



**FSU**  
FREE SPEECH UNION

The Free Speech Union  
85 Great Portland St.  
London W1W 7LT  
[FreeSpeechUnion.org](https://www.FreeSpeechUnion.org)

Governance, Remuneration and Controls Team  
Prudential Policy Directorate  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

18<sup>th</sup> December 2023

Dear Sir/Madam,

I am writing to you in my capacity as General Secretary of the Free Speech Union, a non-partisan, mass membership, public interest body that stands up for the free speech right of its members and campaigns for free speech more widely.

We are submitting this letter as a response to the PRA consultation entitled '[CP18/23 – Diversity and inclusion in PRA-regulated firms](#)'.

The Free Speech Union ('FSU') is opposed to the proposals outlined in this consultation. We believe they will force regulated financial firms to expand and deepen their diversity and inclusion initiatives, especially around data collection and training. In the current politicised workplace environment, and despite the best intentions of the PRA, we fear this will further erode free speech in the workplace.

Paragraph 1.3 of CP18/23 includes the following statement:

Diversity and inclusion are important to governance and firm-wide culture. The PRA considers that more diverse and inclusive firms would help to reduce groupthink.

We distinguish between the underlying theoretical concepts of diversity and inclusion, versus the practical implementation of diversity and inclusion initiatives as observed to date in British workplaces. Across our casework at the FSU, we have seen repeated examples of a one-sided approach diversity and inclusion, with the uncritical acceptance of gender identity ideology and critical race theory, as well as other aspects of identity politics. As a result, diversity and inclusion initiatives have often embedded groupthink more deeply across organisations.

Approximately one-in-20 of the 2,250 cases the FSU has taken on are related to inclusion and diversity policies and training schemes in the workplace. Where there has been a clear outcome, it has been favourable for our members over 70% of the time. This success rate underlines how problematic these diversity and inclusion approaches are, with our success often due to the fact that the policies underpinning these initiatives either misstate equalities law or are straightforwardly unlawful.

Too often, firms have relied on (unregulated) external diversity and inclusion providers who have in turn propagated a homogenous way of thinking and allowed ill-defined concepts such as 'equity' to become entrenched in company policies. This has been disorientating for employees, many of whom no longer feel comfortable exercising their lawful right to free speech in the workplace. Consequently, many British workplaces have become politicised, with people who do not share the prevailing political ideology of their 'woke' colleagues walking on eggshells. We note that the PRA's proposals are silent on the details of what does and does not constitute good practice when it comes to diversity and inclusion (notwithstanding the reference to 'poor' diversity and inclusion in paragraphs 2.11 and 9.9). Evidence of repeated bad practice in attempting to achieve diversity and inclusion objectives is also ignored.

In this context, it is good to see "the risk of prosecution and litigation for engaging in discriminatory practices" highlighted as a risk of poor diversity and inclusion in section 9.9 of CP18/22. We agree with this observation and believe it should be taken far more seriously by regulated firms, especially while diversity and inclusion policies continue to be embedded in workplaces in an ideological way. Companies need to recognise, for example, that gender critical beliefs have been protected following the *Forstater* judgement. We believe that it is in the interests of the PRA to gain a broader understanding of the growing diversity and inclusion industry and to consider how that is regulated before further promoting diversity and inclusion initiatives in regulated financial firms.

At the FSU, we have investigated the effectiveness of "The Implicit Bias Test" and "Unconscious Bias Training", both of which are commonly included within diversity and inclusion training programmes. Our findings can be found in our [2020 paper](#). Our research suggests that there is little evidence that this kind of diversity training works. Indeed, there is some evidence it may increase discriminatory behaviour in the workplace. That was also the conclusion of the [Government Equalities Office](#) after it commissioned the Behavioural Insights Team to analyse the evidence on unconscious bias and diversity training in 2020 and the reason it recommended unconscious bias training be phased out across Whitehall. It is therefore worrying that sections 7.36 and 9.42 of CP18/23 both list 'unconscious bias' among issues of concern in relation to diversity and inclusion.

A further worry is the extent to which the definitions applied by the diversity and inclusion industry, many of which are contested, could be expanded in the future. Indeed, section 1.10 of CP18/23 states, "the PRA is aware that concepts within the domain of diversity and inclusion continue to evolve". Similarly, in section 3.30 of the FCA's equivalent consultation, the FCA states, "the terminology used to discuss and codify diversity and inclusion continues to evolve".

To date, the evolution of concepts and definitions has been driven by activists with an ideological agenda. It is essential, therefore, that the PRA recognises and addresses the danger of mandating a particular approach to diversity and inclusion across the UK's financial sector that is linked to political activists with a particular ideology.

We are pleased to see the statement in section 7.20 of CP18/23 that "the PRA is not creating an expectation for employees to disclose information to their employers". We would not agree, however, with the claim that a significant number of "prefer not to say" responses might be used to indicate a lack of inclusiveness. Evidence from our casework reveals a growing perception from employees that diversity and inclusion data collection is part of a politicised process in which they do not wish to participate.

Paragraph 1.11 of CP18/23 asserts, in light of recent de-banking scandals:

Nothing in our regulations or supervision, including the proposals in this consultation paper, provides a basis for firms to withhold services from customers based on their lawfully expressed opinions or beliefs.

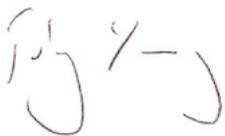
We do not share this confidence. The most high-profile de-banking cases over the last 12 months have highlighted that holding the wrong political views on, for example, net zero, immigration or the celebration of Pride can be sufficient reason to trigger the closure of a customer's bank account. Numerous unregulated accreditation schemes such as B-Corps, Carbon Literacy Training and the Stonewall Workplace Equality Index, underlie much of this censorious activity. These schemes are routinely used as vehicles for shaping and delivering diversity and inclusion policies and training within organisations, including regulated financial firms. At the FSU, we have investigated both [B-Corps](#) and [Carbon Literacy Training](#) and concluded that both initiatives have had a chilling effect on free speech in the workplace.

Finally, we are also concerned that the PRA's proposals allow firms to choose between sex or gender for their mandatory reporting in section 7.17. As highlighted above, the *Forstater* judgement has established that not believing in gender identity is a protected belief under the Equality Act. It is therefore inappropriate for the regulator to expect or encourage financial institutions to collect this data, even on a voluntary basis.

While the collection of demographic data may not immediately appear to be a free speech concern, the FSU fears that, where data definitions are politically contentious, or where employees are put under pressure by employers to submit data to meet targets, the PRA's proposals will indirectly lead to a chilling effect on free expression. One third of the FSU members who come to us for help have been penalised for expressing their beliefs around gender identity. We are concerned that a data collection and reporting process along the lines proposed will have the unintended consequence of embedding a set of ideas that will further erode the free speech of employees.

There are less divisive approaches to diversity and inclusion available in the wider marketplace. As the PRA seeks to avoid groupthink within the financial sector, we believe there is an urgent need to raise awareness of these alternatives and of the failures of the diversity and inclusion industry to date. The FSU would be willing to work with the regulator in any future review of the diversity and inclusion industry.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Toby Young'.

Toby Young  
General Secretary  
The Free Speech Union  
[toby@freespeechunion.org](mailto:toby@freespeechunion.org)