Woke Capitalism:
Past, present and future

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September 2025

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Acknowledgements

The authors would like to thank Deltapoll for the polling featured in this report. They would also like to thank Daniel Lilley and Rachel Neal, for their helpful comments.

First published: **September 2025**

55 Tufton Street,

London SW1P 3QL

Email: books@civitas.org.uk

ISBN 978-1-912581-67-2

Designed by Rubber Duckiee Ltd.

Printed in Great Britain
by 4edge Limited, Essex

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Introduction

The Bank of England instructed staff to share their personal pronouns when introducing themselves and to use 'gender neutral' language in professional interactions.[1] Marks and Spencer celebrated Black History Month by donating to a charity, The Black Curriculum, that promotes the teaching of 'Black History' in schools.[2] The supermarket Tesco has ditched single-use plastic lids on their own-brand hummus pots in a bid to reduce waste – despite criticism from customers.[3] Meanwhile, rival Sainsbury's added pronouns to all staff name badges to make it easier for 'customers to correctly identify' colleagues.[4]

This report explores the current state of what has been termed 'ethical' or, more derisively, 'woke' capitalism.[5] This is a complex and often paradoxical landscape. There may be tensions between the pursuit of profit, which is typically assumed to be the driving force behind all businesses, and making voluntary concessions to the needs of third parties. The motivations of individual entrepreneurs and employees do not always correspond with the dynamics driving capitalism as an economic system. Likewise, not all consumers are motivated by the same desires. Here, we explore the nature of these contradictory impulses and examine recent attempts at resolution.

Ethical capitalism has a long history. From the early days of the industrial revolution, some factory owners strove to provide decent housing and a pleasant environment for workers and their families. Over recent decades, ethical capitalism has largely fallen under the remit of 'Environmental, Social and Governance' (ESG) policies and practices. ESG is an umbrella term that refers to a company's social commitments to both employees and customers, its environmental footprint, and its levels of public accountability and transparency. The impact of ESG on businesses, workers, and consumers is the primary focus of this report.

Employees often encounter the 'Social' focus of ESG through Diversity, Equity and Inclusion (DEI) policies and practices which promote a political notion of 'social justice'. Workers may be compelled to attend training sessions discussing issues around race, gender or sexuality. They may be encouraged to wear rainbow 'Pride' lanyards to express support for the LGBTQ+ movement, or badges displaying their pronouns. DEI is sometimes referred to as 'EDI', with 'Equity' placed first; 'EDIB', which includes 'Belonging'; 'EDIC', which includes 'Climate'; or 'JEDI', which includes 'Justice'. For the sake of consistency, we refer to 'DEI' throughout this report. Whichever acronym is used, DEI comprises only one component of the broader ESG agenda, albeit one that is significant.

This report is in three parts. Chapter One explores the origins of ESG and how it became embedded within the capitalist system, as well as its current incarnations and impact upon the business environment. We argue that the success of ESG is twofold. Firstly, it provides capitalism as a whole with an important moral justification: businesses no longer just provide goods and services to their customers in exchange for money, they may also be seen to have a positive impact on the wider world. Secondly, ESG has entered the regulatory bureaucracy of the financial industry, meaning that scoring above a threshold of various ESG metrics can make companies eligible for inclusion in ethical investment funds, which were previously projected to make up a third of global assets under management by this year.[6]

1 Turner, C. (2024) 'Bank of England staff told to share pronouns and use 'gender neutral' language', *The Telegraph*, 31 August. Available at: https://www.telegraph.co.uk/news/2024/08/31/bank-england-share-pronouns-woke-training-trans-rights-sex/. (Accessed: 26 September 2024).

2 Westwood Cross. *Marks and Spencer celebrates Black History Month*. Available at: https://westwoodx.co.uk/articles/events/marks-and-spencer-celebrates-black-history-month. (Accessed: 28 October 2024).

3 Banfield-Nwachi, M. (2024) 'Open sesame? Sainsbury's and Tesco drop lids from pots of hummus', *The Guardian*, 25 September. Available at: https://www.theguardian.com/food/2024/sep/25/open-sesame-sainsburys-and-tescos-drop-lids-from-pots-of-hummus. (Accessed: 28 October 2024).

4 Sainsbury's. *An inclusive place to work and shop*. Available at: https://www.about.sainsburys.co.uk/sustainability/better-for-everyone/diversity-and-inclusion. (Accessed: 28 October 2024).

5 Byrne, D. *What is woke capitalism?* Available at: https://www.thecorporategovernanceinstitute.com/insights/lexicon/what-is-woke-capitalism/ (Accessed: 26 September 2024).

6 Bloomberg (2021) *ESG assets may hit $53 trillion by 2025, a third of global AUM*. Available at: https://www.bloomberg.com/professional/insights/markets/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/ (Accessed: 30 May 2025).

The narrative that ESG is a means of generating profit (and not in contradiction to this goal) has long been sustained, although some more recent commentary has called this into question. In Chapter Two, we consider the response of customers to ESG and ask whether ethical businesses are responding to customer demand or unduly politicising the marketplace. We also describe the results of polling carried out to better understand the views of the British public on 'woke' branding. Finally, Chapter Three focuses on criticisms of ESG, in particular the sometimes-heavy-handed way employees have been expected to comply with DEI policies, even if they disagree with statements or actions they are required to affirm.

Critics of ESG have become far more vocal in recent years. 'The ESG movement is being exposed as a dangerous con,' notes one business commentator.[7] This has led some companies to reconsider, or even cut, DEI initiatives and 'woke' marketing campaigns.[8] For example, the online fast-fashion retailer Asos made headlines after it dropped DEI targets for senior managers,[9] while companies like Dell and Unilever scaled back on 'woke' advertising.[10] However, the thinking that underpins the ESG movement – that capitalism can change the world for the better if appropriate targets are implemented – has not gone away. Although there are attempts to row back on what is perceived to be excessive 'virtue signalling', ESG goals have been further entrenched through national and international legislation. Despite occasional headlines to the contrary, the thinking that gave rise to ESG is still very much in the ascendancy.

7 Marlow, B. (2023) 'The ESG movement is being exposed as a dangerous con', *The Telegraph*, 8 August. Available at: https://www.telegraph.co.uk/business/2023/08/08/esg-movement-exposed-dangerous-con/. (Accessed: 26 September 2024).

8 Burton, L. (2024) 'Why bosses are 'getting nervous' about the corporate diversity drive', *The Telegraph*, 6 May. Available at: https://www.telegraph.co.uk/business/2024/05/06/inside-plot-take-back-control-diversity-zealots/. (Accessed: 26 September 2024).

9 Boland, H. (2023) 'Asos ditches diversity targets in bonus scheme', *The Telegraph*, 25 November. Available at: https://www.telegraph.co.uk/business/2023/11/25/asos-ditches-diversity-targets-bonus-scheme-esg-falters/. (Accessed: 26 September 2024).

10 Fish, I. (2023) 'New Unilever boss rows back from predecessor's woke strategy', *The Times*, 27 October. Available at: https://www.thetimes.com/article/unilevers-new-boss-turns-focus-back-to-key-brands-6jq7fx9x3. (Accessed: 28 October 2024).

1. What is ESG?

The phrase 'ESG' (Environmental, Social and Governance) first emerged in a 2004 report from the United Nations, *Who Cares Wins*, which was endorsed by a number of multinational corporations including BNP Paribas, Deutsche Bank, Goldman Sachs, HSBC, and Morgan Stanley.[11] *Who Cares Wins* examined how the international regulation of financial markets and capital movements could be employed to bring about positive social and environmental change. The report's authors argued that a range of environmental, social and governance issues could be incorporated in processes of financial analysis, asset management, and securities brokerage in order to ensure that the global allocation of capital was made to work for the benefit of society and the environment.

In 2004, the phrase 'Environmental, Social and Governance' was new, but the ideas that it encapsulated – that business should be concerned not just with generating profit but with improving the environment and bringing about social change – were already well established.

Previous incarnations included 'ethical capitalism', 'corporate social responsibility', 'conscious capitalism', 'caring capitalism' and 'stakeholder capitalism' (considering the needs and impact of all individuals with a 'stake' in a company's actions – that is, consumers, suppliers, and employees, not simply shareholders). The changing labels represent a shift in focus – from customers and marketing strategy, to employment practices and the manufacturing process. Throughout each iteration, the notion that business should bring about environmental and social change became increasingly embedded in national and international financial regulatory frameworks and legal systems. Over the course of two decades, ESG has become shorthand for both the standards businesses strive to reach and the scores, or rankings, they achieve in various ratings or league tables purporting to measure such standards.[12] Businesses now have 'ESG priorities', 'ESG goals' or an 'ESG agenda', as well as 'ESG scores' and 'ESG ratings'.

ESG was readily integrated into the financial sector because, by 2004, the case for ethical capitalism had largely been accepted. Since this time, the ESG market for investments has grown rapidly. Market analysis company Bloomberg Intelligence predicts that global ESG assets could hit $40 trillion by 2030, with Europe likely to retain the largest share of ESG assets – with over $18 trillion.[13] It arrives at this conclusion because 'investor appetite remains resilient', with plans to boost ESG assets under management.[14]

Putting the financial sector to work

Prior to 2004, the United Nations had already produced non-binding agreements for businesses on areas such as human rights, employment practice, anti-corruption, and the environment. *Who Cares Wins* went further and set out recommendations for addressing ESG concerns at every stage of the international financial system. A year after publication, the UN expanded its remit 'from corporate management guidelines to guidelines for investment' with the creation of Principles for Responsible Investment.[15] This move recognised not just that investors were becoming increasingly aware of their social and ethical commitments but, crucially, that responsible investment could be a route to increased profitability within an increasingly bureaucratic financial sector.

11 The Global Compact (2004) *Who Cares Wins?* Available at: https://documents1.worldbank.org/curated/en/280911488968799581/pdf/113237-WP-WhoCaresWins-2004.pdf (Accessed: 13 September 2024)

12 British Business Bank. *What is ESG? A guide for businesses.* Available at: https://www.british-business-bank.co.uk/business-guidance/guidance-articles/sustainability/what-is-esg-a-guide-for-smaller-businesses. (Accessed: 13 September 2024).

13 Bloomberg (2024) *Global ESG assets predicted to hit $40 trillion by 2030, despite challenging environment, forecasts Bloomberg Intelligence*. Available at: https://www.bloomberg.com/company/press/global-esg-assets-predicted-to-hit-40-trillion-by-2030-despite-challenging-environment-forecasts-bloomberg-intelligence/. (Accessed: 28 October 2024).

14 Ibid.

15 Burja, S. (2022) *How ESG Takes Advantage of Bureaucratic Finance*. Available at: https://brief.bismarckanalysis.com/p/how-esg-takes-advantage-of-bureaucratic (Accessed: 28 October 2024).

ESG, as a project to transform capitalism at every level, has been hugely influential because it has been thoroughly embedded within the investment industry's regulatory processes. In the latter decades of the 20th Century there were concerted efforts to regulate the financial markets to protect the investment sector from fraud and underhand practices such as insider trading. A new discipline of 'academic finance' determined criteria for evaluating investments, leading to bureaucratic processes 'increasingly focused on minimizing risk and "optimizing" returns',[16] as opposed to speculating to achieve the biggest profits within the shortest time frame. ESG targets slotted into this existing bureaucracy as additional forms of monitoring accountability, transparency, and social and environmental standards, thereby providing safeguards for investors keen to ensure reliable returns on their capital.

Compliance

Crucially, *Who Cares Wins* called for stock exchanges 'to include environmental, social, and governance criteria in listing particulars for companies'. In other words, the publication of ESG data should be a requirement of being listed. At the same time, investors (including pension fund managers and financial institutions) were asked 'to consider environmental, social, and governance issues in the formulation of investment mandates,' and 'to explicitly request and reward research that includes environmental, social and governance aspects.'[17]

The *Financial Times* notes that, particularly in the US, many ESG actions were prompted by pressure from investors:

> *'Big asset managers talked openly of the importance of environmental, social and governance factors and often backed up their rhetoric with votes for proxy proposals that focused on climate change and inequality.'*[18]

Yet with ESG firmly embedded within the financial system, arguments linking ESG to profitability become somewhat circular: it becomes impossible to make a profit from the financial market without trading in companies that publish ESG data. Financial gains for companies may be a result of compliance with the requirements for listing, rather than intrinsically connected to the principles underpinning ESG.

ESG data is embedded in the financial industry's regulatory mechanisms. As a result, collecting ESG data, setting policies to improve ESG performance, and meeting ESG targets becomes central to the operation of all publicly limited companies. This, in turn, has given rise to ESG consultants and ratings agencies designed to advise businesses how best to comply with regulations, measure data and monitor progress. In this way, the publication of ESG data, ESG ratings, and (paid) rankings in agencies' league tables has become the primary means by which businesses are regulated and held accountable today. This renders recent discussion as to whether ESG is 'good for business' or 'bad for the bottom line' as academic – it is now impossible for private companies to avoid engaging with ESG regulations. ESG ratings determine which stocks and bonds are labelled 'sustainable'. According to the *Financial Times*, this amounts to 'trillions of pounds of investments'.[19]

16 Ibid.

17 Ibid.

18 Masters, B. (2024) 'The way forward for ESG', *Financial Times*, 7 September. Available at: https://www.ft.com/content/7e2c08e6-f9a5-4c51-9957-68d3814ba014 (Accessed: 4 October 2024).

19 Parker, G. (2024) 'UK to introduce bill to regulate ESG rating agencies', *Financial Times*, 7 August. Available at: https://www.ft.com/content/128f6f71-62b2-4cea-b0e1-32e38925b2f0 (Accessed: 9 October 2024).

ESG legislation

The UK currently has no single ESG law or regulation; instead, a multitude of domestic and EU-derived laws and regulations, many of which are not themselves ESG-focused, contribute towards a robust legal framework mandating the disclosure of a company's ESG performance. The Confederation of British Industry notes that:

> *'[There is] a huge range of legal reporting requirements for businesses. In the UK alone there's a wide variety of existing and incoming legislation that involves important elements of ESG such as gender pay gap reporting and modern slavery statements.'*[20]

This includes numerous environmental regulations, employment laws and financial transparency directives. The Companies Act, for example, applies additional reporting requirements to companies that are listed on the stock exchange, have more than 500 employees or an annual turnover in excess of £500 million. The Act requires companies to file annual reports including both financial and non-financial information.[21] This was extended in 2022 to include data on energy usage and carbon emissions.[22] From 2026, this will be further enhanced by Sustainability Disclosure Requirements which will force companies to produce measurable goals and objectives and account for their performance in meeting these targets.[23]

Businesses must also comply with the Equality Act (2010), which prohibits all companies that provide goods, services, or facilities to the public, regardless of their legal structure or whether they charge for their services, from engaging in discriminatory practices.[24] This requires policies and procedures in place to ensure equal opportunities, such as training staff on equal opportunity legislation and revising recruitment policies to ensure no discriminatory language is used. In addition, businesses must make 'reasonable adjustments' to accommodate people with disabilities, such as producing large-print menus or making buildings accessible to people who use a wheelchair, and must not discriminate against breastfeeding mothers. Failure to comply can result in prosecution and financial penalties. The Social Value Act (2012) ensures ESG targets are applied in public procurement by compelling public bodies to consider the wider benefits to society when choosing between different suppliers and contractors. This means that all businesses, regardless of size or circumstance, tendering for public sector contracts must complete a 30-page checklist of criteria for evaluating how their bids would deliver 'social value' (for example, by employing a racially diverse workforce) rather than just providing good value for money to taxpayers.[25]

Voluntary certification

In addition to meeting legal requirements, many businesses have voluntarily signed up to ratings systems and certification processes run by charities and international non-governmental organisations, designed to measure and rank environmental, social, and ethical impacts across a range of different standards.

Early certification processes involved businesses applying for 'kitemarks', that is, a trademark that certifies a product or service as meeting quality and safety standards. Examples include Fairtrade, which indicates that producers in developing countries are treated according to certain standards regarding pay and working conditions; and Red Tractor, which indicates that food has been produced to strict environmental and animal welfare standards and can be traced back to the farm in Britain from which it originated. Such marks provide a way for customers to differentiate between products and for businesses to be recognised for meeting higher standards than the minimum required by law.

20 Macmillan, B. (2021) *ESG: A challenge for all businesses*. Available at: https://www.cbi.org.uk/articles/esg-a-challenge-for-all-businesses/ (Accessed: 3 October 2024).

21 UK Government. *Companies Act 2006*. Available at: https://www.legislation.gov.uk/ukpga/2006/46/contents (Accessed: 4 October 2024)

22 HM Treasury (2022) Sustainability Reporting Guidance: 2022-23. Available at: https://assets.publishing.service.gov.uk/media/639b5308d3bf7f7f8a12a138/2022-23_Sustainability_Reporting_Guidance.pdf (Accessed: 4 October 2024).

23 HM Government (2023) *Sustainability Disclosure Requirements: Implementation Update 2024*. Available at: https://assets.publishing.service.gov.uk/media/66505ba9adfc6a4843fe04e5/Sustainability_Disclosure_Requirements__SDR__Implementation_Update_2024.pdf (Accessed: 4 October 2024)

24 UK Government (2013) *Equality Act 2010: guidance*. Available at: https://www.gov.uk/guidance/equality-act-2010-guidance (Accessed: 4 October 2024).

25 Campaign for Fair Procurement (2023) *Press Release – Campaigners call for repeal of the Social Value Act*. Available at: https://procurement-campaign.org/ (Accessed: 28 October 2024).

More recently, ratings agencies have emerged that offer ESG scores across multiple criteria. Organisations such as MSCI,[26] Sustainalytics,[27] S&P,[28] Moody's,[29] and Inrate[30] establish ESG criteria and set out what data companies must gather to receive certification. While data might be considered objective, decisions about what exactly should be measured, how it should be measured, and how it should be ranked are subjective. Perhaps the best known of these certification and ratings agencies is 'B Corp'. A 'certified B Corp' is a business or corporation that has been 'verified' as having 'high standards of social and environmental performance' by global parent organisation, 'B Lab'. B Lab boasts the existence of 'over 9,900 B Corps around the world, across 160 industries in 105 countries, with over 989,400 workers'.[31] As of July 2025, there were over 2,500 B Corp businesses in the UK.[32] This includes companies such as Danone, FatFace, the Jamie Oliver group, *The Guardian*, and Innocent drinks.[33] So dominant is B Corp, it has effectively become the public face of ESG in the minds of many consumers.

'B Lab Global' is a US-based non-profit network founded in 2006 which determines 'social, environmental and governance best practices for businesses'.[34] Its goal is to 'change our economic system' and to do this, it acknowledges, 'we must change the rules of the game'. B Lab explains that it:

> *'...creates standards, policies, tools, and programs that shift the behavior, culture, and structural underpinnings of capitalism. We mobilize the B Corp community towards collective action to address society's most critical challenges.'*[35]

Its aim is to create 'a global economy that uses business as a force for good'. 'Through their products, practices and profits', B Lab verified businesses must prove they are 'meeting high standards of verified performance, accountability and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials'.[36]

As The Free Speech Union notes, compliance often involves:

> *'...changing the company's Articles of Association (the written rules that describe how a business is to be run) and embracing the core principles advocated by B Lab'.*[37]

This gets to the very foundation of a business' aims and objectives and fundamentally alters practice. B Corp businesses must re-certify with B Lab every three years, as the criteria for certification change and new targets are added. 'B Corp Climate Collective' was launched in 2019, with certified B Corporations 'working together to take action on the climate emergency'.[38] Registered companies are expected to have an 'environmental management system' that covers waste generation, energy usage, water usage and carbon emissions. This goes considerably beyond compliance with national laws and local regulations.

26 MSCI. *ESG Ratings*. Available at: https://www.msci.com/data-and-analytics/sustainability-solutions/esg-ratings (Accessed: 30 May 2025)

27 Sustainalytics. *Company ESG Risk Ratings*. Available at: https://www.sustainalytics.com/esg-ratings (Accessed: 30 May 2025).

28 S&P Global. *ESG Scores and Raw Data*. Available at: https://www.spglobal.com/esg/solutions/esg-scores-data (Accessed: 30 May 2025).

29 Moody's. *Moody's ESGView*. Available at: https://www.moodys.com/web/en/us/esgview.html (Accessed: 30 May 2025).

30 Inrate. *ESG Impact Ratings*. Available at: https://inrate.com/esg-ratings/ (Accessed: 30 May 2025).

31 B Lab United Kingdom. *What is a B Corp?* Available at: https://bcorporation.uk/b-corp-certification/what-is-a-b-corp/ (Accessed: 2 July 2025).

32 B Lab United Kingdom. *The UK B Corporation Movement*. Available at: https://bcorporation.uk/. (Accessed: 2 July 2025).

33 B Corporation UK. *Looking for a B Corp? Find a B Corp: Search here to buy from, work with, or learn more about Certified B Corporations around the world.* Available at: https://www.bcorporation.net/en-us/find-a-b-corp/ (Accessed: 9 October 2024).

34 B Lab. *About Our Standards.* Available at: https://www.bcorporation.net/en-us/standards/ (Accessed: 11 August 2025)..

35 B Lab. *About B Lab*. Available at: https://www.bcorporation.net/en-us/movement/about-b-lab/. (Accessed: 27 September 2024).

36 B Corp. *Measuring a company's entire social and environmental impact*. Available at: https://www.bcorporation.net/en-us/certification/ (Accessed: 2 July 2025).

37 Harris, T. (2023) *Woke. Ltd*. Available at: https://freespeechunion.org/woke-ltd/ (Accessed: 27 September 2024).

38 B Corp Climate Collective. Available at: https://www.bcorpclimatecollective.org/ (Accessed: 4 October 2024).

B Lab policies on 'Justice, Equity, Diversity and Inclusion' (JEDI) are equally as expansive. Companies that enrol are told the organisation 'stands against all forms of oppression, including racism, transphobia, classism, sexism and xenophobia', and that B Lab seeks to address 'the fundamental injustice, inequity and violence that disproportionately impact people of colour and women'.[39] 'It is not enough to be quietly non-racist and non-sexist', it continues, 'we have a responsibility to build a community of vocal, visible, anti-racist and feminist business leaders'.[40] In this way, through the guise of measuring and monitoring ESG targets, business leaders – and through them, employees and customers – are recruited into an explicitly progressive project.

Numerous other charities and campaigning organisations, such as the Carbon Literate Organisation and the Human Rights Campaign Foundation's Corporate Equality Index, emulate the B Corp model and offer companies the opportunity to apply for verification or a league table ranking. A prominent example is the Workplace Equality Index (as part of the Proud Employers Accreditation) produced by Stonewall, a charity that advocates on behalf of LGBTQ+ people. Stonewall describes their Index as 'The definitive benchmarking tool for employers to measure their progress on lesbian, gay, bi and trans inclusion in the workplace.'[41] Stonewall will, for a fee, assess an organisation's policies and practice in relation to LGBTQ+ inclusion and provide feedback about actions that can be taken to ensure further progress. Following the submission of a report, which includes a survey of employees, businesses are awarded a gold, silver or bronze award. Stonewall's 2024 leaderboard included businesses such as high street bank HSBC, insurance company Aviva, telecoms company Vodafone, and pharmacy chain Boots; as well as public bodies such as Public Health Wales and NHS Blood and Transplant.[42]

Companies can also sign up to the 'Race at Work Charter', run by the charity Business in the Community, aimed at 'improving equality of opportunity in the workplace.'[43] Signatory organisations are asked to make seven commitments, including to appoint an executive sponsor for race; to capture ethnicity data and publicise progress; to commit at board level to zero tolerance of harassment and bullying; to make clear that supporting equality in the workplace is the responsibility of all leaders and managers; and to take action that supports ethnic minority career progression.[44] Similar schemes operate in public sector organisations. Universities, for example, sign up to the Race Equality Charter and the Athena Swan award system, which measures gender equality in higher education and research institutions.[45]

Voluntary registration schemes are effective in two ways. First, they allow businesses to demonstrate to shareholders that they have gathered the ESG data necessary for stock market compliance and listings in sustainable investment funds. The data that companies must gather to gain B Corp status largely corresponds with the ESG data which is used to report back to shareholders and by the Financial Conduct Authority to evaluate companies. As this shows, there is often considerable overlap between legally mandated and (notionally) optional rules and regulations. Second, voluntary registration schemes allow businesses to provide customers with information that might inform their purchasing decisions.

Companies know they can charge more for goods that they can show were produced ethically. This creates a financial incentive for producers to change their practices and obtain certification.

39 B Lab. *Justice, Equity, Diversity and Inclusion*. Available at: https://www.bcorporation.net/en-us/movement/justice-equity-diversity-inclusion/ (Accessed: 27 September 2024).

40 Ibid.

41 Stonewall. *The UK Workplace Equality Index*. Available at: https://www.stonewall.org.uk/build-workplace-works-lgbtq-people/uk-workplace-equality-index. (Accessed: 27 September 2024).

42 Stonewall. (2024) *The Full List: Top 100 Employers 2024*. Available at: https://www.stonewall.org.uk/inclusive-workplaces/top-100-employers/top-100-employers-full-list. (Accessed 28 October 2024).

43 The Prince's Responsible Business Trust (2024) *Race at Work Charter Signatories*. Available at: https://www.bitc.org.uk/race-at-work-charter-signatories/ (Accessed: 4 October 2024).

44 Business in the Community. *Race at Work: Driving Race Equality for 30 Years*. Available at: https://www.bitc.org.uk/race/. (Accessed: 27 September 2024).

45 Armstrong, J. and Sullivan, A. (2023) 'A Critical Analysis of Athena Swan as a Policy-Scoring Scheme'. SSRN.

Some companies go considerably beyond legal requirements and make an 'ethical' or ideological message central to their company's mission, with pledges to address inequality, support diverse workforces, or become carbon neutral. This shapes all aspects of their business, from employee relations to product design and advertising. Tony's Chocolonely, for example, is a popular and highly successful brand of chocolate whose whole purpose is 'to end all forms of exploitation in the cocoa industry'. Its website states: 'When it comes to official certifications like Fairtrade and B-Corp, Tony's passes with flying colours.'[46]

The argument for such voluntary certification schemes, then, is that they allow customers to make better informed choices, allow producers to be rewarded for ethical practices, and, ultimately, benefit society and the environment. They also allow investors to identify companies they wish to fund. As the Free Speech Union notes, investors assume that ethical practice results in increased profitability and are therefore more likely to put money into companies that demonstrate such a commitment:

> *'Like securing a good ESG (environmental, social and governance) rating, becoming a certified B Corp can help a company attract investors and employees, as well as favourable press coverage.'*[47]

The business case for ESG

This 'business case for ESG' – that it allows companies to appeal to high income consumers and therefore generate increased revenue – means that, far from being reluctant to take on the time-consuming and costly process of gaining virtual certificates and rankings, many companies are enthusiastic participants in such schemes, as the number of UK-based B Corps demonstrates.

The linking of ethical commitments to profitability has been consistently maintained in the business community. The notion that 'a strong ESG proposition correlates with higher equity returns' has become a mantra.[48] The promotion of diversity, equity and inclusion (DEI) in the workplace has been strongly connected to business success. 'DEI is good for business' is a typical headline.[49] Advocates argue that 'Having a broader and more diverse hiring pool leads to more talented and qualified candidates.'[50] Others suggest that:

> *'By investing in diverse people with situational fairness in mind, you can save money by reducing costs on things like mental health and physical health.'*[51]

Some point to research claiming 'gender-diverse and inclusive teams outperformed gender-homogeneous, less inclusive teams by 50%, on average', which is put down to the fact that:

> *'…ethnically diverse executive teams bring a wider range of perspectives and experiences as well as varied thought to the table, which can lead to more innovative thinking and better decision-making'.*[52]

46 Tony's Chocolonely (2021) *Tony's response to The Times article*. Available at: https://us.tonyschocolonely.com/blogs/news/why-we-are-not-on-all-lists-of-ethical-chocolate-brands. (Accessed: 28 October 2024).

47 Harris, T. (2023) *Woke, Ltd*. Available at: https://freespeechunion.org/woke-ltd/ (Accessed: 4 October 2024).

48 Henisz, W. et al. (2019) *Five ways that ESG creates value*. Available at: https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Strategy%20and%20Corporate%20Finance/Our%20Insights/Five%20ways%20that%20ESG%20creates%20value/Five-ways-that-ESG-creates-value.ashx (Accessed: 13 September 2024).

49 Raikes, J. (2024) 'Ignore The Provocateurs: DEI Is Good For Business And Good For America', *Forbes*, 23 April. Available at: https://www.forbes.com/sites/jeffraikes/2024/04/23/ignore-the-provocateurs-dei-is-good-for-business-and-good-for-america/. (Accessed: 28 October 2024).

50 Ibid.

51 Claremont Lincoln University. *12 Reasons Why Diversity, Equity, and Inclusion Are Important in Business*. Available at: https://www.claremontlincoln.edu/12-reasons-why-diversity-equity-and-inclusion-are-important-in-business/. (Accessed: 28 October 2024).

52 Parker, R. W*hy DEI is Important: Nine Benefits of Strong DEI in the Workplace*. Available at: https://insightglobal.com/blog/why-dei-is-important/. (Accessed: 28 October 2024).

Such claims have been so widely reported and so frequently repeated that, to many, they have assumed the status of common sense. However, more recent studies have cast doubt on 'the business case for DEI'. Accounting professors Jeremiah Green and John RM Hand found that none of the findings in oft-cited McKinsey studies connecting DEI to profitability could be replicated. They could not find any 'statistically relevant relations' between 'measures of executive racial/ethnic diversity' and:

> *'...measures of company success, whether that's based on industry-adjusted earnings [...] or industry-adjusted sales growth, gross margin, return on assets, return on equity and total shareholder return'.*

They conclude:

> *'Despite the imprimatur given to McKinsey's studies, they should not be relied on to support the view that US publicly traded firms can expect to deliver improved financial performance if they increase the racial/ethnic diversity of their executives'.*[53]

Some company owners are clearly driven by personal principles rather than evidence for or against a 'business case' for DEI. Fraser Longden, the owner of Wickes, a building supplies company, is a particularly vocal champion of the LGBTQ+ community. In 2022, the company sponsored a float in Brighton Pride Parade despite Longden's recognition that he would not change the views of 'bigots'.[54] The float carried a banner with the slogan, 'No LGB without the T' ['No lesbian, gay, or bisexual without transgender'] and the phrase: 'We stand with our trans siblings now and forever'.[55] Critics argued this message challenges the rights of women and same-sex attracted people and threatened a boycott. In response, Longden retaliated: 'they're not welcome in our stores anyway.' In the days that followed, Wickes' share price hit one of its lowest points in the previous five years.[56]

Companies such as Tony's Chocolonely and Wickes are led by the long-held principles of their owners. However, as the emphasis on the 'business case for DEI' suggests, other companies employ 'woke' advertising or instruct staff to attend DEI training sessions less because of passionately held principles and more because it is considered profitable or simply currently fashionable. Such practices have come to be expected, even if individual businesses lose money by their implementation, because they have become the means by which capitalism not only operates from a bureaucratic and administrative perspective but, crucially, the way the economic system as a whole makes claim to a sense of moral purpose. One commentator notes that the appeal of ESG is that it allows 'the finance industry to justify its own existence without relying on profitability'.[57]

53 Green, J. and Hand, J.R.M. (2024) 'McKinsey's Diversity Matters/Delivers/Wins Results Revisited'. *Econ Journal Watch*, 21(1), pp.5-34. Available at: https://econjwatch.org/articles/mckinsey-s-diversity-matters-delivers-wins-results-revisited. (Accessed: 28 October 2024).

54 Medlicott, J. (2023) *Wickes faces boycott after boss said trans critical shoppers are 'not welcome in our stores*. Available at: https://www.lbc.co.uk/news/trans-row-pride-month-wickes-ceo-outrage/. (Accessed: 28 October 2024).

55 Bird, S. (2023) 'DIY giant Wickes fails to shut down website accusing it of being 'woke'', *The Telegraph*, 4 November. Available at: https://www.telegraph.co.uk/news/2023/11/04/diy-wickes-brighton-pride-lgbt-transgender-boycott-nominet/ (Accessed: 5 August 2025).

56 Medlicott, J. (2023) *Wickes faces boycott after boss said trans critical shoppers are 'not welcome in our stores*. Available at: https://www.lbc.co.uk/news/trans-row-pride-month-wickes-ceo-outrage/. (Accessed: 28 October 2024).

57 Burja, S. (2022) *How ESG Takes Advantage of Bureaucratic Finance*. Available at: https://brief.bismarckanalysis.com/p/how-esg-takes-advantage-of-bureaucratic (Accessed: 28 October 2024).

2. Ethical customers?

The idea of consumer choice as a force for change has old roots. Notably, sugar boycotts were employed by the abolitionist movement in Britain in the 18th and 19th centuries; in an interesting early example of what we might now call ethical consumer choice, the movement produced anti-slavery sugar bowls that declared their contents were 'not made by slaves'. One pamphlet advertising such bowls for sale states that:

> *'One family using 5lb of sugar per week will, by using East India, instead of West India, for 21 months, prevent the slavery, or murder, of one fellow-creature!'.*[58]

Here we see an early instance of the idea that in making purchasing decisions, shoppers are directly funding certain production practices over others – and that therefore these decisions are of moral consequence. However, these bowls represent more than just a private decision not to personally fund the practice of slavery. In choosing to buy and use such tableware, individuals make a political statement and perhaps influence others to do the same. These two prongs – both the direction of money towards ethical stances rather than ethical practices, and the public display of such choices in order to encourage others to follow suit – remain important in today's conception of ethical consumption.

The environment that gave rise to today's 'woke' capitalism took shape towards the end of the 20th Century, as the idea of using one's purchasing power to enact social change continued to grow in the public consciousness. A key moment was a popular boycott of South African produce in protest at the country's apartheid regime, which began in Britain in 1959 and later gained the support of the United Nations. The end of apartheid cannot be solely attributed to the boycott: in reality, political change in South Africa was driven by many forces, most notably the protests of black citizens. Nonetheless, the idea that business – in the realm of both production and consumption – could be a powerful force for social change took hold.

Today, people of all political persuasions make conscious choices about where to spend their money and call for boycotts of companies thought to align with principles with which they disagree. The fact that such practices are employed by all political sides is significant – as demonstrated by recent boycotts led by conservatives against companies expressing 'woke' sentiments.

Market segmentation and luxury beliefs

The purchasing habits of consumers are complex and contradictory. In general, we suggest that there are two broad types: 'ethical consumers' who are attracted to the perceived virtue associated with the product they wish to purchase, and 'budget consumers' who primarily seek value for money. There is, of course, some degree of overlap between the two groups and few people fall exclusively into one group or the other.

Budget consumers are primarily motivated by value for money. They may operate with more limited household budgets than 'ethical consumers', and are likely to be fairly indifferent to 'woke' values expressed by certain brands.

Ethical consumers, on the other hand, are motivated to a significant extent by the values that brands or products represent. They are likely to be a minority of the population, and may not be much more wealthy overall than 'budget consumers' (for example, they may not be home-owners) but they are likely to have higher levels of disposable income. This means that purchasing decisions about items such as chocolate, biscuits and coffee can be led by principles rather than just price. Such decisions may even be a form of over-compensation for feelings of being penalised by broader economic forces, such as being priced out of the housing market, high levels of student debt and wage stagnation. Such frustrations may make people more determined to exercise a degree of control over things they *can* influence, such as the ethical provenance of their shopping.

58 Weaver-Paul, A. (2024) *An anti-slavery sugar bowl*. Available at https://www.vam.ac.uk/blog/museum-life/an-anti-slavery-sugar-bowl (Accessed: 10 May 2025).

The American writer Rob Henderson coined the term 'luxury beliefs' to label a wealthy, highly educated social group that uses high-status, liberal opinions to differentiate themselves from the masses. Luxury beliefs, he argues, 'confer status on the rich at very little cost', and purchasing from particular brands is one way for consumers to signal beliefs to others.[59] This is not to suggest that such beliefs are not genuinely held. Ethical consumers may be aware of ESG ratings as a measure of a company's ethical standing across a range of production and supply-side factors. However, the 'luxury beliefs' framing may help to make sense of 'ethical' branding as a form of market segmentation: those who care and can afford to do so will pay a premium for 'ethical' ('luxury') products, while those who only care (or can only afford to care) about value for money will buy the cheapest products available. The market 'ought' therefore to produce a range of goods at different price points to cater to these different customers.

Appealing to consumers

Successful companies are aware of the tastes and spending power of their core customer base. This means that, across the market as a whole, 'ethical' versus 'budget' becomes a key form of differentiation, with brands generally seeking to appeal to one group or the other. The market created by a new cohort of consumers who saw their purchasing decisions as ethical statements led to the emergence (or increasing profile) of self-consciously ethical companies in the early 2000s, such as The Body Shop, Lush, Innocent Smoothies, Ben & Jerry's ice cream; and more recently some others, such as Tony's Chocolonely. These businesses have seemingly differentiated themselves much more by their corporate values than by their actual products.

Older brands, such as Nike and Pepsi, have tried to catch up, with varying degrees of success.

Back in 2018, Nike's profits soared off the back of an advertising campaign featuring Colin Kaepernick, who had kneeled to protest against police brutality at the start of NFL tournaments, long before Black Lives Matter protesters popularised the action.[60] Despite the fact that some of Nike's customers took to social media to threaten a boycott in response to Kaepernick's hiring, the jump in profits Nike experienced is testament to the fact that not only did most not boycott the brand, the advertising campaign successfully attracted new customers. This illustrates the gamble brands face when employing politicised marketing strategies in an increasingly polarised society. For Nike, on this occasion, the risk paid off and young customers with disposable income were happy to be associated with the new advertising campaign.

In the pursuit of new, improved – and wealthier – customers, some companies have been quick to acquiesce to the demands of activists. Indeed, groups have been set up specifically to exploit this corporate desire for 'woke' publicity. Stop Funding Hate is a pressure group that targets businesses that advertise in media outlets, such as the *Daily Mail* or *The Sun*, that the group has decided platform 'hate'. It uses social media to shame businesses and rally its supporters to boycott products until adverts are pulled, with the aim of restricting the flow of advertising revenue to 'hateful' news sites. Following the launch of GB News in 2021, Stop Funding Hate used Twitter (now X) to call for consumer boycotts of companies advertising on the channel. Kopparberg cider, IKEA, Nivea, Octopus Energy, brewing company Grolsch, and the Open University all acquiesced and suspended their adverts.[61] This is despite the fact that the population with an active Twitter account[62] is tiny and Stop Funding Hate seems to have little broader traction within the general public.

59 Henderson, R. (2019) ''Luxury beliefs' are the latest status symbol for rich Americans', *The New York Post*, 17 August. Available at: https://nypost.com/2019/08/17/luxury-beliefs-are-the-latest-status-symbol-for-rich-americans/ (Accessed: 28 October 2024).

60 Abad-Santos, A. (2018) *Nike's Colin Kaepernick ad sparked a boycott — and earned $6 billion for Nike*. Available at: https://www.vox-com/2018/9/24/17895704/nike-colin-kaepernick-boycott-6-billion (Accessed: 4 October 2024).

61 Jolly, J. (2021) 'Brands pull ads from GB News TV channel over content concerns', *The Guardian*, 15 June. Available at: https://www.theguardian.com/media/2021/jun/15/brands-pull-ads-from-gb-news-tv-channel-over-content-concerns (Accessed: 4 October 2024).

62 Mellon, J. and Prosser, C. (2017) 'Twitter and Facebook are not representative of the general population: Political attitudes and demographics of British social media users', *Research and Politics*, 4(3). Available at: https://journals.sagepub.com/doi/full/10.1177/2053168017720008 (Accessed: 4 October 2024).

Problems arise when businesses employing ethical or political marketing strategies appear to be critical of their core customer base. For example, in 2019, the razor-blade manufacturer Gillette temporarily dropped its traditional slogan 'The Best A Man Can Get' in favour of a new catchphrase: 'The Best A Man Can Be'. The new advertising campaign critiqued toxic masculinity in the #MeToo era and tried to re-educate men into behaving better. This was widely criticised as an attack on men – Gillette's customers – in the press and on social media,[63] and the original slogan returned to its advert in 2024.[64] Last year, a similar attempt at re-education was made by the outdoor clothing retailer North Face, who offered customers a discount if they completed a 'racial inclusion' course.[65]

Likewise, brands run into problems when they try to change customers' views on topics such as sex and gender. We have already noted the drop in Wickes' profits following the company's promotion of transgender ideology. Costa, the ubiquitous coffee chain, attracted negative publicity when it tried to normalise gender transitioning alongside selling hot drinks. In summer 2023, it ran an advertising campaign featuring a cartoon figure bearing scars on its chest to indicate a female who has had a double mastectomy to become a transgender man.[66] Perhaps most significantly, the American beer manufacturer Bud Light prompted a customer boycott when it used transgender model Dylan Mulvaney in a promotional campaign. In a social media clip that rapidly went viral, Mulvaney displayed a personalised Bud Light can that had been created to celebrate the anniversary of his gender transition. This was perceived by many of Bud Light's male customer base as an attack on traditional attitudes towards sex and sexuality. The boycott led to a substantial fall in profits;[67] within a fortnight, Bud Light's year-on-year sales dropped 17 per cent.[68] Within a few months, it was no longer the best-selling beer in the US – a position it had held for 20 years.[69]

Other companies have found sales fall after aggressively 'woke' marketing campaigns, even without the threat of customer boycotts. Following backlash from consumers and investors, Unilever promised to cut back on political messaging as a form of advertising.[70] After observing the fate of Bud Light, Brown-Forman, America's largest wine and spirits company, responsible for brands such as Jack Daniel's whisky, announced that it would be scrapping DEI targets and no longer linking executive pay to progress on diversity. Furthermore, Brown-Forman declared it would withdraw from 'an annual ranking of companies with a LGBTQ-friendly work environment' and drop plans to work with more suppliers from a minority background. It explained: 'The world has evolved, our business has changed, and the legal and external landscape has shifted dramatically, particularly within the United States.'[71]

Harley-Davidson is another company that has dropped a number of diversity targets after public criticism that the brand had gone 'woke'. It reportedly no longer participated in LGBTQ+ inclusion rankings and put its sponsorship under review. It will no longer enforce targets for purchasing supplies from female or minority-owned groups. The company announced that its primary focus will be on retaining its 'loyal riding community'.[72]

As well as general hostility to 'woke' advertising, companies may increasingly face cynicism from even the consumers who nominally support the aims of ESG policies, with some doubting that the 'ethical' views expressed by corporations are sincerely held.

63 Williams, J. (2019) 'Gillette and the war on masculinity', *Spiked*, 17 January. Available at: https://www.spiked-online.com/2019/01/17/gillette-and-the-war-on-masculinity/ (Accessed 28 October 2024).

64 Taylor, D. (2024) *Gillette goes back to the future: The best a man can get*. Available at: https://thebrandgym.com/gillette-goes-back-to-the-future-the-best-a-man-can-get/ (Accessed: 30 May 2025).

65 Corless, B. (2024) 'Want money off North Face clothing? You'll have to complete a 'racial inclusion' course first', *The Telegraph*, 5 March. Available at: https://www.telegraph.co.uk/news/2024/03/05/the-north-face-discount-racial-inclusion-course-outdoors/ (Accessed: 13 September 2024).

66 Murphy, M. (2023) 'Costa Coffee facing boycott over 'irresponsible' advert of trans man', *The Telegraph*, 31 July. Available at: https://www.telegraph.co.uk/news/2023/07/31/costa-boycott-cartoon-trans-man/ (Accessed: 13 September 2024).

67 Taaffe-Maguire, S. (2023) *Dylan Mulvaney: Bud Light beer takes sales hit.* Available at: https://news.sky.com/story/dylan-mulvaney-bud-light-beer-takes-sales-hit-after-backlash-over-ad-campaign-featuring-transgender-influencer-12932886 (Accessed: 13 September 2024).

68 Maloney, J. (2023) 'How Bud Light Handled an Uproar Over a Promotion With a Transgender Advocate', *Wall Street Journal*, 22 May. Available at: https://www.wsj.com/articles/how-bud-light-handled-an-uproar-over-a-promotion-with-a-transgender-advocate-e457d5c6 (Accessed: 4 October 2024).

69 Reuters (2023) 'Bud Light loses top US beer spot after promotion with transgender influencer', *The Guardian*, 14 June. Available at: https://www.theguardian.com/business/2023/jun/14/bud-light-loses-top-us-beer-spot-after-promotion-with-transgender-influencer (Accessed: 4 October 2024).

70 Woolfson, D. (2023) 'Unilever to tone down social purpose after 'virtue-signalling' backlash', *The Telegraph*, 26 October. Available at: https://www.telegraph.co.uk/business/2023/10/26/unilever-boss-undelivered-turnaround-effort/. (Accessed: 3 October 2024).

71 Warrington, J. (2024) 'Jack Daniel's owner scraps diversity targets amid 'anti-woke' backlash', *The Telegraph*, 22 August. Available at: https://www.telegraph.co.uk/business/2024/08/22/jack-daniels-owner-scraps-diversity-targets-amid-anti-woke/. (Accessed: 3 October 2024).

72 Kelly, K. (2024) 'Snoop Dogg director on one-man crusade to strip 'woke' policies out of big brands', *The Telegraph*, 29 August. Available at: https://www.telegraph.co.uk/world-news/2024/08/29/snoop-dogg-director-crusade-strip-woke-policies-brands/ (Accessed: 3 October 2024).

For instance, the Black Lives Matter movement that sprung up in May 2020 was seen by businesses around the world as an opportunity to demonstrate their commitment to challenging racism. Global brands, including Nike, Adidas, and Netflix, publicly endorsed Black Lives Matter.[73] But some questioned the motives of these multinational corporations. 'Do companies really support the cause?' asked the BBC.[74] Others went further and railed against what they saw as big brand hypocrisy.[75] Many in the media conceded that, even if genuine, support did not go far enough, with advertising, for example, still needing to be 'decolonised' as 'it can and does support discriminatory thinking – thinking that often has its roots in the colonial era'.[76] Similarly, companies such as airlines or fossil fuel producers are criticised for 'greenwashing': a term coined to describe a company's highlighting of some relatively superficial environmental initiatives to distract from the environmentally damaging activities that comprise the bulk of their enterprise.[77]

We can see that 'ethical' consumers are happy to pay more for brands that align with their values. They are concerned when such brands are charged with hypocrisy and may shift allegiances or call for boycotts. At the same time, 'budget' consumers are happy to purchase from traditional manufacturers. They get concerned, and threaten boycotts, when such companies criticise or attempt to 're-educate' them. Budget consumers find such practices alienating and annoying. Companies with a broad consumer base (that is, not self-consciously 'ethical' companies) that veer 'off-brand' and into political messaging are not then responding to demand from *all* of their potential customers but from a small proportion: those that align most closely with staff employed in advertising companies and marketing departments.

Polling: What do consumers really think?

Civitas commissioned polling in April 2025 in order to better understand what consumers truly think of companies' messaging on social justice themes. Our polling tried to answer three questions. Firstly, how many customers really care about social values when they make purchasing decisions? Is there broad appetite for 'ethical' products, or are companies that brand themselves this way catering to a small minority? Secondly, what are the characteristics of the people who try to shop ethically? How do they compare in terms of age, education, and geography to those who simply want the best value for money? And finally, what are the reasons that people care about buying ethically – and the reasons that they don't?

Polling firm Deltapoll interviewed 1,524 British adults online between 4 to 7 April 2025. The data have been weighted to be representative of the British adult population as a whole.

What matters more: moral values, or value for money?

Poll participants were directly asked to rate from 0 to 10 how important various factors were in everyday purchasing decisions, including 'Whether or not the brand you are considering purchasing from cares about causes and issues that matter to you, such as social justice, environmental issues, animal welfare'. Results can be seen in Figure 2.1. Responses show a fairly normal spread across the possible ratings, with a small spike of 11 per cent answering 0 (= 'Not at all important'), and another small spike of seven per cent answering 10 (= 'Extremely important'). The most popular answer was 5 (selected by 17 per cent of respondents), exactly halfway between the two ends. This suggests that while a small proportion of consumers feel strongly about 'ethical' branding in one direction or the other, the majority are somewhat ambivalent.

73 McGonagle, E. (2020) 'Nike, Adidas, Netflix, Ben & Jerry's and more show support for Black Lives Matter', *Campaign*, 1 June. Available at: https://www.campaignlive.co.uk/article/nike-adidas-netflix-ben-jerrys-show-support-black-lives-matter/1684753 (Accessed: 4 October 2024)

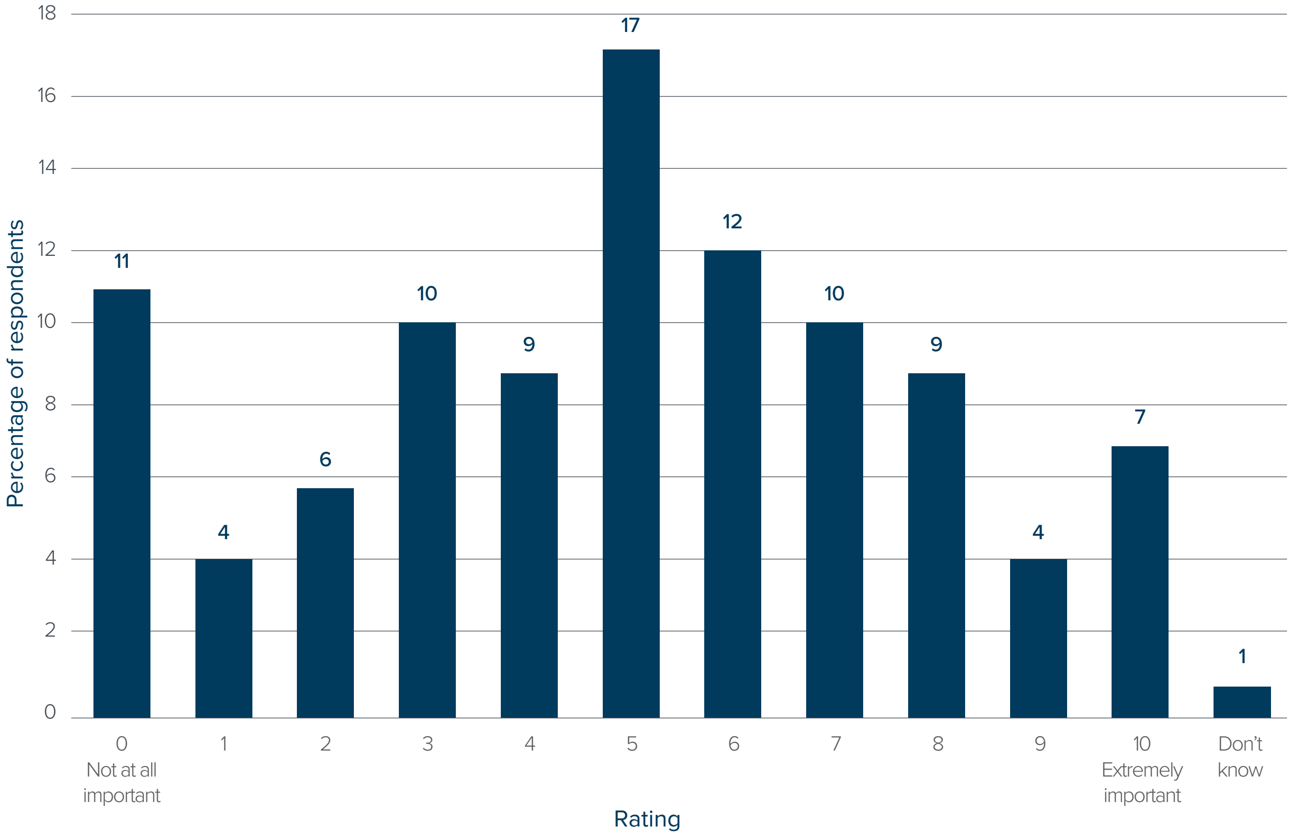
74 Duarte, F. (2020) *Black Lives Matter: Do companies really support the cause?* Available at: https://www.bbc.com/worklife/article/20200612-black-lives-matter-do-companies-really-support-the-cause (Accessed: 4 October 2024).

75 Hitt, T. (2020) *These Companies Have the Most Hypocritical Black Lives Matter Messaging*. Available at: https://www.thedailybeast.com/the-companies-with-the-most-hypocritical-black-lives-matter-messaging-from-fox-to-facebook (Accessed: 4 October 2024).

76 Jones, C. W. (2020) *Brands may support Black Lives Matter, but advertising still needs to decolonise*. Available at: https://theconversation.com/brands-may-support-black-lives-matter-but-advertising-still-needs-to-decolonise-133394 (Accessed: 4 October 2024).

77 Ethical Consumer (2024) *What is greenwashing?* Available at: https://www.ethicalconsumer.org/ethical-shopping/greenwashing (Accessed: 28 October 2024).

Figure 2.1: Thinking about your day-to-day grocery shopping, how important or unimportant do you consider each of the following to be when deciding which products to purchase? … Whether or not the brand you are considering purchasing from cares about causes and issues that matter to you, such as social justice, environmental issues, animal welfare



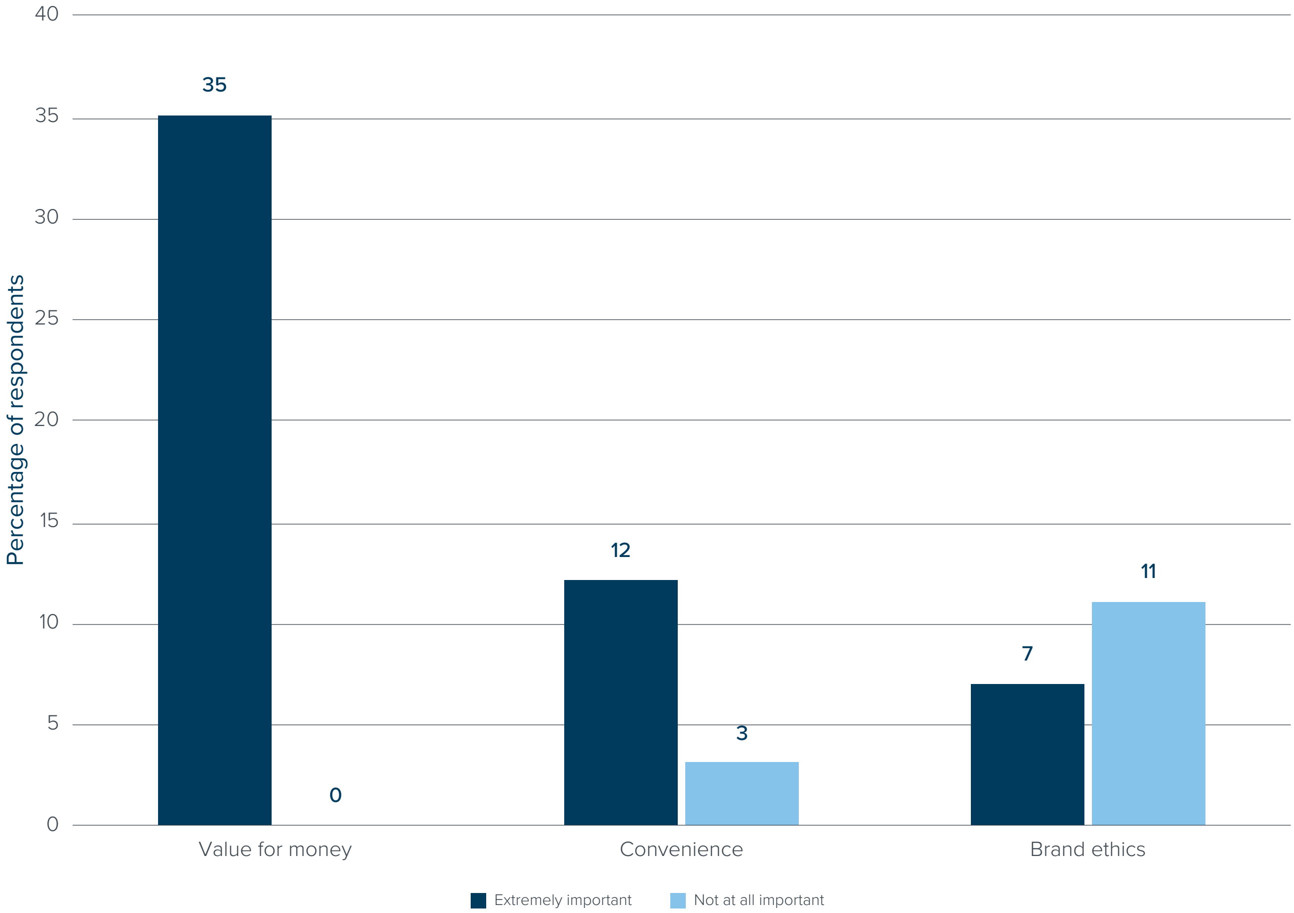
Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

In most cases, we may assume that respondents selecting 10 or another high number in answer to this question reflects general agreement with the principles endorsed by 'ethical' brands. However, it is also possible that some respondents may have meant it in a negative sense – that they take positions on social issues into account so that they can *avoid* brands that take certain positions.

For comparison, respondents were also asked to rate the importance of value for money and convenience ('for example, whether the product is available at the shop closest to your home, or how easy or difficult the product is to prepare') in day-to-day shopping decisions.

Comparing ratings for these three factors, we see that value for money is by far the factor most likely to be rated as 'Extremely important' (35 per cent), and the least likely to be rated as 'Not at all important' (zero per cent) (Figure 2.2). This was followed by convenience (12 per cent rated 'Extremely important', three per cent rated 'Not at all important'). Brand ethics was the factor least likely to be rated as 'Extremely important', and the most likely to be rated 'Not at all important'. Only seven per cent of respondents said that this factor was 'Extremely important' – five times fewer than said the same about value for money.

Figure 2.2: Thinking about your day-to-day grocery shopping, how important or unimportant do you consider each of the following to be when deciding which products to purchase? (Rating from 0 ('Not at all important') to 10 ('Extremely important') offered)

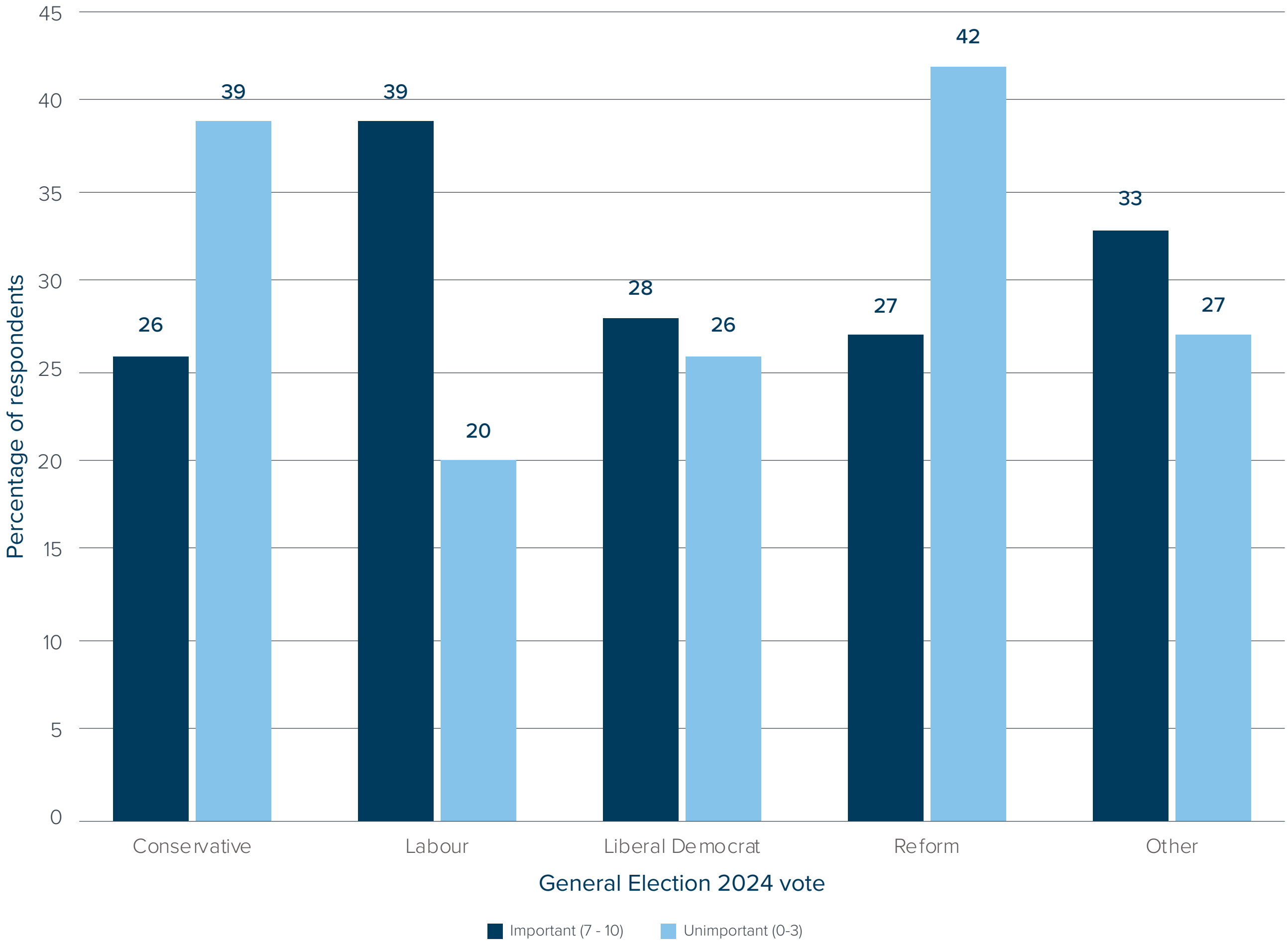


Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

Who cares?

The factor most clearly associated with saying that a brand's stance on social justice and other causes is important was political affiliation, as seen in Figure 2.3. Labour voters were by far the group most likely to say that this factor was important (that is, to give it an importance score from 7 to 10) (39 per cent) and the least likely to say it was unimportant (that is, to give it an importance score from 0 to 3) (20 per cent). Conservative and Reform voters showed the opposite pattern, being highly likely to say that this factor was unimportant (39 and 42 per cent, respectively), and unlikely to say that it was important (26 and 27 per cent, respectively). Liberal Democrat and 'Other' voters were in between, with similar proportions saying brand ethics was important and unimportant.

Figure 2.3: Thinking about your day-to-day grocery shopping, how important or unimportant do you consider each of the following to be when deciding which products to purchase? … Whether or not the brand you are considering purchasing from cares about causes and issues that matter to you, such as social justice, environmental issues, animal welfare. (Rating from 0 ('Not at all important') to 10 ('Extremely important') offered)

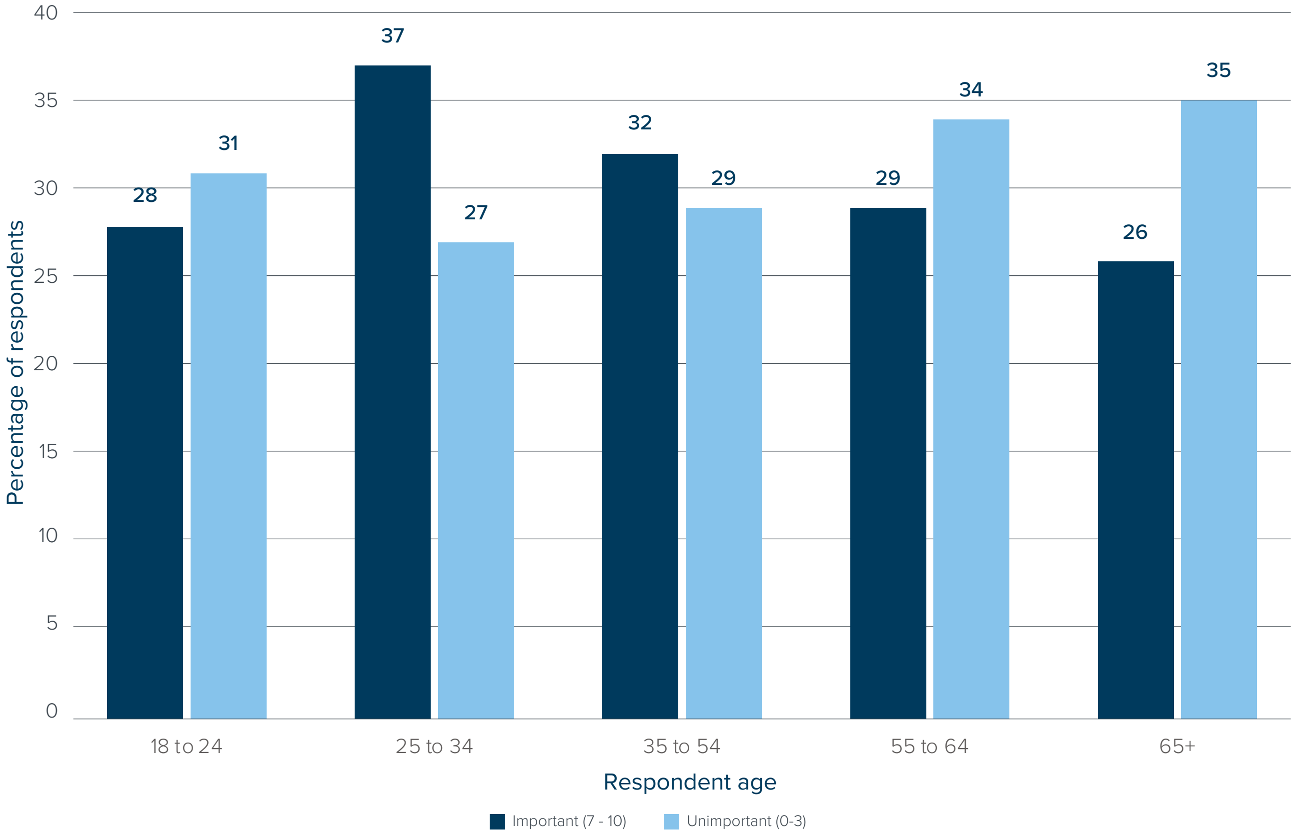


Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

In addition, younger respondents were slightly more likely to say that brands' stances on ethical issues was an important factor in purchasing decisions than older respondents. The spread of responses by age is shown in Figure 2.4.

The 'peak age' for caring about brand ethics appears to be not the youngest group, but the second youngest (25-34), with 37 per cent of respondents saying that brand ethics is important (giving this factor a score from 7 to 10) and 27 per cent saying it was unimportant (giving it a score from 0 to 3). At older ages, the proportion of respondents saying brand ethics is important seems to steadily decrease, and the proportion saying it is unimportant seems to steadily increase. The age groups 25-34 and 35-54 were the only groups with more respondents saying brand ethics was important than unimportant, with all other age groups surveyed showing the opposite result.

Figure 2.4: Thinking about your day-to-day grocery shopping, how important or unimportant do you consider each of the following to be when deciding which products to purchase? … Whether or not the brand you are considering purchasing from cares about causes and issues that matter to you, such as social justice, environmental issues, animal welfare. (Rating from 0 ('Not at all important') to 10 ('Extremely important') offered)



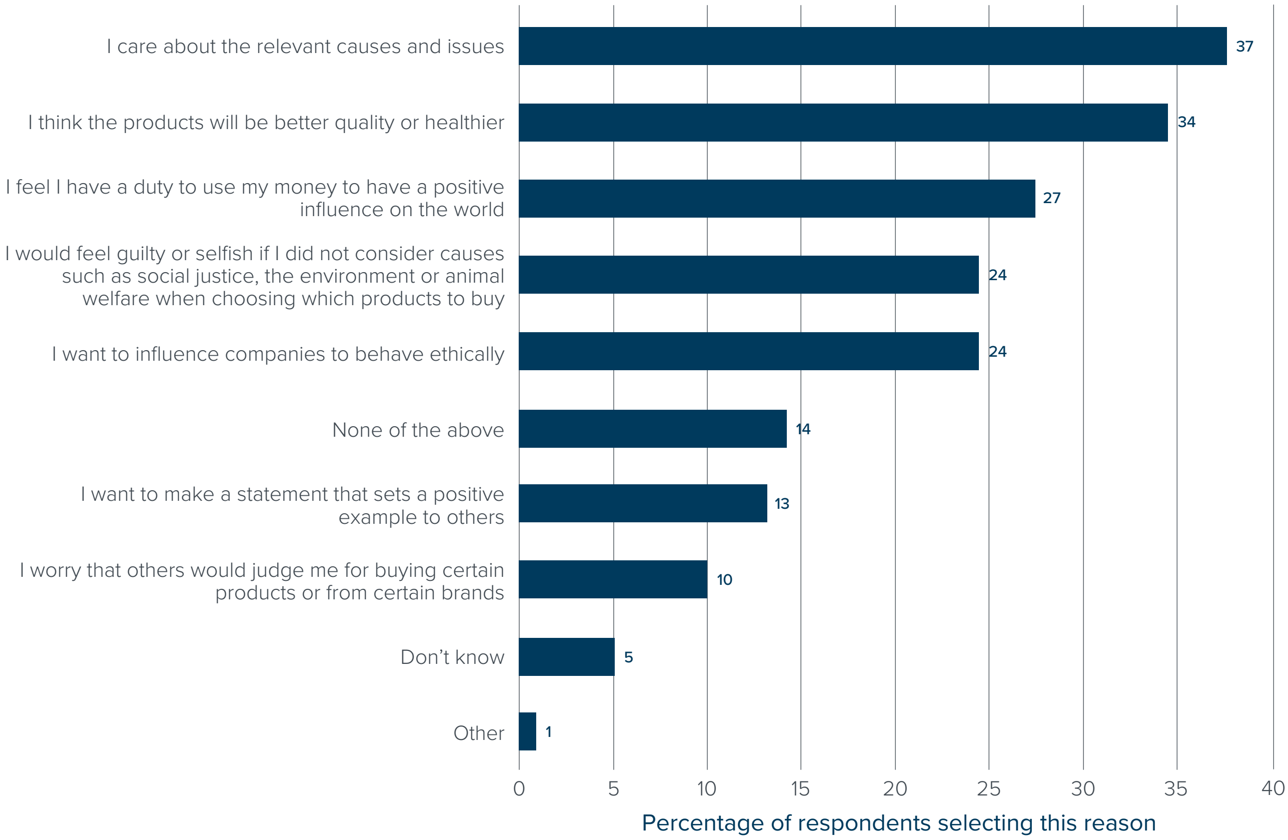
Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

However, looking at other demographic factors, we find surprisingly little association with attitudes. The proportion of respondents who stated that it is important for brands to care about causes and issues that matter to them (response from 7 to 10 on a 0 to 10 scale) did not vary by sex (31 per cent for both sexes) and varied only a little by social class (31 per cent for ABC1, 32 per cent for C2DE), university education (33 per cent for those with a university degree, 29 per cent for those without) or region (Midlands highest at 34 per cent, Wales lowest at 26 per cent).

Why do some customers care about 'woke' branding?

Participants who had previously answered that brands' positions on social issues were an important factor in purchasing decisions[78] (n = 909) were asked their reasons for giving this answer. Participants were asked to select up to three from a list of seven possible responses. Results are given in Figure 2.5.

Figure 2.5: Respondents who previously said brands' positions on social and other issues was important were asked to select up to three reasons that best explain this answer



Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

The most popular reason was 'I care about the relevant causes and issues' (chosen by 37 per cent of respondents). In most cases we may assume this captures general agreement with the principles endorsed by 'ethical' brands, though it is also possible that some respondents may have meant it in a negative sense – that they take positions on social issues into account so that they can *avoid* brands that take certain positions.

The second most popular reason was 'I think the products will be better quality or healthier'. This points to an important aspect of ethical branding as a form of market segmentation: people are not paying a premium purely for 'luxury beliefs' on their own, but also because these sentiments have an association, whether real or perceived, with luxury in other dimensions. Brands that express ethical credentials of various kinds signal to potential customers that they go the extra mile *in general,* and that they are not just ruthlessly pursuing short-term profit with no concern for quality or reputation. We also see that there is a significant sense in which customers see their shopping habits as an avenue through which they have power to enact social change; perhaps even the *moral obligation* to do so. Twenty-seven per cent agree that they 'have a duty to use my money to have a positive influence on the world'. Twenty-four per cent of respondents pay attention to brands' stances on social issues because they 'want to influence companies to behave ethically', and 24 per cent say they 'would feel guilty or selfish' if they did not take these factors into account.

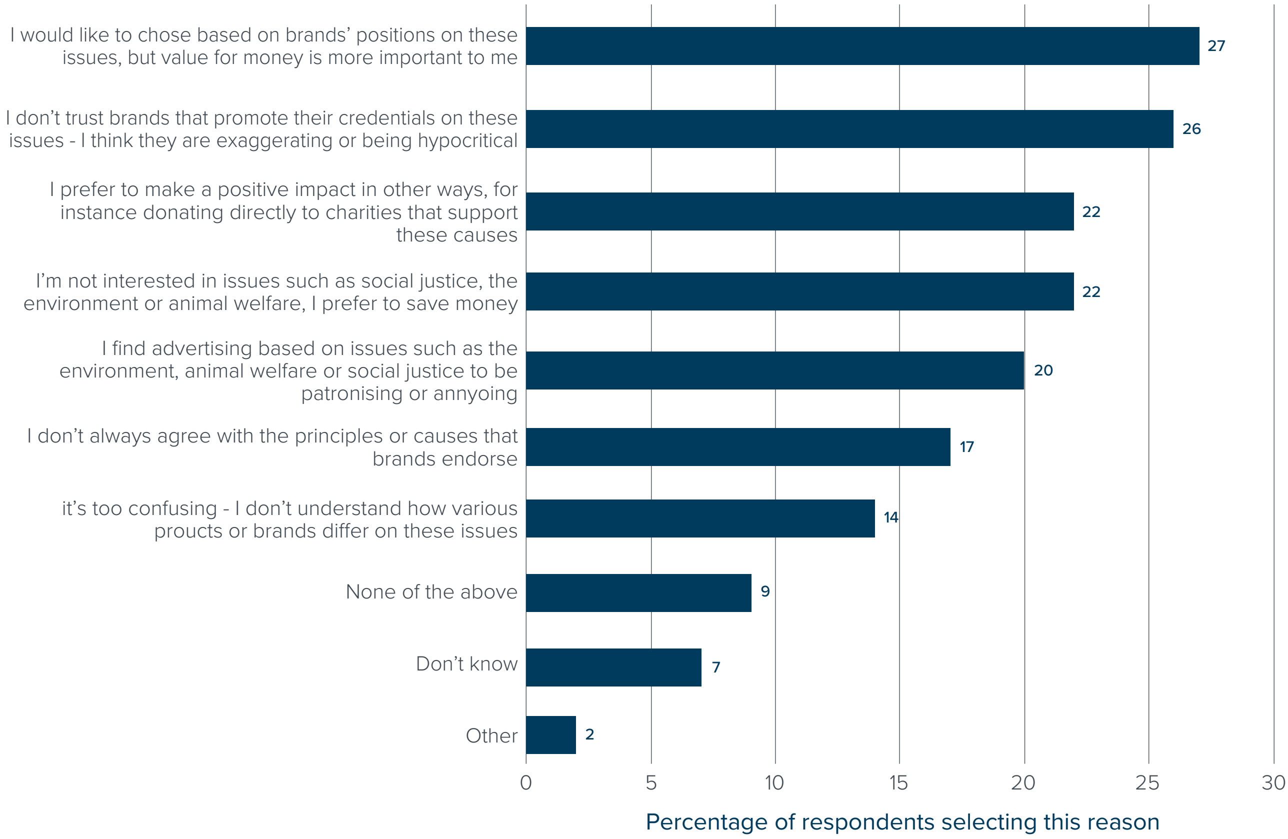
78 Those who answered 5, 6, 7, 8, 9, or 10 on a scale from 0 (= 'Not at all important') to 10 (= 'Extremely important').

Factors relating to third parties (other consumers, not the respondent themselves or the brand they were buying from) were relatively unimportant. Wanting to set a positive example to others was selected by only 13 per cent of respondents, and worry about being judged by others for unethical purchases was selected by only 10 per cent. These were the two least popular options out of all the possible reasons given. Both were chosen less than half as frequently as the top two reasons.

And when customers don't care, what reasons do they give?

Participants who had previously answered that brands' positions on social issues were *not* an important factor in purchasing decisions[79] (n = 590) were asked their reasons for giving this answer. Participants were asked to select up to three from a list of seven possible responses. Results are given in Figure 2.6.

Figure 2.6: Respondents who previously said brands' positions on social and other issues was not important were asked to select up to three reasons that best explain this answer



Source: Civitas/Deltapoll poll of 1,524 British adults, 4-7 April 2025.

These responses suggest that much of the time, a lack of consideration of brands' ethical stances when making purchasing decisions does not signify a *disapproval* of brands taking these stances. The top response selected by participants was 'I would like to choose based on brands' positions on these issues, but value for money is more important to me' (27 per cent of respondents). This indicates that 'ethical' goods may be seen by many as an unaffordable luxury – but one that in principle they approve of.

79 Those who answered 0, 1, 2, 3, or 4 on a scale from 0 (= 'Not at all important') to 10 (= 'Extremely important').

The second most commonly selected answer was ‘I don’t trust brands that promote their credentials on these issues – I think they are exaggerating or being hypocritical’, which was chosen by 26 per cent of respondents. Though this indicates a level of cynicism towards ‘woke’ messaging, those who selected this answer may still in principle endorse the attitudes expressed by ‘woke’ brands – they simply do not trust the brands to make a significant difference. Similarly, the joint-third most popular answer (‘I prefer to make a positive impact in other ways, for instance donating directly to charities that support these causes’, selected by 22 per cent of participants) also suggests agreement in principle.

These three commonly selected answers suggest that many customers do not in principle disapprove of or feel alienated by ethical branding. Instead, they either are unable or unwilling to pay a premium for it (‘value for money is more important to me’), or they have some level of scepticism that buying ethical produce is the best way to support social justice causes (‘I think [brands] are exaggerating or being hypocritical’; ‘I prefer to make a positive impact in other ways’).

The other joint third most popular answer was ‘I’m not interested in issues such as social justice, animal welfare, or the environment, I prefer to save money’, which was selected by 22 per cent of participants. It could be said that this is the only answer which suggests true indifference to ‘ethical’ branding – it neither indicates that respondents wanted in principle to buy ethical produce, as with the first three answers, nor does it suggest active hostility to ‘woke’ branding. It is striking, therefore, that it was chosen by only around a fifth of those who say that social issues are not an important factor in their purchasing decisions.

Responses that suggest disapproval of ethical branding were less commonly selected. The fifth and sixth most popular answers were ‘I find advertising based on issues such as the environment, animal welfare, or social justice to be patronising or annoying’ (20 per cent), and ‘I don’t always agree with the principles or causes that brands endorse’ (17 per cent).

Conclusion: What do customers really think?

Our polling results suggest that, in general, the British public care somewhat about brands’ positions on social and other issues – but mostly not a great deal. In general, people report that value for money and convenience are more important factors in their purchasing decisions. Political views were the strongest predictor that we identified for whether or not polling participants stated that brands caring about social and other issues was an important factor in purchasing decisions, with Labour voters being most likely to say that it was important, and Conservative and Reform voters being most likely to say it was unimportant. Younger respondents were also more likely to say that this was an important factor (though, notably, not the *youngest* respondents – the age group most likely to say that it was important was those aged 25-34). There was surprisingly little difference observed in responses from those with and without a university degree, of different broad socioeconomic classifications, and living in different parts of the country.

When asked why they considered this an important factor, respondents were likely to express sentiments relating to the idea that purchasing decisions have the power to influence the world for good. Notably, respondents who did *not* consider brand ethics to be an important aspect of purchasing decisions mostly did not express disapproval in principle of ‘ethical capitalism’ (though there was some, for instance a 20 per cent agreement that brands’ messaging on these topics could be ‘patronising or annoying’) – more often, they simply stated that value for money came first.

Why companies engage in politics

Moving into a more political terrain is a risky strategy for businesses that have a loyal base, particularly among price-sensitive ‘budget’ consumers. As we have already noted, when Fraser Longden, the owner of Wickes, promoted transgender rights, he appeared to be acting based on his own personal conviction. In general, those employed in advertising, marketing and other senior positions within the retail sector are likely to be middle-class graduates who may themselves be motivated by ethical principles rather than price. They may think their own views are not political but the norm, and that it is relatively uncontroversial to use transgender influencers, for example, to market beer. A strongly negative large-scale customer response may therefore be experienced as a genuine surprise.

More broadly, some business owners and employees may feel a need to demonstrate their ethical credentials in order to compensate for capitalist guilt. As many commentators have noted, Western education has, for several decades, promoted the idea that activism and 'making a change' is the ultimate goal to which we should all aspire.[80] [81] Individuals raised in a culture that venerates activism are likely to feel a level of guilt for 'selling out' and working for 'big business'; simply helping to keep the systems that we all rely on running well is no longer enough to be considered by many a satisfying and meaningful career. In addition, there is a perception that accumulating profit is not simply a just reward for providing goods and services of value to consumers, but rather a sort of original sin which must be compensated for. It is this cultural environment that creates a niche for 'ethical' capitalism, both in response to consumer demand and pressure felt by some of those within the businesses themselves.

Elite and counter-cultural criticisms of capitalism first gained ground in the decades after the Second World War, although it took many decades for such ideas to permeate popular consciousness. Writing in 1942, Joseph Schumpeter, an Austrian economist who emigrated to America, defended capitalism, and particularly entrepreneurship, but argued that, as a system, it undermines 'its own defenses' because it:

> *'...creates a critical frame of mind which, after having destroyed the moral authority of so many other institutions, in the end turns against its own'.*

In other words, capitalism, Schumpeter suggested, would create the conditions for the emergence of an intellectual class which would, in turn, undermine the very economic dynamism that had allowed it to emerge.[82] His words proved to be prophetic.

Although in the middle of the last century, the broad consensus was that economic growth was vital for lifting people out of poverty and winning the Cold War, more recent concern about climate change has led to the view that we must all consume less, even at the expense of economic growth. From the 1950s onwards, there was growing concern among the capitalist class itself that capitalism lacked a moral basis. The 1960s saw attempts from some within the business community to reposition business leaders as not avaricious but socially responsible. This was a response to the elite's own insecurities as much as it was a reaction to external, political attacks. Nonetheless, governments also began to introduce legislation to compel businesses to act in more socially responsible ways.

This coincided with a far broader 'crisis of meaning' that began to grip all manner of public institutions. Schools, universities, the police force, the justice system, museums, art galleries and the theatre have all questioned their core sense of purpose and, more recently, looked to reposition themselves around goals of social justice. As Daniel Bell explored in his 1976 book *The Cultural Contradictions of Capitalism*, tensions between capitalism's inherent drive for economic growth and the elite's cultural hostility to such growth were becoming increasingly apparent.[83] The fact that elite critics of capitalism as a system could exist alongside individual entrepreneurs who looked to maximise profit goes some way to explaining the complex and paradoxical nature of today's 'ethical capitalism'.

Today's multinational corporations are run by people who were, from childhood, socialised into a 'politically correct' culture before being educated in universities and business schools steeped in a 'woke' values framework that promotes gender ideology, critical race theory, and sustainability as the solution to climate catastrophism. It should not surprise us that today's capitalists, although certainly not averse to making money, do not see generating profit as their only motivation. Elite consumers, business leaders and government ministers alike share a common understanding that the role of business extends to resolving social and political problems and that, particularly where the environment is concerned, this may extend to us consuming less. In many ways this is a product of economically-generated luxury beliefs. It is because people's basic needs have been met that some consumers can afford the luxury of differentiating themselves from others on the basis of their purchasing decisions.

80 Hoover Institution (2011) *Facts and Fallacies with Thomas Sowell*. Available at: https://www.youtube.com/watch?v=V6ZPg6kOBkc&t=10s (Accessed: 10 May 2025).

81 Mansfield, I. (2025) [X] 31 January. Available at: https://x.com/IGMansfield/status/1885354050763252111 (Accessed: 30 May 2025).

82 Schumpeter, J. (2008) *Capitalism, Socialism and Democracy (Third Edition)*. New York: Harper Perennial.

83 Bell, D. (1996) *The Cultural Contradictions of Capitalism (Special Edition)*. New York: Basic Books.

3. Problems with ESG

An explicitly political project

The attraction of ESG to the global political and economic elite is that powerful levers of influence are created that can be manipulated to create social and environmental change. As one commentator shrewdly observes:

> *'If you can't beat the market, your best bet is to promise to change the world. But once you are changing the world, you are no longer just a financial professional, but a political worker as well.'*[84]

The heads of global non-governmental organisations such as the United Nations and the World Economic Forum, along with politically motivated business owners and activist-investors, promote the ideas encapsulated in ESG legislation and targets. Meanwhile, business owners as well as employees and savers who do not share such views are obliged to endorse a project to which they may lack commitment or even hold principled objections.

A distinctively ideological position is embedded within DEI practice and the commitment to reach Net Zero. B Corp's Justice, Equity, Diversity and Inclusion (JEDI) commitments, for example, state that it is 'not enough to be quietly non-racist' but that people need to be vocally anti-racist.[85] This suggests B Corp is promoting views in line with highly contested critical race theory. Expecting employees to espouse such beliefs themselves is a significant political imposition and infringement of workers' rights. As the Free Speech Union notes, messages conveyed in workplace diversity training sessions can be difficult for employees to challenge, thereby threatening their rights to freedom of speech and freedom of conscience.[86] Training in gender identity may be a precursor to staff being compelled to wear pronoun badges or rainbow lanyards in breach of their personal values.

In order to comply with ESG goals, or because the view that DEI is good for business has been accepted, many companies expect staff to participate in diversity training initiatives. The Free Speech Union notes that: 'authoritarian Equity, Diversity, Inclusion and Climate (EDIC) training is now endemic in the British workplace'.[87] Employment can now routinely mean employees selling not just their labour, or their time, but the right to express their personal beliefs, even in their lives outside of work. This shows the extent to which company directors assume that they have the right to impose their own views on workers.

Of particular concern are DEI initiatives' approach to sex and gender. Stonewall's Workplace Equality Index has been criticised by gender-critical feminists for encouraging employers to put policies in place that they argue favour people who identify as transgender, at the expense of women and other disadvantaged groups, contrary to UK equality law. Feminist lawyer Naomi Cunningham writes that membership of the scheme, along with its Diversity Champions scheme, may risk causing organisations 'to infringe liberties' or 'mis-state the law'.[88] Possibly as a result of pushback to this over-reach, many employers have now pulled out of Stonewall's Workplace Equality Index, including public bodies such as Ofsted and the BBC,[89] and several universities, including University College London.[90]

84 Burja, S. (2022) *How ESG Takes Advantage of Bureaucratic Finance*. Available at: https://brief.bismarckanalysis.com/p/how-esg-takes-advantage-of-bureaucratic (Accessed: 28 October 2024).

85 B Lab. *Justice, Equity, Diversity & Inclusion (JEDI)*. Available at: https://www.bcorporation.net/en-us/movement/justice-equity-diversity-inclusion/ (Accessed: 30 May 2025).

86 Attenborough, F. (2024) *Diversity training "forces workers to hide beliefs" for fear of losing job*. Available at: https://freespeechunion.org/diversity-training-forces-workers-to-hide-beliefs-for-fear-of-losing-job/ (Accessed: 4 October 2024).

87 Harris, T. (2024) *The EDI Tax: How Equity, Diversity and Inclusion in Hobbling British Business*. Available at: https://freespeechunion.org/the-edi-tax-how-equity-diversity-and-inclusion-is-hobbling-british-businesses/?s=03 (Accessed: 13 September 2024).

88 Cunningham, N. (2021) *SUBMISSION AND COMPLIANCE: risks for Stonewall Champions*. Available at: https://www.legalfeminist.org.uk/2021/02/01/submission-and-compliance/. (Accessed: 28 October 2024).

89 Taylor, M. (2024) 'Scottish Parliament joins list of employers pulling out of Stonewall diversity programme, *Holyrood*, 27 March. Available at: https://www.holyrood.com/news/view,scottish-parliament-joins-list-of-employers-pulling-out-of-stonewall-diversity-programme. (Accessed: 28 October 2024).

90 Adams R. (2021) 'UCL becomes first university to formally cut ties with Stonewall', *The Guardian*, 21 December. Available at: https://www.theguardian.com/education/2021/dec/21/ucl-becomes-first-university-to-formally-cut-ties-with-stonewall. (Accessed: 28 October 2024).

Free speech concerns

The censoriousness at the heart of the ESG agenda often only becomes clear when its principles are called into question and challengers are met with hostility. The Free Speech Union conducted a survey of employees' attitudes towards EDIC training. It found that:

> *'Sixty-two per cent said they have had to conceal what they really think about the training they've received, including 22% (rising to 31% among Black and Asian respondents) who have been compelled to say things that they don't really believe.'*[91]

The Free Speech Union notes that employers with or seeking accreditation from the Race at Work Charter or the Stonewall Workplace Equality Index 'were far more likely to be among those that have fired employees or penalised them in some way' for challenging equity, diversity, inclusion and climate training.[92]

Does ESG even work?

Advocates for ESG may argue that the gains to be had from cutting carbon emissions or increasing social justice are worthwhile, even if they come at the cost of the free speech or freedom of conscience of some individuals – that the ends justify the means. The problem with this is that it is hard to find concrete, objective evidence for ESG-inspired changes within the business world having had a tangible beneficial impact upon the rest of society. One reason for this is that research into the effectiveness of ESG is often funded by the very same companies that benefit from ESG investing. This means it is not in their interest to generate results that discredit the principle of ESG.[93]

Similarly, most research that has been undertaken into ESG examines the internal workings of companies rather than real world impacts on society and the environment. This may be because of issues to do with standardisation. Put simply, it is far easier to evaluate policy documents and monitor internal changes to companies, for example in recruitment practices, than it is to measure outcomes further down the causal chain. For a start, there are few commonly agreed methods of measuring ESG impacts on biodiversity or racial equality. Vague measurements risk becoming subjective and casting doubt on claims made by ESG proponents.[94]

ESG policies may sometimes have perverse unintended consequences. For instance, ESG-driven investors may seek to avoid putting money into businesses in poorer countries with weaker employment protections in case doing so impacts negatively upon the data they must report. Similarly, concern over carbon emissions may result in investors avoiding developing countries that have more carbon-intensive electric grids. As the *Financial Times* notes, investors that require detailed sustainability data will find it 'easier to come by in richer nations'.[95] In this way, the ESG agenda risks deepening global inequality.

Workplace diversity training is one aspect of ESG whose effectiveness has recently been challenged. In 2020, the UK's Government Equalities Office found that:

> *'...there is currently no evidence that this training changes behaviour in the long term or improves workplace equality in terms of representation of women, ethnic minorities or other minority groups'.*[96]

91 Harris, T. (2024) *The EDI Tax: How Equity, Diversity and Inclusion is Hobbling British Businesses*. Available at: https://freespeechunion.org/the-edi-tax-how-equity-diversity-and-inclusion-is-hobbling-british-businesses/?s=03. (Accessed: 4 October 2024).

92 Ibid.

93 Burja, S. (2022) *How ESG Takes Advantage of Bureaucratic Finance*. Available at: https://brief.bismarckanalysis.com/p/how-esg-takes-advantage-of-bureau-cratic (Accessed: 28 October 2024).

94 Ibid.

95 Mundy, S. (2024) 'The unintended consequences of ESG investing — and how to prevent them', *Financial Times*, 11 September. Available at: https://www.ft.com/content/831ead3f-85da-47f9-b4f9-e515029fb4b1. (Accessed: 4 October 2024).

96 Lopez, J. (2020) *Unconscious Bias Training*. UK Parliament. Available at: https://hansard.parliament.uk/commons/2020-12-15/debates/20121549000010/Un-consciousBiasTraining. (Accessed: 28 October 2024).

Research in the *Harvard Business Review* likewise notes that 'even when the training is beneficial, the effects may not last after the programme ends'.[97] Diversity training that has few discernible benefits can still be costly in terms of both time and money.

One study suggests that such forms of training may be worse than simply ineffective and actually have unintended negative consequences, potentially making problems with racism, sexism or inequality worse.[98] For example, workplace unconscious bias training is often followed by instruction in how to avoid microaggressions such as mispronouncing someone's name, asking where they are from, or 'misgendering' someone by using pronouns that relate to their biological sex not their chosen gender identity. Unconscious bias training may strengthen misconceptions of inequality while inadvertently reinforcing the very stereotypes that it is meant to challenge. It may lead participants to conclude that bias is somehow 'natural' and therefore not possible to change, or alternatively that they have been given a 'clean bill of health' and therefore a licence to behave as they wish.[99]

Harms to productivity

The effectiveness of ESG requirements is questionable. What is clear, however, is that devising, implementing, and assessing these requirements may be time-consuming and therefore wasteful of an organisation's resources. This is of particular concern in the public sector, where taxpayer-funded organisations divert time and attention away from serving the public as intended.

ESG requirements contribute to burdensome planning laws that stand in the way of the UK's productivity as all new infrastructure projects get tied up in regulations. The now-half-cancelled project to take high speed rail to the north of England required the commissioning, compilation and publication of environmental impact reports that extended to five volumes, totalling many hundreds of pages.[100] Monthly air quality and dust reports had to be gathered, as well as monthly noise and vibration reports. Baseline data was gathered for the numbers of otters, water voles, hazel dormice and bats, as well as on terrestrial invertebrates, aquatic macroinvertebrates and fish.[101] At the time Phase 2 of the project was cancelled, DEI reports stretched to 52 pages detailing the gender identity, ethnicity, sexuality and religious beliefs of the HS2 workforce.[102] It listed the various DEI workshops and training programmes attended by senior managers as well as causes celebrated such as Black History Month and Bi-Visibility Week. It was noted that HS2's PR department alone – 167 staff employed at a total cost of £8 million a year – included three DEI managers, each on an annual salary of £200,000, with their total employment costs, including taxes, far higher.[103]

97 Chang, E. H. et al (2019) 'Does Diversity Training Work the Way It's Supposed To?', *Harvard Business Review*, 9 July. Available at: https://hbr.org/2019/07/does-diversity-training-work-the-way-its-supposed-to. (Accessed: 28 October 2024).

98 Dobbin, F. and Kalev, A. (2016) 'Why Diversity Programs Fail', *Harvard Business Review,* July-August. Available at: https://hbr.org/2016/07/why-diversity-programs-fail. (Accessed: 28 October 2024).

99 Kepinski, L. and Nielsen, T.C. *Bias Awareness Is Not the Solution! It Might Backlash!* Available at: https://inclusion-nudges.org/bias-awareness-is-not-the-solution-it-might-backlash/ (Accessed: 28 October 2024).

100 Department for Transport and HS2 (2013) *HS2 Phase One environmental statement: documents.* Available at: https://www.gov.uk/government/collections/hs2-phase-one-environmental-statement-documents (Accessed: 11 August 2025).

101 High Speed Two (HS2) Limited (2023) *Monitoring the environmental effects of HS2: 2023*. Available at: https://www.gov.uk/government/collections/monitoring-the-environmental-effects-of-hs2-2023. (Accessed: 4 October 2024). Department for Transport (2013) *HS2 Phase One environmental statement volume 5: ecology.* Available at: https://www.gov.uk/government/publications/hs2-phase-one-environmental-statement-volume-5-ecology/hs2-phase-one-environmental-statement-volume-5-ecology (Accessed: 4 October 2024).

102 HS2 (2023) *Equality, Diversity and Inclusion Annual Report.* Available at: https://assets.publishing.service.gov.uk/media/64de19c060d123001332c6ce/26771_HS2_EDIReport_22-23_Accessibility_V3.pdf (Accessed: 11 August 2025).

103 Cole, H. (2023) 'CASH CRASH HS2 has 167 staff in its PR department costing £8 MILLION a year', *The Sun*, 1 October. Available at: https://www.thesun.co.uk/news/24224581/hs2-staff-pr-department-costs-eight-million-year/ (Accessed: 4 October 2024).

Recent challenges to ESG

The ESG agenda, having thrived for two decades, is now facing challenges. There is some evidence to suggest that the promotion of corporate DEI programmes, and membership of organisations such as Stonewall, is waning as managers question their effectiveness and value for money. As one newspaper headline declared: 'More bosses are pulling the handbrake on costly and inconclusive diversity initiatives.'[104] The *Financial Times* notes that overall shareholder support for environmental and social proposals halved between 2021 and 2024 to 16 per cent. In addition, it points out, 'many of the biggest US fund managers have scaled back or cancelled their commitments to groups that pressure companies to cut carbon emissions.'[105] In the US, such measures are having a broader political impact. In August 2024, 14 Republican state treasurers asked the Business Roundtable (BRT), an association of more than 200 chief executive officers, to 'return to the purpose of maximising value [for] shareholders'.[106]

Likewise, in response to a customer backlash, some companies are reconsidering their use of 'woke' marketing campaigns. This pushback from customers and employees is particularly notable when companies are deemed to have gone 'too far' and seem to be significantly out of kilter with mainstream opinion, their own core purpose or the views of their customer base. But this pushback against ESG is often in response to its excesses when put into practice, and not to its underlying ideas. It remains the case that, in the UK, many private businesses and public institutions still seek to influence their employees' view on sex and gender identity and strive to meet environmental targets. In 2023, the prominent British politician and Brexit campaigner Nigel Farage had his account with Coutts Bank closed following an internal decision that his views did not 'align' with the bank's own values 'as an inclusive organisation'.[107] Following a public backlash after news of Farage's 'de-banking' broke, Dame Alison Rose, the chief executive of NatWest Group which includes Coutts, stepped down.[108] However, in September 2024 it was announced that Rose was taking up a new role at a leading London law firm, where she steers equity, diversity and inclusion efforts and mentors a small number of partners.[109] We see that despite responding to the public's hostility to 'de-banking', businesses remain attached to a distinctly progressive agenda.

In July 2024, HSBC faced criticism for publicly celebrating its high ranking in Stonewall's Workplace Equality Index. This was after serious concerns had been raised about the scientific basis of Stonewall's claims on paediatric gender transition and the validity of its advice on workplace gender policies, and after several other companies and government departments had sought to distance themselves from the charity.[110] That HSBC persists in its support for Stonewall despite controversy exposes the extent to which woke capitalism is more than a mere branding exercise.

The challenge to ESG has not stopped businesses from pursuing social, political and environmental goals. These goals are simply being reformulated. As this report demonstrates, a battle is currently being fought over the future direction of ESG. On one hand, businesses experience pressure from customers, campaigners and politicians who reject the ideological agenda currently driving ESG and threaten boycotts that have been shown to impact revenue.

104 Mawardi, A. (2024) 'Why even 'woke' companies are turning their backs on HR 'snake-oil' sellers', *The Telegraph*, 24 June. Available at: https://www.telegraph.co.uk/business/2024/06/24/why-woke-companies-turning-backs-on-hr-snake-oil/ (Accessed: 3 October 2024).

105 Masters, B. (2024) 'The way forward for ESG', *Financial Times*, 7 September. Available at: https://www.ft.com/content/7e2c08e6-f9a5-4c51-9957-68d3814ba014. (Accessed: 3 October 2024).

106 Tett, G. (2024) 'The stakeholder doctrine is flourishing despite attacks on ESG', *Financial Times*, 6 September. Available at: https://www.ft.com/content/cd-5f86b4-9d83-43c5-8474-ed4ebc632de6 (Accessed: 3 October 2024).

107 Bow, M. (2024) 'NatWest rushes out debanking rules after Nigel Farage scandal', *The Telegraph*, 26 April. Available at: https://www.telegraph.co.uk/business/2024/04/26/natwest-debanking-rules-nigel-farage-scandal/ (Accessed: 13 September 2024).

108 Isaac, A. and Makortoff, K. (2023) 'NatWest boss Alison Rose resigns over Nigel Farage Coutts accounts row', *The Guardian*, 26 July. Available at: https://www.theguardian.com/business/2023/jul/26/natwest-boss-alison-rose-nigel-farage-account-coutts. (Accessed: 26 September 2024).

109 Mishcon de Reya (2024) *Mishcon de Reya appoints Alison Rose as an Advisor*. Available at: https://www.mishcon.com/news/mishcon-de-reya-appoints-alison-rose-as-an-advisor (Accessed: 8 October 2024).

110 Burton, L. (2024) 'HSBC faces backlash from LGB Alliance after promoting Stonewall ranking', *The Telegraph*, 21 July. Available at: https://www.telegraph.co.uk/business/2024/07/21/hsbc-backlash-lgb-alliance-promoting-stonewall-ranking/ (Accessed: 3 October 2024).

On the other, governments and supranational organisations had been ratcheting up sustainability targets and demanding the publication and monitoring of ever more data. So, we see that in the case of the US, while some state governments demanding companies reject political and environmental goals in favour of profit generation, the Business Roundtable (BRT) only partially amended its ESG focus in early 2025.

In the UK, the backlash to ESG is being challenged by Labour Government ministers who want to see environmental and social goals put on a firmer footing than voluntary participation in unregulated ratings agencies. As one of its first acts in office in summer 2024, the new Government mandated UK-based equity and bond funds to disclose sustainability data.[111] Ministers are seeking to 'leverage the financial sector as a catalyst for inclusive growth and the UK's transition to net zero, under a strategy termed "securonomics".'[112] In other words, new regulations will be placed on the financial sector in line with equalities directives and sustainability goals. Chancellor Rachel Reeves plans to bring forward previously proposed laws to regulate ESG ratings agencies. 'We are forging a new partnership with industry to get finance to the best, most innovative and most sustainable companies so that we can unleash Britain's potential,' she announced, echoing the frequently expressed sentiment that profit and purpose are not in tension.

The regulation of ratings agencies can be presented as pro-business because it will bring the UK in line with the EU, which also regulates the practice of ESG ratings agencies. In other words, ESG is now a global project, meaning that attempts to push back in one country act as a barrier to cross-border trade. Again, we see how those who determine the ESG agenda establish the rules of the economic system. But the international nature of groups like B Lab and institutions like the EU means the ESG agenda marks a fundamental undermining of national sovereignty and the democratic rights of citizens.

Reeves has – rightly – expressed concern about the lack of transparency in the ratings process, and, as we have highlighted, there are good grounds for looking critically at the impact organisations like B Corp have on the economy and on workers' rights to free expression and freedom of conscience. However, the Government's proposed new legislation will not do this. Instead, it will enshrine current ESG practice in law and thereby make the ideas that underpin such thinking even more difficult to challenge. For example, a proposed new Race Equality Bill will compel companies to have EDI-driven recruitment targets, to record and report ethnicity pay gaps. The Bill will impose a duty on public services and private companies to collect and report data on staffing, pay, and outcomes by ethnicity.[113] New anti-discrimination laws will sit alongside stricter environmental targets designed to meet national plans to reach Net Zero carbon emissions by 2030. Businesses will be incentivised (or compelled) to change consumer behaviour. This is already the case for the sale of new petrol or diesel cars and gas boilers.

111 Parker, G. (2024) 'UK to introduce bill to regulate ESG rating agencies', *Financial Times*, 7 August. https://www.ft.com/content/128f6f71-62b2-4cea-b0e1-32e38925b2f0. (Accessed: 9 October 2024).

112 Capital Law (2024) *Impact of the new Labour Government on the Financial Services Sector*. Available at: https://www.capitallaw.co.uk/news/impact-of-the-new-labour-government-on-the-financial-services-sector/ (Accessed: 4 October 2024).

113 Race Equality Foundation (2024) *Labour Unveils Race Equality Act Plans*. Available at: https://raceequalityfoundation.org.uk/news/labour-unveils-race-equality-act-plans/ (Accessed: 3 October 2024).

Conclusion

ESG seems unlikely to continue in its present form, with companies proudly displaying Stonewall badges and B Corp rankings. Advertisers may well become more savvy in moving away from pushing political views and returning brands to their core identity. But through a plethora of national laws and international regulations, ESG principles are likely to become more firmly entrenched within the business landscape. In the 21st Century, gathering, recording and ranking social and environmental data is not external to capitalism, it is baked into the way that capitalism is managed and regulated. Even more significantly, ESG provides capitalism with an otherwise unclarified sense of moral purpose, even if this is not what citizens voted for or what a majority of consumers actually want. ESG is shrouded in the language of ethics, morality and good governance but it is an anti-democratic project that stifles the liberty of citizens and national economic growth.

The ESG agenda produces distinct winners and losers. Those who gain are the companies that successfully manage to navigate an overall economic system that can appear to be hostile to excessive growth and profit. Some companies accommodate this dynamic, either because they are genuinely driven by a desire to act ethically or because they have learnt the 'rules' to securing high ESG scores. This, in turn, produces winners among a graduate class of consumers with high levels of disposable income. They can demonstrate their 'luxury beliefs' through purchasing products that display their virtue. Meanwhile, those who lose from the ESG agenda are companies that fail to negotiate the new economic landscape, either because of the nature of their business (for example, fast fashion or fossil fuels) or because customers who are price-sensitive find they are compelled to pay more for basic necessities, such as domestic power, in order to subsidise environmental targets. Not only do customers lose out financially, but they find their beliefs and values are challenged when supermarkets display the Pride flag or celebrate Black History Month.

It could, in theory, be possible for everyone to be satisfied if there was a greater degree of market segmentation and businesses stuck to appealing to their core customer base rather than seeking to 're-educate' consumers perceived to hold the 'wrong' beliefs. However, this greater degree of freedom is made far more difficult to exercise when ESG monitoring and reporting is so central to the bureaucracy and regulatory processes that currently drive capitalism. All businesses that are registered on the stock exchange or have shares held by sustainable investment funds are compelled to engage in an ideological project that is more concerned with politics than economic growth. Under the UK's current Labour Government, such ideological concerns seem likely to become more entrenched within capitalism's regulatory systems. This is to the detriment of economic growth and individual liberty.

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Many businesses nowadays engage in what has been coined ‘ethical’, or ‘woke’, capitalism. Whilst ethical capitalism has a long history, over recent decades it has largely fallen under the remit of ‘Environmental, Social and Governance’ (ESG) – an umbrella term which refers to a business’ social commitments, environmental footprint, and level of public accountability – policies and practices.

In *Woke Capitalism: Past, Present and Future*, Jim McConalogue and Joanna Williams examine the focus on ESG’s impact on businesses, workers and consumers.

Companies today struggle to escape ESG principles; gathering, recording and ranking social and environmental data is baked into the way that capitalism is managed and regulated. The authors argue ESG has become so embedded within the capitalist system because for progressive networks and organisations, it provides capitalism with an otherwise unclarified sense of moral purpose. In the meantime, ESG has become embedded within the regulatory bureaucracy of the financial industry. As such, companies can become eligible for inclusion in ethical investment funds by scoring above a threshold on various ESG metrics. There is therefore often a tension between the pursuit of profit and making voluntary concessions to the needs of third parties.

But what do consumers really think? Through an analysis of polling data, *Woke Capitalism* finds that, generally, the British public care only somewhat about brands’ positions on social and other issues – while it was clear the more important factors determining consumer purchasing decisions are value for money and convenience.

Employees often encounter the ‘Social’ element of ESG through Diversity, Equity and Inclusion (DEI) policies and practices which promote a political notion of ‘social justice’ – such as being required to attend training sessions discussing race, gender and sexuality – regardless of their own views. This, critics say, can infringe workers’ rights and cause employees to be in breach of their own personal values.

ESG produces distinct winners and losers. Some might conclude it is potentially possible for everyone to be satisfied – should there be a greater degree of market segmentation and businesses stick to primarily focusing on appealing to their core customers. The authors warn however that, as an ideological project, it instead seems likely to become more entrenched within capitalism’s regulatory systems – to the detriment of economic growth and individual liberty.

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978-1-912581-67-2