

Putting Business Back in the Driving Seat



Countering the rise of EDI in the workplace

Zachary Marsh, Iain Mansfield, Lara Brown and Ben
Ramanauskas

Foreword by Andrew Griffith MP



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Endorsement

'This detailed new report by Policy Exchange demonstrates how a wide array of pressures - from government regulation, to activist groups, to staff networks - have been hijacked to undermine business autonomy and impose burdensome EDI obligations across whole sectors. It sets out with precision the legislative reforms that will be needed to curb the worst excesses of this burden and free up businesses to deliver growth.'

Baroness Cash, former Chair Mind Gym plc, former Commissioner at the Equality and Human Rights Commission and barrister.

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Foreword

By Andrew Griffith MP, Shadow Secretary of State for Business and Trade

There is cross-party consensus that growth is foundational for the future of our country -although not all properly appreciate this can only come from business, entrepreneurs and the private sector.

Yet too many businesses – from the largest multinationals to those starting out on our highstreets and industrial estates – face an unacceptable regulatory burden that is antithetical to Britain’s growth and prosperity.

This timely report makes the cogent case that too much of this burden stems from Equality, Diversity and Inclusion (EDI) regulations and initiatives. It falls hardest on those small businesses with the narrowest shoulders, who are nonetheless the lifeblood of our economy. If we want businesses to grow, scale and thrive, tackling this deadweight holding them back must be a core priority of any current or future Government.

As this report aptly demonstrates – and in contrast to the views of some commentators – EDI has proliferated not simply in isolated cases as a result of the influence of activists, or from internal pressure within specific corporations, but because of the active encouragement and requiring of such measures by regulators, government procurement or via ‘lawfare’ court decisions that have been too willing to impose large and unforeseen costs upon whole sectors. Frequently implemented with no or minimal Parliamentary scrutiny, this has resulted in a heavy burden of shadow regulation that has rendered British businesses less agile and competitive relative to their international rivals, and which has slowed growth and job creation at home.

Policy Exchange’s report shows that EDI has a real and significant cost. It makes businesses more risk averse, slower, less likely to take a chance on recruiting new staff and focused upon ticking bureaucratic boxes rather than delivering for their customers. The primary beneficiaries have been bloating non-jobs in HR or Corporate Responsibility departments and in some places a string of unaccountable staff networks.

Worst of all, this report highlights how in certain circumstances a culture of EDI compliance has led companies to commission support and guidance from organisations which have later been demonstrated to advocate solutions that go far beyond the law.

Stripping back these burdens and restoring primacy to business leaders themselves must be a priority for all those concerned about the health of our business environment and the capacity of the economy to grow and

compete internationally.

The report rightly asserts that a correction of the balance between regulation and corporate autonomy on EDI is sorely needed. Its detailed recommendations are essential reading for any politician who wishes to put businesses, large and small, back in charge of their own destiny.

As Conservatives develop the business-friendly policies and plans that are essential to restoring the economic growth on which our country's future relies this is a powerful and useful contribution.

Executive Summary

Though often arising from the best intentions, in recent years Equality, Diversity and Inclusion (EDI) in businesses¹ has moved beyond traditional conceptions of non-discrimination and meritocratic advancement to embrace a wide range of initiatives, regulatory requirements and principles. These can impose significant costs on businesses and their staff, reduce productivity, create division and often do not effectively address – or are actively deleterious to – the challenges they are purportedly there to solve.

This report charts the evolution of EDI from its roots in antidiscrimination law through the changing mores of the 21st century to its modern incarnation. It sets out the different pressures upon corporations to adopt EDI policies, including from regulation, the courts, employees (including via staff network groups), customers and public pressure and assesses the extent to which these are genuine or perceived. It examines how campaigning groups go beyond public pressure to seek to influence the EDI policies of businesses, including through engagement with staff network groups, securing commissions to deliver training and via the development of ‘indexes’ and ‘champion’ schemes, where businesses are rewarded for complying with a particular conception of EDI.

The paper develops a taxonomy of the differing ways in which firms may face additional costs due to EDI policies including:

- Reporting and compliance
- HR staff
- Training and training materials
- Equal pay compliance (for different jobs considered to be ‘of equal value’).
- Inefficient person/role matching
- Inefficient procurement
- Staff morale, recruitment and retention
- Staff networks
- Suppression of free speech
- Reputational impact
- Diversion of focus

The UK has almost twice the workforce employed in HR as the EU, and 60% more than the US – a misallocation of labour that is costing the economy £10 billion, compared to if the proportion of HR workers were at US levels. The growth of HR has resulted in the expansion of its

1. Sometimes referred to as ‘Equity, Diversity and Inclusion’ or, principally in the US, as ‘Diversity, Equity and Inclusion’ or DEI.

responsibilities and influence within wider businesses, such as increased control over staff recruitment and hiring processes.

Businesses face significant compliance costs. The Quoted Companies Alliance has estimated that the average corporate ESG disclosure report is now 11,000 words long – an increase of 236% between 2019 and 2024. Regulators themselves acknowledge that these policies impose costs on businesses. The Financial Conduct Authority recently jettisoned its own plans to expand the scope of its own diversity regulations as it concluded that it would involve over £560 million in one-off costs and ongoing costs of £317 million each year for firms. The annual cost of EDI training to private sector firms is estimated at £500 - £700 million.

It is right that men and women should receive equal pay if they are doing the same work. Yet recent interpretations by the courts of the Equality Act's requirement of 'equal pay for work of equal value' has resulted in businesses being forced to pay staff working in very different roles – such as warehouse and shopfloor staff, or kitchen staff and refuse collectors – the same wage. One such firm is facing damages of up to £1.2 billion with other cases currently progressing through the courts.

Many firms now have staff networks based on race, gender, religion, and sexuality. Reviewing the websites of FTSE 100 companies reveals that there are usually at least four such groups while large firms can have upwards of 15 staff networks dedicated to various causes and identities including race, religion, sexuality, flexible working, disability, and the menopause. In addition to the direct cost to businesses of allowing staff to take part in such networks during working hours, the networks often have privileged access to HR and an influence on company policies, sometimes working with external campaign groups to promote changes. This can often be at the expense of HR focusing on issues that employees value more – whether that be better working conditions, higher pay or employee benefits in kind.

More insidious costs arise from the way in which EDI bakes in inefficiency to hiring, investment decisions and procurement. Analysis by the economist Thomas Sowell of affirmative action programmes around the world found that such schemes can result in a misallocation of labour within firms and can increase inefficiency.

Although 'positive discrimination' is prohibited by the Equality Act 2010, 'positive action' is permitted, which enables lesser measures such as internships restricted only to a specific ethnic group. EDI practices that are likely to lead to disparate hiring and promotion on the basis of identity characteristics rather than merit are widespread within the private sector, who are frequently open about their practices, such as in 2023 when Aviva's CEO said she would personally have to approve any 'non-diverse' hire within the company. Many firms having targets based on race or sex, mandatory diversity objectives, linked to bonuses, for managers, or internal promotion schemes that explicitly favour particular ethnicities. Regulators also impose pressure in this area: for example, in 2022, the Financial Conduct Authority imposed new requirements on firms to set

out whether they had met arbitrary targets on the proportion of women and ethnic minorities on boards and, if they had not met them, set out why.

Similarly, where businesses commit to procure from firms on the basis of diversity this imposes a cost, as it will lead business to partner with a higher priced or lower quality supplier than it would otherwise have done. A number of FTSE 100 companies including EasyJet, HSBC and Phoenix, had signed up to The Race at Work Charter, committing them to work with ‘ethnically diverse-led enterprise owners in supply chains’. If investment decisions are made on the basis of EDI principles – or by the associated concept of Environmental, Societal and Governance (ESG) concerns – capital will be misallocated, providing the investor with a lower rate of return and damaging economic growth more broadly.

Despite some proclaiming ‘the death of woke’, reviewing FTSE 100 websites demonstrates that EDI policies continue to be embedded within large businesses in the UK, with many businesses going beyond the requirements of law and regulation in their adoption of EDI policies and practices. These measures do not have the support of the public at large. Polling by Policy Exchange has found that 75% of people believe that companies should prioritise hiring on merit, regardless of race or gender, rather than hiring to create a diverse team. Furthermore, 50% agree that businesses have become too concerned with taking political positions on contested issues, with only 14% disagreeing.

EDI’s origins and aims were rooted in a desire for business to seek out the best talent wherever it might be found, to ensure they were treating staff and customers fairly and to create a welcoming workplace for employees. These are legitimate aims that remain important today.

However, in its modern form, EDI policies have become in too many cases actively counterproductive to these objectives. Whether imposed by regulators or entered into due to perceived pressure from staff or campaigners they are imposing both direct and indirect costs upon business, costs which are ultimately borne by consumers and by the economy as a whole. This report examines the politicisation of business and sets out how Government, regulators and business can take a more proportionate approach to treating employees fairly.

Recommendations

The Equality Act

The Equality Act's prohibitions on direct and indirect discrimination and harassment remain important and essential. No-one should be denied a job, refused service, harassed or otherwise discriminated against due to their sex, ethnicity, religion or other protected characteristic. However, certain provisions in the Equality Act have had perverse effects and should be repealed or amended.

- 1. The 'Positive Action' provisions in the Equality Act (sections 158 – 159) should be repealed.** These have enabled the spread of practices that subordinate merit to identity characteristics, including through the widespread offering of internships or development schemes – which frequently serve as gateways to recruitment or promotion – to ethnic minorities only.
- 2. The Public Sector Equality Duty (PSED) in the Equality Act 2010 (sections 149 – 157) should be repealed.** In addition to its impact within the public sector, the PSED has resulted in public sector bodies encouraging EDI practices in the private sector through regulation, procurement requirements and other interventions.
- 3. Section 78 of the Equality Act on Gender Pay Gap reporting should be repealed.** Companies should no longer be required to report on their gender pay gaps – a measure which typically reflects workforce composition rather than providing evidence of discrimination or unfair treatment. It would remain illegal to pay men and women differently for like work.
- 4. The definition of equal work in Section 65 of the Equality Act should be revised to clarify that the legislation is referring only to 'like work' as opposed to any 'work of equal value' or 'work rated as equivalent' (repealing section 65 (1) (b), 65 (1) (c) and 65 (6)).** Parliament should make clear that the courts should not draw equivalence between different types of job roles in equal pay lawsuits.

Other Primary Legislation

5. **The Public Services (Social Value) Act 2012 should be repealed.** Requirements to assess ‘social value’ as part of Government procurement reduces value for money to the taxpayer, while encouraging costly, bureaucratic and in some cases unfair and discriminatory EDI practices amongst businesses who are bidding for, or believe they may wish to bid for, Government contracts. For the same reasons, Section 12 of the Procurement Act 2023 should also be repealed.
6. **The Government should not introduce mandatory ethnicity or disability pay gap reporting as part of the draft Equality (Race and Disability) Bill.** It should disregard elements in its recently completed consultation relating to this measure.
7. **Section 54 of the Modern Slavery Act 2015 should be repealed.** While modern slavery is abhorrent, there is minimal benefit in requiring firms to develop slavery and human trafficking statements and to publish a link to those statements on the website’s homepage.

Regulators and non-legislative activity

8. **The Government should amend the Regulators’ Code to explicitly clarify that promoting Equality, Diversity and Inclusion is beyond regulators’ remits.** Regulators should be required to, within 12 months, revise current guidance to ensure it is compliant with the new Code.
9. **The Government should direct every regulator to, within 12 months, review their guidance and revise and repeal elements that promote EDI activities beyond core duties of non-discrimination.** Examples of measures that would be repealed include:
 - The Financial Conduct Authority should remove its requirement for firms to report on the demographic composition of their boards.
 - The Solicitors Regulation Authority should abolish its requirement for the firms it regulates to publish diversity data every two years.
 - The Advertising Standards Authority should retract its guidance on ‘avoiding racial and ethnic stereotyping in ads’.
 - Ofcom should remove its requirements for firms to promote ‘opportunity in relation to disability, race and sex’ as licensing conditions.

10. Government should not support, fund or endorse initiatives that encourage EDI in the private sector, including targets (binding or non-binding) for women or ethnic minorities in the workplace, or schemes differentially aimed at those with specific protected characteristics. Disparate outcomes are not evidence of unfair treatment, prejudice or discrimination. It is for individual businesses to determine who to employ, subject to their legal obligations not to discriminate.

Introduction

Equality, Diversity, and Inclusion (EDI) is a conceptual framework which seeks to promote the fair treatment of all members of a workplace:

- ‘Equality’ refers to an employers assumed responsibility to treat all members of the workforce equally – regardless of their identity.
- ‘Diversity’ refers to the expectation that a company will deliver a diverse workforce – usually in terms of identities like gender, ethnicity, sexual orientation, and disability.
- ‘Inclusion’ operates on an assumption that some aspects of a workplace may exclude certain groups and that employers ought to take measures to make everyone comfortable.

EDI is known by many terms – DEI in the US and quite often simply as ‘Diversity and Inclusion’. Increasingly the ‘Equality’ is replaced by ‘Equity’ – a word representing a belief that people with different characteristics should be treated differently in order to achieve equal outcomes.

EDI in the modern workplace emerged from anti-discrimination laws, introduced in response to the systematic and widespread discrimination which dominated the workplace until the late 20th century. In Britain, early examples include the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disability Discrimination Act 1995 sought to end an era of discrimination in the workplace which saw minority groups discriminated against on the basis of their gender, religion, ethnicity or disabilities. Further, often well-meaning examples of what would now be referred to as EDI were frequently introduced by managers who wanted to create an inclusive and open workplace.

The evolution towards the modern conception of EDI occurred gradually, and alongside a broader changing perception of the role of the company.

In 2004 the World Bank produced the paper ‘Who Cares Wins’ which introduced the term ‘Environment, Social, Governance’ (ESG) into public conceptions of the modern company.² Companies were no longer expected to simply maximise shareholder value. Instead, they were judged on their ability to maintain good working conditions, tackle discrimination, and promote environmental and social causes. Companies were expected to align their portfolios with guiding principles like human rights, working conditions, the environment, and anti-corruption – with major investors taking this into account when making investment decisions. As Policy Exchange has set out in *Corporate Cancel Culture: How ESG came to rule our investments*,

2. World Bank Group, ‘Who Cares Wins, 2004-08’, 1 January 2004, [link](#).

ESG has grown into an extensive industry, with the global market for ESG data alone estimated at £1.5 billion.³

Alongside this, many employers have gradually moved from policies designed to tackle discrimination, to policies seeking to further ‘Equality, Diversity, and Inclusion’ in the workplace. In doing so, modern EDI practices draws upon a range of intellectual and political traditions from both Britain and the United States, including the ‘affirmative action’ policies that arose from the Civil Rights movement, theories of ‘disparate impact’, in which a differing impact on two groups of people may be considered evidence of unfair treatment or discrimination, and approaches drawn from critical theory, which argue that differences in outcome between groups are the result of the unfair use of power and privilege. While laws and permitted practices vary between countries – in the UK, for example, ‘affirmative action’ is legally prohibited, with only the less discriminatory ‘positive action’ permitted – increasingly, instead of simply seeking to eliminate racial, sexual or other forms of discrimination, modern EDI policies will seek to actively promote diversity, and to overcome these perceived structural inequalities in society.

Corporate studies and business literature have supported the drive towards EDI. In 2015 McKinsey & Company published ‘Why diversity matters’, a piece of research they conducted into the relative success of diverse companies.⁴ In the paper they claimed that:

- ‘Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.
- Companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians (exhibit).’⁵

McKinsey published four more pieces of research presenting the case that companies with more diversity of gender and ethnicity performed better: *Delivering through Diversity* (2018), *Diversity Wins: How Inclusion Matters* (2020), and *Diversity Matters Even More: The Case for Holistic Impact* (2023).⁶ Despite this, in March 2024 Jeremiah Green and John R. M. Hand revisited McKinsey’s claims and concluded that they could not be replicated.⁷

John Miller and Lucy Parker, in their book *the Activist Leader: A New Mindset for Doing Business*, argued that:

To be a successful business leader in today’s world you are expected to deliver societal value alongside financial value. Not one at the expense of the other.

*And doing that takes a new mindset: the ability to think like an activist about the role your business plays in the world.*⁸

Further social developments, including the growth of genderism and trans ideology, the #MeToo campaign against sexual harassment in the workplace, and, in 2020, the death of George Floyd and the following

3. Policy Exchange, ‘Corporate Cancel Culture: How ESG came to rule our investments’, 11 November 2025, [link](#).

4. McKinsey & Company, ‘Why diversity matters’, 1 January 2015, [link](#).

5. Ibid.

6. McKinsey & Company, ‘Delivering through diversity’, 18 January 2018, [link](#); McKinsey & Company, ‘Diversity wins: how inclusion matters’, May 2020, [link](#); McKinsey & Company, ‘Diversity matters even more: The case for holistic impact’, 5 December 2023, [link](#).

7. Green, J., Hand, J., ‘McKinsey’s Diversity Matters / Delivers / Wins Results Revisited’, (2024), *Econ Journal Watch* 21(1), [link](#).

8. Miller, J., and Parker, L., ‘The Activist Leader: A New Mindset for Doing Business’, (2023), William Collins.

surge of support for the Black Lives Matter movement, have all led to further developments in EDI policies and practices.

Support for EDI has become ubiquitous in the workplace. Business leaders, trade associations and major investors have championed EDI. Blackrock CEO Larry Fink's influential annual letter to investors regularly asserted the importance of EDI and ESG – both an important signal of the acceptance of EDI in the corporate mainstream and itself a driver of further change.⁹ Training and monitoring of EDI has also become a major business. Many organisations exist to sell EDI to companies, either through training modules, toolkits on inclusivity, or the promise of auditing a company and rooting out any 'systematic' racism or sexism.

But what are the drivers on companies to adopt EDI policies?

As this report will set out, the pressure on companies to promote EDI is both internal and external. Both central Government and regulators have imposed direct regulatory requirements related to diversity, whilst voluntary schemes and regular 'reviews' have promoted EDI. Many businesses have set up their own schemes to try and meet ever broadening targets. Internal pressure plays a similar role. Staff networks, activist employees, and human resources departments have contributed to the expansion of EDI.

This paper develops a taxonomy of how and why this imposes costs on business – and quantifies these costs where it is possible to do so. It then charts the causes of EDI overreach in the workplace and the external and internal pressures which have driven the adoption of such policies – and sets out how Government, regulators and business can take a more proportionate approach to treating employees fairly.

9. When the 2025 letter omitted mention of EDI or ESG, this was reported as a bellwether of changing times, see Wall Street Journal, 'Black Rock, a Diversity Pioneer, Distances Itself From DEI', 25 February 2025, [link](#).

1. A Taxonomy of Costs Resulting from EDI

Politicising business creates costs for businesses, consumers and the wider economy. These costs are both direct and indirect and manifest themselves in different ways.

In this chapter we set out a taxonomy of the principal costs that result from the adoption of EDI policies:

- Reporting and compliance
- HR staff
- Training and training materials
- Equal pay compliance (for different jobs considered to be ‘of equal value’).
- Inefficient person/role matching
- Inefficient procurement
- Staff morale, recruitment and retention
- Staff networks
- Suppression of free speech
- Reputational impact
- Diversion of focus

Reporting and Compliance costs

EDI regulations imposed on firms by government and regulators not only impose direct costs, but also impose costs related to the cost of demonstrating compliance. The Quoted Companies Alliance (QCA), which represents over 1000 small and medium publicly traded UK companies, has found that annual reports on average are now 98,000 words long – a 31% increase in five years – citing ‘mounting disclosure requirements, particularly around ESG and executive pay’ as the driving force behind this expansion.¹⁰

Section 54 of the Modern Slavery Act 2015 places requirements on firms with more than £36 million a year to publish an annual statement on their website which sets out the steps they have taken during the year to ensure that slavery and trafficking is not taking place within their supply chains. The statement must contain information about the organisation’s structure, policies, due diligence processes, risk assessments and training programs related to modern slavery. It should also highlight the steps taken to monitor and evaluate the effectiveness of these measures.¹¹

This places a significant burden on firms. Given the complex nature

10. Quoted Companies Alliance, ‘Close The Book: It’s Time to Cut Annual Reports Down to Size’, 27 May 2025, [link](#).

11. Gov.uk, ‘Slavery and human trafficking in supply chains: guidance for businesses’, 1 December 2025, [link](#).

of supply chains which are often in multiple countries, businesses must spend time and money on investigating in order to comply with the legislation. Furthermore, firms may face additional costs as they may have to change one or a number of their suppliers if the suppliers lack the resources to demonstrate they are not undertaking illegal activities. This will cause disruption, impact sales and potentially increase costs for firms if they have to use less efficient suppliers.

Moreover, although the law only applies to relatively large organisations, smaller firms within the supply chains will be requested by the larger firms with whom they may trade to expend resources to demonstrate that they are not involved in any such activity.¹²

This is not just a theoretical problem. Complying with the Act has been low with 40% of firms which fall within its scope not complying with it due to confusion surrounding it.¹³ The Government tacitly acknowledged the burden which it places on firms as it relaxed the legislation in the initial stages of the Covid pandemic in April 2020.¹⁴

The Solicitors Regulation Authority (SRA) mandates that all SRA regulated firms, regardless of their size, must collect, report, and publish workforce diversity data every two years. This data must be submitted to the SRA within a certain timeframe and published by the firm.¹⁵

The Financial Conduct Authority (FCA) also has specific requirements for UK-listed companies. For example, companies must include in their annual financial reports a statement on whether they have met board diversity targets. They must provide data on the sex/gender and ethnic diversity of their board, senior board positions, and executive management teams and this must be formatted in a standardised table. They must also provide a description of the firm's diversity policy and an explanation of the data collection method used.¹⁶

The FCA itself recognises that policies such as these do increase costs for businesses. For example, it recently reversed its plans to expand its regulations as its own cost-benefit analysis found that it would involve one-off costs of £5,800 for small firms and £173,600 for large firms. Moreover, small firms would face annual costs of £3,200 while large firms would face £102,500. It concluded that the overall costs would be £561 million in one-off costs and ongoing costs of £317m a year to business.¹⁷ Although the FCA ultimately decided not to proceed with these regulations, they are illustrative of the significant costs imposed on business by EDI-related regulation. The QCA has estimated that various ESG disclosure requirements have seen their length increase by an average of 236% between 2018/19 and 2023/24, with the average statement now equivalent to 11,000 words.¹⁸

Direct costs of employing HR staff

The number of people working in HR roles increased by 83% between 2011 and 2023.¹⁹ This growth significantly outpaced the overall growth of people in employment, which increased by only 13.5% over a similar period.²⁰

12. Ibid.

13. Gov.uk, 'Independent Review of the Modern Slavery Act 2015: Final Report', May 2019 (updated: 31 December 2021), [link](#).

14. Policy & Evidence Centre, 'Implications of Covid-19 for Modern Slavery Challenges in Supply Change Management', 21 July 2021, [link](#).

15. Solicitors Regulation Authority, 'Reporting your firm's diversity data', 13 June 2025, [link](#).

16. FCA, 'Diversity and inclusion on company boards and executive management', 20 April 2022, [link](#).

17. FCA, 'Consultation Paper CP23/20: Diversity and inclusion in the financial sector – working together to drive change', September 2023, [link](#).

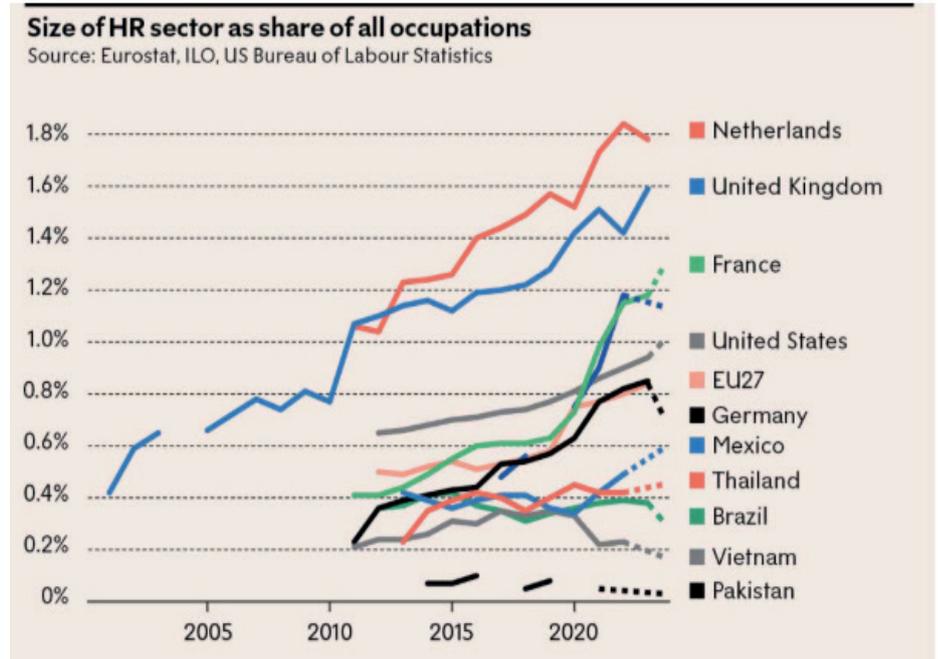
18. Quoted Companies Alliance, 'Close The Book: It's Time to Cut Annual Reports Down to Size', 27 May 2025, [link](#).

19. New Statesman, 'How Human Resources Captured the Nation', 27 November 2024, [link](#).

20. ONS, 'Annual Population Survey/Labour Force Survey 2011-2023', [link](#), last accessed 12 January 2026.

As discussed in Chapter 2, the UK has one of the highest proportion of people employed in HR in the world, at 1.6% of the workforce – higher than the US (1%) and twice the EU average (approximately 0.8%).²¹ Figure 26, demonstrates the growth of the profession in comparison to other countries.

Figure 26: Size of HR Sector as Share of All Occupations²²



Not only have HR departments increased in size, but there has also been a disproportionate increase in the number of people employed in senior and managerial roles in these departments. For example, the number of managers and directors increased by over 65 per cent over the same period, while junior roles grew by over 45%.²³

The average annual salary for a HR manager in London is over £50,000 while for a HR director it is over £120,000. Within HR, there are now specific roles designed to promote diversity and inclusion. The average annual salary for a Diversity and Inclusion Manager is £48,000, 22% higher than the national average. The average annual salary in London for a Head of Diversity & Inclusion is over £67,000 while the average salary for a Diversity Inclusion Director is £94,000.²⁴

Not only is this a direct cost on firms, but there is also an opportunity cost associated with this, and it leads to a misallocation of resources within these firms. We shall see later in this chapter how the misallocation of labour within firms is having negative consequences, but this is also true for the misallocation of capital. For example, funds allocated to the HR budget is money which cannot be used on research and development which could improve productivity or allow the firm to create new and innovative products. Similarly, it is money which cannot be spent on hiring people to work in more productive roles which would help to

21. New Statesman, 'How Human Resources Captured the Nation', 27 November 2024, [link](#).

22. Ibid.

23. People Management, 'HR directors outpaced peers in salary growth in the past year, research finds', 4 April 2025, [link](#).

24. Data from various sources including *Indeed* and *Glassdoor*.

increase the profitability of their firm.

The UK has about 1.6% of its workforce employed in HR, while the US figure is around 1.0% and the EU figure is approximately 0.8%.²⁵ Therefore, if we assume that a more appropriate proportion of the workforce employed in the UK was 1% - in line with the US and slightly higher than the EU – that would suggest that around 0.6% of the workforce, or 205,000 workers, are in misallocated roles.²⁶ The national median salary for those with graduate degrees is roughly £42,000.²⁷ Further to this figure, employers incur on average an additional 16% in non-wage costs such as pensions and national insurance.²⁸ Together this results in a cost of approximately £48,700 per worker. Multiplying this by the 205,000 ‘excess’ workers brings the total projected cost of role misallocation to HE to be approximately £10 billion a year.

Training and Training Materials

Spending on training and training materials represents a direct cost of EDI to business. Approximately 75% of firms in the UK have an EDI programme. What is more, over 25% of these firms increased their DEI budget in the last financial year.²⁹ Despite this, there are no standards or quality control regulations on such training, which can result in firms commissioning low-quality or highly politicised guidance and coaching.

While it is difficult to obtain accurate figures on how much UK firms spend on DEI promotion, data from the US is illustrative. US firms spend approximately \$8 billion a year on EDI promotion and training – if UK firms spend proportionately, based on the employed workforce, then the cost to the UK would be just over £1 billion a year.³⁰

There are also indirect costs associated with EDI training courses. For example, the opportunity cost of workers attending a course – even for just an hour – is potentially problematic for firms. This is time which a worker could be doing something more productive such as making a sale or undertaking research, but it is instead being spent at a conference or in a training session. There are around 22,500,000 full time employees and 7,000,000 part time employees in the UK.³¹ If each of these spent, on average, an hour a year in EDI training, this would be equivalent to 29,600,000 hours lost annually. With full time employees’ hourly earnings averaging £19.67, and part time employees average hourly earnings at £14.11, these training hours would have a cumulative cost of £540 million annually.³²

An alternative estimate can be derived by considering public sector practices. For example, a study into the public sector revealed that the equivalent of one million days a year are spent on EDI training across the public sector at a cost of £150 million a year.³³ If a similar amount of time was spent on EDI training in the private sector, the cost to the private sector, adjusted for inflation, would be £780m a year- this figure, consistent with the one above, being in the mid-hundreds of millions of pounds a year.³⁴

25. New Statesman, ‘How Human Resources Captured the Nation’, 27 November 2024, [link](#).

26. This is based on a UK workforce of 34,190,000, multiplied by 0.006.

27. Gov.uk, ‘Graduate labour market statistics: Calendar year 2024’, 5 June 2025, [link](#).

28. Office for National Statistics, ‘Index of Labour Costs per Hour, UK: July to September 2020’, 15 December 2020, [link](#).

29. Personnel Today, ‘Study finds UK firms are not ditching DEI’, 14 February 2025, [link](#).

30. Calculation based on the relative size of the US and UK labour forces.

31. House of Commons Library, ‘UK labour market statistics’, 16 December 2025, [link](#).

32. House of Commons Library, ‘Average earnings: Economic indicators’, 16 December 2025, [link](#).

33. Conservative Way Forward no longer exists, and the report is no longer available; however, it was covered extensively by media at the time of publication. See: The Telegraph, ‘One million civil service days a year ‘wasted on equality and diversity training’’, 11 December 2022, [link](#).

34. Calculation based on relative size of private sector and public sector workforce, based on latest ONS figures.

Inefficient Person/Role Matching

Meritocracy should be the central principle behind recruitment and promotion in our society. Having the best suited people in the most appropriate roles is both the fairest and most efficient allocation of human capital – will optimise productivity and therefore economic growth.

Firms should wish to seek out talented individuals irrespective of any of their other characteristics will be beneficial for them. To the extent that certain individuals may not consider applying to a particular company or role, it is rational for companies to put particular effort into ensuring they have the best candidates. This might include placing particular effort into reaching out to particular demographic groups that they might have reason to consider would be less likely to apply for roles.

However, if a person is appointed or promoted to a role for reasons of their protected characteristics at the expense of somebody whose skills and experience more closely align to the role then this will mean that the workers and their firms will be less productive than they otherwise would have been. This is particularly likely to occur where firms have targets for recruitment, or for a proportion of staff at a certain grade, based on protected characteristics, and particularly when performance reviews or bonuses are linked to the achievement of such goals.

There is evidence which demonstrates the importance of the right person being matched to the correct role. It increases productivity, with a February 2025 study in the *Journal of Financial Economics* concluding that it correlates with firm performance, as measured by sales per employee, value added per employee, and operating return on assets.³⁵ This is not only beneficial for the firms but also for the workers as a proportion of the productivity gains accrue to these workers in the form of higher wages. It also improves worker satisfaction and morale which in turn has a positive impact on output.³⁶

If a less competent person is appointed to a role for reasons of diversity, this in turn will have a negative impact on any individuals or teams they manage will in turn impact firm performance. Analysis by the economist Thomas Sowell of affirmative action programmes around the world found that such schemes can result in a misallocation of labour within firms and can increase inefficiency.³⁷

Inefficient Procurement

In order to meet EDI aims, some firms decide to procure goods and services only from organisations which meet certain EDI-influenced requirements, such as having a certain proportion of women or people from ethnic minorities on their board or management team, or being owned by women or ethnic minorities.³⁸

For example, Sky News introduced an ‘Inclusive Procurement’ policy, stating that it would, ‘actively engage businesses from underrepresented groups – because diverse thinking drives better ideas, sparks competition, and supports stronger communities. Inclusion isn’t a box to tick – it’s part of how we choose, review, and grow our supplier partnerships’.³⁹

35. Coraggio, L., Pagano, M., Scognamiglio, A., Tag, J., ‘JAQ of All Trades: Job Mismatch, Firm Productivity and Managerial Quality’, (2025), *Journal of Financial Economics*, Volume 164, [link](#).

36. OECD, ‘Better Use of Skills in the Workplace: Why it matters for productivity and local jobs’, 2 November 2017, [link](#).

37. Sowell T., ‘Affirmative Action Around the World’, (2005), Yale University Press.

38. Foss, N., & Klein, P., ‘Why do companies go woke?’, *Academy of Management Perspectives*, Vol.37 No.4, 29 November 2023, [link](#).

39. Sky, ‘Work with us – Suppliers’, [link](#), last accessed 12 January 2026.

Unilever also decided to embed mandatory EDI requirements within its procurement policy. Their policy in 2021 insisted that their suppliers were required to sign up to mandatory diversity and inclusion principles.⁴⁰ Similarly, as discussed in the annex of this report, Nestlé has used external evaluators to ‘validate if a supplier is diverse’ and then ‘draw up an appropriate list... which include diverse suppliers’.⁴¹ As such, EDI principles are built into their procurement process.

EDI-related procurement spending has increased in recent years. Bain & Company found that spending on ‘diverse’ suppliers rose by an average of 54% between 2017 and 2020 amongst a sample of US multinationals.⁴²

This imposes costs on business because while such an organisation might share the values of the firm, they may not be the best or most cost-effective option. For example, there may be an organisation which is less ‘diverse’ but has an outstanding ability to provide a high-quality service or is able to provide the goods or services at a lower cost. To the extent that decisions are made on grounds of EDI, or the protected characteristics of the firm’s owners, businesses are choosing more expensive or inferior options than if they made the decision on economic costs.

Furthermore, there are direct costs associated with firms having to spend resources such as money and time researching and carrying out due diligence to see whether or not their suppliers share their values. These costs will be amplified for firms with complex supply chains involving organisations in multiple countries. Unilever has previously acknowledged its commitment to spending more money in order to achieve this aim. It stated:

‘Our work to drive diversity and inclusion will extend beyond our people and our operations, through our commitment to **spend €2 billion annually with diverse suppliers, by 2025**. These suppliers will be small and medium-sized businesses owned and managed by women, under-represented racial and ethnic groups, people with disabilities and LGBTQI+.’⁴³

Similarly, the Mars Corporation has previously committed to spending \$1 billion with businesses based on the demographic makeup of those organisations. The organisation stated that the firm was committed to ‘ensuring at least 60% of our suppliers actively promote I&D programs within their organizations by 2025’.⁴⁴

Staff morale, recruitment, and retention

The importance of morale for firm performance is well documented. For example, a 2019 study by the University of Oxford found that workers who are happy are 13% more productive.⁴⁵

A politicised workplace can reduce morale by creating an atmosphere in which some staff feel unwelcome. While it is right that people do not face discrimination at work and that everyone is treated with respect, where companies openly support contested political positions with regards to race, gender, immigration or other matters, this will reduce morale amongst employees who disagree with these political positions. Polling

40. Unilever, ‘Unilever Commits to Help Build a More Inclusive Society’, 21 January 2021, [link](#).

41. Nestlé, ‘Diversity in the supply chain’, June 2023, [link](#).

42. Bain & Company, ‘Buying Better: The Benefits of Supply Chain Diversity’, August 2021, [link](#).

43. Unilever, ‘Unilever Commits to Help Build a More Inclusive Society’, January 2021, [link](#).

44. Digital Commerce 360, ‘How CPG brands can deliver on supplier diversity promises’, 26 April 2024, [link](#).

45. Wellbeing Research Centre, ‘Does Employee Happiness Have an Impact on Productivity?’, 11 May 2023, [link](#).

conducted by Policy Exchange found that 50% of respondents agreed that businesses have become too concerned with taking political positions while only 14% disagreed with this statement.⁴⁶

What is more, workers place a higher value on competence compared to concepts such as inclusion. For example, 61% of people asked stated that they would rather work for a company that is ‘passionately committed to delivering excellent customer service’ compared to the 28% who would choose a company that would ‘always prioritise creating a diverse and inclusive space for everyone’.⁴⁷

The same polling suggests that workers are dissatisfied with certain EDI policies. For example, when asked if as part of their employment they would be forced to wear a badge denoting their personal pronouns, 43% of people stated that it would make them less likely to want to continue in their employment. This should be contrasted with the 7% who would be more likely.⁴⁸

If there is a culture or policy to promote based on diversity rather than on merit, then this can lead to workers feeling undervalued. As discussed in Chapter 1, divisive EDI policies and ‘provocative EDI terminology’ can result in staff alienation, disengagement and higher turnover.⁴⁹ This could lead them to feel unmotivated and so may not use all their skills and effort in their role if they do not believe they will be promoted or rewarded fairly. In contrast, a unifying culture based around a corporation’s ethos and mission can empower employees, improving morale and job satisfaction.⁵⁰

EDI policies can lead to employees feeling alienated as they perceive it as unfair. Moreover, workers from ethnic minority backgrounds or with other protected characteristics can sometimes feel that there is a stigma attached to their presence if they believe that their colleagues think they are in their role due to EDI policies rather than on merit.⁵¹

Not only does politicising business mean that firms potentially lose talented employees or are deprived of the opportunity of hiring them, it again imposes extra costs on firms, which research suggesting that the average cost of an employee leaving an organisation is approximately nine months of their annual salary due to the reduction in output, the burden placed on other employees, and recruiting their replacement.⁵²

Staff networks

Many firms now have staff groups for their staff based on their race, gender, religion, sexuality and other characteristics. A review of the EDI sections of the websites of many major firms found that there are usually at least four such groups while large firms can have upwards of 15 staff networks dedicated to various causes and identities including race, religion, sexuality, flexible working, disability, and the menopause.

For example, JP Morgan has 10 such staff networks with over 50% of workers being members of at least one.⁵³ BP has 13 staff networks, John Lewis has nine, M&S has seven, Tesco has six and Sainsburys have five.⁵⁴ In Stonewall’s list of ‘Top 100 Inclusive Organisations’,⁵⁵ within the top ten there are six private sector organisations, with the law firm Linklaters

46. Policy Exchange, ‘Politicising Business: The Purpose of a Modern Company - Call for Evidence and Compendium’, 19 May 2024, [link](#).

47. Ibid.

48. Ibid.

49. Mihaylova, I. and Rietmann, K., ‘Diversity, equity and inclusion at a crossroads: a scoping review of the characteristics of its workplace backlash’, (2025), *Journal of Sustainable Business*, Volume 10, article number 18, [link](#).

50. Dobrinić, D., and Fabac, R., ‘Familiarity with Mission and Vision: Impact on Organizational Commitment and Job Satisfaction’, (2021), *Business Systems Research*, Vol. 12 No. 1, [link](#).

51. Harvard Business Review, ‘How to Avoid the Unexpected Consequences of Your DEI Policy’, October 2023, [link](#).

52. Centric HR, ‘What is the true cost of replacing an employee?’, 21 January 2022, [link](#).

53. JP Morgan Chase, ‘Work with Us’, [link](#).

54. BP, Progressing Inclusion at BP; John Lewis Partnership, ‘Diversity and Inclusion’, [link](#); M&S, ‘Diversity, Equity, and Inclusion’, [link](#), accessed 12 January 2026; Tesco, ‘Sustainability’, 23 July 2024, [link](#); Sainsburys, ‘Diversity, equity, and inclusion’, [link](#).

55. Stonewall, ‘Top 100 Employers 2024’, [link](#).

receiving the highest ranking and has over 15 such networks.⁵⁶

Although these groups may be helpful for some staff and relatively harmless if their focus is largely on socialising outside of working hours, this is often not the case. In some cases, it is common that leaders of these networks are allowed to take time off from their normal work to focus on activities related to their respective networks. Such practices are also encouraged within the private sector with one leader of an organisation overseeing these networks stating that: ‘We encourage employers to provide network leaders with protected time to fulfil the additional work and ensure that the work takes place during working hours’.⁵⁷ In line with the previous section, Social Identity Theory has noted how, in the wrong circumstances, subgroup identity promoted by staff networks can increase tensions within the wider corporate structure and with other subgroups (i.e. employees outside the staff network) where these identities are not effectively aligned to a shared purpose, which in turn may damage staff morale and cohesion.⁵⁸

Time devoted to attending these events is time which could instead be spent on actual work activities and so this places an additional financial burden on firms who are paying their employers to undertake tasks unrelated to their work.

These groups often work closely with external organisations which lobby for various causes. Given the privileged access to HR departments which these groups frequently have, this means that external organisations which often have non-mainstream, and sometimes controversial views can pressure HR to implement further EDI policies regardless of whether they are beneficial to the firm or its workers or clients. The leaders of these groups have been open about this activist role. For example, the chair of Deutsche Bank’s ‘dbPride’ LGBTQ+ network, in an article for Out Leadership to commemorate the network’s 25th anniversary, noted:

‘What began as a grassroots movement has flourished into a global force – shaping policies, fostering belonging, and championing the power of authenticity in the workplace and beyond... not just through policies, but through action—driving meaningful change within the bank and across the financial industry.’⁵⁹

Suppression of Free Speech

The politicisation of business has implications for the freedom of expression and freedom of speech. While it is important that workers maintain a standard of professionalism within the work place, in an organisation where saying the wrong thing can lead to a person being reported to HR, disciplined or even dismissed, there is a risk that employees might not express their thoughts and opinions or may feel pressured to say things which they do not agree with.

For example, workers may feel as though they need to self-censor while at work for fear of causing offence, being ostracised, or losing their job. Studies have shown that a significant proportion of employees self-censor at work for fear of offending a colleague or being subject to disciplinary

56. Linklaters, ‘Our People’, [link](#).

57. Diversity and Inclusion Leaders, ‘How should we recognise and reward employee networks?’, 24 April 2024, [link](#).

58. Hogg, M. A., & Terry, D. T., ‘Social Identity and Self-Categorisation Processes in Organisational Contexts’, (2000), *The Academy of Management Review*, 25:1, [link](#).

59. Out Leadership, ‘25 years of dbPride’, 22 March 2025, [link](#).

action.⁶⁰ For example, recent polling revealed that approximately 50% of white men regularly self-censor at work while approximately one third have expressed fears that they might face disciplinary proceedings for ‘saying the wrong thing’.⁶¹

A recent academic study found that workers who self-censor their political opinions at work are more likely to display lower job satisfaction and perceived social community, and higher turnover intentions, burnout, and fear of social isolation.⁶²

Not only does this have a negative impact on workers, but it can also be detrimental for firms. For example, highly skilled and productive workers may decide to seek employment in rival firms. Similarly, organisations may struggle to attract talented workers if they have a reputation for stifling free speech. In performance management, a white manager may be reluctant to reprimand an employee from an ethnic minority background, as they are fearful this could lead to an accusation of racism, with severe negative consequences for their own career.

A more difficult to measure, but potentially more serious implication is that, in a culture where employees are afraid to speak their mind, this will have a negative impact on innovation and business decision-making.

If a firm has a culture in which ideas are evaluated upon their diversity implications rather than the likelihood that they will do well at the box office, an employee with a good idea may be fearful of advancing it, if they could be criticised if it is perceived that the idea does not sufficiently value diversity.

Innovation and good-decision making depends upon the free and frank exchange of ideas – regardless of the identity characteristics of those making them. If employees believe they may be reprimanded in such discussions for ‘mansplaining’, or for sexism or racism if the person they disagree with has a different protected characteristic, they will be reluctant to do so – leading to a culture of politeness in which bad business ideas go unchallenged, until they are implemented and impose costs on employees.

A workplace dominated by EDI considerations is unlikely to be one where employees can speak freely – and this in turn will lead to missed ideas, bad decisions and worse performance management.

Reputational impact

Advertising and recruitment campaigns which are designed to promote EDI can be interpreted by the public as being divisive. This can lead to a backlash from the media and consumers who then boycott the firm which can result in lower profits as well as causing long term reputational damage.

Polling by Policy Exchange found that if a firm expressed support for racial targets or quotas in their workforce then 21% of people would be less likely to buy its products compared to 16% who would be more likely. What is more, 24% of respondents stated that they would be less likely to buy products from a firm which stated that it was opposed to the government’s policy of reducing immigration. Furthermore, 20% of

60. Adamska, K., & Jurek, P., ‘Come and say what you think: reducing employees’ self-censorship through procedural and interpersonal justice’, (2021), *Current Issues in Personal Psychology*, 9(4), [link](#).

61. JL Partners, ‘Polling White Men for Spear Media’, 27 May 2025, [link](#).

62. Sinclair, S., Nilsson, A., & Holm, K., ‘The Role of Political Fit and Self-Censorship at Work for Job Satisfaction, Social Belonging, Burnout, and Turnover Intentions’, (2024) *Current Psychology*, Volume 43, [link](#).

people polled stated that they would be less likely to buy products from an organisation which expressed support for a Palestinian State.⁶³

This opposition to firms taking a position on contentious political issues has manifested itself in various ways in both the United Kingdom and the United States. For example, there was a backlash against the beer company Bud Light over one of its advertising campaigns, which featured a transgender individual, Dylan Mulvaney. In the three months following the controversy, Bud Light sales and purchase incidence were approximately 28% lower than the same period in prior years. This decline was persistent with sales and purchase incidence down by 32% eight months after the incident, while also lowering the value of the parent company's shares which fell 20% and had its 'buy' rating downgraded to 'sell'.⁶⁴

A similar situation occurred with the razor manufacturer Gillette in 2019. The backlash to the advertising campaign was immediate with the video for the commercial becoming one of the most unpopular videos of all time on YouTube, garnering 1.56 million 'dislikes' in only a few hours and saw customers pledging their support to rival companies.⁶⁵ Other examples of firms who have faced significant backlash and have seen their sales drop, their reputations suffer or have been forced to pull their campaigns include Boots and Nike.

As firms do not know which ideas and opinions will be in vogue in the future, associating too closely with a particular ideology carries a long-term reputational risk. For example, we have recently seen this in the United States where some firms have started to distance themselves from EDI due to the current political and cultural environment.⁶⁶

Diversion of Focus

Businesses which prioritise EDI will, by definition, be spending less management attention time on core business matters - meaning they will be less productive and less efficient in their role.

This applies at all levels of the business. If, for example, a salesperson has to consider how best to promote diversity or consider the impact of their actions on EDI rather than on how to increase their sales or meet their other KPIs then this lack of focus will obviously have an impact on their own performance as well as the performance of their team and the firm as a whole. Similarly, if a top-executive knows that their best chance of getting promoted to the C-Suite is due to their record on EDI – for example by implementing a new diversity training policy or serving as the senior LGBTQ+ champion – rather than their performance on increasing the bottom line, this will reduce the company's performance.

Academic literature emphasises the importance of not only employees individually focussing on a shared goal but also on how these matter for the firm as a whole. For example, organisations are almost twice as likely to have above-median financial performance when their senior teams have a shared vision. Furthermore, firms with competing goals tend to be less productive and are outperformed by their competitors.⁶⁷ Divisive

63. Policy Exchange and Delta Poll, 'Workplace Poll', 19 May 2024, [link](#).

64. Harvard Business Review, 'Lessons from the Bud Light Boycott, One Year Later', 20 March 2024, [link](#).

65. BBC, 'Gillette Faces Backlash and Boycott over #MeToo Advert', 15 January 2019, [link](#).

66. BBC, 'Meta and Amazon scale back diversity initiatives', 10 January 2025, [link](#).

67. Institute of Directors, 'Strategic decision making', 29 November 2023, [link](#).

EDI policies, which politicise a business and divert its employees from pursuing a shared vision, will therefore impose indirect costs on business.

2. External Influence

The proliferation of EDI in the workplace is a product of a pressure from two directions – internally within organisations and externally from outside influences.

In this chapter we consider six principal external influences:

- Primary and Secondary Legislation
- Regulators
- The Courts
- Government Voluntary Schemes
- Activists
- Investors

Primary and Secondary Legislation

Regulation and EDI are closely linked. While many businesses have developed expansive EDI policies that go beyond the law, the legislative environment has also required employers to take action to promote EDI. In many cases the costs and regulatory complexity of this regulation falls disproportionately on smaller businesses, who may not have the capacity or resources to easily navigate their obligations.

The Equality Act

The Equality Act was introduced in 2010. It brought together over 116 separate pieces of legislation into a single act, including:⁶⁸

- The Equal Pay Act 1970
- the Sex Discrimination Act 1975
- the Race Relations Act 1976
- the Disability Discrimination Act 1995
- the Employment Equality (Religion or Belief) Regulations 2003
- the Employment Equality (Sexual Orientation) Regulations 2003
- the Employment Equality (Age) Regulations 2006
- the Equality Act 2006, Part 2
- the Equality Act (Sexual Orientation) Regulations 2007

In addition to preventing employers from discriminating against a member of staff on the basis of a ‘protected characteristic’ including their sexuality, sex, or ethnicity, the Equality Act contains wide-ranging provisions governing the treatment of consumers, the enforceability of

68. Equality Human Rights Commission, ‘Equality Act 2010’, 6 August 2018, [link](#).

contracts, non-discrimination in education settings and prohibitions against victimisation and harassment, amongst other measures.

Many of the provisions in the Equality Act are both necessary and desirable, preventing individuals from being treated unfairly due to their sex, the colour of their skin, or their religious and philosophical beliefs. Other measures, however, have driven EDI activity, in which companies have prioritised individuals protected characteristics in their corporate policies, or otherwise supported measures that are unmeritocratic or unfair to individuals.

Three elements of the Equality Act that have caused particular concern are:

- The ‘positive action’ provisions (sections 158 to 159). These allow organisations to treat people differently based on their protected characteristics, if it is considered that this would help them overcome a disadvantage connected to that characteristic, or if people with that characteristic are underrepresented. Although well-intentioned, this has led to the widespread proliferation of schemes, such as internships, that are openly only to ethnic minorities, to development schemes only for certain categories of people, and to widespread use of ‘targets’ for certain groups of people in corporations – which, in practice, cannot be achieved without hiring managers explicitly taking account of sex or ethnicity in hiring and promotion procedures.
- The Public Sector Equality Duty (PSED) (sections 149 – 157). The PSED requires public sector authorities to, in the exercise of their functions, have due regard to the need to ‘*advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it*’ and to ‘*foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*’ Although not directly imposing duties on business, regulators and other public sector bodies have cited the PSED as justification for imposing regulations or implementing voluntary initiatives that support the expansion of EDI in the private sector. The Government has also announced its intention to commence the Public Sector Socio-Economic duty. It is not yet clear what the full impact this would be, or how it would interact with the PSED, but based on the precedent of the PSED, it is likely to lead to similarly result in regulators and other public bodies imposing further burdens upon business.
- Equal Pay for Equal Work (section 65). The principle that a person’s pay should not depend on their protected characteristics is a good one – and the Equality Act is right to seek to prohibit pay discrimination. However, as will be discussed further below, recent court judgements have significantly expanded the definition of work of ‘equal value’ – with courts ruling that very different

roles should be paid the same, even if there was no evidence of discrimination – and even if individuals in the lower paid role had been offered to the opportunity to move to the higher paid one and refused.

‘Positive Discrimination’ vs ‘Positive Action’

The Equality Act prohibits ‘affirmative action’ in which a business takes the decision to hire someone solely because they are a member of an underrepresented group.⁶⁹

Government guidance identifies the following actions as ‘unlawful discrimination’:

- recruiting or promoting a person solely because they have a relevant protected characteristic (without regard to the legal criteria)
- setting quotas (as opposed to targets) to recruit or promote a particular number or proportion of people with protected characteristics irrespective of merit
- requiring that places for those with particular protected characteristics are reserved on interview panels, irrespective of whether there are more suitable candidates excluded who do not have that particular characteristic
- creating schemes to benefit those with a particular protected characteristic, without any evidence that the group in question is at a disadvantage or has different needs⁷⁰

However, the Equality Act does allow businesses to take ‘positive action’ in some circumstances. Businesses can create schemes which aim to support women or ethnic minorities providing there is evidence they are underrepresented in the workplace. They can also set targets for representation amongst certain genders, ethnicities, disabilities, and sexualities, just not explicit quotas.

The Public Services (Social Value) Act 2012

The Public Services (Social Value) Act requires all public bodies ‘who commission public services to think about how they can also secure wider social, economic and environmental benefits’.⁷¹ The Act’s Explanatory Notes describe how ‘public authorities’ are required:

‘At the pre-procurement phase of procuring services to consider how what is being procured might improve the economic, social and environmental well-being of an area and how the authority might secure that improvement in the procurement process itself.’⁷²

Government guidance argues this process will ensure commissioning

71. Gov.uk, ‘Social Value Act: information and resources’, 29 March 2021, [link](#).

72. Legislation.gov.uk, ‘Public Services (Social Value) Act 2012 Explanatory Notes’, [link](#).

69. Legislation.gov.uk, ‘Equality Act 2010’, Part 2, Chapter 2, Discrimination, Section 13.(1), [link](#).

70. Gov.uk, ‘Guidance: Positive Action in the workplace’, 17 April 2023, [link](#).

bodies achieve ‘more value for money out of procurement’.⁷³ In 2018 the Government announced that it would expand the social value measures in the Act to require social value evaluation as part of the awarding of all major contracts, which should be given a minimum of 10% weighting in the contract awarding process.⁷⁴ To support this process the Government created a Social Value Model. This provides a template for commissioning bodies to use to simplify the inclusion of social value measures in bidding processes. Public procurement bodies are encouraged to select the most relevant social value ‘outcome’ from the model and integrate this into their bidding process as demonstrated by Figure 3 below.

Figure 3: Cabinet Office guidance on how commissioning bodies should incorporate the Social Value Model into bids⁷⁵

Model social value question

In no more than [enter number of] words please set out, in a method statement and project plan, the specific, measurable and time bound commitment(s) your organisation will make to deliver the [insert policy outcome] and the following Award Criteria below. Outcomes 1, 6 and 7 only: to provide a baseline for reporting, please also state the total number of people who will work on the contract (measured in roles, not Full Time Equivalents).

Social value model award criteria and sub-criteria

- [insert the social value model award criteria and sub-criteria for the outcome you have selected]

Under the current Government, ‘outcomes’ in the Social Value Model are linked to the Government’s missions. These outcomes include ‘fair work’, ‘sustainable procurement practices’, ‘employment and training for those who face barriers to employment’ and ‘increasing productivity through physical and mental wellbeing’.⁷⁶ Each outcome then corresponds to model criteria and sub-criteria on how this outcome should be achieved, which in turn are linked to a ‘standard reporting metric’ for determining success. Cabinet Office guidance says that companies bidding for government contracts should demonstrate how they will use the ‘standard reporting metric’ associated with the relevant social value outcome in the tender that has been imported from the Social Value Model.⁷⁷ Examples of some standard reporting metrics are given in the table below.

73. Gov.uk, ‘Social Value Act: information and resources’, 29 March 2021, [link](#).

74. Gov.uk, ‘Social Value Act: information and resources’, 29 March 2021, [link](#).

75. Gov.uk, ‘Procurement Policy Note 002: The Social Value Model’, 5 March 2025, [link](#).

76. Ibid.

77. Ibid.

Figure 4: Examples of outcomes and standard reporting metrics within the Social Value Model⁷⁸

Social Value Model Outcome	Associated Standard Reporting Metric
'Fair work'	'Number (in roles, not FTE) of employment opportunities created under the contract, by UK region.'
'Fair work'	'Number of staff who have completed modern slavery training within 90 days of joining the organisation.'
'Resilient, innovative and flexible supply chains'	'Direct spend with VCSEs [voluntary, community and social enterprises]: The value of contract opportunities awarded under the contract in £'
'Sustainable procurement practices'	'Annual reduction in carbon emissions arising from the performance of the contract, measured in metric tonnes carbon dioxide equivalents (MTCDE).'
'Support the reduction in crime through community cohesion, awareness raising and action.'	'Number of hours of learning interventions delivered under the contract raising awareness on the risk of domestic abuse.'
'Creating a pipeline of opportunities for the contract workforce, reducing barriers to entry for under-represented groups.'	'Number of people from groups under-represented in the workforce employed under the contract.'
'Increasing productivity through physical and mental wellbeing'	'Number of hours spent setting up and delivering staff health and wellbeing.'

As a result of the Act and the Social Value Model, all major public sector contracts include a social value outcome and associated standard reporting metric. Although commissioning bodies retain the right to 'refine' these to the specific contract, the model template means that in many cases bid processes will incorporate stock social value language and requirements which may not be relevant to the specific contract or tendering organisation. These compliance costs may prevent some businesses from tendering for government contracts. Many of the measures that enable firms to demonstrate social value, such as training and recruitment

78. Ibid.

streams for under-represented groups, may not be feasible for SMEs. For those that do, it may require burdensome compliance monitoring and the implementation of practices that do not relate to the efficient completion of the contract.

These issues were demonstrated the recent bidding process for a delivery partner for the UK's nuclear Small Modular Reactors (SMRs). Rolls Royce ultimately secured the contract with Great British Nuclear following a two-year, £22 million contracting process, despite intentions for a short process and Rolls Royce being the preferred bidder. Within the bidding process social value was reported weighted at 12%.⁷⁹ There were reportedly 26 pages in the application form which related to social value. One of the social value requirements in the contract was for applicants to demonstrate that 50% of those working on the contract would be women, despite the disproportionately male nuclear engineering workforce.⁸⁰

Section 12 of the Procurement Act 2023

Section 12 of the Procurement Act 2023 requires sets out that:

'In carrying out a covered procurement, a contracting authority must have regard to the importance of—

(a) delivering value for money;

(b) maximising public benefit;

(c) sharing information for the purpose of allowing suppliers and others to understand the authority's procurement policies and decisions;

(d) acting, and being seen to act, with integrity.'⁸¹

With regards to 'maximising public benefit', subsequent Cabinet Office guidance advises that 'the public benefit objective allows for a range of, for example, social, environmental and labour factors to be considered'.⁸² The guidance provides examples of public benefit, including 'equitable outcomes for groups' and the use of electric vehicles as part of a taxi contract.

In the same manner as the Public Services (Social Value) Act 2012, Section 12 of the Procurement Act means that contracts are awarded for reasons beyond delivering best value to the state and taxpayers. This therefore creates significant incentives for tendering companies to design bids which align with the loose concept of public benefit by showing how their business or offer can meet wider goals beyond best value. Similarly to the Public Services (Social Value) Act, this therefore risks creating an additional burden and greater compliance costs for businesses tendering for government contracts.

New Legislation: Draft Equality (Race and Disability) Bill

In the July 2024 King's Speech, the Government announced their intention to produce a 'Draft Equality (Race and Disability) Bill'.⁸³

The Government has stated that they plan to 'make it much easier for them

79. The Times, '£22m taxpayer bill as nuclear tender raises concerns over red tape', 19 October 2025, [link](#).

80. Ibid.

81. Legislation.gov.uk, 'Procurement Act 2023', [link](#).

82. Gov.uk, 'Guidance: Covered Procurement Objectives', 9 October 2025, [link](#).

83. Gov.uk, 'The King's Speech 2024: background briefing notes', 17 July 2024, [link](#).

[ethnic minorities and disabled people] to bring unequal pay claims’ by ‘enshrining in law the full right to equal pay’.⁸⁴

They have also announced their intention to introduce ‘mandatory ethnicity and disability reporting’.⁸⁵ In March 2025 the Government announced a consultation on the bill which specifically referenced the introduction of mandatory ethnicity and disability pay gap reporting for large employers, defined as those with 250 or more employees.⁸⁶

Ethnicity and disability pay gap reporting presupposes that any differences between people of different ethnicities, or between those with and without disabilities, on average pay are unfair, resulting from discrimination or other unfair treatment, rather than from the freely expressed choices and preferences of individuals.

In addition to this, there are significant other problems.

In their reasoning for the legislation, the government argue that ‘most ethnic minority groups earn less than the White British group’.⁸⁷

As demonstrated in Policy Exchange’s paper *A Portrait of Modern Britain: Ethnicity and Religion*, this is not accurate. The report identifies that:

‘The racial group with the highest average hourly pay in 2021 (all workers aged 16 and above in the UK) was Asian (£14.29), followed by people with a mixed-race background (£13.57), White (£13.51) and Black (£12.55).’⁸⁸

Furthermore, there are significant concerns about attempting to map gender pay gap reporting measures (a binary measure) on to ethnicity, which is much harder to quantify.

Lord Sewell identified this in his 2021 report for the Commission on Race and Ethnic Disparities:

‘It is clear that pay gap reporting as it is currently devised for gender cannot be applied to ethnicity. There are significant statistical and data issues that would arise as the result of substituting a binary protected characteristic (male or female) with a characteristic that has multiple categories.

The main statistical problem that arises with ethnicity pay reporting is the unreliability of sample sizes. If an employer with 250 employees (the threshold suggested in the 2018 BEIS consultation on ethnic pay gap reporting) reports a gender pay gap, on average they will be compared 125 men with 125 women.

If they report an ethnicity pay gap as well, on average they will be comparing 225 White employees with 25 ethnic minority employees. Any findings from such a comparison will be unreliable and make it impossible to look at the workforce stratified by the 18 ONS ethnicity classifications.’⁸⁹

Mandatory ethnicity pay gap reporting may not be an effective anti-discrimination tool. Businesses outside of urban areas may be employing extremely small numbers of ethnic minority staff. For example, an employer in the Lake District would expect 97.4% of its candidate pool to be white. Out of 300 staff, this would be an average of just six ethnic minority employees.⁹⁰ The likelihood high quality data would be produced

84. Ibid.

85. Ibid.

86. Gov.uk, ‘Consultation document’, 18 March 2025, [link](#).

87. Ibid.

88. Policy Exchange, ‘A Portrait of Modern Britain: Ethnicity and Religion’, 14 October 2024, [link](#).

89. Gov.uk, ‘Commission on Race and Ethnic Disparities: The Report’, March 2021, [link](#).

90. ONS, ‘National Park residents, England and Wales: Census 2021 – Lake District’, 9 June 2023, [link](#).

through this expensive measure is therefore very low.

Disability pay gap reporting raises similar issues. According to the most recent census, 18.7% of women and 16.5% of men self-report as disabled.⁹¹ This number is likely to be slightly lower in the workplace as some of the men and women with the most profound disabilities may be unable to work. Disabilities also vary widely: it is not sensible to compare an employee with dyspraxia to an employee dealing with a severe physical disability. Both will have completely different access needs and support required. As such, collating accurate data for disability pay gap reporting will prove almost impossible.

The Role of Regulators

Regulators are public bodies which impose regulations upon those they regulate, in many cases businesses. This regulation can be binding but can also take the form of best practice guidance or other advice. Most regulators have significant enforcement powers, including the ability to levy significant fines for non-compliance.

As public bodies, regulators are subject to the Public Sector Equality Duty which requires they pay ‘due regard’ to equality law and act to advance equality in their operation. In some cases, regulators have interpreted ‘due regard’ in a manner that has led them to adopt EDI policies and to introduce similar expectations for businesses they regulate.⁹²

Office of Communications (Ofcom)

Ofcom is the UK communications regulator. It was established by the Communications Act 2003.⁹³ It oversees broadcasting, telecommunications and postal industries. It is accountable to the Culture Secretary and the Business Secretary (on postal matters). The Culture Secretary appoints its chair and non-executive members of its board. It is funded through fees paid by those it regulates.

Ofcom has adopted certain EDI principles which it requires those it regulates to abide by. They state that:

‘Ofcom believes that TV and radio programmes should reflect the experiences of everyone in our society, regardless of their background. To help achieve this, we look at equity, diversity, inclusion and accessibility – on both sides of the camera.’⁹⁴

Ofcom run a workforce survey to identify the proportion of people from various minority groups who are working for the broadcasters. They publish this data in their annual EDI report.

Ofcom also run a self-assessment tool which asks broadcasters to submit data on their EDI policies.⁹⁵ This tool asks broadcasters to detail their policies against seven EDI ‘themes’ and provides them with a progress rating for each theme – ranging from ‘starting’ through to ‘achieving’.

Ofcom’s self-assessment survey informs broadcasters that ‘you are required to make arrangements for promoting equality of opportunity in relation to disability, race and sex in order to meet your licence conditions’.

91. ONS, ‘Disability by age, sex and deprivation, England and Wales: Census 2021’, 8 February 2023, [link](#).

92. This section specifically focuses upon public regulators of specific private industry sectors. It therefore does not cover public sector regulators, such as HM Inspectorate of Probation, or regulators that apply expansively across multiple private and public sectors, such as the Equality and Human Rights Commission.

93. Legislation.gov.uk, ‘Communications Act 2003’, [link](#).

94. Ofcom, ‘Equity, diversity and inclusion in broadcasting’, 15 December 2023, [link](#).

95. Ofcom, ‘qualitative EDI self-assessment tool’, [link](#), last accessed 12 January 2026.

Figure 5: Ofcom EDI in broadcasting 2024 self-assessment tool⁹⁶

- S1.a** Do you have a regularly updated EDI policy statement or strategy, with specific arrangements relating to disability, race and sex? (MANDATORY)
- No - we have not started this
 - No - but we have committed to a plan and we're making progress
 - Yes - we have launched this and are developing our approach
 - Yes - this is successful and we're achieving useful results

Why are we asking this?

Having a clear statement of intent and a roadmap for your organisation is crucial. It drives evidence-based improvements and helps everyone know what they need to do. **You are required to make arrangements for promoting equality of opportunity in relation to disability, race and sex in order to meet your licence conditions.**

Suggested next steps

Begin by researching what's already working in companies across the industry. People are often willing to share information and collaborate when it comes to EDI. An effective EDI strategy shows a direct link with your organisation's overall strategy.

Suggested next steps

Consider developing a draft EDI strategy based on the data you hold about your workforce (overall and at different levels within the organisation) and how engaged and fair employees feel the organisation is. At a minimum, and to comply with your licence conditions, this should cover disability, race and sex. Consider where you want to set your ambitions as an organisation and how you can quantify and measure those ambitions. Please refer to our guidance for broadcasters to help you with this.

Many of the mandatory questions in the toolkit effectively prescribe certain actions that licensees must take as part of their EDI policies. For example, one question asks what licensees do to identify underrepresentation of minorities in their senior team and how they address this.

Figure 6: Ofcom EDI in broadcasting 2024 self-assessment tool⁹⁷

Section 2: Data Collection, Monitoring and Evaluation

- S2.c** Do you clearly identify where there is underrepresentation in your senior team when compared with a relevant benchmark (e.g. data for the UK as a whole or for the city/cities or region(s) within which you are based); and put in place arrangements for addressing this underrepresentation? (MANDATORY)
- No - we have not started this
 - No - but we have committed to a plan and we're making progress
 - Yes - we have launched this and are developing our approach
 - Yes - this is successful and we're achieving useful results

Ofcom also advises broadcasters to hire EDI champions and provide training.

Figure 7: Ofcom EDI in broadcasting 2024 self-assessment tool⁹⁸

Section 1: Strategy and Leadership

- S1.e** Do you have senior EDI champions or sponsors or another mechanism to provide visible leadership on EDI?
- No - we have not started this
 - No - but we have committed to a plan and we're making progress
 - Yes - we have launched this and are developing our approach
 - Yes - this is successful and we're achieving useful results
 - Unwilling to provide this information
 - Not relevant to our organisation

Please explain why...

Characters remaining: left of 265

Why are we asking this?

Having visible leaders on EDI helps affirm commitment and provides one or more senior points of contact for employees and other stakeholders.

Suggested next steps

Think about how to balance overall leadership accountability with visible champions or sponsors for your overall EDI strategy or for different aspects of EDI.

96. Ibid.
97. Ibid.
98. Ibid.

Financial Conduct Authority (FCA)

The FCA is the regulator for the UK's financial services industry. They regulate fund managers, securities exchanges, credit institutions, and other companies which provide financial advice.⁹⁹ The FCA was established through the Financial Services Act 2012.¹⁰⁰ The FCA regulates the conduct of around 42,000 businesses, with around 17,000 subject to the rules set out within the FCA Handbook.¹⁰¹ It is accountable to the Economic Secretary to the Treasury. The FCA's chairman and board are appointed by the Treasury.

Since April 2022 the FCA has enforced Policy Statement 22/3, *Diversity and inclusion on company boards and executive management*.¹⁰² The policy statement requires 'issuers to include a statement in their annual financial report setting out whether they have met specific board diversity targets'.¹⁰³ These Listing Rules require regulated companies to:

'include a statement in their annual financial report setting out whether they have met specific board diversity targets on a 'comply or explain' basis, as at a chosen reference date within their accounting period and, if they have not met the targets, why not.'¹⁰⁴

The targets regulated firms are required to report on are set out below in Figure 8.

Figure 8: Listing Rules diversity targets for FCA regulated firms¹⁰⁵

(9) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

- (i) at least 40% of the individuals on its board of *directors* are women;
- (ii) at least one of the following senior positions on its board of *directors* is held by a woman:
 - (A) the chair;
 - (B) the chief executive;
 - (C) the senior independent director; or
 - (D) the chief financial officer; and
- (iii) at least one individual on its board of *directors* is from a *minority ethnic background*;

(b) in cases where the *listed company* has not met all of the targets in (a):

- (i) the targets it has not met; and
- (ii) the reasons for not meeting those targets;

99. Financial Conduct Authority, 'About the FCA', 10 July 2025, [link](#).

100. Legislation.gov.uk, 'Financial Services Act 2012', [link](#).

101. FCA, 'About the FCA', 10 July 2025, [link](#), last accessed 12 January 2026.

102. FCA, 'PS22/3 Diversity and inclusion on company boards and executive management', April 2022, [link](#).

103. Ibid.

104. Ibid.

105. FCA, 'FCA Handbook', 28 March 2025, [link](#).

106. FCA, 'PS22/3 Diversity and inclusion on company boards and executive management', April 2022, [link](#).

In the Policy Statement the FCA set out its rationale for establishing these Listing Rules:

'Over time, we intend these disclosures to strengthen incentives for in-scope companies towards greater diversity, which may, in turn, have wider benefits in terms of the quality of corporate governance and the performance of such companies.'¹⁰⁶

These Listing Rules do not reflect the fact that arbitrary sex and ethnicity targets are unlikely to substantively improve economic importance – and

that, as a result of pressure to achieve them, individuals within companies may feel they are obliged to take actions that are antimeritocratic or result in hiring or promoting less qualified candidates. They also do not consider that much of the value derived from a diverse workforce is likely to come from incorporating a range of intellectual viewpoints and perspectives – something that cannot be achieved through the promotion of superficial diversity based on identity characteristics.

In 2023 the FCA also consulted on a wider new regulatory framework on Diversity and Inclusion. The FCA’s proposals includes a range of significant new EDI responsibilities. These included new responsibilities for regulated firms with over 250 employees to report and publish information the demographics of their whole workforce, for some firms to publicly publish a Diversity and Inclusion Strategy and proposed to explicitly incorporate ‘non-financial misconduct’ within the Conduct Rules and the FCA’s scope.¹⁰⁷ The FCA’s cost benefit analysis of their proposed interventions estimated the new rules would incur a one-off cost of £561m and ongoing costs of £317m a year to business.¹⁰⁸ In March 2025 the FCA published its response to the consultation and announced that it would not be implementing the Diversity and Inclusion proposals it had consulted on.¹⁰⁹

Solicitors Regulation Authority (SRA)

The SRA is the regulator for solicitor and law firms in England and Wales. The SRA was established by the Legal Services Act 2007 and was originally named the Law Society Regulation Board.¹¹⁰ It regulates over 200,000 solicitors in England and Wales.¹¹¹

The SRA has a set of 7 principles which ‘comprise the fundamental tenets of ethical behaviour that we expect all those that we regulate to uphold’.¹¹² The sixth principle sets out that regulated firms should act ‘in a way that encourages equality, diversity and inclusion’.¹¹³ Justifying the importance of EDI, the SRA argues:

‘EDI is important because, as well as being the right thing to do, a diverse and inclusive profession can inspire public confidence in the legal sector and justice system and improve access to legal services. Members of the public are more likely to seek legal help if they can see that legal services providers share some of their social or cultural characteristics.’¹¹⁴

The SRA’s guidance on principle 6 specifically sets out that ‘our approach is broader than the [Equality] Act’.¹¹⁵ The guidance is clear that serious failures relation to EDI may be construed in certain circumstances as regulatory misconduct by the firm in question. The guidance informs regulated firms that in relation to EDI, the SRA’s general Code of Conduct’s governance requirements require firms to have ‘appropriate EDI and other policies in place’.¹¹⁶

The SRA sets out that ‘all SRA-regulated firms, regardless of size, must collect, report and publish data about the diversity make-up of their workforce every two years’.¹¹⁷ Firms are also required to publish this data provided they can do so whilst protecting the anonymity of individuals. In addition to these reporting

107.FCA, ‘Consultation Paper CP23/20: Diversity and inclusion in the financial sector – working together to drive change’, September 2023, [link](#).

108.Ibid.

109.FCA, ‘Update on the FCA’s enforcement transparency proposals’, 12 March 2025, [link](#).

110.Legislation.gov.uk, ‘Legal Services Act 2007’, [link](#).

111.Solicitors Regulation Authority, ‘How we work’, [link](#), last accessed 12 January 2026.

112.SRA, ‘SRA Principles’, [link](#), last accessed 12 January 2026.

113.Ibid.

114.SRA, ‘Complying with Principle 6 - encouraging equality, diversity and inclusion’, 9 September 2025, [link](#).

115.Ibid.

116.Ibid.

117.SRA, ‘Reporting your firm’s diversity data’, 13 June 2025, [link](#).

obligations, the SRA's principle 6 guidance encourages firms to proactively promote EDI.

Figure 9: SRA advice to firms on proactive action to 'encourage a diverse workforce'¹¹⁸

Firms should be proactive and take action, proportionate to their size, to encourage a diverse workforce at all levels in the firms. This includes:

- Reviewing staff diversity data and considering what actions may be necessary to address any potential disparity in outcomes or barriers to diversity, including at senior levels within the firm. In reviewing their data, firms may wish to compare the diversity in their firm with the relevant national diversity statistics and with the law firm population (using our [law firm diversity data tool](#)).
- Collecting staff diversity data in a way that allows monitoring by diversity characteristics at different stages of the employment lifecycle, including recruitment, progression and retention.
- Keeping their recruitment, progression, reward and recognition policies under review to make sure they are not creating unfair or unlawful barriers for underrepresented groups.

Advertising Standards Authority (ASA)

The ASA is the UK's advertising regulator. The ASA's remit includes press, radio, TV, internet and social media advertising, in addition to print flyer and mail advertising and claims made on company websites.¹¹⁹ Established as an industry body in 1962, the Control of Misleading Advertisements Regulations 1988 gave the ASA legal backing by enabling referrals to the Office of Fair Trading.¹²⁰ The Chair of the ASA is appointed by its separate Boards of Finance, in conjunction with the Department for Culture, Media and Sport and the Advertising Association.¹²¹

The ASA does not set regulations on guidance that relates to the internal EDI practices of firms engaging in advertising. However, the ASA has set a number of regulations on advertising that seek to prohibit offensive or stereotyping adverts. Both the ASA's broadcast BCAP Code and non-broadcast CAP Code have a section 4 on 'harm and offence'.¹²² Both require adverts to not 'cause serious or widespread offence'. Both codes go on to say that:

'Particular care must be taken to avoid causing offence on the grounds of: age; disability; gender; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation'.¹²³

This list mirrors the set of protected characteristics in the Equality Act 2010, but with the addition of gender. It is unclear why the ASA has chosen to give 'gender' equal parity with those identity characteristics that are legally protected.

The non-broadcast CAP Code acknowledges that 'marketing communications may be distasteful without necessarily breaching this rule'.¹²⁴

In 2019 the ASA introduced a new rule explicitly prohibiting adverts that included 'gender stereotypes that are likely to cause harm, or serious or widespread offence'.¹²⁵ In 2023 the ASA published new guidance 'avoiding racial and ethnic stereotyping in ads'.¹²⁶ The guidance argues that advertising including 'explicitly

118.SRA, 'Complying with Principle 6 - encouraging equality, diversity and inclusion', 9 September 2025, [link](#).

119.Advertising Standards Authority, 'What we cover', [link](#), last accessed 12 January 2026.

120.Legislation.gov.uk, 'The Control of Misleading Advertisements Regulations 1988', [link](#).

121.ASA, 'The ASA appoints new chair', 13 June 2024, [link](#).

122.ASA, 'Non-broadcast Code', [link](#), last accessed 12 January 2026; ASA, 'Broadcast Code', [link](#), last accessed 12 January 2026.

123.Ibid.

124.ASA, 'Non-broadcast Code', [link](#), last accessed 12 January 2026.

125.ASA, 'Ban on harmful gender stereotypes in ads comes into force', 14 June 2019, [link](#).

126.ASA, 'Guidance on avoiding racial and ethnic stereotyping in ads', 25 May 2023, [link](#).

harmful stereotypes’ would be impermissible and potentially illegal. It also set out that ‘mocking or insensitive depictions’ would contravene both the CAP and BCAP Codes and noted that:

‘the use of humour or banter is unlikely to mitigate the likelihood of harm or offence against content that mockingly or insensitively depicts attributes related to a person’s racial or ethnic group.’¹²⁷

The guidance further stated that ‘scenarios depicting stereotypical roles and characteristics’ would contravene the Codes.¹²⁸

Figure 10: Advertising Standards Authority guidance on ‘scenarios depicting stereotypical roles and characteristics’¹²⁹

Scenarios depicting stereotypical roles and characteristics

Ads that depict roles and characteristics stereotypical to racial or ethnic groups in a way that is likely to cause harm are unacceptable under CAP rule 1.3 and BCAP rule 1.2.

Stereotypical roles and characteristics include portrayals of behaviour, employment, tastes and preferences.

Ads may feature people undertaking stereotypical roles but should take care to avoid suggesting that stereotypical roles or characteristics are:

- Always uniquely associated with one racial or ethnic group;
- The only option available to one racial or ethnic group; or
- Never carried out or displayed by another racial or ethnic group.

Notably, the guidance argues that ‘even ads that use depictions of harmful racial or ethnic stereotypes in order to challenge them may, nevertheless, risk causing harm, regardless of the advertiser’s intention’.

The ASA’s desire to prevent discriminatory and stereotyping adverts is understandable. However, there have been several examples in recent years of these rules being applied in an expansive manner that arguably stretch the meaning of ‘serious or widespread offence’. In 2019, in one of its first rulings under the new gender stereotyping rules, the ASA banned a Philadelphia Cream Cheese advert in which two new fathers were distracted by the product, with one briefly leaving his child on a restaurant buffet conveyor belt. The ASA argued the ad perpetuated a harmful stereotype about the attentiveness and incompetence of fathers.¹³⁰ In 2025 the ASA banned an advert by Sanex Shower Gel which displayed a black woman with visibly dry and irritated skin in the ‘before’ shot and a white woman with smoother skin after using the product. The ASA outlawed the ad on the basis that it ‘could be interpreted as suggesting that white skin was superior to black skin’.¹³¹

These examples show how the current rules significantly restrict the creative freedom of businesses to market their product, by restricting content – such as that in the Philadelphia cheese advert – that most people would find inoffensive. It is probable that, with stereotyping rules having been applied so broadly, the ASA’s regulation is contradicting their stated intent not to ‘prevent ads from featuring people with, for example, diverse accents, dress, food, or practising diverse cultural customs’ and is therefore discouraging firms

127. Ibid.

128. Ibid.

129. Ibid.

130. The Guardian, ‘First ads banned for contravening UK gender stereotyping rules’, 14 August 2019, [link](#).

131. ASA, ‘ASA Ruling on Colgate-Palmolive (UK) Ltd’, 20 August 2025, [link](#).

from organically featuring diversity.¹³²

The Pensions Regulator (TPR)

TPR is responsible for regulating the UK's workplace pension schemes. TPR seeks to protect saver's money, promote best practice and support positive market innovation. TPR was established by the Pensions Act 2004.¹³³ It is a non-departmental body of the Department for Work and Pensions, with the Secretary of State having responsibility for appointments to TPR's board and approving the TPR's board chairman.

TPR has produced extensive guidance for both employers and pension scheme governing bodies on the importance of EDI and how to integrate this into practice. This guidance makes clear that TPR believes promotion of EDI is important for the sector.

Figure 11: The Pensions Regulator's 'EDI overview'¹³⁴

The benefits of improving EDI for governing bodies

There have been studies which show that diverse groups of people make better decisions where there is equality and inclusion.^[1]

We believe that the benefits of diverse and inclusive pension governing bodies made up of people who have a broad range of characteristics, life experiences, expertise, and skills will lead to:

- wide discussion encouraging new thinking and approaches
- more effective decision-making that reflects member needs and values
- improved value for money for savers
- deeper understanding of issues that have a real-life influence on savers' outcomes
- better decision-making that impacts quality of life for a wide range of individuals
- greater understanding, insight and empathy for scheme beneficiaries on things like discretionary death benefits and ill health decisions
- improved communications with scheme members

In reality, it is diversity of thought, rather than the superficial diversity of identity characteristics, that provides more effective decision-making – and a lack of diversity of thought, leading to group-think, that can lead to calamity, such as the financial crisis of 2008.

TPR guidance for governing bodies provides a range of advice for promoting EDI within their pension schemes. In a section entitled 'Getting Started with EDI' it suggests governing bodies should participate in EDI training and 'develop and maintain an EDI policy', including setting objectives and having an annual EDI review.¹³⁵ Its guidance places particular focus on pursuing diverse membership of the governing body. It suggests a number of approaches governing bodies could take to this effect, including 'selection rather than election of MNTs [Member Nominated Trustees]', arguing that in some circumstances the election process 'inhibits EDI'.¹³⁶ Guidance aimed at employers encourages them to 'play an important role in ensuring that EDI is considered by the scheme'.¹³⁷

132.ASA, 'Guidance on avoiding racial and ethnic stereotyping in ads', 25 May 2023, [link](#).

133.Legislation.gov.uk, 'Pensions Act 2004', [link](#).

134.The Pensions Regulator, 'EDI overview', March 2023, [link](#).

135.TPR, 'Governing bodies: EDI guidance', March 2023, [link](#).

136.Ibid.

137.TPR, 'Employers: EDI guidance', March 2023, [link](#).

Separately TPR has produced an EDI ‘action plan’. In the introduction to this document it argues that:

‘Supporting governing bodies to improve their diversity and inclusion practices is a key element to achieving these goals. We believe this is important for good governance and decision making and can be beneficial to good saver outcomes.’¹³⁸

This sends a clear signal to pension schemes regulated by TPR that effective EDI policies are considered part of their wider good governance responsibilities.

The role of the courts

Increasingly the contestation of issues relating to EDI has been resolved by the courts. In some cases in recent years the courts have effectively protected employees by limiting EDI overreach. However, in other areas, particularly relating to equal pay, rulings by the courts have significantly expanded the burdens on businesses whilst constraining the autonomy of private companies.

Employment Tribunals

The Employment Tribunal rules on legal disputes relating to employment law.

Figure 12: Purpose of the Employment Tribunal¹³⁹

What we do

We’re responsible for hearing claims from people who think someone such as an employer or potential employer has treated them unlawfully.

Examples of unlawful treatment claims that we may hear include:

- unfair dismissal
- discrimination
- unfair deductions from pay

In 2024/25 48,228 cases were lodged with the Employment Tribunal, of which 15,734 – 32.6% - were discrimination claims related to protected characteristics. Of the 16,244 Employment Tribunal cases concluded in 2024/25, discrimination-related cases accounted for 4,778, or 29.4%.¹⁴⁰

138.TPR, ‘Promoting high standards of diversity and inclusion among our regulated community’, [link](#), last accessed 12 January 2026.

139.Gov.uk, ‘Employment Tribunal’, [link](#).

140.Gov.uk, ‘Tribunals statistics quarterly: January to March 2025’, 12 June 2025, [link](#).

Figure 13: Employment Tribunal case disposals by case type, 2024/25¹⁴¹

	Number of claims
Disability Discrimination	1,958
Sex Discrimination	848
Race Discrimination	811
Age Discrimination	400
Suffer a detriment / unfair dismissal - Pregnancy	273
Religion or Belief Discrimination	217
Sexual Orientation Discrimination	148
Other Protected Characteristics Discrimination	88
Equal Pay	35

On average, the proportion of discrimination cases in 2024/25 that resulted in an Acas Conciliated Settlement or which were successful at a hearing was 32%. This was slightly lower than the average of 37% for non-discrimination related claims. Amongst discrimination claims pregnancy and disability discrimination cases were most likely to end with a settlement or successful hearing (44% and 38%).

Compensation awarded for successful discrimination claims is significant. Despite varying significantly based on the nature of the discrimination, in all case types the average award was over £10,000.

Figure 14: Average Employment Tribunal compensation award by discrimination case type, 2023/24¹⁴²

	Average award
Age Discrimination	£102,891
Disability Discrimination	£44,483
Race Discrimination	£29,532
Religious Discrimination	£10,750
Sex Discrimination	£53,403
Sexual Orientation Discrimination	£27,070

Created with Datawrapper

There is extensive published legal advice on how companies can protect themselves against Employment Tribunal cases. A consistent theme is that organisations should have EDI policies that they can both demonstrate to employees and any Tribunal. Major UK law Kinglsey Napley advises that ‘one of the key responsibilities for any employer is to create an inclusive workplace culture where all individuals feel respected and supported.’¹⁴³

It recommends companies have the following policies.

141.Ibid.

142.Gov.uk, ‘Tribunals statistics quarterly: April to June 2024’, 3 October 2024, [link](#).

143.Kingsley Napley, ‘Blogs’, 14 May 2020, [link](#).

Figure 15: Kingsley Napley Blog: Part 3: The importance of equality, diversity and inclusion (EDI) initiatives in promoting a good working culture¹⁴⁴

Key considerations

Here are some key steps you might want to consider implementing:

1. PRODUCE A STATEMENT OF POLICY



2. IMPLEMENT AN EDI POLICY



3. CONSIDER YOUR APPROACH TO MONITORING AND ANALYSING YOUR DIVERSITY DATA



4. DEVELOP INFORMED EDI INITIATIVES



5. IMPLEMENT A RECRUITMENT POLICY



One specific defence against discrimination claims relates to acts of ‘discrimination, harassment and victimisation’ by one employee against another.¹⁴⁵ Under Section 109 of the Equality Act 2010, employers are vicariously liable unless they can demonstrate that ‘they took all reasonable steps to prevent their employees from acting unlawfully’.¹⁴⁶

To meet this standard, several law firms advise companies to conduct regular EDI training for employees to establish demonstrable organisational standards. In the case of *Allay (UK) Limited vs Mr S Gehlen*, the Employment Appeal Tribunal concluded that two-year old company EDI training was ‘stale’ and insufficient to prove that the company had taken all reasonable steps.¹⁴⁷ As a result major law firm TLT recommended that companies ensure ‘anti-discrimination training is substantial in nature and regularly updated’ to ensure it is an effective defence against discrimination claims.¹⁴⁸

In other cases tribunals have also acted to protect employees from EDI overreach – for example in ruling that the RAF had discriminated against white male pilots.¹⁴⁹ They have also ruled that employees had been unfairly dismissed due to their disagreement with EDI practices. This includes numerous cases related to gender critical beliefs, including those of Maya Forstater and Allison Bailey,¹⁵⁰ as well as other cases, such as that of Mr Borg-Neal set out below.

144.Kingsley Napley, ‘Blogs’, [link](#), last accessed 12 January 2026.

145.Legislation.gov.uk, ‘Equality Act 2010’, [link](#).

146.Ibid.

147.Employment Appeal Tribunal, ‘Allay (UK) Ltd v. Gehlen’, 4 February 2021, [link](#).

148.TLT, ‘Stale’ harassment training and the ‘reasonable steps’ defence’, 11 February 2021, [link](#).

149.BBC, ‘RAF Diversity targets discriminated against white men’, 29 June 2023, [link](#).

150.House of Commons Library, ‘Employment Tribunal rulings on gender-critical beliefs in the workplace’, 7 December 2022, [link](#).

Mr C Borg-Neal v. Lloyds Banking Group¹⁵¹

In July 2021, Mr Borg-Neal attended an online training session entitled ‘Race Education for Line Managers’ alongside 100 senior Lloyds managers. The training was provided by an external organisation, APS Intelligence. This was part of Lloyds bank’s ‘Race Action’ plan launched in the wake of George Floyd’s death the previous year.

At the start of the session the trainer informed participants: ‘When we talk about race, people often worry about saying the wrong thing. Please understand that today is your opportunity to practice, learn and be clumsy... The goal is to start talking, so please speak freely, and forgive yourself and others when being clumsy today’.

Shortly after this introduction, during a section of the training on ‘intent vs. effect’, Borg-Neal asked the trainer how he, as a line manager, should handle a situation where he heard someone from an ethnic minority use a word that would be considered offensive if used by a white person. When he didn’t get an immediate response, he added ‘The most common example being the use of n***** in the black community’.

Mr Borg-Neal was berated by the trainer who placed him on mute and warned him that he may be thrown out of the session for asking further questions. After the course, the external trainer took five days off work due to distress caused. It was at this point that APS Intelligence lodged a complaint with Lloyds Bank.

Ten days after the incident occurred, Lloyds informed Mr Borg-Neal of the disciplinary action against him. He was sent an invitation to a disciplinary hearing on the 29th October 2021 for potential gross misconduct. The letter informed him that ‘as an anti-racist, inclusive business, we do not accept, and will investigate, language or behaviour that is discriminatory, offensive or harasses others’.

Mr Borg-Neal was dismissed for gross misconduct on the 17th December 2021. He was told that the N word ‘is a racially loaded and offensive word which is totally unacceptable in the workplace, and as such, contravenes the values of the group as an anti-racist organisation’.

Following an unsuccessful attempt to appeal Lloyds’ decision, Mr Borg-Neal joined the Free Speech Union who instructed Emma Hammet at Doyle Clayton and Cloisters chambers to bring a claim against Lloyds at Tribunal.

The tribunal found that Mr Borg-Neal’s comments constituted ‘a well-intentioned relevant question regarding how to handle a situation of racially offensive language in the workplace’. They concluded that ‘we do not consider a reasonable employer would consider it to be misconduct’.

The Tribunal also upheld Mr Borg-Neal’s disability discrimination claim. They concluded that ‘the claimant has dyslexia, and this can lead him to keep reformulating questions and to ‘spurt’ things out before he loses his train of thought ... The evidence led us to believe, on the balance of probabilities, that the claimant’s dyslexia was a strong factor causing how he expressed himself as the session’.

Mr Borg-Neal initially requested his job back but withdrew the request

151. Employment Tribunals, ‘Mr C Borg-Neal v. Lloyds Banking Group’, 9 January 2024, [link](#).

after ‘strong opposition’ from the bank. He was awarded over £800,000 in compensation instead.

The Tribunal also instructed senior members of the bank to read the judgement. Lloyds were also required to inform the Financial Conduct Authority, their regulatory, that they had dismissed an employee in a substantially and procedurally unfair manner, and in an act of disability discrimination.¹⁵²

The Expansion of Equal Pay Legislation

The remit of Equal Pay legislation has been significantly expanded since its introduction.

The Equal Pay Act was passed in 1970 and came into force in 1975, at the same time as The Sex Discrimination Act.¹⁵³ This was triggered in part by the 1968 strike at the Ford factory in Dagenham where 850 female sewing machinists went on strike after being paid 15% less than their male colleagues performing similar work.¹⁵⁴ The Act eliminated separate lower rates of pay according to sex and required all contracts to include an ‘equality clause’ where any part of a woman’s contract which was less favourable than the contract of a male colleague doing the same work would be modified to bring her contract in line with his.¹⁵⁵

Since the Equal Pay Act was first passed, its remit has gradually been expanded. In 1983 the Commission of the European Communities brought a case against the United Kingdom of Great Britain and Northern Ireland for its ‘failure to fulfil its obligations – Equal treatment for men and women’.¹⁵⁶ The UK was found to have failed to fulfil its obligations as a member state under the 1976 Equal Treatment Directive for men and women. In 1984 in response to the European Commission’s findings the Equal Pay Act was amended. This introduced the requirement that ‘where a woman is employed on work’ which is ‘of equal value to that of a man in the same employment’ she must be paid equally.¹⁵⁷

This case was tested in 1984 after Julia Hayward, a cook employed by Cammell Laird, Merseyside, argued her work was of equal value to that of a painter, joiner and thermal insulation engineer employed by the same company.¹⁵⁸ Julia won her case in 1988 after three tribunals and an appeal to the House of Lords. In 1986 Dr Pamela Enderby, a speech therapist employed by the NHS, took her employer to tribunal on the grounds that she received 40% less pay than predominantly male senior hospital pharmacists and clinical psychologists doing equal work. The case was referred to the Court of Justice of the European Communities in 1993. In a landmark ruling they found that equal pay claims could be brought forward even if the claimant could not identify the discriminatory cause of differences in pay.¹⁵⁹

In 1999 a decision from the Court of Justice of the European Communities led to the removal of the two-year limit for back pay claims.¹⁶⁰ In 2010 The Equal Pay Act, along with other sex discrimination legislation, was consolidated in the Equality Act 2010.¹⁶¹ Section 65 of the Equality Act defines what constitutes ‘equal work’ for the purposes of equal pay claims.

153. Legislation.gov.uk, ‘Equal Pay Act 1970’, [link](#).

154. LSE, ‘The Ford sewing machinist strike and the history of the struggle for equal pay’, 7 June 2018, [link](#).

155. House of Commons Library, ‘50 years of the Equal Pay Act’, 28 May 2020, [link](#).

156. European Union, ‘Judgment of the Court of 8 November 1983. Commission of the European Communities v. United Kingdom of Great Britain and Northern Ireland. Failure of a State to fulfil its obligations - Equal treatment for men and women.’, 8 November 1983, [link](#).

157. Legislation.gov.uk, ‘The Equal Pay (Amendment) Regulations 1983’, [link](#).

158. Royal Courts of Justice, ‘Julie Ann Hayward v. Cammell Laird Shipbuilders Limited’, 5 March 1987, [link](#).

159. Court of Justice of the European Communities, ‘Dr. Pamela Mary Enderby v. Frenchay Health Authority and Secretary of State for Health’, 27 October 1993, [link](#).

160. Court of Justice of the European Communities, ‘Social policy - Men and women - Equal pay’, 1 December 1998, [link](#).

161. Legislation.gov.uk, ‘Equality Act 2010’, [link](#).

152. Employment Tribunals, ‘Mr C Borg-Neal v. Lloyds Banking Group’, 9 January 2024, [link](#).

The principle of equal pay for equal work is a good one. There is no longer a need to prove direct or indirect discrimination as part of a claim. A company can be found to have calculated pay scales without any deliberate or unconscious gender bias but may still fall foul of an equal pay claim. The claimant in an equal pay lawsuit does not need to prove 'equal work' but simply work of 'equal value'. Recent legal cases have found that very different types of work can be amalgamated as equal value – unpopular jobs involving hard labour in warehouses have been compared to shop floor work; roles in social care and as cooks have been compared to road work and refuse collection; and speech therapy has been equated with psychology and pharmacy.

Birmingham City Council

In 2012, 170 women and 4 men, all former employees of Birmingham Council brought an equal pay appeal to the Supreme Court (*Birmingham City Council v. Abdullah*). They had all left their employment between 2004 and 2008 and were contending that Birmingham was in breach of the 'equality clause' inserted into their contracts of employment by section 1(1) of the Equal Pay Act 1970. The respondents were unable to take their claims to employment tribunal as they would have been time barred. Birmingham appealed to strike out the claim, but their application was dismissed by both the High Court and the Court of Appeal.¹⁶²

The Supreme Court decision significantly expanded the scope of Equal Pay legislation – opening the door to equal pay claims several years old (rather than the six months allowed by a tribunal). This places the burden on businesses to retain evidence in order to respond to historic claims.

Birmingham City Council were found to have provided lower compensation to women in predominantly female jobs, working as cooks, cleaners, and care staff. Pay was compared to that of refuse collectors and road workers – where a majority of staff were male.¹⁶³

Since the 2012 judgement, thousands of equal pay claims have been brought against the council. So far, they have paid out over £1.1bn in equal pay compensation.¹⁶⁴ This led to the council issuing a Section 114 notice declaring the Council to be 'in a negative General Fund position' due to 'the cost of providing Equal Pay claims'.¹⁶⁵ The notice marks the suspension of all but essential spending by the Council.

The council has estimated that as of 31st March 2023 their Equal Pay liability is in the region of £650m and £760m with the liability continuing to accrue at an estimated rate of between £5 million and £14 million a month.¹⁶⁶

In November 2021 GMB Union launched their 'Birmingham Pay Justice' campaign in which they continue to support former employees of the council to submit legal claims on the grounds of equal pay.

162. The Supreme Court, 'Birmingham City Council (Appellant) v. Abdulla and others (Respondents)', 5 January 2012, [link](#).

163. *Ibid.*

164. Birmingham Council, 'Birmingham City Council statement on Equal Pay update', 28 June 2023, [link](#).

165. Birmingham City Council, 'Section 114 notice', 5 September 2023, [link](#).

166. *Ibid.*

These judgements are now impacting the private sector. In a similar case settled in September 2024, 3,540 workers at Next Retail Limited were awarded an equal pay claim which could amount to £30m in back-pay.¹⁶⁷ The equal pay claim was made on the basis that pay rates for warehouse workers were higher than for retail workers. The Tribunal found that 77.5% of Next's retail consultants were female, while 52.75% of warehouse operators were male. On this basis, the tribunal determined that differential pay between the two jobs was an example of pay discrimination.

The court found that on 18 separate counts, there was no evidence of 'direct discrimination'. The tribunal accepted that there was also no evidence of 'conscious or subconscious influence of gender' in pay decisions.¹⁶⁸

Next submitted evidence of the two different employment markets, including 'a fall in demand of 18% for retail sales consultants and an increase for 23% for warehouse operatives'.¹⁶⁹ They also demonstrated that 'between 2017 and 2022 the vacancy rate for warehouse posts was double that for retail'. Despite this, the tribunal found that the 'business need' to pay warehouse workers a higher salary 'was not sufficiently great as to overcome the discriminatory effect of lower basic pay'.¹⁷⁰

A similar equal pay claim is currently underway against Asda, with damages estimated to be up to £1.2 billion,¹⁷¹ while the Co-op and Morrisons are also facing similar cases.¹⁷²

Government schemes promoting voluntary EDI

Over the past twenty years Governments have repeatedly indicated support for a range of EDI interventions. Repeated reviews into ethnic minority, female, and LGBT representation in a range of companies have been set up. Examples include the 2011 Davies Review on Women on Boards and subsequent follow-up in 2015, the 2015 Government Equalities Office Closing the Gender Pay Gap consultation, the 2016 Women and Equalities Committee Gender Pay Gap inquiry, the 2024 Treasury Committee Sexism in the City report and the 2025 Office for Equality and Opportunity consultation on mandatory ethnicity and disability pay gap reporting. Government Ministers – whether Conservative, Labour or Liberal Democrat – have spoken of their support for businesses conducting EDI interventions, whether encouraging them to increase the proportion of women in boards or to take steps to foster an inclusive workforce.

The below are three examples of commissions established by the government in the last two decades to promote EDI in the workplace. Both were voluntary reviews with high levels of business participation.

167. Employment Tribunals, 'Miss M Thandi and Others v. Next Retail Limited and Next Distribution Limited', 26 July 2024, [link](#).

168. Ibid.

169. Ibid.

170. Ibid.

171. Institute of Employment Rights, 'Historic win for Asda workers', 5 February 2025, [link](#).

172. Leigh Day, 'Co-op show floor workers claim victory in first stage of equal pay battle', 31 January 2022, [link](#); Leigh Day, 'Equal pay claims lodged against Morrisons', 13 November 2018, [link](#).

FTSE Women Leaders

In 2016, the government appointed Sir Philip Hampton and Dame Helen Alexander to chair an independent review with the goal of increasing female representation on FTSE boards and in senior executive positions.¹⁷³

The review gathered data from FTSE 350 companies. In 2022 its scope was expanded to include 50 of the UK's largest companies. Reports published on the government website share example of best practice and publish progress.¹⁷⁴

Their stated focus is:

*'achieving 40% women's representation in Leadership (defined as the Executive Committee and their Direct Reports) and increasing women appointments in the 'four key roles' of Chair, Senior Independent Director, CEO and Finance Director, ahead of the end of 2025 target deadline.'*¹⁷⁵

The Parker Review

The Parker Review Committee was commissioned by BEIS in 2015 to consult on the ethnic diversity of UK Boards. Their first report was released in 2016, and since then they have published annually.¹⁷⁶

Their 2017 report made a series of recommendations including a 'Beyond One by 21' target. The aim was for all FTSE 100 boards to have at least one director from an ethnic minority background by December 2021 for FTSE 250 Boards to have the same by 2024.¹⁷⁷

In their 2024 report, 96 FTSE 1000 companies were found to have met that target.¹⁷⁸ The Parker Review also asks signatories to publish their ethnicity pay gap data within two years of joining the campaign.¹⁷⁹

173.Gov.uk, 'FTSE women leaders: Hampton-Alexander review', 14 March 2022, [link](#).

174.FTSE Women Leaders, 'About Us', [link](#), last accessed 12 January 2026.

175.Ibid.

176.The Parker Review, 'Home', [link](#), last accessed 12 January 2026.

177.Parker Review, 'A Report into the Ethnic Diversity of UK Boards', 12 October 2017, [link](#).

178.Parker Review, 'Improving the Ethnic Diversity of UK Business: An update report from the Parker Review', 11 March 2024, [link](#).

179.Ibid.

The McGregor-Smith Review

The then-Department for Business, Energy and Industrial Strategy appointed Baroness McGregor-Smith CBE to lead a review into race in the workplace. The McGregor-Smith Review was published in February 2017.¹⁸⁰

The review contended that ‘the time for talking is over’, arguing that ‘the public sector must use its purchasing power to drive change’ and that ‘fully inclusive workplaces are the target’.¹⁸¹ The review called for all companies with over 50 employees to ‘set aspirational targets to increase diversity and inclusion throughout their organisations’.¹⁸² It argued that businesses should publish and report on progress towards these targets and should also publish workforce data by race and pay band as a legal requirement. The review further argued that any company tendering for a public contract should have to demonstrate the steps they were taking to increase their diversity. It also called for mandatory unconscious bias training within companies. It advised that employers should create formalised ‘inclusive networks’ and encourage staff to join.

Activists

Not all pressure on business comes through Government, regulation or the courts. Businesses also respond to pressure from activists, who may be involved with explicitly campaigning organisations, or more grass-roots campaigns from consumers.

External Groups

External groups may seek to exert pressure on businesses to adopt EDI policies in a number of ways. In addition to simply campaigning, businesses may seek to influence the uptake of EDI schemes by providing training, by running benchmarking or ranking exercises, or by creating voluntary schemes to which businesses can sign up to – and be scored against – to demonstrate their credentials in this area.

Examples of external groups that have sought to influence corporate EDI policies are set out below.

Stonewall

Stonewall defines itself as ‘a UK human rights charity fighting for Lesbian, Gay, Bi, Trans, Queer+ equality.’¹⁸³

Stonewall offers a variety of ‘LGBTQ+ Workforce Training’ programmes.¹⁸⁴

183. Stonewall, ‘Who we are’, [link](#), last accessed 12 January 2026.

184. Stonewall, ‘Workplace Inclusion Programmes, Training, and Resources’, [link](#), last accessed 12 January 2026.

180. Gov.uk, ‘Race in the workplace: The McGregor-Smith review’, 28 February 2017, [link](#).

181. Ibid.

182. Ibid.

Stonewall LGBTQ+ Workforce Training Schemes:¹⁸⁵

‘Empower your workplace with tried and tested inclusion training’

‘We help hundreds of organisations to realise the impact of inclusion. Our expert training team helps build confidence, knowledge, and practical skills to embed an inclusive culture across your organisation, whether you wish to:

- Run introductory workshops
- Book a speaker
- Deliver leadership development training to your LGBTQ+ staff
- Create a bespoke training package for your organisation’

‘Book a workshop for LGBT History Month’

‘We offer expert-led workshops to support your organisation explore LGBTQ+ experiences and history in the UK and give practical steps your workplace can take, not just in February, but all year round.

- Explore what LGBT History Month is and why it matters
- Reflect on how LGBTQ+ history connects to today’s workplace
- Take meaningful action to build more inclusive cultures at work’

‘Introduction to LGBTQ+ allyship workshop’

- ‘Learn more about LGBTQ+ identities and experiences in order to better advocate for inclusion
- Understand more about what makes a workplace inclusive for LGBTQ+ people
- Discuss ways that you can step up as an active ally to the LGBTQ+ community’

Stonewall currently also offers its Stonewall Proud Employers Accreditation, which has evolved from its Global Workplace Equality Index and is described as ‘a benchmarking and accreditation tool that you can use to assess and progress LGBTQ+ inclusion in your workplace. It’s designed to support employers to foster safe and inclusive work environments where everyone can thrive’.¹⁸⁶ Stonewall argues that accreditation ‘sends a clear message to your employees, prospective employees, clients, service users, customers, and wider sector that you are an inclusive employer’. Accredited businesses may achieve one of four grades, with prizes for top-performing accredited businesses. To receive the accreditation, businesses must either be a member of the Stonewall Proud Employer scheme or pay £1000 plus VAT for the standalone accreditation, which includes ‘detailed feedback and practical action planning support from an inclusion expert’.¹⁸⁷

This accreditation process gives Stonewall considerable influence over a company’s EDI schemes. Consultants assigned to a company by Stonewall will exercise significant influence over policy – from recruitment, to promotion, and internal best practice. This is despite several examples where Stonewall’s guidance to organisations has been accused of

186. Stonewall, ‘Proud Employers Accreditation’, [link](#), last accessed 12 January 2026.

187. Stonewall, ‘Proud Employers Accreditation’, [link](#), last accessed 12 January 2026.

185. Stonewall, ‘Workplace Inclusion Programmes, Training, and Resources’, [link](#), last accessed 12 January 2026.

misinterpreting or contradicting equalities law, placing firms in a difficult position and potentially incurring costs to correct this.¹⁸⁸

Figure 16: Stonewall LGBT in Britain report¹⁸⁹

RECOMMENDATIONS

EMPLOYERS SHOULD:

- Develop clear zero tolerance policies on transphobic bullying, discrimination and harassment policies, supported by all-staff training
- Using Stonewall's guidance, develop a policy to support trans employees who are transitioning, including information on confidentiality, dress codes and using facilities, with related guidance for line managers
- Join more than 760 employers on Stonewall's Diversity Champions programme, the UK's leading best practice forum for employers on LGBT inclusion. Visit www.stonewall.org.uk/diversity-champions-programme to join the programme



Stonewall's six-step toolkit on creating a trans-inclusive workplace is available at www.stonewall.org.uk/supporting-trans-staff-workplace

Stonewall's library of resources for employers on creating an LGBT-inclusive workplace is available at www.stonewall.org.uk/our-work/workplace-resources

Figure 17: Stonewall's definition of transphobia¹⁹⁰

Transphobia

Prejudice or negative attitudes, beliefs or views about trans people. This can include the fear or dislike of someone based on the fact they are, or are perceived to be trans.

Business in the Community (BITC)

Business in the Community is 'the UK's largest and longest-established responsible business network, championing sustainability, inclusion, and growth that benefits both business and society.'¹⁹¹ Business in the Community consult businesses across a network of 7 million people – representing 20% of the UK workforce.¹⁹² They run several campaigns targeted at increasing EDI in business, one of which is *The Race at Work Charter*.

The Race at Work Charter was established following the 2017 government sponsored 'Race in the workplace: The McGregor-Smith Review' which found that 'ethnically diverse' staff encounter disparities in employment and progression in the workplace.¹⁹³ The Business in the Community Race at Work Charter asks businesses to make a 'public commitment' to 'improve workplace equality'.¹⁹⁴ Numerous FTSE100 companies are signatories, including Aviva, Beazley Group, BT, easyJet PLC, HSBC UK, Landsec, M&G PLC, NatWest Group, Phoenix Group, Schroders, Standard Chartered, United Utilities and WPP PLC.¹⁹⁵

Signatories are asked to make the following commitments:

188. Personnel Today, 'Stonewall's diversity scheme accused of being unlawful', 28 May 2021, [link](#); Legal Feminist, 'Legal risks for Stonewall members', 6 June 2021, [link](#).

189. Stonewall, 'LGBT in Britain: Report', [link](#).

190. Stonewall, 'List of LGBTQ+ terms', [link](#), last accessed 12 January 2026.

191. Business in the Community, 'What we do', [link](#), last accessed 12 January 2026.

192. Business in the Community, 'About us: what we do', [link](#), last accessed 12 January 2026.

193. Gov.uk, 'Race in the workplace: The McGregor-Smith Review', 28 February 2017, [link](#).

194. Business in the Community, 'The Race at Work Charter', [link](#), last accessed 12 January 2026.

195. Ibid.

- 'Support young people's pathways into good work and enterprise
- Capture ethnicity data and publicise progress
- Commit at board level to zero tolerance of harassment and bullying
- Managers ensure equitable access to opportunities and development
- Support career progression for ethnically diverse employees
- Progress employees from allyship to solidarity
- Include diverse-led businesses in supply chains'¹⁹⁶

March 2021 guidance on meeting the Race at Work charter also encourages firms to take the following action:

Figure 18: Actions encouraged by Race at Work Charter¹⁹⁷

To meet this part of the Race at Work Charter, we recommend that organisations should seek to:

- Ensure executives have KPIs specifically related to race inclusion.
- Champion race equality throughout the organisation and ensure race is firmly on the agenda.
- Task executives to lead on race equality strategy with oversight of the delivery of programmes of work.
- Encourage senior leaders to question the lack of diversity at senior levels and commit to taking firm action.
- Initiate ethnicity pay reporting to encourage action to redress pay differences.

APS Intelligence

APS Intelligence were the external training provider in the case discussed above of *Lloyd's Bank vs. Mr Borg-Neil*.

They offer several services, including:

- 'Group Executive Coaching - Opportunity to pose questions about real-world challenges and hone skills to develop more effective, high-performing teams.
- Masterclasses & Workshops - These cover a range of topics vital for success in the future world of work including leadership, teaming and wellbeing, to motivate individual and organisational change.
- Masterminds - Structured group sessions that provide the opportunity for peer and colleague feedback in a psychologically safe space on pressing professional questions.
- BoardStars - An evidence-based programme that aims to help brilliant, Black executives transition into FTSE non-executive positions within two-years of participation.
- STARS - An evidence-based leadership inventory that helps leaders understand their strengths across nine contemporary leadership dimensions.
- Career Acceleration Programme - This programme combines STARS, Masterminds and Masterclasses to amplify existing and build new individual leadership capabilities and competencies for

196. Business in the Community, 'The Race at Work Charter', [link](#), last accessed 12 January 2026.

197. Business in the Community, 'Meeting the BITC Race at Work Charter: An employers guide', March 2021, [link](#).

participants, whilst helping line managers see beyond prototypical candidates and CVs.’¹⁹⁸

John Amaechi OBE, the founder of APS Intelligence and their ‘Leadership Transformation Expert’ has written extensively about contested ideas such as ‘white privilege’, writing in the Financial Times that:

Whether in or outside the workplace, the potential solutions are multi-faceted — and one of those essential facets is an understanding of privilege.

We know this because when we begin to speak about race equality and white privilege, for instance, the resistance to the idea of the existence of this entirely unexceptional kind of privilege is a war zone.’¹⁹⁹

There is limited evidence that EDI and unconscious bias training is ultimately successful in improving diversity in the workplace. For example, analysis of data from 800 American firms over 30 years and found that five years after training became required for managers, companies saw no increase in the proportion of minority groups in management. In fact, the proportion of black women and Asian-Americans at that level actually dropped.²⁰⁰ Research indicates that many EDI policies can be divisive amongst employees, finding that ‘provocative DEI terminology can elicit emotional discomfort, reducing engagement and triggering rejection’ as well as increasing staff turnover.²⁰¹ In 2020 a review of unconscious bias training by the Government’s Behavioural Insights Team concluded that such training is ineffective and may alienate participants.²⁰² In contrast, other research has found that employee awareness of a company’s mission and principles can improve morale and job satisfaction.²⁰³

Social Media

Not all external pressure comes from organised groups. Companies can be subject to grassroots pressure on social media.

In October 2017 Dove apologised and withdrew a Facebook advert for Dove lotion. The advert showed a black woman removing her t-shirt, revealing a white woman underneath. The white woman then removed her own shirt to reveal an Asian woman. Critics argued that the ad suggested the woman’s skin colour had changed after washing, perpetuating racist tropes. Following extensive negative commentary on social media, Dove removed the ad. A spokesperson for Unilever, Dove’s parent company, responded by saying ‘an image we recently posted on Facebook missed the mark in representing women of colour thoughtfully. We deeply regret the offence it caused’.²⁰⁴

Social media campaigns for Boycott, Divestment, and Sanctions against companies which do business in Israel have exerted significant pressure on several household brands.²⁰⁵ Companies that have faced this pressure include McDonalds, Siemens and Carrefour.

In recent years some firms have shown an increased willingness to resist social media pressure and controversy. For example, in July 2025 US

198.APS Intelligence, ‘Helping businesses create high performance, ethical workplace cultures’, [link](#), last accessed 12 January 2026.

199.Financial Times, ‘Privilege blinds us to plight of others who lack it’, 18 November 2020, [link](#).

200.Harvard Business Review, ‘Why Diversity Programs Fail’, July 2016, [link](#).

201.Mihaylova, I. and Rietmann, K., ‘Diversity, equity and inclusion at a crossroads: a scoping review of the characteristics of its workplace backlash’, (2025), *Journal of Sustainable Business* 10:18, [link](#).

202.Gov.uk, Government People Group, ‘Unconscious bias and diversity training – what the evidence says’, 18 August 2023, [link](#).

203.Dobrinic, D., and Fabac, R., ‘Familiarity with Mission and Vision: Impact on Organizational Commitment and Job Satisfaction’, (2021), *Business Systems Research* Vol. 12 No. 1, [link](#).

204.The Guardian, ‘Dove apologises for ad showing black woman turning into white one’, 8 October 2017, [link](#).

205.BDS Movement, ‘Guide to BDS Boycott & Pressure Corporate Priority Targeting’, 6 December 2024, [link](#).

fashion brand American Eagle released an advert in partnership with actress Sydney Sweeney, titled 'Sydney Sweeney has great jeans'. The campaign was criticised for its perceived promotion of traditional female beauty standards, with some alleging that the word plan on 'jeans' had racial and eugenic undertones.²⁰⁶ American Eagle defended the ad, commenting 'we'll continue to celebrate how everyone wears their AE jeans with confidence, their way'.²⁰⁷ Following the episode American Eagle's share price increased 25% after the company projected strong sales in light of the campaign.²⁰⁸

Investors

Businesses can also face pressure to embrace elements of EDI from potential and existing investors. One of the ways that these organisations may seek to demonstrate their commitment to EDI and to the related concept of Environmental, Social, Governance (ESG) is by directing investments towards firms that they feel align with and demonstrate strong EDI practice. In so doing they can make the case that they are acting as responsible investors, in turn improving their own public reputation.

Larry Fink, the chairman and CEO of Blackrock, the world's largest asset management firm, writes an annual letter to the CEOs of companies Blackrock is invested in. In his 2020 letter, Fink argued that 'all investors, along with regulators, insurers, and the public, need a clearer picture of how companies are managing sustainability-related questions'.²⁰⁹ He argued this should include publishing data on 'the diversity of its workforce' and 'the sustainability of its supply chain'.²¹⁰ A report in the same year by the International Finance Corporation, part of the World Bank Group, advised firms on how they can 'intentionally and measurably use capital to promote gender equality within each investment deal and across their portfolio'.²¹¹

Policy Exchange's report *Corporate Cancel Culture* has outlined how the unique position of investors has given the financial sector outsized influence on the EDI and ESG approaches of the wider economy. It argues in relation to ESG that 'a code of behaviour which was supposed to cover businesses of all kinds was being laid down entirely by the financial sector'.²¹²

As previously discussed, investors have justified their position on the basis that diverse and socially responsible companies are supposedly more profitable and successful. Yet, as *Corporate Council Culture* demonstrates, investments made on this basis have repeatedly failed. In 2022 ESG funds underperformed mainstream stock market indices. The report notes that as a consequence:

*'In the first nine months of that year, according to the Investment Association, UK investors withdrew £1 billion from 'responsible funds' – yet another moniker for ESG. In the US investors withdrew \$13 billion from ESG funds over the course of 2023.'*²¹³

This experience provides further evidence that claims about the profitability of firms which embrace EDI are unreliable. Nonetheless, companies of all kinds are reliant on investment to operate and expand. If investors indicate that EDI will play a role in their investment criteria, this

206. BBC News, 'Why Donald Trump is talking about actress Sydney Sweeney', 5 August 2025, [link](#).

207. Ibid.

208. BBC News, 'American Eagle shares soar as Sydney Sweeney ads seen driving sales', 4 September 2025, [link](#).

209. Blackrock, 'Larry Fink's 2020 letter to CEOs', 2020, [link](#).

210. Ibid.

211. International Finance Corporation, 'Private Equity and Value Creation: A Fund Manager's Guide to Gender-smart Investing', 15 November 2020, [link](#).

212. Policy Exchange, 'Corporate Cancel Culture', 11 November 2025, [link](#).

213. Ibid.

presents a powerful signal to companies that may in turn feel compelled to adopt these policies.

3. Internal Pressure

The rise of EDI in the workplace has not simply been a product of external influence. Pressure towards progressive causes is also taking place from within the workplace: through a growing and increasingly politicised HR sector, through the proliferation of staff networks, and via activism from employees.

The expansion of Human Resources

HR, in some form or other, has existed since the modern company. In the early 20th century, HR professionals worked under the banner of ‘personnel’, managing the recruitment, training, sanctioning, and termination of staff. As working conditions began to improve, it was usually personal officers that implemented these changes – rolling out pension benefits, life insurance policies, health and safety, and other benefits to employees.²¹⁴

As trade union membership became more popular, particular in the wake of the Trade Union Act 1871 and the Trade Disputes Act 1906, HR managers, often termed ‘employment clerks’, were involved in managing disputes. The Chartered Institute of Personnel and Development was founded in 1913 in response to the growth of people directly employed to manage personnel. The term ‘human resource’ was coined as early as 1893 by John R. Commons although it doesn’t seem to have come into popular use until the late 1960s.

In recent years, there has been a significant expansion of HR. Between 2011 and 2023 the HR profession has grown by 83%.²¹⁵ Meanwhile, the number of people in employment has grown by only 13.5%.²¹⁶ Not only have HR departments increased in size, there has also been a disproportionate increase in the number of people employed in senior and managerial roles in these departments.

214.Srivastava, K., ‘Rethinking HR: Role of HR Professionals in a Changing Business Environment’, IJIR (2000) Vol. 34 No. 4, [link](#).

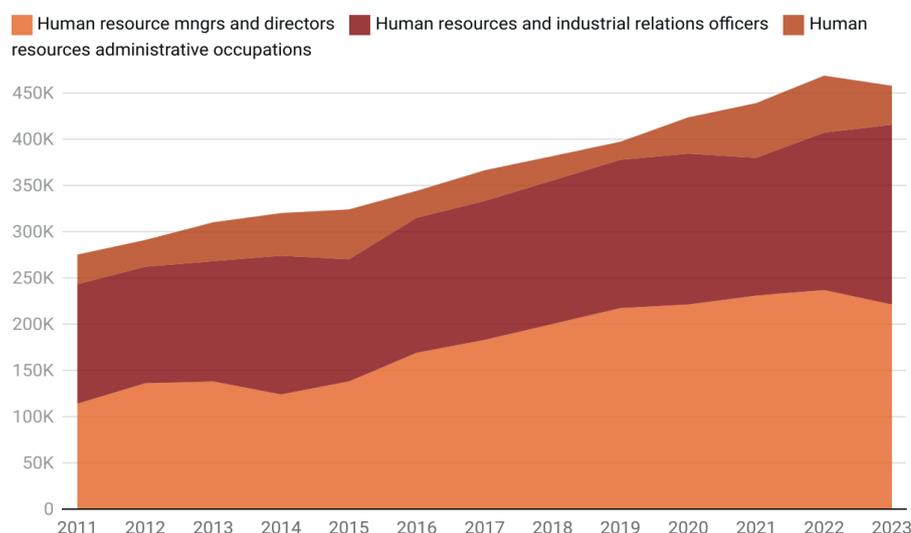
215.New Statesman, ‘How Human Resources Captured the Nation’, 27 November 2024, [link](#).

216.ONS, ‘Annual Population Survey/Labour Force Survey 2011-2023’, [link](#).

Figure 19: Full time employees in Human Resource jobs as recorded in the ONS Labour Force Survey, 2011 to 2023²¹⁷

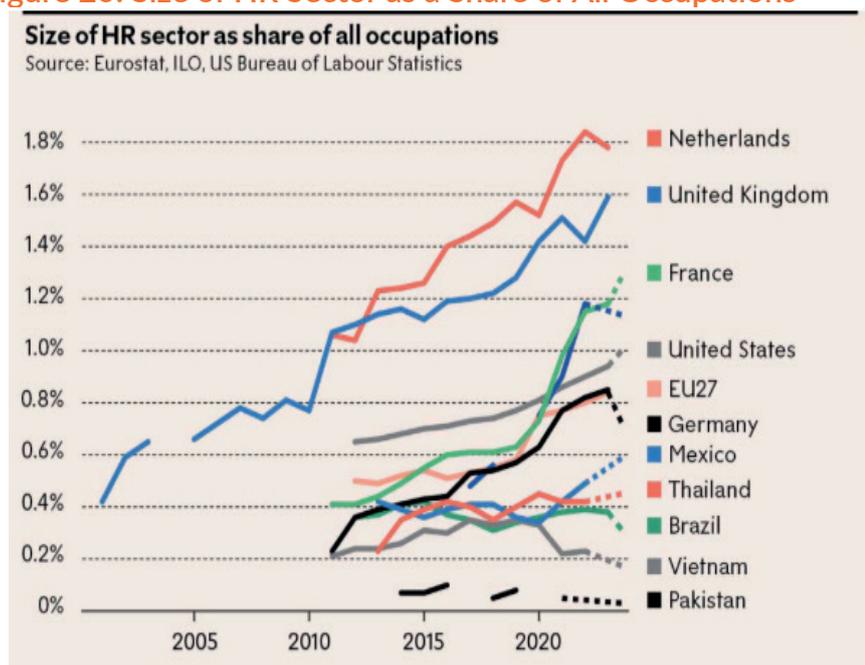
The growth of Human Resources Jobs

Full time employees in Human Resource jobs as recored in the ONS' Labour Force Survey



The UK has one of the highest proportion of people employed in HR in the world, at 1.6% of the workforce, second only to the Netherlands amongst Western countries. This compares with only 1% of the workforce in the US and roughly 0.8% in the EU.²¹⁸ Figure 20, originally published in the New Statesman, demonstrates the growth of the profession in comparison to other countries.²¹⁹

Figure 20: Size of HR Sector as a Share of All Occupations



217.Ibid.

218.New Statesman, 'How Human Resources Captured the Nation', 27 November 2024, [link](#).

219.Ibid.

One reason for the growth of HR is the increased regulatory burden on business. Regulatory compliance and mandatory data requires staff to oversee it. Policies which require mandatory reporting of any data require whole departments dedicated to recording and compiling information. The threat of employment tribunals has created incentives for companies develop policies and procedures intended to increase their chances of winning such tribunals.

Richard Hanania, writing about the American growth of HR, offers the following explanation:

“... an institution can defend itself by showing that it is behaving in accordance with industry norms. Employers must pay attention not only to what judges, and bureaucrats think but to the things that other corporations are doing to address discrimination. This creates an arms race which helps explain why practices that once seemed absurd can become common.”²²⁰

HR has not just changed in size. A survey carried out by McKinsey & Company found that 25% of HR leaders conceive of their role as ‘driving leadership, culture, and employee experience’.²²¹

Figure 21: McKinsey & Company survey on the priorities of HR leaders²²²

HR leaders say they are prioritizing initiatives that strengthen agility and identity.

Initiative selected by HR leaders as a top 3 priority for the next 18–24 months, %¹

Responding with agility	Mapping talent to value	Simplifying the organization	Other
27	25	13	13
	Driving leadership, culture, and employee experience	Establishing and radiating purpose	Virtualizing work and its implications
100%			

¹Of 268 selected initiatives; question: As an HR leader, what are your top 3 priorities for the next 18–24 months? Source: HR Leader Survey, The Role of HR During Uncertainty and Beyond, virtual conference, May 2020

Equality, Diversity and Inclusion has become a core part of the role of many HR departments, both for compliance reasons and because promoting EDI has become to be considered advantageous to the company – despite the limited evidence base over the efficacy of interventions. As shown by the examples in Annex A, from mandatory unconscious bias training to development schemes specifically aimed at those with certain identity characteristics, EDI-related HR initiatives are now a routine part of modern corporate life.

Diversity Targets

Some UK employers have embedded diversity targets into the KPIs of certain members of management. Autotrader Group, for example, have set the following KPIs.

220.Hanania R., ‘Civil Rights Law, Corporate America, and the Triumph of Identity Politics’, (2023), HarperCollins Publishers Inc.

221.McKinsey & Company, ‘The new possible: How HR can build the organization of the future’, 12 March 2021, [link](#).

222.Ibid.

Figure 22: Autotrader gender and ethnicity cultural KPIs from March 2024²²³

Our Diversity KPIs

- **Women representation overall:** Based on the percentage of employees who are women (both cis and trans) at the end of March. In calculating this percentage we include all gender identities, including non-binary
- **Ethnicity representation overall:** Based on the percentage of our headcount that define themselves as ethnically diverse as at the end of March. In calculating this percentage we include those who have chosen not to specify their ethnicity in our total headcount.
- **Women representation in Leadership roles:** Based on the percentage of those in leadership positions who are women (both cis and trans) at the end of March. In calculating this percentage we include all gender identities, including non-binary.
- **Ethnicity representation in Leadership roles:** Based on the percentage of those in leadership positions that define themselves as ethnically diverse at the end of March.

Although affirmative action is not legal in the UK, if managers are financially incentivised to prioritise diversity when hiring and promoting, this creates perverse incentives upon those managers to act in a way which does not treat all applicants equally – perhaps by giving those applicants from groups which are behind target a greater benefit of the doubt, or by subjecting those from groups who are above target to greater scrutiny.

When speaking to the Treasury Select Committee in 2023, Aviva CEO Amanda Blanc said:²²⁴

There is no non-diverse hire at Aviva without it being signed off by me and the chief people officer, not because I do not trust my team, but because I want to make sure that the process followed for that recruitment has been diverse, has been properly done and is not just a phone call to a mate to say, “Would you like a job? Pop up and we will fix it up for you”. A lot of work has been done to make sure you get those numbers right.

EDI Professionals in the Workplace

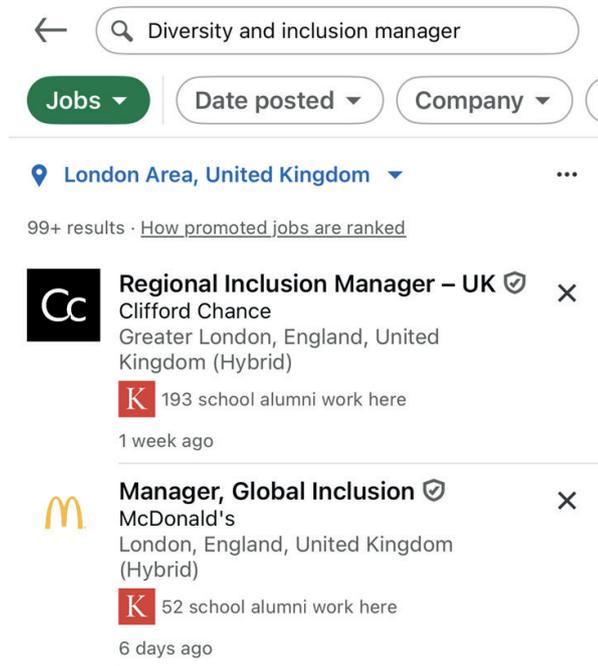
In addition to EDI becoming a feature of many HR professionals’ roles, there are also now specific HR roles dedicated to furthering EDI. At the time of writing, a search on LinkedIn for ‘Diversity and Inclusion Managers’ found 165 vacancies.²²⁵

223.Plc Autotrader, ‘Diversity & Inclusion – Gender and ethnicity cultural KPIs’, March 2024, [link](#).

224.House of Commons Treasury Committee, ‘Oral evidence: Sexism in the City’, 13 December 2023, [link](#).

225.Linkedin, ‘Job Search: Diversity and Inclusion Manager’, [link](#).

Figure 23: Examples of Diversity and Inclusion vacancies listed on LinkedIn on 15 January 2026²²⁶



The addition of these professionals into the workplace does not always make for a more cohesive professional environment. In some cases, EDI professionals and the policies they have advanced have been criticised by their colleagues for creating a divisive working environment and even resulted in successful claims against the company concerned.

Mrs J Bradbury v. Sky In-Home Service Ltd: 4108097/2021²²⁷

In June 2020 Rosemary Cook, an ‘Inclusion Advocate’ at Sky In-Home Services phoned her colleague Jane Bradbury to discuss a forty-five-minute presentation she was planning to give on inclusion and diversity in the light of the murder of George Floyd.

During the phone call, Ms Cook, who was white, informed Ms Bradbury, who was ethnically Latina, that she ‘would have suffered oppression because of her race, and the colour of her skin’. Ms Bradbury was upset by this and later wrote to her manager stating that ‘I was told that I should understand this as I had suffered oppression. I have never felt oppressed in my life, and I think it is wrong for this person to assume because of the colour of my skin I have without even knowing anything of my background ethnicity or upbringing’.

Ms Bradbury was later sacked from Sky for failing to self-isolate after returning from holiday in Spain.

At an employment tribunal she lost her claim of unfair dismissal relating to her sacking, but she was awarded £14,000 under section 124 of the Equality Act on the basis that the remarks of the ‘Inclusion Advocate’ did amount to racial discrimination.

226.Ibid.

227. Employment Tribunals, ‘Mrs J Bradbury v. Sky In-Home Service’, 1 July 2022, [link](#).

The Chartered Institute of Personnel and Development (CIPD)

Why have so many HR departments adopted EDI policies that go beyond compliance with the law? One reason is that these policies are encouraged by their professional body, the Chartered Institute of Personnel and Development.

The Chartered Institute of Personnel and Development (CIPD) is the professional body human resource management professionals. They have over 160,000 members and therefore have a significant impact on the functions of the human resources industry.²²⁸ The CPID often work with other charities, like BITC, to encourage the proliferation of EDI in the workplace. As with many other groups dealt with in this paper, many of their resources are only available to members.

The CIPD says that ‘promoting and delivering EDI in the workplace is an essential aspect of good people management’.²²⁹ It explicitly advocates going beyond the law and promotes equality of outcome as opposed to equality of opportunity.

‘However, an effective EDI strategy should go beyond legal compliance and take an intersectional (that a person’s different intersecting identities can advantage or disadvantage them) approach to EDI, which will add value to an organisation, contribute to the wellbeing and equality of outcomes and impact on all employees.

This factsheet explores what workplace equality, diversity and inclusion (EDI) means, and how an effective strategy is essential to an organisation’s business objectives. It looks at the rationale for action and outlines steps organisations can take to implement and manage a successful EDI strategy, from recruitment, selection, retention, communication, performance management and training, to addressing workplace behaviour and evaluating progress.’²³⁰

CIPD advice routinely uses politicised language such as ‘anti-racist’, ‘ally’, ‘intersectionality’, ‘white fragility’ and ‘microaggressions’, all contested terms drawn from critical race theory which go beyond the principles of non-discrimination and equal treatment – and which in some cases actively encourage differential (so-called ‘two-tier’) treatment based on race or ethnicity. So-called ‘microaggressions’ are not defined in law, nor are they unlawful: seeking to enforce workplace rules based on them would be highly case and circumstance dependent, and could itself lead to unfair treatment of those deemed to have committed them.

228.CIPD, ‘About us’, [link](#), last accessed 12 January 2026.

229.CPID, ‘Equality, Diversity and Inclusion in the Workplace’, 14 August 2024, [link](#).

230.Ibid.

Figure 24: CIPD guidance: How to talk about race at work²³¹

White privilege/white advantage: The benefit in some societies or situations that a white person can have over a non-white person of similar social and economic circumstances. The CIPD acknowledges that there is limited research to explain or quantify white privilege, but recognises that it is an accepted term, and a lived experience for many. For more information on the topic, see this BBC Bitesize [video](#).

White fragility: This describes the state in which white people are unable to cope with or process the information they receive about racism, whether that be lived experiences or racial disparity data. This results in a range of responses, including:

- Emotional: Anger, fear, feeling insulted or attacked
- Defensiveness: Arguing, dismissing, explaining or diminishing the information presented to them or the person presenting the information
- Detracting: Speaking about other discrimination, talking about reverse racism
- Disengaging: Silence, or leaving the conversation altogether.

It's important to understand white fragility as this often derails open conversations about race. While it can be difficult and uncomfortable to discuss issues of race, it's important that the conversations continue to take place. This will allow for the discomfort to ease in time and for progress to be made towards racial parity.

Figure 25: CIPD Guidance: Tackling racism in the workplace²³²

'Managers are integral to tackling racism and you can have a significant impact through:

- Role modelling and promoting inclusion policies. You can maintain the focus on tackling racism and integrate relevant policies into your business.
- Your approach to recruitment and career progression: who and how you recruit, the job adverts you write, the questions you ask in appraisals, how promotions are moderated, and who you decide has talent and potential.
- Understanding how advantage and disadvantage play out in the workplace, even in micro ways, such as how you socialise with work colleagues, who gains access to opportunities, the trust and relationships that you build, who is part of your internal network, who benefits from the way in which meetings are run, who gets paid more and why.
- Creating trust and being consistently inclusive by, for example, challenging behaviours that do not support an anti-racist workplace and being an ally to staff from ethnic minority backgrounds.
- Building a culture based on trust and psychological safety, in which your team feel able to share and know that their wellbeing is considered.
- Creating a culture free from microaggressions. Microaggressions are subtle comments and behaviours that indicate to someone that the person speaking thinks they don't belong, such as asking someone who has an ethnic minority background and who has lived in the UK all their life where they are really from. Your role as a manager is to notice when microaggressions take place and address them. You should listen, acknowledge and act if someone comes to you as the victim of microaggressions. The aim is to create a culture where all are educated enough to understand what microaggressions look like and address them if they take place.'

231.CIPD, 'How to talk about race at work', 22 July 2024, [link](#).

232.CIPD, 'Tackling Racism in the Workplace', 22 July 2024, [link](#).

Some CIPD advice goes actively against the principle of meritocratic hiring. For example, in a 2021 Guide, they advised employers ‘Check your job adverts for bias, for example statements like ‘strong English-language skills’ could discourage non-native English speakers.’²³³

The role of staff networks

Many firms now have staff groups for their staff based on their race, gender, religion, sexuality and other characteristics. A review of the EDI sections of the websites of many major firms found that there are usually at least four such groups while large firms can have upwards of 15 staff networks dedicated to various causes and identities including race, religion, sexuality, flexible working, disability, and the menopause.

In most cases, employers explicitly permit staff to spend work time on network activities. Staff networks are often initiated by HR – in 2021, CIPD’s Guide suggested four key aims for staff networks:²³⁴

- 1 Provide a safe space for discussion of issues.
- 2 Help to raise awareness of issues within the wider organisation.
- 3 Provide a source of support for individual staff who may be facing challenges at work.
- 4 Offer a collective voice for the workforce to management.

Policy Exchange has previously documented how staff networks can become engaged in activism in the public sector.²³⁵ This can also be the case in the private sector.

The second and fourth of the CPID’s aims can provide a locus whereby staff networks can engage in activism in the workplace. By helping to ‘raise awareness of issues’ and offering a ‘collective voice for the workforce to management’ they may seek to advance EDI objectives, even where these are not in the interests of all staff or of the organisation as a whole.

Staff networks may also be tasked with organising specific events or training. For example, in 2023 Schrodgers’ LGBTQ+ employee-led inclusion network, SchOUT, organised multiple Pride events, as detailed later in this report.²³⁶ By organising events or training days a company gives the staff network authority. In addition, when management outsources responsibility for training or events to a staff network, there is no guarantee that that training will be aimed at supporting corporate objectives, as opposed to the potentially politicised agenda of that staff network. In some cases, actions by staff networks subject to limited oversight can actively backfire on their organisations. In the 2025 Employment Tribunal Case *Dr P Wilkins v. Defence Science and Technology Laboratory*, the organisation’s LGBTQ+ staff network, PRISM, was found to have shared posts on its blog that referred to those with gender critical beliefs as ‘Nazis’.²³⁷ One member of the group arguing that Wilkin’s complaints about the treatment of gender-critical employees was equivalent to ‘demanding the right to be transphobic and using that to try and silence the LGBTQ+ community’.²³⁸ The Tribunal concluded that the organisation was responsible for posts made by its employees as part of the staff network and was therefore liable.²³⁹ In this way staff

233.Ibid.

234.CIPD, ‘A Guide to Establishing Staff Networks’, March 2021, [link](#).

235.Policy Exchange, ‘Blurred Lines: Police Staff Networks – politics or policing?’, 28 January 2023, [link](#).

236.Schrodgers, ‘Shining bright: Celebrating Pride Month with our LGBTQ+ network’, 20 June 2023, [link](#).

237.Employment Tribunals, ‘Dr P Wilkins v. Defence Science and Technology Laboratory’, 22 July 2025, [link](#).

238.Ibid.

239.Ibid.

networks, in pursuing their respective agendas, may pursue action that is contrary to the best interests of the organisations and corporations they are a part of.

Activism at work

Employees do not necessarily need to be involved in HR or a staff network to be directed towards activism at work. This can lead to groups of employees putting pressure on management to adopt EDI policies or to otherwise act in accordance with politicised objectives.

Employee Activism: The Guardian

In 2020, 338 members of staff at the Guardian and its sister Sunday title, the Observer, submitted an open letter to Katherine Viner, editor in chief at The Guardian, complaining about the gender critical beliefs that columnist Suzanne Moore had expressed in the paper.

The open letter was given to BuzzFeed news who reported staff were ‘deeply distressed’ by the ‘anti-trans comments’ from ‘influential editorial staff’. Signatories of the letter claimed three transgender members of staff had resigned due to the Guardian’s stance on trans rights.

The letter read in full:

‘As employees across the Guardian, we are deeply distressed by the resignation of another trans colleague in the UK, the third in less than a year.

We feel it is critical that the Guardian do more to become a safe and welcoming workplace for trans and non-binary people.

We are also disappointed in the Guardian’s repeated decision to publish anti-trans views. We are proud to work at a newspaper which supports human rights and gives voice to people underrepresented in the media. But the pattern of publishing transphobic content has interfered with our work and cemented our reputation as a publication hostile to trans rights and trans employees.

We strongly support trans equality and want to see the Guardian live up to its values and do the same.

We look forward to working with Guardian leadership to address these pressing concerns, and request a response by 11 March.

Below is a list of 338 of Guardian employees globally who signed this letter at the time of writing.’²⁴⁰

The editor and CEO supported Suzanne Moore, stating that ‘it is never acceptable to attack colleagues whose views you do not agree with’. However, later that year Suzanne Moore resigned as a Guardian columnist, citing the letter as the cause of her departure.

240. BuzzFeed News, ‘Hundreds Of Staff At The Guardian Have Signed A Letter To The Editor Criticising Its “Transphobic Content”’, 6 March 2020, [link](#).

Employee Activism: Hachette Book Group

In March 2020 ‘dozens’ of employees at Hachette’s New York City offices staged a walk out in response to the publisher’s decision to publish a new book by controversial film maker Woody Allen.²⁴¹ Hachette later released a statement announcing they would no longer publish the book. In their statement, published on Twitter/X, Hachette specifically referenced opposition from staff as a factor in their decision:

‘Over the past few days, HBG leadership had extensive conversations with our staff and others. After listening, we came to the conclusion that moving forward with publication would not be feasible for HBG.’²⁴²

Later that year, Hachette UK felt compelled to release a statement to employees after several raised objections to working on JK Rowling’s children’s book, *The Ickabog*, citing disagreement with her gender critical views. Hachette’s statement defended Rowling and clarified that staff would be required to work on projects with which they might disagree:

‘We will never make our employees work on a book whose content they find upsetting for personal reasons, but we draw a distinction between that and refusing to work on a book because they disagree with an author’s views outside their writing, which runs contrary to our belief in free speech.’²⁴³

In November 2024 an anonymous group of Hachette employees published an open letter on social media, criticising the publisher’s decision to launch a new publishing line, Basic Liberty. Basic Liberty ‘is dedicated to publishing serious works of cultural, social, and political analysis by conservative writers’.²⁴⁴ The letter stated the anonymous employee’s ‘firm disapprobation of the Heritage Foundation, [Project 2025](#), and any conservative movement or thought that strips away sacred rights and the humanity of people’.²⁴⁵

241. The Guardian, ‘Hachette workers stage walkout to protest publication of Woody Allen memoir’, 6 March 2020, [link](#).

242. Twitter/X, ‘A statement from Hachette US’, 6 March 2020, [link](#).

243. The Independent, ‘JK Rowling: Hachette UK book staff told they are not allowed to boycott author over trans row’, 17 June 2020, [link](#).

244. Hachette Book Group, ‘Welcome to Basic Liberty’, [link](#), last accessed 12 January 2026.

245. The Guardian, ‘Hachette employees protest and quit over launch of conservative imprint’, 12 November 2024, [link](#).

Employee Activism: Google

In 2017 Google entered into a contract with the US Department of Defence to deliver part of Project Maven, which aimed to integrate AI technology into defence, primarily through surveillance and intelligence capabilities.²⁴⁶

In May the following year an open letter to Google's CEO opposing the company's involvement in the project was signed by over 3000 Google employees. The letter argued that Google 'should not be in the business of war' and requested:

'that Project Maven be cancelled and that Google draft, publicize and enforce a clear policy stating that neither Google nor its contractors will ever build warfare technology'.²⁴⁷

In June 2018 Google informed staff that it would not be seeking to renew its contract for Project Maven, which was anticipated to be worth \$15 million over an 18 month period.²⁴⁸ The company also published a new principles document, 'Objectives for AI applications'.²⁴⁹ These principles specifically precluded projects involving 'weapons or other technologies whose principal purpose or implementation is to cause or directly facilitate injury to people' and 'technologies that gather or use information for surveillance violating internationally accepted norms'.²⁵⁰

246. The New York Times, 'How a Pentagon Contract Became an Identity Crisis for Google', 30 May 2018, [link](#).

247. The New York Times, 'The Business of War': Google Employees Protest Work for the Pentagon', 4 April 2018, [link](#).

248. The New York Times, 'Google Will Not Renew Contract That Upset Employees', 1 June 2018, [link](#).

249. Google, 'AI at Google: Our principles', 7 June 2018, [link](#).

250. Ibid.

Annex: Examples of EDI activity in FTSE 100 Companies

The examples presented here are illustrative of the EDI activity taking place in FTSE 100 companies. In cataloguing these examples, we do not offer any judgement on the actions of the individual or institution in question, today or in the past: our aim is to provide information about what is happening, in order to support debate on these issues.

Diversity Partnerships

Many firms have developed partnerships with corporate diversity schemes to support their work.

Figure A1: Unilever's diversity partnerships²⁵¹

We've joined around 50 organisations which will help us drive racial inclusion, champion new industry standards – and align on advocacy for policy changes on inclusion and advancement of professionals with under-represented racial and ethnic identities. In the UK for example, we're a founding member of the [Change the Race Ratio](#), a coalition of 75 of the FTSE 100 companies who are looking at increasing the representation of black and brown talent on boards, executive leadership and one level down.

Others have sought to provide support to particular EDI organisations or movements, such as local Pride events.

Figure A2: Dyson's support for Bristol's 2023 London Pride, which it used to highlight the damage vehicles in urban centres have on air quality.²⁵²

News | October 5, 2023

Dyson Investigates Air Quality: Bristol Pride

Dyson PROUD Network Volunteers Investigate pollutants in Bristol before and during the 2023 Pride Parade, to see if there was a change in pollution levels whilst motorised vehicles were off the road during the parade.

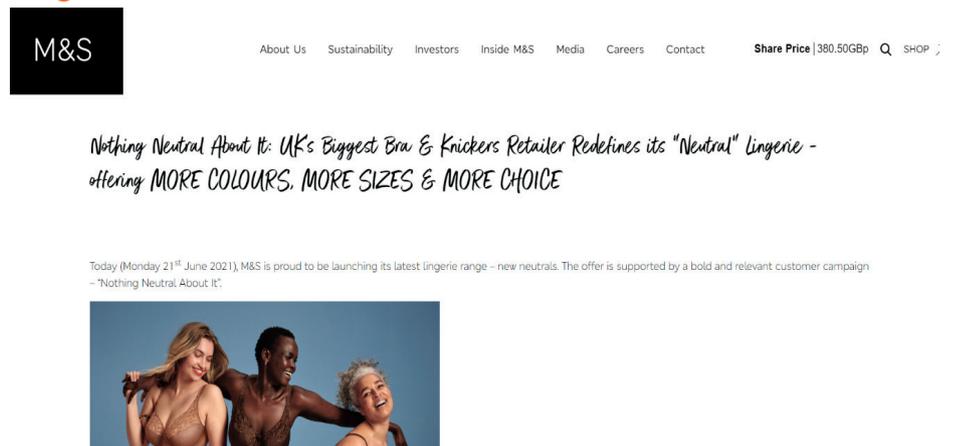


251. Unilever, 'A beacon of diversity and inclusion', [link](#), last accessed 12 January 2026.

252. Dyson, 'Dyson Investigates Air Quality: Bristol Pride', 5 October 2023, [link](#).

Several corporate EDI policies have attracted significant media coverage. In June 2021 Marks and Spencer's decision to release a 'new neutrals' range of lingerie, which included an expanded range of darker clothing to reflect different skin tones and the renaming of certain shades to be more 'inclusive' attracted substantial press attention.²⁵³

Figure A3: Marks and Spencer's statement on its 'new neutrals' range²⁵⁴



In November 2021 cosmetics brand Lush was criticised in some circles for offering chest-binders to those seeking to transition at some of its shops.²⁵⁵

Figure A4: Lush Paddington operated a 'binder collect point'²⁵⁶



253.Metro, 'M&S launches inclusive range of 'nude' underwear featuring darker skin tones', 22 June 2021, [link](#).

254.Marks & Spencer, 'Nothing Neutral About It: UK's Biggest Bra & Knickers Retailer Redefines its "Neutral" Lingerie - offering more colours, more sizes and more choice', 21 June 2021, [link](#).

255.The Critic, 'Arrest the chest: The danger of endorsing extreme gender ideology', 12 November 2021, [link](#).

256.Instagram: Lush Paddington, 'GC2B Chest Binder Programme', 8 November 2021, [link](#).

257.Greene King, 'Greene King takes anti-racist stance by changing names of four pubs', 14 January 2021, [link](#).

Corporate DEI initiatives have varied considerably. Whilst some have been particularly relevant to the organisations products or sector, such as Greene King's decision to rename several pubs deemed to have 'racist connotations',²⁵⁷ others have sought to shape public conceptions of EDI more broadly:

Figure A5: Vodafone has an article on its website advising parents on how to discuss gender identity²⁵⁸



Diversity Targets, Recruitment and Retention Policies

Many of the companies reviewed have set gender and racial diversity targets for their staff bodies.

Figure A6: United Utilities' EDI targets²⁵⁹



258. Vodafone, 'How to speak to your child about gender identity', 18 March 2022, [link](#).

259. United Utilities, 'Equity, Diversity and Inclusion (ED&I) Report 2023', 2023, [link](#).

Figure A7: M&G have set gender and ethnicity targets and also implemented and set targets for a 'Colleague Inclusion Index', designed to measure the impact of their EDI initiatives²⁶⁰

Measuring D&I at M&G

Our targets ensure we are focused on becoming more diverse and inclusive:

- **Diversity in senior leadership:** 40% women and 20% ethnic diversity in senior leadership by 2025: At end 2022: 37% women (2021: 35%); 12% ethnicity (2021: 13%) in senior leadership
- **Colleague Inclusion Index:** We aim for annual improvements in our Colleague Inclusion Index. From 2022, this is based on new questions and a different scoring methodology. Our 2022 score of 69 will be our baseline, and we will monitor this on a quarterly basis.

Some firms have specifically supported the use of targets to achieve diverse corporate workforces.

Figure A8: In an April 2021 press release Beazley's head of Investor Relations, Sarah Booth, set out the corporation's perspective on achieving diversity in the workplace²⁶¹

PRESS RELEASES

Concrete targets are necessary to achieve racial diversity in the London market

Sarah Booth • April 06, 2021

A few corporations have supported these targets by tying compensation packages for senior leadership to performance against corporation diversity targets.

260.M&G, 'Evolving our people approach to support our growth', 31 December 2022, [link](#).

261.Beazley, 'Concrete targets are necessary to achieve racial diversity in the London market', 6 April 2021, [link](#).

Figure A9: Halma's targets and remuneration policy ²⁶²

Target	Halma company boards are to be within a 40-60% gender balance range by 31 March 2030.
Remuneration linkage	5% of the maximum opportunity of our annual bonus plan is related to the achievement of a target which reflects our wider ambition of achieving 40-60% gender balance on our company boards. This applies to the Executive Directors and other senior leaders in the business. We did not meet the target this year as outlined on page 133 in the Annual Remuneration Report.

Figure A10: WPP's remuneration plan for senior executives²⁶³

2021
diversity, equity and inclusion
goals included in incentive
plans for senior executives
for the first time in 2021

In support of these targets many of the companies reviewed had pursued a wide variety of policies to increase the diversity of their intake by adapting their hiring processes and streams.

262. Halma, 'Annual Report 2025', 2025, [link](#).

263. WPP, 'WPP Sustainability Report 2021', [link](#).

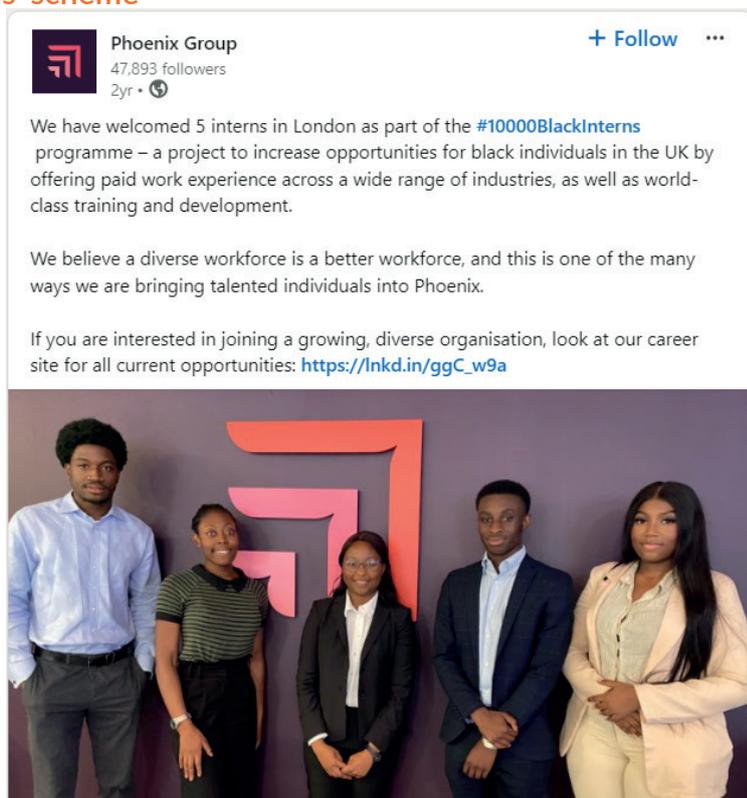
Figure A11: Schroder's recruitment policy for 'recruiting diverse talent'²⁶⁴



Several of the corporations analysed had partnered with diversity organisations and third sector partners to offer specific graduate or internship programs to diverse participants. A number of firms did this in part through membership of the 10000 Black Interns programme.

264.Schroders, 'Inclusion at Schroders Report 2023', 2023, [link](#).

Figure A12: Phoenix Group's participation in the '10000 Black Interns' scheme²⁶⁵



A few companies explicitly operated programmes or policies designed to restrict the recruitment of non-diverse employees.

Figure A13: Aviva CEO Amanda Blanc explained her policy to the Treasury Select Committee on 13 December 2023²⁶⁶

There is no non-diverse hire at Aviva without it being signed off by me and the chief people officer, not because I do not trust my team, but because I want to make sure that the process followed for that recruitment has been diverse, has been properly done and is not just a phone call to a mate to say, "Would you like a job? Pop up and we will fix it up for you". A lot of work has been done to make sure you get those numbers right.

In 2024 one firm operated an internship scheme that was only open to applicants who could respond affirmatively to a series of questions on their background.

265. LinkedIn: Phoenix Group: '10000 Black Interns', 2023, [link](#).

266. House of Commons Treasury Committee, 'Oral evidence: Sexism in the City', 13 December 2023, [link](#).

Figure A14: 2024 rules for applying to the Landsec Internships scheme²⁶⁷

Question 1: When I was aged 14, my parent or carer (main household earner) was one of the following:

1. Someone who needed technical knowledge or specialist training to do their job, such as a technician, plumber, printer, electrician, gardener or train driver.
2. Someone whose job involved routine or manual work, or provided a service to members of the public, such as postal worker, machine operative, security guard, caretaker, farm worker, catering assistant, sales assistant, HGV driver, cleaner, porter, packer, labourer or customer service.
3. Unemployed and claimed Jobseeker's Allowance (or unemployment benefit) for more than a year.

If any of the above answers apply to you, and you answered 'Yes' to questions 2 or 3, you are eligible to apply.

Question 2: When you were aged between 11 and 16, did you attend a state run or state funded school (i.e. you didn't have to pay a fee to go there)?

1. Yes
2. No
3. I received a means-tested bursary to attend an independent or fee-paying school, covering 90% or more of the overall cost of attending throughout my time there

If you answered 'Yes' to this question or received a means-tested bursary, and you also meet the criteria for question 1 or 3, you are eligible to apply.

Question 3: If you finished school after 1980, were you eligible for free school meals at any point during your school years?

1. Yes
2. No
3. I attended school outside of the UK and this does not apply to me
4. I finished school before 1980 so this does not apply to me

Some companies offered programmes and support specifically to employees of diverse backgrounds designed to facilitate their progression into management and senior leadership.

Figure A15: BT Group's Accelerate programme offers a 'fast stream' for women and 'colleagues from ethnic minority backgrounds' into leadership²⁶⁸

Recruiting and supporting women

To enable us to attract, recruit and retain more women, we have designed and delivered a range of initiatives including **Accelerate**, a new talent programme for high potential middle managers that incorporates our previous Tech Women programme and provides a fast stream for women. We had an initial cohort of 220 women participating.

267. Landsec, 'Landsec Internships', accessed October 2025, no longer published.

268. BT, 'BT Group plc Diversity and Inclusion Report 2022', 2022, [link](#).

Internal DEI Initiatives

Many corporations offer some form of diversity training to staff and managers.

Figure A16: A description of Frasers Group's 'Management Without Limits' programme²⁶⁹

Our Management Without Limits programme includes a module focused on promoting diversity within our workforce. This module educates our managers on the significance and advantages of diversity and inclusion, as well as concepts like conscious and unconscious bias.

In many cases staff participation in such training was mandatory.

Figure A17: Standard Chartered offers two DEI staff training programmes, one of which is mandatory for all employees.²⁷⁰

Over 34,000 colleagues have now completed our 'When we're all included' programme to better equip them to drive an inclusive work environment and mitigate bias.	Mandatory completion of Respect at Work eLearning to help colleagues understand what constitutes harassment, bullying, discrimination and victimisation.
--	--

Some companies had implemented policies designed to be supportive of transgender or non-binary employees and customers.

Figure A18: NatWest has implemented a policy on customer account prefixes and allowed 'dual-sided work passes' for employees²⁷¹

In addition to the work referenced in our annual reports, we have introduced the option for our transgender customers to use the Mx prefix and have removed the need for existing customers to tell us their gender. For our colleagues, we have introduced dual-sided work passes that allow non-binary colleagues to present in masculine and feminine expression.

269. Frasers Group, 'Annual Report and Accounts 2024', 2024, [link](#).

270. Standard Chartered, 'Diversity, Equality and Inclusion Impact Report 2023', 2023, [link](#).

271. NatWest Group, 'LGBT+', [link](#), last accessed 12 January 2026.

Figure A19: In 2021 M&G released a policy on 'Transitioning at Work', reviewed in 2024²⁷²

You're in control

If you're transitioning at work we want to support you. It's your journey, so we'll be led by you on timelines and plans. There are many different routes you may want to take so talk to your manager and your HR partner about yours. At your pace, you may choose to discuss some or all of the following:

- Transitioning timelines and plans
- How/when/if we inform colleagues
- How/when/if we educate colleagues on trans equality issues
- How we ensure your treatment is in keeping with our heartbeat and code—you will never suffer detriment, bullying or harassment as a result of transitioning
- Giving you time off for appointments
- Agreeing a temporary working schedule such as working from home to support recovery and adjustment (if needed)
- Holding your trans status in the strictest confidence in line with your wishes and our legal obligations
- Providing a checklist of all internal systems that need to be changed
- Exploring the impact of transitioning on data protection, work permits, national insurance, redeployment, pensions, professional registration, references, DBS checks, facilities and dress code

Talk to us. Let's build a support programme that works for you.

Some firms have decided, as part of their DEI commitments, to cover costs associated with gender transition for their employees.

Figure A20: In 2022 HSBC received significant media coverage after an internal memo was obtained which set out plans for the bank to cover staff's gender affirming treatment from 2023 as part of a 'gender dysphoria benefit'. HSBC subsequently confirmed this in a statement to Pink Week.²⁷³

A spokesperson for the bank told *PinkNews*: "Our diversity is a defining feature of who we are and how we operate, and we are a proud and active supporter of customers and colleagues across the broad spectrum of diversity of sexuality and gender identity.

"By providing access to gender affirmation treatment, we hope that our trans and non-binary colleagues and their dependants are able to be their true authentic self."

A few firms have implemented 'reverse mentoring' schemes, where senior managers are paired with junior, 'diverse' employees to better understand their experiences in the corporation.

Figure A21: An article on Landsec's website entitled 'Reverse mentoring for an inclusive future'²⁷⁴

Earlier this year, nine executive leadership team members (ELT) were each paired with a more junior colleague for a six-month reverse mentoring opportunity. Each ELT member spoke to colleagues to learn more about their personal experiences, which included maternity leave, LGBT+ inclusion, neurodiversity, and ethnic diversity.

272.M&G, 'Transitioning at work', 1 September 2021 (Date of last review: November 2024), [link](#).

273.Pink News, 'HSBC to pay for trans staff's gender-affirming care to encourage workers to 'be their authentic self'', 12 November 2022, [link](#).

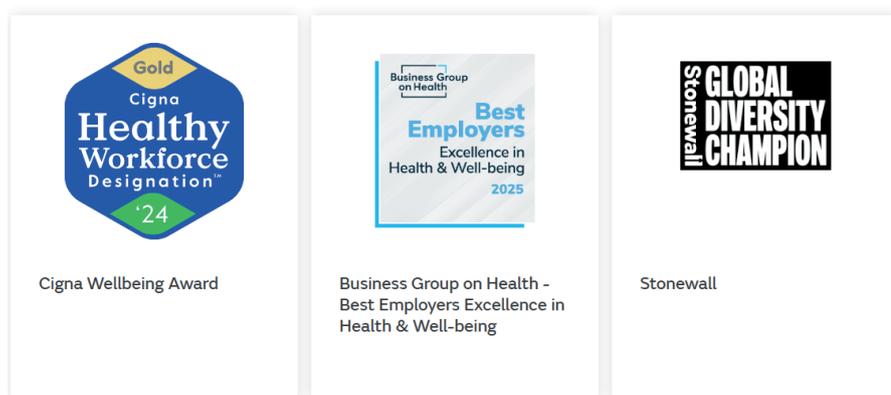
274.Landsec, 'Reverse mentoring for an inclusive future', [link](#), last accessed 12 January 2026.

Diversity Partners

Many corporations have formed diversity partnerships with charities and corporate groups to both support and acknowledge their EDI work.

Figure A22: Smith & Nephew's partners list on its website is typical of many of the corporations reviewed²⁷⁵

External Recognition + Memberships



In some cases diversity partnerships have been specifically forged to support attempts to increase employee diversity.

Figure A23: ICG has partnered with a number of organisations, including GAIN, upReach and SEO to run internships targeted at underrepresented groups²⁷⁶

To recruit for our internship programme, we currently use the following partners:

- [GAIN](#)
- [upReach](#)
- [SEO](#)

Please apply for internships at ICG directly through these websites.

In other cases corporations have chosen to become signatories to corporate open letters or charters which often committed them to certain EDI practices. Common examples included the Race at Work Charter, Change the Race: Ratio and FTSE Women Leaders.

275. Smith & Nephew, 'Life at Smith + Nephew: External Recognition + Memberships', [link](#), last accessed 12 January 2026.

276. ICG, 'Early Careers', [link](#), last accessed 12 January 2026.

Figure A24: The Race at Work Charter, signed by Aviva, Beazley Group, Phoenix Group and others, commits signatories to supporting BAME owned businesses²⁷⁷



Figure A25: BT is a signatory to the 'Trans in the City Charter', which it describes as 'an open collaboration between global organisations to further the inclusion of transgender, non-binary and gender diversity in business by raising awareness'.²⁷⁸ Trans in the City Charter have previously criticised the findings of the Cass Review of gender identity services for children and young people, the landmark NHS England review which recommended shifting away from gender affirmative treatment to a mental health approach and an end to the widespread use of puberty blocker and hormone treatments.²⁷⁹

Trans in the City Statement - Cass Report

We have taken time to digest the Cass Report released earlier this week, which concerns the provision (or lack of it) of timely, evidence-based and effective healthcare to Transgender children and young people.

As a Trans-led business organisation with directors from a diverse range of backgrounds (including in healthcare and data analytics), we take the view that there were significant methodological flaws in the approach to the review, such as:

- A lack of Trans and Non-Binary representation – and indeed the active exclusion of such voices.
- The abandonment of a significant number of internationally peer-reviewed studies based on perceived bias and an unachievable standard – one not applied to any other type of healthcare.
- Concerning tropes relating to the validity of Transgender people as having agency and humanity.

A few firms have specifically tied their EDI commitments to certain aspects of the United Nation's Sustainable Development Goals.

277. Business in the Community, 'Race', [link](#), last accessed 12 January 2026.

278. BT, 'BT Group plc Diversity and Inclusion Report 2022', 2022, [link](#).

279. Trans in the City, 'Trans in the City Statement - Cass Report', 12 April 2024, [link](#).

Figure A26: Antofagasta has prioritised 13 of the 17 SDGs as part of its EDI efforts²⁸⁰

Committed to the SDGs

We address most of the 17 Sustainable Development Goals (SDGs) proposed by the United Nations. Our aim is to execute initiatives that contribute to respect for human rights and create social value in the territories where we are present. We have prioritised 13 of the 17 SDGs based on four lines of action:

QUALITY OF LIFE



SUSTAINABLE PRACTICES



ENVIRONMENTAL PROTECTION AND CONSERVATION



PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT



Several diversity partnerships undertaken by the corporations analysed do not appear to relate directly to their sectors or support for their employees.

Figure A27: EasyJet is a sponsor of the Polari Prize, an LGBTQ+ literature award²⁸¹

The Polari Prizes announces major three-year partnership with easyJet holidays

27th Jun 2024

The partnership has been pledged over a three-year period, and sees the merging of two distinct brands in a mutual goal of amplifying literature exploring the LGBTQ+ experience. The collaboration sees a series of new creative initiatives, including a new podcast, a series of live events, and further funding for the annual prize ceremony, prize giveaways and audience outreach.

280. Antofagasta Minerals, 'Social Value Report 2022', 2022, [link](#).

281. EasyJet holidays, 'The Polari Prizes announces major three-year partnership with easyJet holidays', 27 June 2024, [link](#).

Figure A28: HSBC has funded Stormzy Scholarships for black UK students at the University of Cambridge²⁸²

29 July 2023

HSBC UK doubles support for Stormzy Scholars at the University of Cambridge

- 36 new Stormzy Scholarships to be awarded to Black students over next 3 years, bringing total number to 81 over eight years (2018-26)
- 'The Stormzy Effect' continues: Applications from UK Black students on the rise, with 141 Black students admitted in 2022 (131% increase compared to 2018)
- HSBC UK has pledged a further £2m in funding (total of £4m 2021-26), and is expanding its mentorship and internship opportunities for Black Heritage students

Staff Networks

Many companies operate a range of staff networks.

Figure A29: Schroders' staff network schemes²⁸³



In most of the corporations reviewed staff networks not only supported and hosted events for members but played a role in delivering broader DEI provision within the company.

Figure A30: Aviva's 'Pride' 'community'²⁸⁴

Pride network

This community celebrated 15 years of existence in 2022 as Aviva's longest-running employee network and marked this milestone with the launch of pronoun stickers for all UK colleagues on their ID badges, and enabled pronouns to be displayed across all Microsoft accounts for consistency. In 2023, Aviva went live with the Gender Neutral Titles project, enabling the Mx title to be used for all customers across multiple products and platforms.

282.HSBC, 'HSBC UK doubles support for Stormzy Scholars at the University of Cambridge', 29 July 2023, [link](#).

283.Schroders, 'Inclusion and diversity', [link](#), last accessed 12 January 2026.

284.Aviva, 'Aviva communities', [link](#), last accessed 12 January 2026.

Staff networks at these corporations were often responsible for organising events to commemorate key dates related to EDI, including Black History Month and Pride Month.

Figure A31: Example of Pride event organised by Schroders' LGBTQ+ employee-led inclusion network, SchOUT ²⁸⁵

Our focus on education and visibility

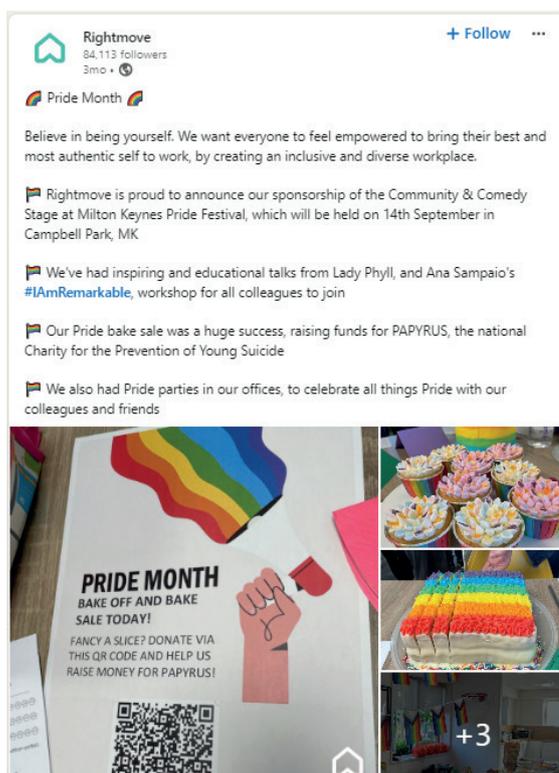
We're proud to sponsor and participate in Pride Month events and partner with charities that promote equity and inclusivity.

We've actively engaged with local LGBTQ+ housing charity, [Stonewall Housing](#) and through our internal events, including drag bingo, we're raising funds to help provide safe and inclusive housing options for those in need.

Public Statements

A number of corporations had released public statements or comments, either online or on social media, in response to major social movements or EDI events. A considerably number of firms chose to mark Pride Month, with several sponsoring and maintaining a presence at Pride parades in particular cities.

Figure A32: In 2024 Rightmove posted on their LinkedIn page to showcase some of the activities they had undertaken as part of Pride Month ²⁸⁶



285.Schroders, 'Shining bright: Celebrating Pride Month with our LGBTQ+ network', 20 June 2023, [link](#).

286.Linkedin: Rightmove, 'Pride Month', 2024-5, [link](#).

Figure A33: EasyJet's presence at Glasgow Pride 2024, shared on the social media site Instagram incorporated a drag queen²⁸⁷



In 2020, in light of the death of George Floyd and the growth of the Black Lives Matter protests, some corporations responded with public statements.

Figure A34: Schroder's Black Professional Network released a statement in 2020 in response to the death of George Floyd²⁸⁸

Breaking the silence on racism in the workplace and the wider community

Jennifer Kuntuala, Fund Manager Assistant and Chair of our Schroders Black Professional Network (SBPN), shares an important message following the recent protests in the US this week on how we must continue the conversation in the workplace.

05/06/2020



Figure A35: In 2020 Phoenix Group's CEO, Andy Biggs, signed the Audeliss and INvolve open letter in response to the Black Lives Matter movement²⁸⁹

Our people & culture



Media Relations
Phoenix Group

Phoenix Group CEO signs an open letter demanding action on Black inclusion in response to #BlackLivesMatter

287. Instagram: EasyJet, 'Marching with Pride on Saturday, flying with Pride every day', 22 July 2024, [link](#).

288. Schroders, 'Breaking the silence on racism in the workplace and the wider community', 5 June 2020, [link](#).

289. Phoenix Group, 'Phoenix Group CEO signs an open letter demanding action on Black inclusion in response to #BlackLivesMatter', 26 October 2020, [link](#).

Supplier Diversity and Diverse Investments

Some corporations have set EDI standards for their supply chains and corporate partners. In some cases this included a preference for female- or BAME-owned businesses.

Figure A36: Nestlé's actions on supplier diversity²⁹⁰

Are there specific measures or criteria involved in assessing a supplier's commitment to diversity and inclusion?

Yes, we currently use membership of external accreditation to validate if a supplier is diverse (51% owned) through three organisations: [MSDUK](#) (Ethnic Minority Owned), [WeConnect](#) (Women Owned), [OutBritain](#) (LGTBQ+), or is a [Social Enterprise](#) whose businesses must give at least 50% of its profits to its mission.

We then measure the spend with suppliers that are certified with those organisations. When we review a category of spend, our buyers work with our stakeholders to look at those four organisations to see whether they are diverse suppliers who can be included as part of that process. So, through people in the business naturally looking to spend money (particularly new spend), our procurement team will help them draw up an appropriate list of suppliers which include diverse suppliers.

Some companies involved in banking or financial services have committed to EDI investment targets.

Figure A37: HSBC's 'Female Entrepreneur Fund'²⁹¹

12 May 2022

HSBC launches \$1bn lending fund for female entrepreneurs

To break down the barriers and inequality faced by female business leaders when scaling their business, HSBC has launched a \$1bn Female Entrepreneur Fund, alongside a comprehensive programme of support, called *HSBC Roar*.

Public-Facing EDI Materials

Some businesses have resources primarily for external use and consumption, either by other corporations or by the public visiting their webpages.

Figure A38: Standard Chartered's guide 'Transgender Inclusion at Work' advises users, including Standard Chartered managers, that transgender employees should 'use the facilities/bathroom of their affirmed gender'.²⁹²

290.Nestlé, 'Diversity in the supply chain', June 2023, [link](#).

291.HSBC, 'HSBC launches \$1bn lending fund for female entrepreneurs', 12 May 2022, [link](#).

292.Standard Chartered, 'Transgender inclusion in the workplace', [link](#).



3. Facilities/Bathroom/Dress Code

- › Once the employee presents in their affirmed gender it would be expected that they use the facilities/bathroom of their affirmed gender.
- › Ensure the dress code is gender neutral whilst still meeting the country dress code policy standards with attire that allows expression of their gender identity.

It is not appropriate to advise employees to use facilities designed for employees with disability unless the signs have been changed to reflect gender neutral/inclusive restroom facilities.

Designate inclusive washrooms, changing spaces with appropriate signs.

Working with clients is no reason to deny an employee the right to dress and present their affirmed gender.

Figure A39: Standard Chartered's guide 'Conversations about race' advises parents to discuss race with their children by comparing childhood feelings of being left out with racial inequality and discrimination.²⁹³

Talk to them about inequality and show them how they can advocate for others

To begin conversations around inequality, use past experiences that are relatable to the children. For example this could be when a child joins a new school and does not have anyone to play with, whilst this may not necessarily represent discrimination, it does highlight that difference can be alienating. Ask your child if they have ever felt different or left out, then bring in the concept of inequality relating it to societal events such as protests. These discussions should form part of everyday conversations with children about race.

Figure A40: HSBC's website features videos entitled 'Learn to let go of your biases: Tips to overcome the hidden biases that impact how we interact' and 'the power of allyship'²⁹⁴



Learn to let go of your biases

Tips to overcome the hidden biases that impact how we interact.



The power of allyship

How active allies make a difference at HSBC.

293. Standard Chartered, 'How to have conversations about race', [link](#), last accessed 12 January 2026.

294. HSBC, 'Our culture', [link](#), last accessed 12 January 2026.

Figure A41: An article published on Landsec's 'Inclusivity' page by an external author is entitled 'reimagining the city for gender inclusivity'.²⁹⁵ The article described intensive policing approaches in urban areas in response to violence against women as potentially 'patriarchal and disempowering'.



6 June 2023 | inclusivity

Reimagining the city for gender inclusivity

 Share



by **Ellie Cosgrave**

Director of Research, Publica and Associate Professor in Urban Innovation and Policy, UCL

295.Landsec, 'Reimagining the city for gender inclusivity', 6 June 2023, [link](#).



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