**RESOLVED:** Shareholders of Gilead Sciences, Inc. ("Gilead") ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in Gilead's public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information, as well as information about existing litigation and claims of which Gilead has notice.

**SUPPORTING STATEMENT:** The anticompetitive practices of companies within the pharmaceutical supply chain, including drug developers such as Gilead, are receiving increasing scrutiny from the public, regulators, and enforcers. The criticism of Gilead has focused on the company's establishment of "patent thickets" around its drugs to prevent generic competition, some of which have resulted in massive price hikes for everyday consumers.[i]

Regulators and enforcers are increasingly focused on curbing this type of behavior. In May, then-acting Chairwoman of the Federal Trade Commission (FTC) Rebecca Kelly Slaughter stated that "[f]or decades, the FTC has challenged a number of illegal anticompetitive practices in the pharmaceutical industry that can lead to high drug prices. The Commission should consider ways to build on this work by addressing emerging and evolving practices that have the potential to harm consumers."[ii] Furthermore, upon confirmation, newly appointed FTC Chair Lina Kahn quickly moved to direct FTC staff to ramp up investigations based on seven enforcement priorities, including healthcare and pharmaceutical companies.[iii]

Gilead is currently facing a lawsuit from the U.S. Department of Health and Human Services (HHS) for infringement of the Centers for Disease Control and Prevention's government-owned patents for PrEP drugs; if HHS prevails, it could be able to license other PrEP drugs and receive royalties for their use.[iv] Additionally, Gilead is facing allegations from consumers who allege that Gilead entered into deals that blocked generic competition for HIV combination drugs and caused artificially inflated prices for the company's drugs.[v] As a result of these allegations, Gilead CEO Daniel O'Day was invited to testify before the U.S. Senate Committee on Finance's Subcommittee on Fiscal Responsibility and Economic Growth in 2021.[vi]

This mounting pressure on Gilead from regulators, enforcers, and other market participants regarding anticompetitive practices could increase pressure for new regulation, increase risk for investors, and have substantial impacts on the public. Given the widespread concern and rapidly changing environment, we believe that robust board oversight would improve Gilead's management of risks related to anticompetitive practices and that shareholders would benefit from more information about the board's role.

We therefore urge shareholders to vote FOR this proposal.

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[i] https://www.arnoldventures.org/stories/a-drug-is-90-percent-effective-at-preventing-hiv-it-costs-up-to-1-800-per-month/

[ii] https://www.ftc.gov/public-statements/2021/05/statement-acting-chairwoman-rebecca-kelly-slaughter-regarding-federal

[iii] https://endpts.com/pharma-in-the-crosshairs-how-the-ftc-is-expanding-its-antitrust-powers-under-its-new-chair/

[iv] https://www.fiercepharma.com/pharma/gilead-loses-another-prep-patent-challenge-against-hhs-sending-dispute-to-federal-court

[v] https://www.washingtonpost.com/business/economy/gilead-is-accused-of-cutting-anti-competitive-deals-to-extend-profit-on-hiv-drug-cocktails/2019/05/14/94e79c56-75ad-11e9-bd25-c989555e7766_story.html

[vi] https://www.warren.senate.gov/oversight/letters/warren-seeks-gilead-ceos-testimony-on-competition-and-high-drug-costs-at-june-16th-finance-subcommittee-hearing