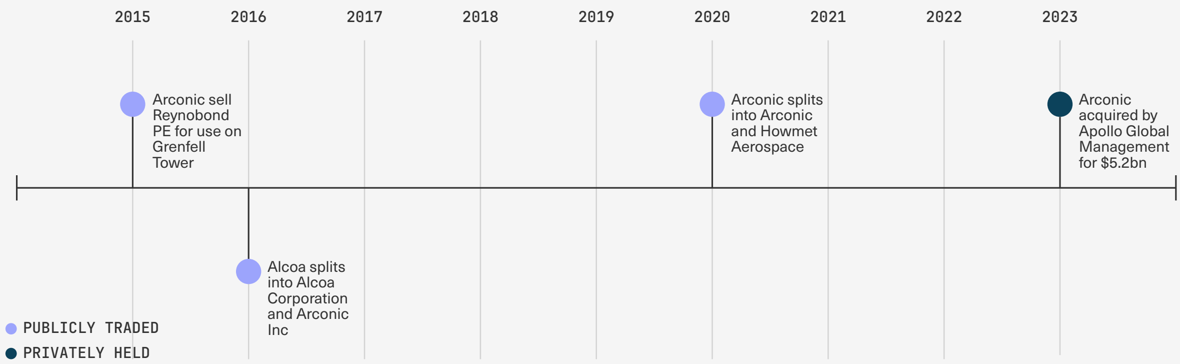
On 18 August 2023, Arconic was acquired by private equity firm Apollo Global Management.[29] Prior to this, there had been three restructures within the Arconic group since 2015, but AAP's position within the wider company has not changed. Liability was disaggregated and limited to AAP in each case, protecting other parts of the business, for instance aerospace, from potential loss-generating legal action. We found no evidence to suggest that any of the restructures were directly linked to attempts at shifting liability away from AAP.

Both settlements — the victims' civil settlement, and the shareholder action — occurred during Apollo's acquisition of Arconic. It is possible that this suggests a deliberate effort to quantify and financially provision these liabilities (to "draw a line under the matter", so to speak) prior to the transaction, so that Apollo would not take on costs incurred through Grenfell-related liability. The acquisition implies all parties were sure that liability for the fire could be effectively managed and ringfenced, and that Arconic would remain a profitable investment.

Who is Apollo Global Management

Apollo Global Management is one of the largest asset management firms in the world. As of 2025, the company had $840 billion of assets, including $392 billion invested in credit, $99 billion invested in private equity, and $46.2 billion invested in real assets. In February 2026, two teachers' unions that had invested in Apollo called for federal regulators to investigate Apollo's "apparent lack of candour" over its relationship with Jeffrey Epstein.[30]

Figure 4: Timeline of Arconic's Financial Restructures Since 2015



Source: Developed from research by FIND.ngo.

[29] "Arconic Completes Transaction with Apollo Funds", *Arconic.com,* 18 August 2023. Available here. This followed a previous unsuccessful acquisition attempt by Apollo in 2019, where a $15 billion buyout fell apart reportedly due to a last-minute dispute over pension obligations and a disagreement over the company's dividend policy — see "The inside story on how Apollo's buyout of Arconic collapsed", *The Financial Times,* 23/01/2019. Available here.

[30] Matt Egan, "How Wall Street's Apollo got tangled up again in the Epstein files", *CNN,* 21/02/2026. Available here.

Corporate Accountability in the Current Legal and Political Landscape

There are a variety of laws in place to address corporate misconduct. While effective enforcement of these laws remains an issue, the increasing number of frameworks across climate, due diligence and financial crime suggests a gradual turn against a culture of corporate impunity.

Key frameworks include:

1. **Corporate Manslaughter:** A criminal offence under the Corporate Manslaughter and Corporate Homicide Act 2007, a corporate body is guilty of manslaughter if it causes a person's death due to a gross breach of a relevant duty of care owed by the organisation, where the activities managed or organised by its senior management are a substantial element in the breach, and may include consideration of the "attitudes, policies, and systems of accepted practices" of the organisation. There have been less than 37 convictions since the law came into force in 2008.
2. **Gross Negligence Manslaughter:** A criminal offence committed where a grossly negligent (but otherwise lawful) act or omission by an individual caused another person's death. This can include individual directors or senior managers within a corporate body. It is particularly difficult to apply in cases of corporate misconduct, as a duty of care between the defendant and the victim must be established before bringing a charge of GNM.
3. **Failure To Prevent Fraud offence ("FTPF"):** Created under the Bribery Act 2010, FTPF makes commercial organisations criminally liable where an employee, agent, subsidiary or other "associated person" commits bribery intending to benefit the organisation. The organisations have an explicit defence if they prove that they had adequate procedures in place. By criminalising omission rather than commission of events, FTPF reaches further into corporate conduct, and can therefore intervene at an earlier stage to shape, rather than check, behaviour. The success in shaping corporate culture has led to the adoption of the FTP model also in the Criminal Finances Act 2017 and the Economic Crime and Corporate Transparency Act

2023. However, the limited scope means that there is no general obligation to prevent negative human rights impacts or environmental destruction.

4. **Clause 250 of the Crime and Policing Act 2026:** This significantly expands corporate criminal liability in the UK. It makes organisations liable for any criminal offence committed by a senior manager acting within the scope of their authority. This requires a criminal offence to have been committed — so misconduct below this threshold (negligence, for instance) is not captured, and actions/omissions that cannot be linked to an individual, often the case in corporate structures, are also not captured.

5. **Director duties under the Companies Act 2006.** Directors have a primary duty to promote the success of the company, typically reduced to creating shareholder profit. While directors should consider how their decisions impact employees, the community, and the environment, and to maintain a high standard of business conduct, it has not been possible to date to enforce this. Courts give wide discretion to directors in balancing these subordinate considerations in light of the primary duty for the success of the company and must dismiss cases where it would not be in the best interest for the success of the company to have it continue.

ClientEarth v Shell and Lord Carnwath's commentary**:** In 2023, ClientEarth lodged a derivative action against Shell's directors for not complying with their duties under the Companies Act 2006.[31] This was in relation to Shell's failure to adopt policies capable of achieving its target of becoming a net zero business by 2050. While the case failed in the High Court, former Justice of the Supreme Court, Lord Carnwath, commenting on the case, argued for a distinction between "universally accepted" and "credible" methodology — just because there is no universally accepted methodology for achieving ETS reduction, it does not mean that companies should not be able to be penalised for not adopting a credible methodology. He also suggested a declaratory remedy might have been helpful, if a mandatory injunction went too far.[32]

[31] *ClientEarth v Shell Plc* [2023] EWHC 1897 (Ch).

[32] Robert Carnwath, "*ClientEarth v Shell*: What Future for Derivative Claims?", *Grantham Research Institute on Climate Change and the Environment*, 16 February 2024. Available here.

A law for corporate accountability

The absence of a general duty of care for companies across their activities means that whenever there are gaps in regulation, it is difficult to hold companies to account. As a result, justice for victims suffering the consequences of corporate misconduct is frequently delayed and denied.[33]

Recognising this issue, the UN created the UN Guiding Principles on Business and Human Rights. It sets out a clear responsibility for businesses to respect human rights in their own activities and operations, their products or services, and across their value chain. To do so, they should conduct "human rights and environmental due diligence", a process to identify, prevent, mitigate and account for human rights impacts.

Due diligence laws implementing these international standards have been introduced in France, Germany, Norway and the EU. Notably, the UK lags behind.

The Corporate Justice Coalition has created a legal proposal for a Business, Human Rights and Environment Act, which would create an enforceable duty for companies and the public sector to prevent human rights and environmental harm across their operations, products or services and value chains. Modelled after the highly successful failure to prevent model used in the Bribery Act 2010, it would put the burden on businesses to show that they took all reasonable steps to prevent severe harm to people, including by conducting human rights and environmental due diligence. By making enforcement easier, it creates better access to justice and serves a stronger deterrence function to prevent corporate misconduct in the first place.

The Bill has been introduced as a Private Members Bill by Baroness Lola Young in the House of Lords under the name "Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill".[34]

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[33] See "The Rana Plaza Disaster ten years on: What has changed?" International Labour Organisation, April 2023. Available here; Judah Passow and Tim Edwards, "The long, dark shadow of Bhopal: still waiting for justice, four decades on", *The Guardian,* 14 June 2023. Available here; Simi Jolaoso, "Shell pumped oil through Nigeria pipeline for years despite pollution evidence, documents show", *BBC,* 3 June 2026. Available here. There will also be numerous unreported examples of this conduct.

[34] Commercial Organisations and Public Authorities Duty (Human Rights and Environment) HL Bill (2026–27) [31]. Available here.

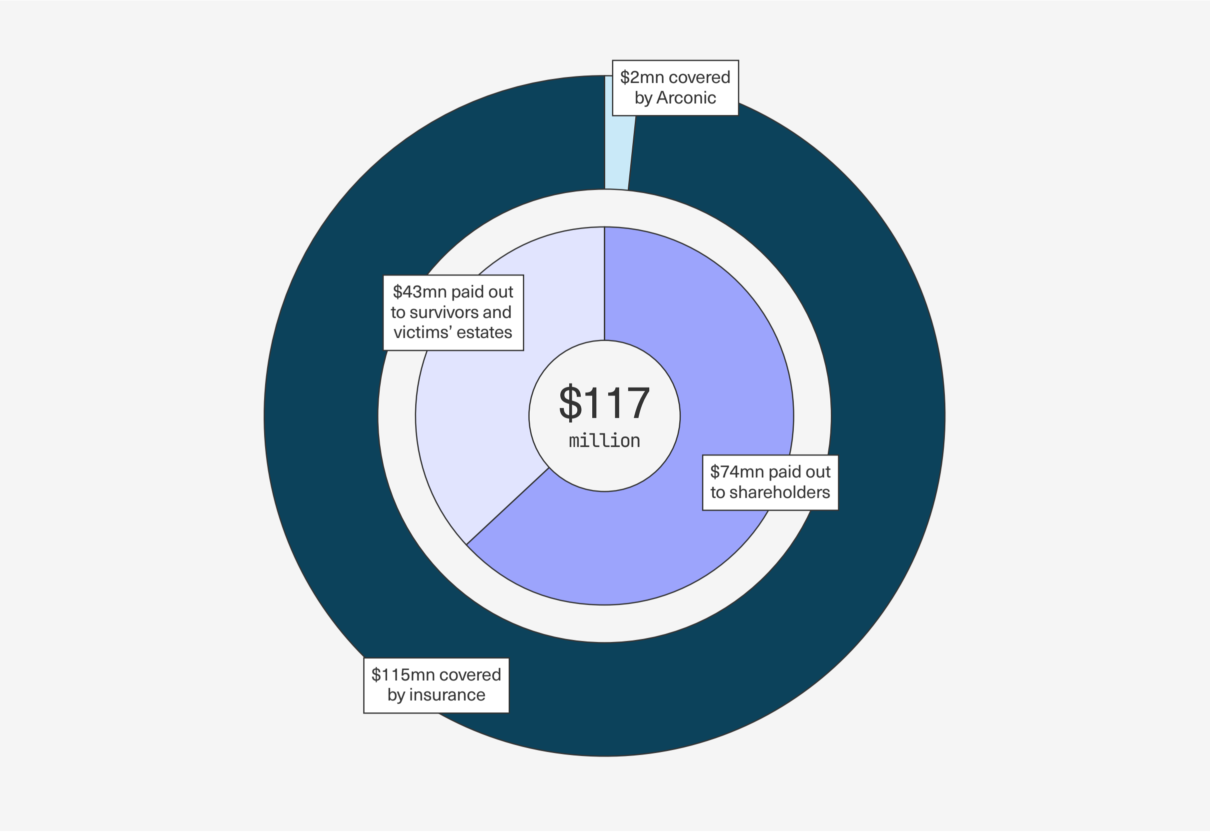
$74 million / $43 million

Arconic paid more to its shareholders for economic loss arising from Grenfell than to the affected community.

In 2023, Arconic reached a settlement in two major legal disputes related to the Grenfell Tower fire.

1. A $74 million payout to its shareholders — following financial losses they incurred due to the company's misleading statements about the safety of Reynobond PE (*Howard v Arconic*, USA).
2. A $43 million contribution to a £150 million agreement between survivors and estates of Grenfell victims, and 22 defendants (the *Abdel-Kader* litigation, UK).

Figure 5: Arconic Paid More in Compensation to Shareholders than to the Affected Community; 98 Per Cent of Total Payouts Were Covered by Their Insurers



Source: Arconic Quarterly Report, 2023.

The Howard case

Initially trading at $25.54 per share on the evening of Friday 23 June, Arconic's common stock value declined sharply after reports emerged of Arconic's knowledge and role in supplying the panels. They traded as low as $22.65 when trading resumed on Monday 26 June — an 11 per cent decline.[35]

On 11 August 2017, Arconic's shareholders sued in a federal securities class action under the Securities Exchange Act 1934.[36] They claimed that Arconic's sale of Reynobond PE panels misled the Class to purchase Arconic common and preferred stock at artificially inflated prices and exposed the Company to the risk of massive civil, regulatory and criminal liability.[37] The case was initially dismissed, citing the need for more concrete evidence demonstrating that Arconic and its executives had sufficient knowledge to conclude that the insulation panels posed a significant safety risk.[38]

In response, a second complaint cited at least ten additional buildings that had been constructed or refurbished using Reynobond PE panels:

"Despite the US's near universal ban of combustible Reynobond for buildings taller than twelve meters, plaintiffs found that Arconic had sold these panels for use in the construction of several projects measuring twelve meters or higher throughout the country, including: a terminal at the Dallas/Fort Worth airport (around 26 meters); Ohio's Cleveland Browns stadium (52 meters); and a clinic at the University of Texas Southwestern Medical Center (20 meters). The complaint also pointed to at least eighteen other instances in which deadly fires had spread through exterior wall assemblies, most of which involved high-rise buildings."[39]

Importantly, plaintiffs also referred to Inquiry findings that safety ratings of the cladding had been downgraded, and to anonymous Arconic employee testimonies that suggested two senior members of AAP were aware of the material's poor performance in safety tests.[40]

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[35] Class Action Complaint ¶¶ 9, 11, *Howard v. Arconic Inc.,* No. 2:17-cv-01057 (W.D. Pa. Aug. 11, 2017), ECF No. 1.

[36] *id.* ¶ 12.

[37] *id.* ¶ 5, 6.

[38] Opinion. p. 1, *Howard v. Arconic Inc.*, No. 2:17-cv-01057-MRH (W.D. Pa. Jun. 21, 2019).

[39] "Pomerantz Achieves $74 Million Settlement for Arconic Investors", *Pomerantz LLP,* May/Jun 2023. Available here.

[40] Rob Davies, "US judge allows lawsuit against Grenfell Tower cladding firm", *The Guardian,* 18/07/2021. Available here.

The lawsuit was allowed to proceed on this evidence, but a substantial settlement was ultimately agreed, totalling $74 million — 22 per cent of shareholder losses. This was entirely covered by Arconic's insurers.

The Abdel-Kader litigation

In contrast, the survivors and families of the victims of the fire faced several obstacles in their own legal proceedings.

In 2019, nearly 250 plaintiffs comprising members of the affected community filed a group tort claim against Arconic in the United States District Court for the Eastern District of Pennsylvania, seeking substantial product liability damages, including punitive damages *(Behrens v Arconic)*. By bringing the case in the US, Plaintiffs hoped to make use of triple damages (a US framework by which corporate bodies are forced to pay substantial fines for reckless or malicious conduct). Triple damages are not available for this form of conduct in the UK.

However, Arconic's arguments that the case should be heard in a British jurisdiction were successful, and the case was dismissed.

Noting that punitive damages would not be available as a remedy if this case was heard in an English court, the District Judge attached a novel condition ("Condition 2H") — if the English court concluded that Pennsylvania law applies to damages and if they found that the Defendant may be liable for punitive damages, that court may send the case back to the US for damages-only proceedings.[41]

On appeal, condition 2H was struck down by the Circuit Judge. However, he did not rule out the use of punitive damages entirely — "if that court, applying US state law, decides that punitive damages may be available, there is no reason to think it could not determine an appropriate award itself".[42]

In 2020, the plaintiffs filed a group civil claim in the High Court of England and Wales seeking damages for the Grenfell Tower fire against multiple defendant organisations, including Arconic (*Abdel-Kader litigation*). In April 2023, 22 defendant organisations agreed to a total £150 million settlement. Not only was Arconic's eventual contribution approximately 0.5 per cent of their expected revenue for that year, all but $2 million of this was paid out by their insurers.[43]

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[41] *Behrens v. Arconic, Inc.*, No. 19-2664, slip op. at 45 (E.D. Pa. Sept. 16, 2020) (Baylson, J.) see also Neil Dowers and Michael Davie, "Grenfell and the Stretch to Pennsylvania for Punitive Damages", *4 Pump Court,* 23 November 2020. Available here.

[42] *Behrens v. Arconic, Inc.*, No. 20-3606, slip op. at 14 (3d Cir. July 8, 2022).

[43] "Arconic Reports Fourth Quarter 2022 and Full Year 2022 Results", *Arconic.com,* 21 February 2023. Available here.

$43 million to the victims; $74 million to shareholders

The discrepancy in settlements is stark. Shareholders could claim generous compensation through arguments founded on economic loss arising from human rights violations, whereas some 900 unnamed victims and survivors of those same violations did not have an adequate right to recourse. Laws governing finance provide sharp, swift, and precise remedies, ensuring the sustainability of profit-generating enterprises that are necessary for a thriving financial sector. In contrast, laws governing civil harm are often unwieldy and complex — leading to costs, delays and a lack of momentum.

While the affected community are still waiting for prosecutions, Arconic and their shareholders have moved on from Grenfell. Arconic has faced no debarment, no accountability and barely a dent in their annual turnover. Nine years since the fire, corporate accountability laws are clearly not fit for purpose.

Recommendations:

In light of these findings, Common Wealth proposes the following:

1. Courts should have discretion to direct a portion of shareholder settlement recoveries to victim funds where the underlying conduct involved identifiable third-party harm.
2. Punitive damages should be available in England and Wales in cases where corporate illegality is implicated in a death or deaths and should cover reckless and negligent conduct as well as gross negligence and gross breaches.

Shareholder settlements and third-party harm

There are currently no provisions by which English courts can direct funds to a charitable cause, unless they are subject to a will, trust, or other beneficial framework. Evolving consumer rights law in the EU builds on the doctrine of cy-pres in class action lawsuits in the US — whereby unclaimed settlement funds can be distributed to advocacy groups or legal aid organisations that serve a similar purpose to the original lawsuit.[44]

The European Consumer Organisation ("BEUC") has been exploring effective legal remedy for "mass harm situations". One proposal involves the application of cy-

[44] "The Doctrine of Cy Pres and Dissolution Clauses", *NGOsource,* 11/05/2020. Available here.

pres to a large group of anonymous consumers. In these contexts, BEUC suggests "investing the amount that cannot be individually distributed, in a good cause which contributes to the improvement of the relevant situation."[45]

A similar amendment could intervene in actions brought under the Financial Services and Markets Act 2000 ("FSMA") or the Companies Act 2006, where those actions overlap with due diligence obligations owed to upstream and downstream supply chain stakeholders. This would similarly equip courts with the discretion to direct a proportion of shareholder dispute settlements to relevant third parties, where it can identify relevant third-party harm.

In the context of Grenfell, this would mean that courts could direct a proportion of the shareholder settlement to Bereaved, Survivors and Residents groups — for example, Grenfell United.

The case for punitive damages

Punitive damages are a private law remedy intended to "punish and deter" egregious misconduct. Widely established in the US, they offer a well-trodden route for accountability in the context of gross violations by corporate actors.

In contrast, the English law equivalent to punitive damages (sometimes referred to as exemplary damages) is confined to three situations:[46]

a. Where there had been oppressive, arbitrary or unconstitutional conduct by government servants,
b. Where the defendant calculated that they may be able to profit from their wrongdoing after paying compensation, or
c. Where statute authorises an award of punitive damages.

Situation "B" ostensibly covers corporate defendants. However, according to academics James Goudkamp and Eleni Katsampouka, this category "only captures cases involving a cynical calculation of mercenary advantage".[47] In contrast, "if a defendant has acted in an outrageous fashion due to either the defendant's evil motive or his reckless indifference to the rights of others", Pennsylvania law offers punitive damages as an available remedy.[48]

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[45] Peter Rott and Axel Halfmeier, "Reform of the Injunctions Directive and Compensation for Consumers", *Bureau Européen Des Unions De Consommateurs ("BEUC")*, 22/03/2018, p. 25. Available here.

[46] Since Lord Devlin's speech in *Rookes v Barnard* [1964] AC 1129 (HL).

[47] James Goudkamp and Eleni Katsampouka, "Punitive Damages and the Place of Punishment in Private Law", *The Modern Law Review,* 6 August 2021, Vol 84, Issue 6, p. 1261.

[48] *Behrens v. Arconic, Inc.*, 487 F. Supp. 3d 283, [61] (E.D. Pa. 2020) citing *Phillips v. Cricket Lighters*, 883 A.2d 439, 445 (Pa. 2005) and *Hutchison v. Luddy*, 870 A.2d 766, 770 (Pa. 2005).

A standard of "reckless indifference" more accurately maps the nature of contemporary corporate misconduct, where diffuse decision-making structures and complex chains of command make intention difficult to prove, especially to the high threshold required by the law.

Importantly, by way of legal precedent, recklessness forms part of the test by which shareholders may bring actions for misleading statements in the UK (under the FSMA, s90, s90A, Sch 10A). For a s90A claim to succeed, the investor must demonstrate that a person discharging managerial responsibilities at the company knew — or was reckless about — whether the statement was untrue, or that the omission amounted to dishonest concealment. If recklessness is sufficient for shareholders to recover profits, it should be sufficient for victims of human rights violations to recover adequate damages.

In 2024, the Digital Markets, Competition and Consumers (DMCC) Act extended the power of the Competition Appeal Tribunal to award exemplary damages for breaches of antitrust law. It is clear that, alongside regulatory fines, more-than-compensatory damages are viewed as an effective deterrent in the context of anti-competitive conduct. This should be extended to other forms of corporate malpractice.

Insuring Away the Costs

All but $2 million of Arconic's payments were covered by their insurers.

In 2023, after both settlements were finalised, Arconic reported that "the Company paid $43 [million] for legal settlements applied against the reserve and received insurance proceeds of $41 [million]".[49]

The same report shows that the *Howard* case was entirely covered by insurance proceeds ($74 million).[50]

In total, Arconic themselves only paid $2 million in Grenfell-related legal costs. Their insurers paid out $115 million.

After *Behrens* plaintiffs claimed that "Arconic's insurance carrier(s) have denied coverage or reserved their rights to do so for liability incurred as a result of the Grenfell Tower tragedy"[51], Arconic produced a document of insurance policies under which they had "sought coverage related to Grenfell Tower".[52]

Insurance for legal costs like Arconic's is commonplace, yet it is arguable that it undercuts both the punitive and deterrence function of legal action against Arconic. By mitigating the consequences of this kind of corporate misconduct, insurers facilitate and encourage it. Corporate liability insurance might be necessary for a healthy financial system, but more scrutiny is required to ensure adequate and fair regulation.

Currently, there are no obligatory requirements with which insurers must comply when choosing to underwrite corporate conduct. While insurers often claim to carry out due diligence, this is non-binding and voluntary. For instance, Allianz claims to respect human rights in accordance with the International Bill of Human Rights and the core International Labor Organisation Conventions.[53] Similarly, The

[49] Arconic Corp., Quarterly Report (Form 10-Q), 4 May 2023. p. 23-24. Available here.

[50] Ibid.

[51] Plaintiff's Brief at 153, *Behrens v. Arconic, Inc.*, No. 2:19-cv-02664 (E.D. Pa. July 1, 2020), ECF No. 210.

[52] Letter from Sean Grimsley, Bartlit Beck LLP, to Jeffrey Goodman, Saltz Mongeluzzi & Bendesky P.C. (Aug. 6, 2020), Ex. A-28, Behrens v. Arconic, Inc., 487 F. Supp. 3d 283 (E.D. Pa. 2020) (No. 19-2664), ECF No. 229-4.

[53] "Respecting Human Rights", *Allianz.* Available here.

World Benchmarking Alliance ranks companies by their commitment “towards a sustainable future”.[54]

These frameworks suggest, rather than enforce, internationally agreed norms. There are no clear definitions, no agreed threshold for breach and no material sanction. As such, this kind of due diligence is arguably ineffective.

If insurers were obligated to follow specific laws around due diligence, companies like Arconic might struggle to pay the costs for their actions. This would force companies to act more carefully, providing more meaningful deterrence.

A lack of clear guidance also leads to ambiguities: which legal framework defines the point at which insurers consider an event or pattern to be a human rights violation? At what point is there a duty *not* to insure this violation? Is this triggered after a legal finding of fact — if so, which court has the authority on this? If a violation is found, are insurance companies themselves liable for facilitating such misconduct?

Recommendations:

1. It should be mandatory for corporate liability insurers to conduct human rights and environmental due diligence.
2. Accountability mechanisms must be introduced to ensure that insurers do not cause, contribute, or are linked to entities involved in human rights violations.

A framework for these recommendations exists with the proposed Business, Human Rights and Environment Act. The Bill suggests the creation of an independent enforcement body to investigate, take action and provide guidance on due diligence matters. It further suggests penalties for companies and directors who are found to be in breach of their obligations. If insurers as well as the companies they insure were required to follow such protocols, it would restructure the corporate landscape more tightly in line with agreed standards. This would bring us closer to implementing those values endorsed in non-binding and voluntary statements.

[54] “Catalysing change across the 2,000 most powerful global companies”, *World Benchmarking Alliance.* Available here.

Who Pays?

UK taxpayers covered £600 million in cladding remediation costs.

Freedom of Information requests submitted by Common Wealth revealed that approximately a third of London's boroughs are or were using government funds to remediate high-rise buildings. It is clear from public records that public funding has also been used to remove cladding from privately owned buildings. In total, the Ministry of Housing, Communities and Local Government has committed £5.1 billion to cladding removal.[55]

While remediation is urgent, it is not the responsibility of taxpayers to remove and replace combustible cladding procured on the basis of misrepresentation from private manufacturers. An updated punitive damages regime, with provisions directed at corporate misconduct in the public interest, would be a step towards better allocation of responsibility.

In light of the evidence that multiple high-rise buildings across the country, but especially concentrated in London, contained unsafe ACM cladding, the May government undertook a systemic programme for the removal and replacement of combustible ACM.

In total, £600 million of public money comprised the ACM Cladding Remediation Fund:

- In May 2018, the government pledged £400 million to remove and replace ACM cladding systems on high-rise tower blocks in England that are owned by housing associations and local authorities (the Social Sector ACM Cladding Remediation Fund).
- In May 2019, the government announced an additional £200 million to remove and replace ACM cladding systems on high-rise private sector residential buildings in England (the Private Sector ACM Cladding Remediation Fund).

Completion is forecast for 2029, with subsequent funds set up to cover the costs for remediation of non-ACM unsafe cladding, and a voluntary pledge that developers can sign, committing them to remediate buildings over 11 metres that they "have played a role in developing or refurbishing". In 2026, the Kings Speech introduced a

[55] "The Remediation of Dangerous Cladding", Gov.UK. Available here.

Remediation Bill that aims to accelerate the removal of unsafe cladding on residential buildings.[56]

Under proposed reforms, an order for punitive damages against Arconic could cover these expenses, at no public cost. If private companies want to engage in or assume the provision of public services, they must accept the duties and obligations that accompany such activities.

[56] "Remediation Acceleration Plan update, July 2025", Gov.UK, 11 June 2026. Available here.

Where Is the Remaining Reynobond?

The Reynobond PE used on Grenfell Tower made up less than one per cent of annual Reynobond sales at the time — Arconic has not made public where the remaining 99 per cent of Reynobond is.

The Reynobond PE supplied to the Grenfell Tower refurbishment in 2015 and 2016 was sold by AAP to refurbishment contractors for a total of around £160,000. AAP's total revenue from sales of Reynobond (including both PE and fire-resistant versions, which are not disaggregated in company accounts) was approximately £38.5 million in 2016, allowing us to infer that the Grenfell Tower purchase accounted for approximately 0.4 per cent of the company's annual Reynobond sales.[57]

We have not identified any evidence that Arconic had undertaken substantive work to track and ensure the safety of the rest of the Reynobond PE it has sold, according to its own statement, to "more than thirty other countries".[58] If flammable cladding has been used on other high-rise buildings worldwide, Arconic must urgently locate them through an open and transparent process.

Recommendations:

1. Arconic should make public information regarding the remaining 99 per cent of Reynobond sales for 2014-2015, and sales of Reynobond for preceding years.
   In order to ensure that any unsafe use of Reynobond can be traced and addressed, Arconic should make public the remainder of Reynobond sales contracts from the inception of any such sales through to the point at which the Reynobond PE product was discontinued.

[57] Available AAP SAS figures for 2015 do not provide a breakdown of revenue – as such, we have used 2016 figures, which do show Reynobond-specific revenue. Revenue for each product line appears to be fairly consistent around this time, such that the 2016 and 2015 figures are very likely to be similar. Nevertheless, these figures should be taken as indicative only.

[58] "Arconic Statement in response to the Grenfell Inquiry Phase 2 Report", *Arconic.com.* Available here.

2. Increase the five-year ceiling on debarment from public contracts under the 2023 Procurement Act.
   The 2023 Procurement Act established a centralised supplier Debarment List to protest public contracts from barred suppliers. Listed suppliers are barred for up to five years from the time of relevant activity, which would likely exclude Grenfell-related suppliers. The limit should be amended so that suppliers of materials to Grenfell Tower, that were deemed relevant to the spread of the fire, are excluded from public contracts until criminal proceedings are complete.

3. Permanent debarment of Arconic from public contracts, to be reconsidered at publication of sales.
   Arconic itself should face permanent debarment from public contracts unless and until it chooses to publish Reynobond sales contracts for the time frame mentioned above.

4. A comprehensive review of criminal sanctions applicable to corporate malpractice in England and Wales.
   Corporate accountability in England and Wales lacks much needed literacy. While the crime of corporate manslaughter has existed since 2008, it has not been effectively enforced.59 Civil remedies have become the main right of recourse, yet the process is lengthy, complex, expensive, and lacks the bite of a sanction. A functioning legal system needs both criminal and civil rights of recourse. Common Wealth calls for a comprehensive review of criminal law's failure to hold corporations domiciled in England and Wales accountable for egregious misconduct.

[59] Steve Tombs, "Still getting away with murder: the failures of Corporate Manslaughter law in the UK", *Justice, Power and Resistance,* 18 May 2026, pp. 1 – 25. Early access.

Next Steps

Nine years on from the Grenfell Tower fire, it is shareholders, insurers and company accounts that have benefited the most. Arconic has not yet been subject to any meaningful form of accountability — and is unlikely to be until adequate frameworks are in place to require and facilitate this. There is an urgent need to update laws around corporate accountability and, more broadly, corporate governance, such that rights to redress conform with the values of a functioning democracy.

Moving between commercial law and public law regimes, our recommendations target the various ways in which corporate structures benefitted from the fire. They outline interventions that could be used to hold Arconic accountable, to deter future corporate misconduct and to reflect the democratic consensus for a fair, transparent, and publicly accountable rule of law.

Recommendations:

1. Courts should have discretion to direct a portion of shareholder settlement recoveries to victim funds where the underlying conduct involved identifiable third-party harm.
2. Punitive damages should be available in England and Wales in cases where corporate illegality is implicated in a death or deaths and should cover reckless and negligent conduct as well as gross negligence and gross breaches.
3. It should be mandatory for corporate liability insurers to conduct human rights and environmental due diligence.
4. Accountability mechanisms must be introduced to ensure that insurers do not cause, contribute, or are linked to entities involved in human rights violations.
5. Arconic should make public information regarding the remaining 99 per cent of Reynobond sales for 2014-2015, and sales of Reynobond for preceding years.
6. Increase the five-year ceiling on debarment from public contracts under the 2023 Procurement Act.
7. Permanent debarment of Arconic from public contracts, to be reconsidered at publication of sales.
8. A comprehensive review of criminal sanctions that apply to corporate malpractice in England and Wales.

Unpunished and Undeterred: Corporate Accountability After Grenfell

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Common Wealth is reimagining ownership for a sustainable and democratic future.

Working at all levels, from community and grassroots groups to national and international policymakers, we combine rigorous analysis and research with bold ideas for an economy that works for everyone.

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