

STATEMENT CONCERNING SHARED USE ANTIBIOTICS

Costco Wholesale's goal is to control the use of antibiotics medically important to humans in its meat and poultry supply chains, consistent with protecting the health and welfare of our members and of poultry, hogs and cattle in our supply chains. Our policy is to limit application of these antibiotics to therapeutic use for the prevention, control, and treatment of disease and not, for example, for purposes of growth promotion or feed efficiency, and only under the supervision of a licensed veterinarian in a valid Veterinary Client Patient Relationship.

We will work with our suppliers and producers over the next two years to develop and apply protocols for assessing compliance with this policy, which may include (by way of example):

- requiring the provision of certificates or affidavits by producers;
- review of audits commissioned by producers and suppliers;
- audits commissioned by Costco Wholesale; and
- product testing.

On or before December 2020, we will:

- Set a target date by which compliance with the policy will be mandatory and monitored.
- Assess the feasibility of eliminating the routine use of medically important antibiotics for prevention of disease among supplier farms.

Application of this policy will be guided by our interpretation of Food and Drug Administration Guidance 209 and 213 Veterinary Feed Directive, which discontinues the use of medically important antibiotics for growth promotion and requires veterinary oversight of all medically important antibiotics.

September 2019 Update

As of mid-September 2019, we are still in the early stages of implementing our policy but believe we are on track to determine by December 2020 a target date for mandatory compliance. We do not at this time have quantitative metrics regarding the phase-out of routine use of shared use antibiotics and do not have expect to have such metrics for our private label meat and poultry supply chains to any appreciable degree. Supply chains are for the most part only minimally vertically integrated (particularly for beef and pork), with our suppliers being one to many steps removed from those who are raising animals. Many of these growers lack developed systems for aggregating metrics concerning antibiotic usage; this makes it very difficult for our suppliers to gather and aggregate such information to report to us and to track changes in metrics over time. To the extent such information could be tracked, pending substantial further development in tracing technologies, it is generally not possible or practical for us to identify particular animals in the supply chain that are associated with the supplier's sales to Costco as opposed to other customers. Accordingly, when we announced our program last year we envisioned compliance assessments as centered around audits and product testing, rather than quantitative measures of administration of shared-use antibiotics.