

February 13, 2025

Dear Mr. McMillon,

We are faith- and values-based 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 the country—that focuses on free market principles, federalism, and economic freedom while protecting taxpayer dollars through strong fiscal responsibility and responsible financial management. In total, our investment advisors manage over \$9 billion in assets and millions in Walmart stock.

We write to offer our support for Walmart’s timely decision to cut ties with the legally suspect, reputationally risky, and divisive ideology known as “Diversity, Equity, and Inclusion.” The last several years have proven that DEI has the opposite effect of its stated goals.<sup>i</sup> DEI policies introduce serious legal, operational, and reputational risk to companies because they sacrifice equal opportunity and true diversity by focusing only on differences based on skin color, sex, or religious status.

Recently, activist shareholder groups<sup>ii</sup> and Democratic attorneys general<sup>iii</sup> criticized your actions as unnecessary and legally unjustified. The activist shareholders introduce themselves as “a group of primarily faith- and values-based investors” who “are driven by the belief that respecting and upholding the human dignity of every individual and seeking business and financial growth are not mutually exclusive.” So are we. Because we believe in the dignity of every individual created in God’s image and deserving of equal respect, we reject the discriminatory ideology underlying DEI. And because we are fiduciaries to shareholders, we want to avoid DEI’s harmful effects on companies’ workforce, reputation, and legal risk.

The timing of these letters could not have been worse. Within a week of their arrival, President Trump issued a series of executive orders aimed at rooting out discriminatory DEI practices from the federal government and private companies—including corporations like yours.<sup>iv</sup> Companies that double-down on DEI policies are now playing a dangerous game of chicken with the administration, and they’re doing so at the expense of shareholders we represent.

Even before President Trump announced his executive orders, the Supreme Court’s landmark decision in *Students for Fair Admissions, Inc. v. Harvard College* had already cast serious doubt on the legality of DEI, a decision which *The Wall Street Journal* described as igniting a full-scale “legal assault” on DEI.<sup>v</sup> The Eleventh Circuit recently struck down race-based criteria for awarding grants to entrepreneurs<sup>vi</sup> and in December the Fifth Circuit held that the SEC’s approval of NASDAQ’s race and sex quotas for the boards of publicly traded companies was beyond its purview as a financial regulator.<sup>vii</sup> Further, the new Acting Chair for the Equal Employment Opportunity Commission, Andrea Lucas, has stated that some of the EEOC’s top priorities will be “rooting out unlawful DEI-motivated race and sex discrimination” and “defending the biological and binary reality of sex and related rights, including women’s rights to single-sex spaces at work.”<sup>viii</sup>

The data underlying the push for DEI, including the McKinsey findings cited by the shareholders, have also been exposed as overstated at best, or worse, downright false.<sup>ix</sup> The letters also ignore the stories of household brands like Bud Light, Disney, and Target, which have sustained permanent and significant losses from making business decisions and promoting political positions demanded by DEI advocates.<sup>x</sup>

The activist shareholders claim that “Walmart has not offered a financial or business case for this change in policy.” But DEI’s cultural dominance is crumbling at every turn. The failure of

DEI to deliver on its promises is so obvious that it can no longer survive on the very college campuses that have incubated this fundamentally flawed ideology. *The New York Times Magazine* recently reported that the University of Michigan’s study of its 10-year, \$250-million DEI program “in striving to become more diverse and equitable, the school has also become less inclusive.”<sup>xi</sup>

Walmart has proven itself to be a decisive and agile leader in the marketplace by cutting ties with DEI and the far-left Human Rights Campaign, which has recently pressured companies to provide puberty blockers for minors on their healthcare plans. Many other companies have chosen the same path as Walmart.<sup>xii</sup>

Walmart’s decision restores the promise of the American dream. It is listening to customers, employees, and shareholders who oppose discrimination and division and want to restore the fundamental American promises of equal treatment and tolerance of diverse views.

Supporting this vision doesn’t just empower Walmart’s employees, it enables Walmart to provide excellent goods and services and rejects the overt and partisan politicization of business that has hijacked corporate America for far too long.

Walmart is a global leader, and other companies—including but not at all limited to your vast network of suppliers and contractors—rightly look to you to see what drives a successful business. When Walmart acts boldly and courageously in the best interests of its shareholders, employees, and customers, the business world follows your example.

We thank you in advance for your attention to this important matter and stand ready to assist you in any way necessary.

Sincerely,

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**OJ Oleka**  
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- <sup>i</sup> David Propper, *DEI programs can actually escalate hostility and racial tensions, new study claims*; *NYT accused of spiking story*, New York Post (Nov. 25, 2024), <https://nypost.com/2024/11/25/us-news/new-study-claims-popular-dei-practices-can-lead-to-ramped-up-hostility-and-racial-tensions/>.
- <sup>ii</sup> “Investor Statement to Walmart,” Caroline Boden, Mercy Investment Services, (Jan. 14, 2025), [https://www.iccr.org/wp-content/uploads/2025/01/Investor-Letter-to-Walmart\\_Public\\_2025.01.141.pdf](https://www.iccr.org/wp-content/uploads/2025/01/Investor-Letter-to-Walmart_Public_2025.01.141.pdf).
- <sup>iii</sup> Attorney General Letter to Walmart, Illinois Attorney General Kwame Raoul, et. al, (Jan. 9, 2025), [https://www.marylandattorneygeneral.gov/News%20Documents/011025\\_Letter\\_from\\_AGs\\_McMillion.pdf](https://www.marylandattorneygeneral.gov/News%20Documents/011025_Letter_from_AGs_McMillion.pdf).
- <sup>iv</sup> Jeremy Tedesco, *Op-Ed: Trump’s DEI actions send clear message to corporations: Stop discriminating or pay the price*, The Center Square (Jan. 24, 2025), [https://www.thecentersquare.com/opinion/article\\_6cc0e3b2-da98-11ef-9b5b-83a9faba9b2e.html](https://www.thecentersquare.com/opinion/article_6cc0e3b2-da98-11ef-9b5b-83a9faba9b2e.html).
- <sup>v</sup> 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>.
- <sup>vi</sup> *American Alliance for Equal Rights v. Fearless Fund Management, LLC*, 103 F.4th 765 (11th Cir. 2024).
- <sup>vii</sup> *Alliance for Fair Board Recruitment v. Securities and Exchange Commission*, ---F.4th---, 2024 WL 5078034 (Dec. 11, 2024).
- <sup>viii</sup> Press Release, *President Appoints Andrea R. Lucas EEOC Acting Chair*, Equal Employment Opportunity Commission (Jan. 21, 2025), <https://www.eeoc.gov/newsroom/president-appoints-andrea-r-lucas-eeoc-acting-chair>.
- <sup>ix</sup> 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](https://www.realclearmarkets.com/articles/2024/10/11/another_eureka_moment_in_the_real-time_unraveling_of_dei_1064171.html); Isaac Willour, *New Bombshell Study Shows DEI Programs ‘Increase Hostility’*, The Daily Wire (Nov. 26, 2024), <https://www.dailywire.com/news/new-bombshell-study-shows-dei-programs-increase-hostility>.
- <sup>x</sup> Bowyer Research, *Corporate Political Activism and Shareholder Value: The Examples of Bud Light, Disney and Target*, <https://www.bowyerresearch.com/docs/Corporate%20Political%20Activism%20and%20Shareholder%20Value.pdf>.
- <sup>xi</sup> 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>.
- <sup>xii</sup> Ben Glickman and Lauren Weber, *Diversity Goals Are Disappearing From Companies’ Annual Reports*, The Wall Street Journal (Apr. 21, 2024), <https://www.wsj.com/business/diversity-goals-are-disappearing-from-companies-annual-reports-459d1ef3>.