

2020 Shareholder Resolution Walmart Inc. | Disclosure of Antibiotics Use in Meat Supply Chains

WHEREAS: The World Health Organization <u>deems antibiotic resistance one of the top</u> 10 global health threats of 2019. 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.

The use of antibiotics in animal agriculture is a <u>major contributor to antibiotic</u> <u>resistance</u>. Nearly <u>two-thirds of antibiotics</u> sold for use in the U.S. are used in food animals. When antibiotics are routinely administered to animals, bacteria can adapt and spread, causing drug-resistant infections in humans.

To reduce risks related to antibiotic resistance, meat producers must reduce the routine use of medically important antibiotics in their supply chains. Allowing routine use, even as a preventive measure, creates a greater potential for creating antibiotic resistant superbugs, increasing Walmart's reputational and legal risk.

Despite the urgent threat of antibiotic resistance, Walmart does not appear to prohibit the routine use of medically important antibiotics by its meat and poultry suppliers. The company's <u>published position</u> on antibiotic use aligns with current legal requirements, but those requirements are widely regarded by consumer health advocates as <u>insufficient to prevent antibiotic resistance</u> in meat products.

Antibiotic resistant bacteria were recently found in certain of Walmart's pork products, leading to significant <u>negative press</u>. Having "superbugs" in its meat products is a substantial reputational and legal risk for Walmart. Not only will many consumers avoid the store, there is legal liability associated with selling meat products proven to contain superbugs.

Walmart <u>announced in April 2019</u> that it would establish its own supply chain for Angus beef. <u>Beef represents the largest proportion of antibiotics</u> used in food animals (42 percent). By sourcing directly from producers, Walmart has a unique opportunity to decrease its risk related to antibiotic resistance in its beef supply.

Other major food companies are beginning to address the urgent antibiotic resistance crisis. McDonald's announced a comprehensive policy in 2018 fully disallowing the use of medically important antibiotics for prevention purposes in beef from the top ten countries from which it sources beef. Whole Foods Market has a strict policy to only carry meat products raised without any antibiotics. The majority of the top 25 fast food and restaurant chains in the U.S. only serve chicken raised without the routine use of medically important antibiotics. In contrast, Walmart's policy does not explicitly prevent suppliers from using medically important antibiotics for disease



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prevention. Without an explicit prohibition, it is likely that its suppliers are routinely administering medically important antibiotics.

BE IT RESOLVED: Shareholders request that Walmart issue a report, prepared at reasonable cost and excluding proprietary information, assessing strategies to strengthen the company's existing supplier antibiotic use standards, such as prohibiting or restricting the routine use of medically important antibiotics by meat and poultry suppliers, and assess the costs and benefits to public health and the company compared to current practice.