

Phase Out Medically Important Antibiotics in Supply Chain 2018 – McDonald's Corp.

RESOLVED: Shareholders request that the Board update the 2015 McDonald's Global Vision for Antimicrobial Stewardship in Food Animals by setting global sourcing targets with timelines for pork and beef raised without the use of medically-important antibiotics for disease prevention purposes.

WHEREAS: The World Health Organization (WHO) and the U.S. Centers for Disease Control and Prevention report that antibiotic resistance is a global public health crisis that threatens to overturn many of the medical advances made over the last century.

Over 70% of medically important antibiotics in the U.S. are sold for livestock use (U.S. Food and Drug Administration, 2016) and this number is still increasing. Antibiotic use in livestock is often used to prevent illness caused by unhealthy conditions on farms, rather than to treat diagnosed illness.

The more that antibiotics are used, the faster antibiotic-resistant bacteria evolve. If no action is taken, antibiotic resistance could cause 300 million premature deaths and up to \$100 trillion in global economic damage by 2050. (Review on Antimicrobial Resistance)

In November 2017, WHO released guidelines on the use of medically important antibiotics in animals, "strongly recommend[ing] an overall reduction in the use of all classes of medically important antibiotics in food-producing animals, including complete restriction of these antibiotics for growth promotion and disease prevention without diagnosis."

McDonald's has phased out medically important antibiotics in its U.S. chicken supply chains and issued a policy to phase out the "highest priority critically important antimicrobials" in its global chicken supply in 2018. However, McDonald's has not committed to a similar sourcing policy for beef or pork.

In its annual report, McDonald's acknowledges continued business success "depends on our System's ability to anticipate and respond effectively to continuously shifting consumer demographics, trends in food sourcing, food preparation and consumer preferences in the IEO segment."

Competitors Panera Bread and Chipotle Mexican Grill already serve beef and pork raised without routine use of antibiotics. Subway has committed to similar standards that will be fully implemented by 2025. U.S. producers including Tyson, Applegate and Niman Ranch supply beef and pork raised without antibiotics. Failure to offer meat raised with minimal antibiotics endangers McDonald's market share.

Farm Animal Investment Risk and Return (FAIRR)'s \$2.8trillion investor network has called on McDonald's to minimize the use of medically important antibiotics in its global beef and pork supply chains, warning that reckless antibiotic use jeopardizes global health, as well as McDonald's brand.

Last year, 31% of our Company's shares voted (counting votes for and against) supported this proposal. However, the Company has taken no substantive action to address this issue.

McDonald's already claims to be "helping lead a global movement for beef sustainability". However, antibiotics are not mentioned once in McDonald's "Beef Sustainability Report".

SUMMARY: Given growing health concerns, changing consumer preferences, and industry trends, shareholders would benefit from more detailed plans by McDonald's to minimize medically important antibiotic use in its beef and pork supply chains.