



Ron Vachris
President and Chief Executive Officer
Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027

Dear Mr. Vachris:

We, the undersigned Attorneys General of 19 States, urge Costco to end all unlawful discrimination imposed by the company through diversity, equity, and inclusion (“DEI”) policies. 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 Supreme Court has repeatedly warned against using race-based preferences and classifications. Most recently, *Students for Fair Admissions v. Harvard* explained that “Distinctions between citizens solely because of their ancestry are by their very nature odious to a free people whose institutions are founded upon the doctrine of equality.” That is because, as *Shaw v. Reno* noted, racial classifications “reinforce the belief, held by too many for too much of our history, that individuals should be judged by the color of their skin.” That reflects our Constitution, as *Harvard* recognized, that, “[r]acial discrimination [is] invidious in all contexts.”

Race-neutral practices, on the other hand, honor the founding ideals of this country. *Pena-Rodriguez v. Colorado* held that “It must become the heritage of our Nation to rise above racial classifications that are so inconsistent with our commitment to the equal dignity of all persons.” And as Justice Thomas wrote in *Harvard*, DEI is inconsistent with the “principles so clearly enunciated in the Declaration of Independence and the Constitution of the United States: that all men are created equal, are equal citizens, and must

be treated equally before the law.” Costco [should not have policies](#) that discriminate in hiring based on race or gender.

Immediately following the Supreme Court’s *SFFA* decision, State Attorneys General [warned](#) corporate America to stop unlawful DEI policies. Thankfully, many companies listened. Companies renouncing DEI include [Amazon](#), [Ford](#), [John Deere](#), [McDonald’s](#), [Meta](#), and [Walmart](#). As the Wall Street Journal [explained](#), “[c]ompanies are wise to re-examine their policies even without the political pressure,” which is “steering companies back to their fundamental mission to focus on increasing shareholder value, rather than politics.” This is a refreshing change.

Inexplicably, Costco has doubled down on DEI. Last month, Costco’s board of directors [unanimously recommended](#) that shareholders vote against a proposal requiring Costco to study and report on financial risks associated with its DEI policies. While defending the company’s DEI policies to a customer, you reportedly proclaimed that you are “[not prepared to change](#).” Unfortunately given board composition that is not surprising. One member of your board of directors, who previously served as CEO of the Bill & Melinda Gates Foundation, has called for companies to “[maximize DEI efforts](#).” Costco’s position runs contrary to the Supreme Court’s recent decisions and raises concerns about Costco’s compliance with State and federal laws.

Following the *Harvard* decision, State Attorneys General have diligently worked to stop unlawful discriminatory practices. Some companies have been [sued over DEI policies](#). Other companies are under investigation for [issues relating to DEI](#). And beyond eliminating legal exposure, repealing its DEI policies would provide Costco with time to deal with other important issues, such as questions regarding the alleged connection between Costco products and [slave labor in China](#).

Now, the federal government is also focusing on ensuring invidious race-based discrimination no longer finds a home in woke corporations. President Trump’s [executive order](#) recognized that “[i]llegal DEI and DEIA policies not only violate the text and spirit of our longstanding Federal civil-rights laws, they also undermine our national unity.”

The Supreme Court said it best: “Eliminating racial discrimination means eliminating all of it.” For the good of its employees, investors, and customers, Costco should “do the right thing” by following the law and repealing its DEI policies. Within 30 days, please either notify us that Costco

has repealed its DEI policies or explain why Costco has failed to do so. We look forward to your response.

Sincerely,



Brenna Bird
Attorney General of Iowa



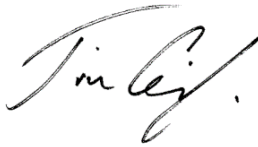
Kris Kobach
Attorney General of Kansas



Steve Marshall
Attorney General of Alabama



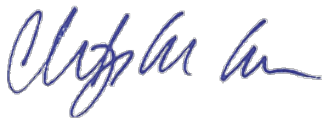
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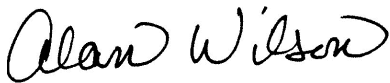
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