TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

SUMMARY REPORT

GILEAD
Creating Possible

Revised June 2024

INTRODUCTION

Gilead believes strongly that the health outcomes of patients are closely linked to the sustainability and health of the planet. As such, the core business strategy of delivering high-quality medicines to patients has been aligned to central company values of accountability, inclusion, teamwork, excellence, and integrity. The business has also set a number of commitments across carbon, water, waste, and product stewardship. Notably, Gilead aims to achieve a 46% reduction in operational greenhouse gas (GHG) emissions and carbon net-zero operational GHG emissions by 2030.

Gilead has worked to strengthen its understanding of exposure to climate-related physical and transition risks and opportunities. Central to this has been an in-depth assessment of alignment to the 11 recommendations of the TCFD and a scenario analysis. Through scenario analysis, Gilead has identified a number of areas of physical and transition risks and opportunities that are potentially material to the business. As such, the business is committed to working in the short term to further incorporate climate into the decision-making of the company, managing risks as far as possible, and optimizing strategy to drive positive climate outcomes.

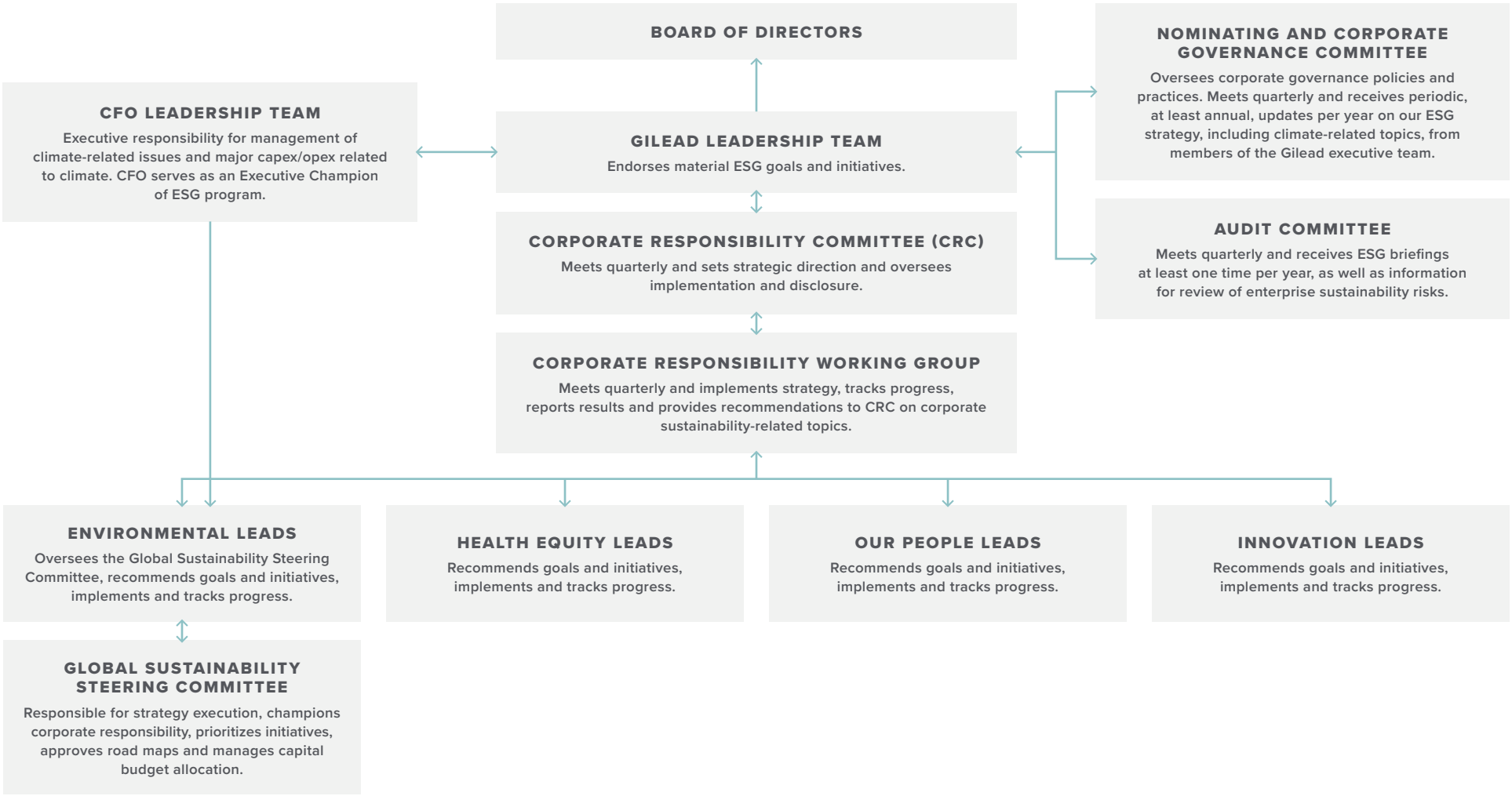
Gilead has published Task Force on Climate-Related Financial Disclosures (TCFD) aligned disclosures in its annual Environmental Social Governance (ESG) report and through a standalone document since 2022. In 2024, we undertook a comprehensive update of the document to include updates to transition and physical risk disclosures and describe further integration of climate across our business. This TCFD-aligned disclosure provides additional information to align with these recommended disclosures. At the time of this publication, our climate risk management processes are continuously evolving. As we strive to enhance our approach to climate-related disclosures, we remain open to adapting our reporting practices to align with emerging standards, including alignment with mandatory reporting frameworks, such as those proposed by the Securities and Exchange Commission (SEC) and the Corporate Sustainability Reporting Directive (CSRD).

GOVERNANCE

Our ESG program is at the heart of our mission to provide innovative medicines to prevent and treat life-threatening illnesses. We are committed to operating in a manner that is environmentally sustainable and socially responsible, as we believe doing so is critical to the success of our business and our ability to generate long-term, shared value for all of our stakeholders. This commitment is reflected in our ongoing investment in our ESG program, as well as the involvement of the highest levels of company leadership in the program.

CORPORATE SUSTAINABILITY GOVERNANCE STRUCTURE

Figure 1: Gilead's governance model for managing climate-related risks and opportunities.



BOARD OVERSIGHT OF CLIMATE-RELATED ISSUES

The Gilead Board of Directors oversees the management of the business, as well as the materiality of risks posed to it. As such, it holds ultimate accountability for upholding the core business values. At present, the Board receives at least twice yearly updates on sustainability, one of which is related specifically to climate-related issues, such as emerging risks, goals, progress and future planning, and recent accomplishments. In addition to this, the Board monitors sustainability practices through oversight by the Nominating and Corporate Governance Committee.

Nominating and Corporate Governance Committee (NCGC)

As stated in its Charter, the NCGC monitors risks related to corporate governance matters and certain other nonfinancial or non-compensation-related risks, including, but not limited to, clinical trials, manufacturing, product promotion, human resources and environmental, social and governance matters. The NCGC receives periodic, at least annually, updates per year on our ESG strategy, including climate-related topics, from members of the Gilead executive team. These updates include our overall ESG approach and achievements, our planned strategies to deliver our emissions reduction goals, and our intentions to continue reporting on our emissions and goals progress in our annual ESG Report ('2023 ESG Impact Report').

Audit Committee (AC)

As stated in its Charter, the AC has oversight responsibility for monitoring risks associated with the financial system, policies, and investment strategies. Sustainability (including climate-related) risks, relevant to investment strategies, are reviewed by this Committee as part of its risk monitoring responsibility. The Senior Vice President of Corporate Operations also provides annual updates to the Committee on environmental risks and initiatives.

MANAGEMENT OVERSIGHT OF CLIMATE-RELATED ISSUES

Gilead's CFO is an Executive Champion of Gilead's ESG program and is the most senior individual with responsibility for the management of climate-related issues. These responsibilities are assisted by the Executive Vice President (EVP) of Corporate Affairs and General Counsel, Senior Vice President (SVP) Corporate Operations and other cross-functional leaders through the sustainability team and key committees:

Corporate Responsibility Committee (CRC)

As stated in its Charter, the CRC meets quarterly and shepherds our vision and builds accountability for driving positive social and environmental change across our company and supply chain. The CRC is chaired by the General Counsel and Corporate Secretary. Our SVP, Corporate Operations and Chief Sustainability Officer, who is a member of the CRC, also sits on the CFO Leadership team and serves as a conduit on climate-related issues to the CFO. At least twice per year, the CRC provides a report on corporate responsibility and sustainability to the Nominating and Corporate Governance Committee. Specifically, the CRC carries out the following climate-related responsibilities:

- **Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)**
- **Implementing a climate transition plan**
- **Integrating climate-related issues into the strategy**
- **Monitoring progress against climate-related corporate targets**

Corporate Responsibility Working Group (CRWG)

The CRWG meets quarterly and brings together management professionals from across the business, including legal, public affairs, sustainability, manufacturing, and finance. The working group reports to the CRC with the purpose of enabling the CRC to carry out its role effectively.

Global Sustainability Steering Committee (GSSC)

Reporting to the Corporate Responsibility Working Group, the GSSC meets quarterly and is responsible for the execution of strategy, goals and annual plans, prioritization of initiatives, approval of road maps, and portfolio-wide budget allocation for selected capital initiatives. Members are program champions for relevant initiatives, and subgroups have been established to drive actions in key areas. This Committee is supported by subgroups responsible for driving forward action plans in key areas, including mobility, waste, utilities, products, and suppliers.

STRATEGY

Our ESG strategy is designed to integrate with and drive progress toward achieving our corporate ambitions. Our commitment to ESG topics plays a critical role in helping us achieve our mission in a way that is socially responsible and environmentally sustainable.

Gilead recognizes the urgency to mitigate the threat of climate change, and we are committed to doing our part to transition to a low-carbon future. The impact of climate change on underserved and at-risk populations has enormous implications for global health, and we consider protection of the environment and the fight against climate change to be an important component of our mission.

We recognize that climate change presents potential risks and opportunities to our business operations, and we are continuing to evaluate what risks exist and their relative significance for our business. Risks considered include business continuity implications of physical climate factors such as wildfire, extreme heat and severe weather events; the relevance to our corporate reputation and stock price of increased concern about climate change among our investors, employees and other stakeholders; regulatory developments aimed at reducing emissions, e.g., carbon pricing programs, which could serve to increase operating costs; as well as litigation and compliance risks associated with an increasingly regulated environment for climate-related disclosures.

We have also identified climate-related opportunities, including a potential to enhance our corporate reputation, if we meet or exceed our climate-related goals and to realize cost savings related to energy-efficiency investments and on-site renewable energy generation, which are facilitated by government incentives in some locations. Additionally, we see opportunities to increase our business resilience over the longer term by integrating climate considerations to our strategic decision-making.

While we continue to evaluate the strategic implications of climate-related risks and opportunities for our business, we are integrating investments for reducing our GHG emissions and delivering our sustainability targets into our financial planning, including annual site operating budgets and capital expenditure. To date, Gilead has developed a low-carbon transition plan to align the business strategy more closely with a low-carbon future. This consists primarily of a variety of activities including capital expenditure planning to incorporate investments in projects, low-carbon fuel transition, portfolio planning, and life cycle and existing building retrofits to achieve our emissions reduction goals. In addition to this, Gilead is working to align the ambitions of suppliers to its own ambitions through supplier engagement and a responsible sourcing strategy, with the aim of reducing Scope 3 emissions by 15% by 2030. Operations of the business have also been impacted significantly by an ambition to reduce Scope 1 and 2 emissions by 46% by 2030 against a 2019 baseline, leading to investments in on-site solar generation across three sites, as well as continued work to upgrade facilities in terms of energy efficiency and renewable energy use. To define financial impact, Gilead considers five impact categories — financial, regulatory/legal, reputation/brand, operational/throughput, customer/patient through our Business Impact Assessment (BIA). These impact categories may include climate-related risks, where applicable. A major or "substantive" impact would be assigned in the event of a potential financial loss of $1 billion to $10 billion, significant regulatory fines, negative national media coverage and significant reputational damage, operational disruption resulting in increased costs of $10 million to $20 million and/or monthly volume reduction of 50% to 80% and/or delay of product to patients resulting in health impacts.

CASE STUDY:

Energy efficiency is a central component of our carbon reduction strategy and one that yields immediate results once implemented. Leveraging both operational and capital expenditures, equipment retrofits and upgrades, building management systems and operational changes, Gilead targeted a project-based energy reduction goal for 2023 of 15 million kWh annualized savings. Not only did we meet that goal, but we exceeded it by nearly 1 million kWh per year, saving or avoiding 15.8 million kWh per year of energy. Energy-efficiency measures have the added benefit of cost savings, yielding $1.3 million in energy-cost avoidance in 2023 alone.

SCENARIO ANALYSIS:
MATERIAL CLIMATE-RELATED ISSUES AND GILEAD'S RESILIENCE

Gilead carried out an in-depth assessment of physical risks in 2021 and transition risks and opportunities in 2022. The results of the scenario analysis exercise — as articulated below — demonstrate that climate change presents a potentially material level of risk and opportunity to the organization. Following an assessment of these risks, Gilead believes that the company's strategy and financial position remain resilient to climate change. In the short term, Gilead will continue to minimize risk and optimize the business strategy for the transition to a low-carbon economy.

Time Horizons

Aligned with TCFD guidance, Gilead has assessed risks and opportunities on a short- (within five years), medium- (up to 2030), and long-term (over 10 years) basis. For transition risk and opportunity, time points used in the analysis consider 2025, 2030, 2040, and 2050. For physical risk, 2050 was considered.

Scenario Analysis Methodology

Scenario screening was applied across five physical risks and 12 transition risks and opportunities. The most material items were carried forward for further quantitative analysis.

PHYSICAL RISKS:

To **integrate climate risk management** into Gilead's strategic and operational decision-making, the physical risks presented by climate change to Gilead's operations are assessed using a two-step process:

- **Step 1: Portfolio-wide risk assessment – Using proprietary risk indices to identify and evaluate the most material physical climate risks facing Gilead's operations.**
- **Step 2: Scenario analysis – A deep-dive assessment of climate change impacts under different emissions scenarios over different time scales.**

The physical risk scenario analysis conducted for two business-critical facilities assessed several climate change risks faced by these sites and evaluated our business resiliency under four different emissions pathways. The scenarios and climate models used were chosen to align with emerging best practices for climate risk assessment. The future time period considered was 2050, and therefore data representing average conditions projected for 2035 to 2065 were used. The goal of the analysis was to determine the impact of climate-related physical risks on operation/throughput, and customers/patients, in case of a disruption to either of the two sites.

We evaluated potential risks considering the scenario analysis results and mitigating factors and did not identify any substantive financial or strategic residual risk that would exceed our Business Impact Criteria, including a potential financial loss of greater than $1 billion.

For example, while there is potential vulnerability of our Foster City, California, headquarters to climate change-driven sea level rise, the Foster City Levee Improvements Project helps to mitigate the risk so residual impacts are not substantive. The project, which completed in February 2024, provides flood protection by increasing the height and width of the levee to improve protection against storm surges and meet sea level rise projections through 2050. The project was triggered by a 2014 Federal Emergency Management Agency (FEMA) notification that the system was not meeting minimum flood protection requirements. Since the completion of the project, the improved levee is more resistant to earthquake damage and prevents FEMA designation of the city as a flood zone.

We also assess natural disaster risks in our manufacturing supply chain and the potential impacts of and likelihood of business interruptions. This assessment includes climate-driven events, such as wildfires, and informs our engagement with suppliers on their business continuity plans. We have not identified a substantive risk due to redundancies built into our supply chain.

We will continue to strengthen our methodology to quantify physical climate risks and the investment required to mitigate physical asset risk. At this time, we have near-term financial quantification of physical climate risks and their associated total replacement costs at business-critical locations, but have not quantified long-term (e.g., 2050) risks. Instead of a focus on financial risks present from physical climate disruptions, our scenario analysis aimed to assess the mitigations needed to prevent disruptions of product to patients.

TRANSITION RISKS:

Transition risks refer to the potential challenges that arise from changes in various sectors, such as regulation, economy, market, technology, and society, as we shift toward a more carbon-efficient economy. Gilead considers these changes as we consider our role in the process of transitioning to an economy that emits less carbon.

In 2022, Gilead again conducted a two-step prioritization process to assess transition risks and opportunities:

- **Step 1: Scenario Analysis – Generate a list and materiality of relevant climate-related transition risks and opportunities using four emissions scenarios.**
- **Step 2: Prioritization and Quantification – Gilead estimated the quantification of the financial impact of three to four key transition risks/opportunities based upon Gilead data on revenues, expenditures, assets and liabilities, capital and financing, etc.**

This work considered a variety of transitional risk types, including technology, legal, market (i.e., downstream), supply disruption (i.e., upstream), and reputation. Reflected in the table below, each transition scenario analysis involved the use of climate model projections to assess the range of physical impacts for 2050 under four different emissions pathways. The four emissions pathways were RCP2.6 (aggressive mitigation), RCP4.5 (strong mitigation), RCP6.0 (some mitigation), and RCP8.5 (business as usual). Climate data from the most recent Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report was used to quantify the potential impacts of climate change at each site under the range of future emissions scenarios described above.

In our transitional risk assessment, we identified healthcare system decarbonization commitments and related supplier requirements as the risk of greatest potential concern, driven by sector-wide initiatives to decarbonize before or in line with national targets. As a supplier, Gilead could face increasing climate-related requirements to qualify for tenders and emphasis placed on our corporate and product sustainability performance. The risk posed was determined using three drivers: ambition of national and healthcare net-zero targets, the carbon intensity of our regional revenue, and regional revenue represented by a potential financial loss through a loss of license to operate. While we face potential loss of revenue in several countries with net-zero targets (e.g., the European Union market), our assessment indicates that impacts would not exceed our Business Impact Assessment threshold, prior to 2050, though the short-, medium-, and long-term time scales were assessed.

PHYSICAL SCENARIOS USED		TRANSITION SCENARIOS USED	
RCP2.6	Assumes that global annual GHG emissions peak between 2010-2020, with emissions declining substantially thereafter, with substantial net negative emissions by 2100. Under this scenario, temperatures are likely to be held below the Paris Agreement warming threshold of 2 degrees Celcius.	**IEA STEPS – 2.6°C**	Takes into account current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as stated and announced policies by governments around the world. Here global average surface temperature rise would exceed 1.5 degrees Celcius around 2030. Emissions in 2050 are around 32 Gt CO_2. If emissions continue their trend after 2050, and if there are similar changes in non energy-related GHG emissions, the rise in temperature in 2100 is projected to be approximately 2.6 degrees Celcius.
RCP4.5	Strong mitigation. Assumes that emissions peak around 2040, then decline. Under this scenario, temperatures are likely to increase by 2-3 degrees Celcius above pre industrial values.		
RCP6.0	Some mitigation. Assumes emissions peak around 2080, then begin to decline. Under this scenario, temperatures are likely to increase by 3-4 degrees Celcius above pre-industrial values.	**IEA NZE – 1.5°C**	Outlines technology, policies, and behavior change necessary for the global energy sector to achieve net-zero CO_2 emissions by 2050. The rise in temperature reaches a maximum level of just over 1.5 degrees Celcius around 2050. The temperature then starts to decline slowly as a result of continued reductions in non CO_2 emissions (such as methane), and by 2100 the rise in temperature has fallen to around 1.4 degrees Celcius. Delivering the IEA NZE is heavily dependent on all governments working together in an effective and mutually beneficial manner.
RCP8.5	Business as usual. Assumes that emissions continue to rise throughout the 21st century with temperatures likely to increase by more than 4 degrees Celcius above pre-industrial values.		
Time Horizons	**2050**	**2025, 2030, 2040 and 2050**	

PHYSICAL RISKS

RISK/ OPPORTUNITY ITEM	PHYSICAL CLIMATE RISK RATING BY 2050	DESCRIPTION OF IMPACT	DESCRIPTION OF RISK MANAGEMENT	ACUTE VS. CHRONIC
RISKS				
Extreme heat	**Very High**	Extreme heat may pose significant risk to health and life. Operationally, it can lead to transportation interruptions, increased power outage risk, increased energy demands/costs from the need to maintain controlled environments at sites. A period of extreme temperatures could result in significantly increased demand for power for cooling, leading to widespread outages. Increased potential for outages means that both the primary site and third-party or contingency locations could be affected simultaneously. Extreme heat resulting in regional wildfires producing significant smoke and/or airborne pollutants could pose a risk to testing labs, disrupting operations. Hotter conditions, coupled with an increase in regional demand in an area already experiencing water scarcity, are likely to trigger regulatory responses that may require an increase in water efficiency.	Small amount of essential workforce exposed to outdoor activities — workforce may be provided temporary accommodations. High-risk site works with utility to increase feeds of electrical lines linked to substations.	**Acute**
Average temperature increases	**Very High**	Average temperature increases may pose significant risk to health and life. Operationally, it can lead to transportation interruptions, increased power outage risk, increased energy demands/costs from the need to regulate building temperatures. Extreme heat resulting in regional wildfires producing significant smoke and/or airborne pollutants could pose a risk to testing labs, disrupting operations. Hotter conditions, coupled with an increase in regional demand in an area already experiencing water scarcity, is likely to trigger regulatory responses that may require an increase in water efficiency.	Small amount of essential workforce exposed to outdoor activities — workforce may be provided temporary accommodations. Agile operating system design exists at high-risk sites for wider temperature span to allow additional cooling. Mitigations include expanded installation of PV systems.	**Chronic**

RISK/ OPPORTUNITY ITEM	PHYSICAL CLIMATE RISK RATING BY 2050	DESCRIPTION OF IMPACT	DESCRIPTION OF RISK MANAGEMENT	ACUTE VS. CHRONIC
Seasonal variation in rainfall	**Very High**	Changes to rainfall patterns create water storage challenges for authorities, which may trigger regulatory responses to moderate consumption. Competition for water can also give rise to reputational considerations for the private sector. Seasonal changes in rainfall patterns and water availability in key regions may present a challenge for energy generation too, as some key utilities produce significant amounts of hydroelectric power at present.	Existing contingency plans and site adaptations in place. Expansion of municipal water treatment facility in municipality of high-risk site; infrastructure to allow transition from potable water for appropriate uses.	**Chronic**
Sea level rise	**Very High**	Sea level rise can cause increases in coastal inundation. Floodwaters may damage or saturate buildings and equipment, including technology systems, and could pose a physical threat to those coming into direct contact with it. There is a potential that off-site infrastructure, including access routes, may be located in potential coastal inundation zones in the area. Sea level rise can cause an increase in groundwater levels. Groundwater can damage foundations and underground service connections. If groundwater seepage occurs at the nearby wastewater treatment plant, contaminants present at the site could be spread. Sea level rise may result in changes to liquefaction risks. A change in liquefaction potential may result in greater structural damage from seismic activity (both on-site and off-site) and thus pose a greater physical safety risk as well. Many access routes are in areas that have high liquefaction potential currently and, under extreme conditions, could experience damage that prevents access to the site.	Mitigated by Foster City Levee Improvement Project; electrical grid improvements; underground infrastructure replacement for shallow water vulnerabilities; reliability monitoring.	**Chronic**

TRANSITION RISKS AND OPPORTUNITIES

RISK/ OPPORTUNITY ITEM	FINANCIAL RISK RATING BY 2050	DESCRIPTION OF IMPACT	POTENTIAL 2030 FINANCIAL IMPACT	POTENTIAL 2050 FINANCIAL IMPACT	DESCRIPTION OF RISK MANAGEMENT AND OPPORTUNITY MAXIMIZATION
RISKS					
Carbon Price	**Low Risk**	Carbon pricing drives up operational costs. While there is uncertainty around how the cost of carbon will develop, it is clear that carbon prices will continue to increase alongside a widening scope of carbon systems in major operating geographies. Carbon prices from the IEA were utilized to form a potential cost range under higher carbon (lower carbon price) and lower carbon (higher carbon price) scenarios.	**$5M – $11M**	**$10M – $20M**	Gilead has committed to sourcing 100% renewable energy by 2025 and achieving net-zero operational GHG emissions by 2030 minimizing the exposure to this financial impact. After conducting a carbon price scenario analysis in 2022, which indicated a low financial risk impact between 2030 and 2050, Gilead has chosen to monitor the development of carbon pricing policies and regularly reassess our evaluation.
Net Zero Healthcare Systems	**High Risk**	Rapid requirements for decarbonization drive up capital expenditure. Additionally, as a supplier, Gilead could face increasing climate-related requirements to qualify for tenders and emphasis placed on our corporate and product sustainability performance. Failure to decarbonize may threaten Gilead's license to operate in certain geographies. Sixty countries joined the COP26 Health Programme, organized by the World Health Organization. As such, there is an increasing expectation for the health sector to become net-zero. While we face potential loss of revenue in several countries with net zero targets (e.g., the European Union market), our assessment indicates that impacts would not exceed our Business Impact Assessment threshold, prior to 2050.	—	**$356M – $1.1B**	Gilead conducted secondary analysis to assess net-zero healthcare risks in 2023. Gilead has a net-zero operations ambition (Scope 1 and 2) by 2030. Gilead undergoes periodic review of GHG targets in alignment with SBTi guidance.

RISK/ OPPORTUNITY ITEM	FINANCIAL RISK RATING BY 2050	DESCRIPTION OF IMPACT	POTENTIAL 2030 FINANCIAL IMPACT	POTENTIAL 2050 FINANCIAL IMPACT	DESCRIPTION OF RISK MANAGEMENT AND OPPORTUNITY MAXIMIZATION
OPPORTUNITIES					
Circular Economy	**Moderate Opportunity**	A rising cost of plastics, driven by emerging pricing mechanisms favoring recycled plastics, would increase operating costs. This presents a risk for Gilead where it does not move away from virgin plastics, however, it presents an opportunity to avoid plastic-focused policy costs. Potential cost savings have been modeled by considering different growth trajectories of plastic taxation.	**Costs: $600K – $1M Savings: $400K**	**Costs: $0 – $1.1M Savings: $1M – $1.1M**	Gilead has committed to ensuring 100% of product packaging is widely recyclable or reusable by 2025, eliminating all unnecessary plastics use of 30% post-consumer recycled content in all plastic packaging, and use of 70% recycled content paper from sustainably managed forests.
Renewable Energy	**Low Opportunity**	A rapidly increasing natural gas price may increase the operating costs of key sites. This is most likely toward 2030, as prices increase and decarbonization efforts have not yet taken place. Risk decreases rapidly toward 2050 as decarbonization efforts remove natural gas from site fuel mixes and end uses, such as heating, are electrified.	**Risk/cost is up to 25% higher in the lower carbon scenario by 2030**	**Risk/cost is up to 26% higher in the lower carbon scenario by 2050**	As part of Gilead's RE100 goal to achieve 100% renewable electricity in operations by 2025, Gilead reduces its electricity demand through energy-efficiency measures, on-site solar installations where appropriate, 100% renewable electricity through local utilities and renewable energy certificates at select sites.

[1] Excludes primary packaging.

RISK MANAGEMENT

The processes used to identify, assess, and manage climate-related risks are a business function responsibility. The results of these processes are reported to the Enterprise Risk Management (ERM) team as part of our enterprise risk assessment processes. So, in addition to the individual attention provided to climate-related risks by the Board Audit Committee, these risks are also considered holistically as part of the enterprise risk landscape. The relative impact of these is then included in the ERM assessment results reported annually to the Board and semiannually to the Gilead Leadership Team (GLT)[2]. Gilead continuously monitors operations to reduce potential or actual negative material impacts, both internal and external. Business leaders with direct oversight over each topic area are responsible for managing these impacts, and internal and external stakeholders conduct annual evaluations to identify strengths and areas for improvement.

As part of the business function responsibility for risk assessment, climate-related risks relevant to our direct operations were examined using a third-party environmental and climate risk database. This assessment considered physical acute (e.g., severe storm, wildfire) and chronic (e.g., future heat stress, sea level rise) hazards, as well as contextual (e.g., adaptive capacity) and transitional (e.g., carbon policy) risks of potential relevance for our business.

As we further develop and integrate our climate risk assessment into our enterprise risk management processes, we are leveraging our Business Impact Assessment framework to help us determine whether we face substantive residual risks to our business, considering risk mitigation and response strategies in place.

In addition to our ERM process, the relative materiality of various ESG topics, including climate change and energy, has been evaluated through our ESG materiality assessment, which engages business leaders from across the company to prioritize ESG topics for management attention based on the level of Gilead's internal or external influence, our relative impact, peer evaluations, and due diligence. The results of our ESG Materiality Assessment can be found in our ESG Report on Page 97. Our management-led cross-functional Corporate Responsibility Committee (CRC) is responsible for reviewing and making decisions on ESG-related strategies, stakeholder engagement, reporting, risk mitigation and other relevant activities.

[2] GLT includes Gilead's C-suite and EVP leadership.

RELEVANT RISK TYPES INCLUDED IN GILEAD'S CLIMATE-RELATED RISK ASSESSMENTS

RISK TYPE	RELEVANCE
Current regulation	Our direct operations are subject to regulations, including in some jurisdictions, climate- and energy efficiency-related regulations. Certain regulations, such as national requirements introduced to implement the European Energy Efficiency Directive, represent increased energy and administrative costs for our business. Other regulations, such as the California phasedown requirements for hydrofluorocarbon (HFC) refrigerants used in stationary sources require us to invest in new equipment and/or retrofits of existing equipment.
Emerging regulation	Our direct operations, as well as our supply chain, are potentially affected by emerging regulation, such as carbon pricing legislation, that provides an important tool for policymakers to promote the transition to a lower-carbon economy and deliver the goals of the Paris Agreement. Future legislation that places a price on fossil fuels could increase our operating costs. As part of the climate risk assessment of our direct operations, we included a carbon policy index that considers the gap between a country's current emissions and its stated emissions target. Countries with larger emissions gaps will require more stringent mitigation measures to be put in place to meet their stated target. As such, sites in these countries may be exposed to relatively higher risks of new or more stringent regulations on emissions. Through the inclusion of the carbon policy index, our assessment also considers the legislative capacity of the countries in which our sites are located to implement effective carbon policies. Additionally, we are monitoring the work of the U.S. Securities and Exchange Commission to require climate-related disclosures by publicly listed companies in their mainstream filings, as well as the Corporate Sustainability Reporting Directive and related emerging disclosure standards in the European Union.
Technology	We consider technology risk as part of our transitional risk assessments. This includes potential requirements for more sustainable heating and power sources and associated technology-driven risks and opportunities. In our pursuit of more sustainable power sources, Gilead faces the risk of energy supply disruptions, stemming from an increased reliance on energy as an input. Disruptions could potentially hamper operations and revenue-generating activities.
Legal	This risk type could be relevant if we were to face a lawsuit from one or more stakeholder groups related to our GHG emissions and climate change-related performance. This risk type is closely related to reputational risk. Our ESG materiality analysis examines stakeholder interest in our GHG emissions and climate change-related performance, and helps us determine whether we face related risks, should we fail to demonstrate that we take seriously our responsibility to reduce our GHG emissions and manage climate risks and opportunities faced by our business.
Market	Healthcare systems are increasingly making net-zero commitments to decarbonize their value-chain emissions, including emissions from their purchased goods and services. This risk type is relevant because, as a supplier to these healthcare systems, we may face increasing climate-related requirements to be able to submit a tender, and there may be increasing emphasis placed on our corporate and product sustainability performance. Failure to meet additional requirements, or being less competitive compared to peers in these requirements, could lead to reduced revenue. In addition to potential tender risk, Gilead may be susceptible to supplier risk. Specifically, with regard to Scope 3 GHG emissions, if we fail to engage with suppliers that have not set emissions reduction targets or have high Scope 1 and 2 emissions, Gilead may face a risk from increased Scope 3 emissions for the company, which may hinder progress toward emissions targets.

RISK TYPE	RELEVANCE
Reputation	We have identified our GHG emissions commitments and performance as being relevant to our reputation with employees, investors, and other external stakeholders. Our ESG materiality analysis is one way through which we examine reputational risks and opportunities of relevance to our business. In our most recent ESG materiality analysis, climate change and energy ranked within the top five among all issues. The methodology to rank top material issues took into consideration internal and external stakeholder interviews and surveys, peer benchmarks and public disclosures.
Acute physical	We have business-critical research, development, and manufacturing operations in regions that are potentially vulnerable to an increase in the frequency and severity of acute climate-driven events, such as severe storms, flooding, and wildfires. Our climate risk assessment considers a range of acute physical risks of relevance to our business, leveraging a third-party database to enable us to examine specific risk factors, e.g., flood hazard, water stress, wildfire hazard, tropical and cyclone storm hazards, for each of our sites.
Chronic physical	We have business-critical research, development, and manufacturing operations in regions that are potentially vulnerable to chronic climate-related risks, such as sea level rise and future heat stress. Our climate risk assessment considers these chronic physical risks, leveraging a third-party database that also examines more broadly the climate change exposure of the countries in which our sites are located. Climate change exposure assesses the degree to which countries are exposed to the physical impacts of climate extremes and future changes in climate over the next three decades.

METRICS AND TARGETS

We annually track and disclose our energy consumption, Scope 1 and 2 emissions, all relevant Scope 3 emissions and progress against our climate-related goals, represented in the "Targets" section below. Gilead's GHG emissions are calculated in line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Our Scope 1, 2 and 3 (Fuel & Energy Related Activities, Waste Generation in Operations, and Business Travel) emissions are third-party verified, in accordance with the ISO 14064-3 standard.

We have established an ambitious set of 2025 and 2030 sustainability goals and, in 2021, we achieved validation from the Science Based Targets initiative for our Scope 1 and 2, and Scope 3 emissions targets. Company performance against our GHG commitments is incorporated into the financial incentives for our Chief Financial Officer and Senior VP of Corporate Operations, as well as key functional management roles, for example, energy management and procurement.

METRICS

Gilead discloses its performance against the following metrics publicly on our website:

- **Scope 1 and 2 emissions and emissions intensity**
- **Scope 3 emissions**
- **Energy consumption and building energy intensity**
- **Water usage**
- **Hazardous and nonhazardous waste disposal**

Select data goes through third-party limited assurance. See Gilead Website, Sustainability Performance for more information.

TARGETS

As mentioned above, Gilead has to date taken steps to mitigate its negative climate impacts through the setting of a number of goals:

GOAL CATEGORY	METRIC	GOAL
Carbon	**Scope 1 Emissions**	Reduce Scope 1 and 2 GHG emissions by 46% by 2030 (2019 baseline)[3, 4]
	Scope 2 Emissions	
	Scope 3 Emissions	Reduce Scope 3 GHG emissions by 15% by 2030 (2019 baseline)[3, 5]
	Energy Use	Transition 100% of fleet vehicles to electric or low emissions vehicles, and increase charging infrastructure by 2030
		Utilize 100% renewable electricity in operations by 2025
		Achieve carbon net-zero operational GHG emissions by 2030
Water	**Water Use**	Achieve water neutrality in water-stressed regions by 2030
		Reduce potable water use at owned facilities by 30% by 2030[6]
Waste	**Hazardous and Nonhazardous Waste**	Reduce total waste generation by 20% by 2030 (nonhazardous only, excludes construction and demolition waste)
		Achieve zero waste to landfill status at owned facilities by 2030; Foster City to achieve by 2025 (may exclude leased facilities)
		Eliminate single-use plastics by 2025 (excludes manufacturing and R&D operations)

Gilead also has the following sustainable product goals:

- **100% product packaging widely recyclable or reusable, including elimination of all unnecessary plastics***
- **Use 30% post-consumer recycled content in all plastic packaging by 2025***
- **Use 70% recycled content paper from sustainably managed forests by 2025***

We disclose our progress against these goals publicly in our annual ESG Report (Pages 79-88).

[3] Method: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

[4] Target approved by Science Based Target initiative and is in line with the 1.5 degree Celsius pathway

[5] Target approved by Science Based Target initiative and is in line with the 2 degree Celsius pathway

[6] 2019 baseline

* Excludes primary packaging and where quality and safety permit

METHODOLOGIES

Gilead follows the Greenhouse Gas (GHG) Protocol guidelines in developing an annual emissions inventory for Scope 1, 2, and 3 emissions. Emissions for each operational category are calculated using varied methodologies, applicable to the corresponding scope.

GHG SCOPE	CATEGORY	METHODOLOGY
Scope 1		Emissions are calculated from the combustion of stationary and mobile fuels and release of fugitive gases.
Scope 2	Location-based method	Emissions are calculated using primary and estimated electricity consumption data and grid emission factors.
	Market-based method	Emissions are calculated using primary and estimated electricity consumption data and emission factors per the market-based hierarchy.
Scope 3	Purchased goods and services	Emissions include those calculated based on spend and spend-based hybrid allocation of suppliers' reported emissions.
	Capital goods	Emissions are calculated based on spend data.
	Fuel- and energy-related activities	Emissions are calculated based on primary data (i.e. fuel data, electricity data, and locations of electricity use).
	Upstream transportation and distribution	Emissions include those calculated by suppliers and calculated based on spend or primary data from suppliers.
	Waste generated in operations	Emissions are calculated based on waste material type and disposal method.
	Business travel	Emissions include those calculated by suppliers and calculated based on spend or primary data from suppliers.
	Employee commuting	Emissions are calculated based on employee survey data and headcount.
	Upstream leased assets	This category is not applicable as Gilead's upstream leased assets are reported as Scope 1 and 2 emissions.
	Downstream transportation and distribution	Emissions are calculated based on primary data with distributors.
	Processing of sold products	This category is not applicable as Gilead products are not subject to further processing after they are sold.
	Use of sold products	This category is not applicable as the use of Gilead's therapeutic products do not cause GHG emissions.
	End-of-life treatment of sold products	Emissions are calculated based on material type and expected disposal method.
	Downstream leased assets	This category is not applicable as Gilead does not sublet sites.
	Franchises	This category is not applicable as Gilead does not have franchises.
	Investments	Emissions are calculated based on equity investment and project financing, estimated asset turnover ratio, and spend-based emission factors.

INCENTIVES FOR MANAGEMENT OF CLIMATE-RELATED ISSUES

MONETARY REWARD

A culture of robust governance and accountability is at the heart of Gilead's ESG progress. Our Board's Nominating and Corporate Governance Committee oversees our ESG commitments and progress, and executive compensation is tied to achieving ambitious ESG goals. Annual bonuses for our CFO and SVP, Corporate Operations and Chief Sustainability Officer (CSO) are tied to climate-related goals, including progress toward our science-based targets and delivery of our climate transition plan and through the implementation of emissions-reduction initiatives. Annual bonuses are also tied to increasing engagement with our suppliers on climate-related issues.

Annual bonuses are also tied to our performance on key climate-related sustainability indices.

ROLE	TYPE OF INCENTIVE	PERFORMANCE INDICATORS	INCENTIVE PLAN	CONTRIBUTION TO CLIMATE GOALS
Chief Financial Officer (CFO)	Monetary Reward Bonus — % of salary	Achievement of climate transition plan KPI	Short-term	Creates accountability and focus on climate performance at top organizational level
SVP, Corporate Operations and Chief Sustainability Officer (CSO)		1. Achievement of climate transition plan KPI 2. Progress toward a climate-related target 3. Implementation of an emissions-reduction initiative 4. Increased engagement with suppliers on climate-related issues		Encourages accountability and focus on climate performance at managerial level, including supplier engagement

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) MAPPING TO CDP

CDP's climate change questionnaire contains over 25 TCFD-aligned questions. All TCFD-relevant material embedded in Gilead's latest (2023) CDP submission is reflected above. This table will be updated as needed to reflect changes to CDP numbering. For further mapping, please refer to the table below:

GOVERNANCE DISCLOSURE	2023 CDP RESPONSE
a) Describe the Board's oversight of climate-related risks and opportunities.	**C1.1a, C1.1b**
b) Describe management's role in assessing and managing climate-related risks and opportunities.	**C1.2, C1.2a, C2.2b, C2.2d**
STRATEGY DISCLOSURE	**2023 CDP RESPONSE**
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	**C2.1a, C2.3b, C2.4a**
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	**C2.4a, C3.2a, C3.2b, C3.3, C3.4**
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celcius or lower scenario.	**C3.2, C3.2a, C3.2b**
RISK MANAGEMENT DISCLOSURE	**2023 CDP RESPONSE**
a) Describe the organization's processes for identifying and assessing climate-related risks.	**C2.1, C2.1a, C2.2, C2.2a**
b) Describe the organization's processes for managing climate-related risks.	**C2.1, C2.2**
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	**C2.1, C2.2**

METRICS AND TARGETS DISCLOSURE	2023 CDP RESPONSE
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	**C1.3a, C4.2, C4.2a, C4.2b, C5, C6, C7, C8**
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	**C6.1, C6.3, C6.5, C6.5a**
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**C4.1, C4.1a, C4.2a, C4.2b**

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