

## U.S. Companies Modify DEI Policies Amid Legal Threats



A recent review has revealed that at least six major U.S. companies, including JPMorgan Chase, have adjusted their diversity, equity, and inclusion (DEI) policies in response to legal threats from conservative groups. The review, encompassing statements from corporate entities, highlights changes made by these companies to avoid potential legal action over allegations of illegal discrimination and breaches of directors' duties to investors.

### Legal Challenges Prompt Policy Adjustments

Since 2021, 25 companies have faced public shareholder letters questioning the legality of their DEI programs. The notes issued by conservative legal organizations, including the American Civil Rights Project and America First Legal, claimed that these initiatives constituted unlawful discrimination. In response to the threats, some companies opted to modify their policies.

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### JPMorgan Chase Adapts DEI Initiatives

JPMorgan Chase, targeted with a letter in May 2022, made alterations to its DEI programs, particularly the "Advancing Hispanics & Latinos" and "Advancing Black Pathways" initiatives. Notably, the eligibility criteria for these programs were broadened to include all students, irrespective of background, instead of being limited to Black and Latino students. The changes were implemented around February 2023.

### Diverse Responses from Corporations

While JPMorgan Chase adjusted its programs, other companies like McDonald's and Starbucks did not publicly disclose any alterations to their DEI policies. Starbucks emphasized its commitment to fostering a culture of belonging, while McDonald's remained silent.

### Broader Backlash Against DEI Initiatives

The changes in DEI policies reflect how major U.S. corporations are responding to a growing conservative backlash against diversity initiatives. The pushback gained momentum after widespread protests in 2020 following the police killings of George Floyd and other Black Americans, shedding light on racial and gender disparities in corporate leadership.

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### Ongoing Threats and Political Landscape

The legal threats against DEI programs will likely persist, especially with the 2024 U.S. presidential election. Former President Donald Trump and Florida Governor Ron DeSantis, both potential candidates, have already banned various DEI initiatives. Moreover, the recent U.S. Supreme Court ruling against affirmative action in university admissions has energized groups opposed to diversity policies.

### Legal Risks and Corporate Responses

The letters threatening legal action assert that specific DEI policies expose companies to legal risks, urging them to abandon these initiatives. However, as protected by corporate law, the high legal bar for such claims makes it challenging for legal

challenges against directors' good-faith decisions to succeed in court.

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