

**Resolved:** Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of whether Gilead Sciences, Inc. lobbying activities (direct and through trade associations) align with its Vision statement, “To create a healthier world for all people”<sup>1</sup> and in particular its Policy Position Statement that “the price of medicines should never be a barrier to access, and we work domestically and globally to ensure that patients who need our products are able to obtain them”<sup>2</sup> The Board of Directors should report on how it addresses the risks presented by any misaligned lobbying and the company’s plans, if any, to mitigate these risks.

### **Supporting Statement:**

Gilead’s Policy Position on Product Pricing and Patient Access states that “Gilead works to ensure that price is not an obstacle to care. We believe all patients should be able to access the medicines they need, regardless of their ability to pay or where they live, and we work very hard across the company to make this happen.” It notes that “the prices of Gilead medicines are established at levels that allow an opportunity to recoup research expenditures and support the discovery of next-generation medicines.”<sup>3</sup>

Yet prices for needed medication continue to be a barrier to access for many patients in the US.

Efforts to reform the pricing system to improve access have been systematically opposed by the industry’s leading lobbying organization, Pharmaceutical Research and Manufacturers of America (PhRMA), which Gilead joined in 2019. Gilead’s Chair and CEO Dan O’Day sits on PhRMA’s board of directors.

PhRMA raised nearly \$527 million in 2020 and spent roughly \$506 million, including making multi-million-dollar donations to organizations such as the American Action Network, a dark money group for use in opposing congressional efforts to address drug pricing.<sup>4</sup> In March 2021, a Minnesota federal judge dismissed a lawsuit by PhRMA that sought to overturn a Minnesota law that created a safety net to assist poor people with diabetes.<sup>5</sup>

Gilead’s vision and policy positions adopts should not be undermined by lobbying efforts undertaken by organizations the company supports financially. While a company may not support every position taken by the trade associations to which it belongs, proper risk management requires that the board at least be aware of inconsistencies and evaluate whether they are salient to the company and therefore require mitigation.

Gilead’s lobbying expenditures in 2020 were \$7,030,000 in 2020 and \$6,200,000 in the first three quarters of 2021.<sup>6</sup>

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<sup>1</sup> <https://www.gilead.com/purpose/mission-and-core-values>

<sup>2</sup> <https://www.gilead.com/~media/Files/pdfs/Policy-Perspectives/Product%20Pricing%20and%20Patient%20Access.pdf>

<sup>3</sup> *ibid.*

<sup>4</sup> <https://www.opensecrets.org/news/2020/12/pharma-lobby-poured-millions-into-darkmoney-groups/>

<sup>5</sup> <https://www.courthousenews.com/minnesota-affordable-insulin-law-survives-lobbyists-challenge/>

<sup>6</sup> <https://www.opensecrets.org/federal-lobbying/clients/summary?cycle=2021&id=D000026221>

Shareholders have an interest in the use of company funds to support lobbying efforts that may have negative effects on the company's reputation, its stated positions on public policy and regulatory concerns, and on matters of public interest.

For these reasons, we urge shareholders to support the proposal.