



**WHEREAS:** The World Health Organization (WHO) deems antibiotic resistance one of the top 10 global health threats of 2019.<sup>1</sup> Antibiotic resistance renders life-saving drugs useless; by 2050, the phenomenon could cause an estimated [300 million premature deaths](#) and up to \$100 trillion in global economic damage.<sup>2</sup>

The use of antibiotics in animal agriculture is a major contributor to antibiotic resistance.<sup>3</sup> Over 70 percent of antibiotics sold for use in the U.S. are used in food animals.<sup>4</sup> When antibiotics are administered to healthy animals, bacteria can adapt and spread to humans.

Despite the urgent threat of antibiotic resistance, Costco has made plans to build its own chicken supply chain without establishing a clear antibiotics use policy prohibiting the routine use of medically important antibiotics. The company's new vertical farming system will produce two million chickens per week for Costco stores once it is fully operational, making Costco the first retailer in the country to establish its own supply chain for chicken.

Last year, Costco published a statement on antibiotics in its animal welfare policy. This policy prohibits use of antibiotics for animal growth, but allows producers to preventively apply medically important antibiotics across entire flocks or herds, rather than restricting use of these drugs to treat actual disease.

By comparison, the four major producers of chicken in the country have adopted policies that prohibit preventive use of medically important antibiotics. Similarly, 18 of the top 25 fast food chains in the country have policies to avoid purchasing chickens raised with medically important antibiotics. Whole Foods Market has a strict policy to only carry meat products raised without any antibiotics.<sup>5</sup>

Costco has a unique opportunity to control antibiotics use in its new chicken supply chain, but the company has not publicly disclosed its policy for the use of antibiotics in this system. Costco has built its brand on corporate social and environmental responsibility. Customers are particularly loyal and enthusiastic about Kirkland rotisserie

---

<sup>1</sup> <https://www.who.int/emergencies/ten-threats-to-global-health-in-2019>

<sup>2</sup> <https://amr-review.org/>

<sup>3</sup> <https://www.who.int/news-room/detail/07-11-2017-stop-using-antibiotics-in-healthy-animals-to-prevent-the-spread-of-antibiotic-resistance>

<sup>4</sup> <https://www.fda.gov/animal-veterinary/cvm-updates/fda-releases-annual-summary-report-antimicrobials-sold-or-distributed-2016-use-food-producing>

<sup>5</sup> <https://media.wholefoodsmarket.com/news/whole-foods-market-no-antibiotics-in-meat-departments>



chickens. The company's failure to address the risks of antibiotic resistance in its chicken operations and meat products represents a substantial reputational threat.

Regulatory pressure on chicken producers may also increase. Consumer advocates are calling for stricter regulations, mirroring recommendations from the WHO to completely disallow medically important antibiotics for the prevention of disease without diagnosis. Costco faces the threat that it will have to revise its operations significantly if regulations or market forces further restrict the use of medically important antibiotics for routine prevention.

Shareholders urge the company to establish forward-looking policies to avoid preventive use of antibiotics and keep up with peer chicken producers and retail customer demands across the industry.

**BE IT RESOLVED:** Shareholders request that Costco issue a report annually, at reasonable cost and excluding proprietary information, providing quantitative metrics demonstrating any progress toward phasing out the routine use of medically important antibiotics in the company's private label meat and poultry supply chains.