

Costco Under Fire in 19 States for Taking Stand Against Trump

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Nineteen [Republican](#) attorneys general have called on [Costco](#) Wholesale to end its diversity, equity and inclusion policies after [the company defended its practices](#).

In a letter sent to Costco CEO Ron Vachris on Monday, the state attorneys general said the company's decision to double down on its policies goes against the [Supreme Court](#)'s ruling against affirmative action.

The letter said that Costco should treat "every person equally and based on their merit, rather than based on divisive and discriminatory DEI practices" as reflected by President [Donald Trump](#)'s recent executive order seeking to end DEI initiatives in the private sector.

Newsweek approached Costco for comment via an online contact form outside of regular business hours.



Why It Matters

Costco shareholders recently rejected a proposal that had urged it to evaluate the risks of maintaining its DEI practices.

That came after President Donald Trump signed executive orders to end DEI programs in the federal government and target the private companies that pursue training and hiring practices that conservative critics have long condemned as discriminatory against people who do not belong to minority groups.

One order calls for federal agencies to take action to deter private companies from using DEI programs and to compile a report outlining measures to advance that goal, including by identifying companies or entities that could be subject to civil compliance investigations.

What to Know

More than 98 percent of Costco shareholders voted against the proposal to evaluate the risks of maintaining the company's DEI policies at an annual meeting on Thursday.

The National Center for Public Policy Research, a conservative think tank, had submitted the proposal asking Costco to assess the risks associated with its DEI initiatives, arguing they hold "litigation, reputational and financial risks to the Company, and therefore financial risks to shareholders."

But Costco's board of directors voted unanimously to recommend shareholders reject the motion, [saying in a message](#) that "our commitment to an enterprise rooted in respect and inclusion is appropriate and necessary."

The state attorneys general, co-led by Iowa Attorney General Brenna Bird and Kansas Attorney General Kris Kobach, said in the letter: "Although Costco's motto is 'do the right thing,' it appears that the company is doing the wrong thing—clinging to DEI policies that courts and businesses have rejected as illegal.

"Costco should treat every person equally and based on their merit, rather than based on divisive and discriminatory DEI practices. That reflects President Trump's executive order encouraging 'the Private Sector to End Illegal DEI discrimination and Preferences.'"

The letter noted that after the Supreme Court's decision on affirmative action at colleges and universities, the state attorneys general had "warned corporate American to stop unlawful DEI policies. Thankfully, [many companies listened.](#)"

It listed [Amazon](#), [Ford](#), John Deere, [Meta](#), [McDonald's](#) and [Walmart](#) as among the companies "renouncing DEI."

But Costco's position "runs contrary to the Supreme Court's recent decisions and raises concerns about Costco's compliance with state and federal laws," the letter said.

The letter noted that some companies have faced lawsuits or are under investigation over their DEI initiatives.

"For the good of its employees, investors, and customers, Costco should 'do the right thing' by following the law and repealing its DEI policies," the letter states.

What People Are Saying

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Bird said in a statement: "It's time to ditch DEI. While other companies right the ship and abandon their illegal, woke policies, Costco has doubled down. I'm putting Costco on notice to do the right thing and eliminate discriminatory DEI. No American should be denied an opportunity because they don't fit the woke mold."

The Costco board of directors' message to shareholders said: "We welcome members from all walks of life and backgrounds. As our membership diversifies, we believe that serving it with a diverse group of employees enhances satisfaction. Among other things, a diverse group of employees helps bring originality and creativity to our merchandise offerings, promoting the 'treasure hunt' that our customers value."

Stefan Padfield, executive director of the National Center for Public Policy Research's Free Enterprise Project, said in a statement following the Costco shareholders' vote that the "truth about DEI is being exposed as never before, and it is only a matter of time until DEI's inherent shareholder-value-destroying nature forces even managers like those at Costco to get back to neutral and focus on creating value by providing great products and services rather than engaging in neo-Marxist and neo-racist social engineering projects."

Others have praised Costco for its stance.

The Reverend Al Sharpton said on X that he led a buy-in at a Costco location in New York City on Sunday "to show our support for their strong support to diversity, equity and inclusion (DEI)."

"At a time when DEI is under attack from President Trump and others in the private sector, Costco has stood firm, proving that doing the right thing is also smart business."

What's Next

In their letter, the state attorneys general demanded that Costco provide a response within 30 days to either notify them that the company has repealed its DEI policies, or explain why it has not done so.



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Khaleda Rahman is Newsweek's National Correspondent based in London, UK. Her focus is reporting on abortion rights, race, education, sexual ... [read more](#)

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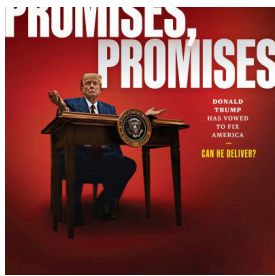
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