



November 15, 2024

Post-Election Investor Statement Urging Corporations to Drop Divisive DEI, Provide Shareholder Transparency

We are investors, investment advisors, fiduciaries, and proxy voting and corporate engagement consultants to investors, and the State Financial Officers Foundation, a coalition of 38 financial officers from 28 states—representing over half of the country—that focuses on free market principles, federalism, and economic freedom while protecting taxpayer dollars through strong fiscal responsibility and responsible financial management.

We write to urge you to provide needed transparency to shareholders on pressing cultural issues that are impacting your companies.

This November, the American electorate overwhelmingly rejected the ideological takeover of political and civic life by narrow-minded identity politics. Critical Race Theory (CRT) and Diversity, Equity, and Inclusion (DEI) purport to promote belonging and inclusion, but in reality sacrifice true diversity and equal opportunity by focusing only on differences based on skin color, sex, or religious status.

It is now a liability for any institution to tout adherence to DEI ideology.ⁱ Recent Supreme Court decisions have cast serious doubt on the legality of DEI, which has led to a full-scale “legal assault” on DEI according to The Wall Street Journal.ⁱⁱ The data underlying the push for DEI have been exposed as overstated at best, or worse, downright false.ⁱⁱⁱ

Faced with public exposure for the mere existence of DEI programs in their companies, major American brands including Tractor Supply, John Deere, Harley Davidson, Jack Daniels, Ford, and Toyota have responded by affirmatively distancing themselves from DEI and related commitments to the far-left Human Rights Campaign.^{iv}

The downfall of DEI even extends to college campuses. As The New York Times Magazine recently reported, a 10-year investment of \$250 million to promote and engrain DEI has backfired so completely that “[University of] Michigan’s own data suggests that in striving to become more diverse and equitable, the school has also become less inclusive.”^v

The incoming presidential administration will no doubt hone in on this trend to hasten the demise of DEI. President-elect Trump’s opposition to DEI is well known. During his first term in office, President Trump issued a highly publicized executive order aimed at rooting DEI out of the

federal government.^{vi} Likewise, Vice President-elect J.D. Vance marked his time in the U.S. Senate by introducing federal legislation that would dismantle DEI programs from the federal government and prohibit federal contracts from going to companies that have implemented DEI.^{vii}

With both houses of Congress soon under Republican control, a Trump-Vance administration will likely advance and enact policies that increase the risk of current DEI policies at every corporation.

Unfortunately, DEI and other anti-American practices remain ubiquitous throughout major corporations such as yours.

In 2022, Alliance Defending Freedom—the nation’s largest and most successful law firm dedicated to protecting First Amendment freedoms—launched the Viewpoint Diversity Score.^{viii} The VDS Business Index grades corporations each year on how well they respect freedom in the marketplace, workforce, and public square. The 2024 edition of the Index examined 85 of America’s largest tech and finance companies. It found that 91 percent of scored companies rely on concepts like CRT in their employee training materials. Underscoring the broader capture of American business of all sizes, nearly 6 in 10 scored companies (58 percent) currently impose DEI requirements on their vendors.^{ix}

A plurality (40 percent) of employees polled in ADF’s Freedom at Work Survey say this approach divides, rather than unites, colleagues, while the same number say they are less likely to trust others or feel included at work if they were told in a company-sponsored training that they were complicit in racism or oppression based on their skin color, religion, or sex.^x

There is a major disconnect between most companies’ policies and the majority views of everyday Americans. It is incumbent upon you as a corporate leader to reassess your current policies and solve this disconnect.

ADF and the signatories of this letter strongly believe that businesses do best when they provide excellent goods and services and support freedoms, like free speech and religious freedom, that benefit every American and are fundamental building blocks of our society.

Businesses don’t just exist to make a profit. Business leaders and investors act out of a strong desire to improve peoples’ lives and better the human condition. But a failure to properly communicate the virtue necessary for the proper functioning of capitalism—embodied in the fictional Gordon Gekko and his mantra “greed is good,”—can foster a perception of a moral vacuum. And it is exactly this kind of practice that allowed ideologies like DEI to infiltrate corporations in the first place.^{xi}

While we urge you to distance yourself from DEI and highly divisive groups like the Human Rights Campaign—which bullies companies into adopting radical, wrong-headed, and reputationally disastrous policies^{xii}—we also want to caution you against retracting your goal of protecting the civil liberties and dignity of all employees.

As fiduciaries of your companies, we manage over \$16 billion in assets, and we represent working Americans who depend on us to safeguard their financial future, retirement planning, and more. You owe these investors transparency and, when necessary, proactive changes that are in their best financial interests to serve and foster a healthy civil society.

You stand at an important crossroads. Either you can heed the voice of the American people—your shareholders, customers, and employees—or you can bow to fringe activists who demand that you double down on a failing ideology.

You can capitalize on this moment by publicly distancing yourself from divisive DEI initiatives and programs, like many of the companies listed above. You should also take proactive steps to show that you are protecting fundamental freedoms for your workforce, customers and fellow citizens. A culture of free speech and religious freedom is essential for any business to thrive.

Your shareholders, along with 23 state attorneys general, 17 state financial officers, and 100 investment advisors with over \$250 billion assets under management rely on the Index to engage with and assess your companies.^{xiii}

At this watershed cultural moment, we urge you to provide this transparency so we can assure our clients that their investments are free from divisive ideologies and are instead being properly used to deliver excellence in goods and services that benefit all Americans.

To learn more about how you can support these freedoms to serve all of your diverse customers, vendors, employees, and shareholders, please contact survey@viewpointdiversityscore.org.

Sincerely,

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- ⁱ Spencer Lindquist, *EXCLUSIVE: State Treasurers, Investors Urge Major Companies To Drop ‘Discriminatory’ DEI Agenda*, Daily Wire (Oct. 28, 2024), <https://www.dailywire.com/news/exclusive-state-treasurers-investors-urge-major-companies-to-drop-discriminatory-dei-agenda>.
- ⁱⁱ Theo Francis and Lauren Weber, *The Legal Assault on Corporate Diversity Efforts Has Begun*, The Wall Street Journal (Aug. 8, 2023), <https://www.wsj.com/us-news/law/diversity-equity-dei-companies-blum-2040b173>.
- ⁱⁱⁱ Michael Ross, *Another ‘Eureka’ Moment in the Real-Time Unraveling of DEI*, Real Clear Markets (Oct. 11, 2024), https://www.realclearmarkets.com/articles/2024/10/11/another_eureka_moment_in_the_real-time_unraveling_of_dei_1064171.html.
- ^{iv} Noah Half, *Another American classic brand rolls back DEI rules after backlash*, Daily Mail (Sep. 4, 2024), <https://www.dailymail.co.uk/news/article-13812241/american-brand-dei-rules-backlash.html>.
- ^v Nicholas Confessore, *The University of Michigan Doubled Down on D.E.I. What Went Wrong?*, The New York Times (Oct. 16, 2024), <https://www.nytimes.com/2024/10/16/magazine/dei-university-michigan.html>.
- ^{vi} The American Presidency Project, *Executive Order 13950—Combating Race and Sex Stereotyping* (Sep. 22, 2020), <https://www.presidency.ucsb.edu/documents/executive-order-13950-combating-race-and-sex-stereotyping>.
- ^{vii} Press Release, *Senator Vance & Rep. Cloud Introduce Legislation to Eliminate All DEI Programs From the Federal Government*, Office of U.S. Senator JD Vance (June 12, 2024), <https://www.vance.senate.gov/press-releases/senator-vance-rep-cloud-introduce-legislation-to-eliminate-all-dei-programs-from-the-federal-government/>.
- ^{viii} Viewpoint Diversity Score, <https://www.viewpointdiversityscore.org/>.
- ^{ix} Viewpoint Diversity Score, *2024 Business Index Report* at 7.
- ^x Viewpoint Diversity Score, *2023 Freedom at Work Survey*, <https://www.viewpointdiversityscore.org/polling>.
- ^{xi} Jeremy Tedesco, *Free Speech: Why Corporate America Is Now Ditching Wokeness In Bunches*, Daily Wire (Oct. 22, 2024), <https://www.dailywire.com/news/free-speech-why-corporate-america-is-now-ditching-wokeness-in-bunches>.
- ^{xii} Businesses earning a 100% on HRC’s Corporate Equality Index must cover “puberty blockers for youth” in their healthcare plans. See Human Rights Campaign Foundation, *2023 Corporate Equality Index Criteria Evolution: Toolkit and FAQ* at 8, <https://hrc-prod-requests.s3-us-west-2.amazonaws.com/2023-CEI-Criteria-Toolkit-FINAL.pdf>. A recent poll at The Washington Post found that 68% of Americans oppose puberty blockers for youth. Jared Gans, *Majority of Americans oppose gender-affirming care for minors, trans women participating in sports: poll*, The Hill (May 6, 2023), <https://thehill.com/blogs/blog-briefing-room/3991685-majority-of-americans-oppose-gender-affirming-care-for-minors-trans-women-participating-in-sports-poll/>.
- ^{xiii} See, e.g., Inspire Investing, LLC, *Notices of Exempt Solicitation for AT&T Inc.*, https://www.sec.gov/Archives/edgar/data/732717/000109690624000844/insp_px14a6g.htm; Amazon.com, Inc., https://www.sec.gov/Archives/edgar/data/1018724/000109690624000846/insp_px14a6g.htm; Bank of America Corporation, https://www.sec.gov/Archives/edgar/data/70858/000109690624000711/insp_px14a6g.htm; Katelynn Richardson, *EXCLUSIVE: GOP-Led States Demand Major Firms Stop Backing Efforts To ‘De-Bank’ Conservatives*, Daily Caller (Dec. 4, 2023), <https://dailycaller.com/2023/12/04/gop-states-firms-debanking-letter/>.