

To: Emma Berntman, Senior Engagement Specialist, FAIRR
CC: Philippa Thornton, FAIRR; Maria Lettini, FAIRR

13 January 2023

Dear Ms. Berntman,

Thank you for your recent outreach regarding FAIRR's 'assessments' of animal health companies. We have reviewed the documents and would like to provide feedback on behalf of HealthforAnimals Members. Like our earlier correspondence, this letter is also available [on our website](#) for transparency, and we ask that you share it with your investor network so they may review our response.

Overall, the quality of the assessments was disappointing. There were six fundamental problems underpinning each report that render the analysis unreliable and incorrect, which leads to false conclusions.

- 1) **Unacknowledged Engagement:** FAIRR's assessments do not disclose the continued engagement and significant information supplied to FAIRR by HealthforAnimals on behalf of the companies. Our organization has been in touch with FAIRR representatives for over two years, as indicated by our formal letters in [November 2020](#), [July 2022](#) and [September 2022](#) alongside continued e-mail correspondence. Furthermore, HealthforAnimals Members have spoken directly with investors in the FAIRR Network and had very positive conversations about our industry's important role in responsible antibiotic use. We continue to ask FAIRR to share these letters with their investor network so they may better understand our perspective.
- 2) **Lack of Material Risk:** FAIRR's assessments incorrectly assume AMR and reductions in antibiotic use are a material risk for the animal health sector. Sector revenues have grown nearly 10% year-over-year for the past decade (2011-21), rising from \$21.6 to \$33.7 billion. At the same time, antimicrobials relative share of the product portfolio declined by nearly 1/3rd, while sales of prevention products continually grewⁱ. These figures demonstrate that the sector is not reliant upon any single product category and excels at providing animal caretakers with the right products for their animal's health, while adapting to a changing disease and regulatory landscape.

Looking ahead, animal health companies will continue to supply products that can reduce the need for antimicrobials, but also recognize that disease cannot always be prevented. Antimicrobials will remain an essential part of the veterinary toolkit because animal caretakers have an obligation to treat sick animals. For instance, markets that have achieved significant reductions often see use taper off to lower, steady levels year-over-year, which reflects continued disease pressure even when prevention measures are robustⁱⁱ.

Political and regulatory authorities have also confirmed that antimicrobials will continue to serve an important role in the future, which contradicts FAIRR's assumption that regulations are a material risk. For example, less than a year ago, the EU European Medicines Agency (EMA) determined that all antibiotics on the market for animals meet the criteria for continued appropriate use in animals.ⁱⁱⁱ

- 3) **Factual Errors and Inconsistencies:** The analysis of activities was often inconsistent and incomplete. For instance, one company was recognized as being a member of CEESA (Executive Animal Health Study Center) and another company was recognized as a signatory to the Roadmap to Reducing the Need for Antibiotics. However, all companies are participants in both initiatives. Information such as the names of senior leadership and company names were also incorrect in some assessments.
- 4) **Incorrect Assumptions:** FAIRR's assessments inappropriately evaluate revenues by relying upon incorrect assumptions, which leads to false conclusions. For instance, assessments estimate that all revenues for a product category are from antimicrobials if it *may* contain them in some of the products. The assessments also estimate that all revenues from antimicrobials come from small sub-categories (e.g. specific classes) when companies do not meet FAIRR's detailed breakdown requests. These assumptions produce incorrect figures and to correct them would require companies to provide competitive, confidential information that is not appropriate for publication.
- 5) **Out of Step:** FAIRR's assessments are uniformly negative with no companies rising above 'low', which is far outside the global consensus. Authorities have continually found animal health to be leading in efforts to reduce the need for

antibiotics and address resistance. For example, a recent report by the OECD and European Union institutions found that in Europe there was “*more progress in agriculture than in the human sector*” and since 2016, “*average consumption of antibiotics in humans is now higher than in food-producing animals*”^{iv}. Lord O’Neill, author of the UK’s AMR Review, also described himself as “*positively surprised*” by the progress achieved in agriculture in 2019 and efforts have only intensified since then^v.

Global data also shows animal antimicrobial use is falling, reflecting a continued shift towards prevention. The World Organisation for Animal Health collects data from 180+ nations and found that “*global antimicrobial use in animals declined by 27% in 3 years*” with the largest reductions occurring in ‘critically important antimicrobials’, such as a 43% drop in macrolides^{vi}. Sales have also fallen by even larger margins in major markets - such as 55% in the UK since 2014, 38% in the U.S. since 2015, 47% in the EU since 2011, and 65% in Germany since 2011^{vii}.

These reductions reflect enormous efforts by the livestock value chain to improve the prevention of animal disease through tools like vaccines, nutrition, and diagnostics, which reduces the *need* for antibiotics. This approach recognizes that conditions will always exist where antibiotics are necessary for care and these medicines should never be withheld from sick animals. It is why advocating for reductions in *need* rather than simply use is the most responsible approach to managing these medicines, and our sector has created the ‘Roadmap to Reducing the Need for Antibiotics’ to support this goal^{viii}.

- 6) **Lacking Global Perspective:** FAIRR’s assessments call on companies to apply EU standards in every country rather than work with stakeholders on appropriate, local solutions – the approach recommended by many international institutions. For instance, the United Nations Political Declaration on AMR calls for actions that “recognize national conditions and priorities” and “take into account the national context.”^{ix}

These six problems were found across every assessment, however inaccuracies specific to companies were also found within individual reports. Companies have had positive calls directly with investors to address the confusion created by the information provided by FAIRR and provide a clear picture of actions taken regarding AMR. HealthforAnimals also remains available to help provide FAIRR with a better understanding of animal health. As noted in our previous correspondences – **we ask FAIRR to please share this letter with your investor network** so they can better understand our perspective.

Thank you



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ⁱ [Global Trends in the Animal Health Sector](#), HealthforAnimals

ⁱⁱ [Global Trends in Animal Antimicrobial Use](#), HealthforAnimals

ⁱⁱⁱ [Advice on the designation of antimicrobials or groups of antimicrobials reserved for treatment of certain infections in humans - revision \(europa.eu\)](#)

^{iv} [Antimicrobial Resistance in the EU/EEA: A One Health Response](#), OECD, ECDC, EFSA, & EMA

^v [Review of Progress on Antimicrobial Resistance](#), Chatham House

^{vi} [Sixth Annual Report on Antimicrobial Agents Intended for Use in Animals & Fact Sheet](#), World Organisation for Animal Health

^{vii} [UK Veterinary Medicines Directorate, US Food and Drug Administration, European Medicines Agency, German Office of Consumer Protection and Food Safety](#)

^{viii} [Roadmap to Reducing the Need for Antibiotics](#), HealthforAnimals

^{ix} [Political Declaration of the High-Level Meeting of the General Assembly on Antimicrobial Resistance](#), United Nations