INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

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FOR IMMEDIATE RELEASE

INVESTORS URGE "NO" VOTE ON REVISED NAFTA AGREEMENT

Citing concerns that NAFTA 2.0 will expand prescription drug monopoly protections and drive up drug prices by thwarting competition, investors urge lawmakers to vote 'no' on current agreement.

NEW YORK, NY, THURSDAY, SEPTEMBER 12TH, 2019 – Members of the Interfaith Center on Corporate Responsibility (ICCR) sent a letter to the U.S. Congress today urging a "no" vote on the renegotiated version of the North American Free Trade Agreement (NAFTA), citing concerns that the current agreement contains provisions locking in extended monopoly rights for pharmaceutical companies and furthering the trend of unsustainably high drug prices.

The revised NAFTA agreement requires signatory governments to guarantee pharmaceutical corporations various means to extend the duration of their 20-year patent monopolies, which would delay the sale of cheaper generic versions of medicines.

"Currently, one in seven Americans cannot take their medications because the cost is too high," said Kathryn McCloskey, Director of Social Responsibility for United Church Funds. ***"In its current form, the revised NAFTA threatens to increase drug prices and delay patient access to more affordable generic and biosimilar medicine, further exacerbating the current crisis of affordability in the U.S."***

ICCR members engage some of the world's largest pharmaceutical companies to promote the increased access and affordability of medicines. They argue that the NAFTA agreement would impose new barriers to the development of lower-cost medicines and incentivize a shift away from the core industry mission of addressing the world's most pressing health issues via innovation and development of new life-saving medicines.

Of additional concern are the Agreement's proposed concessions to manufacturers of biologic drugs. The revised NAFTA would lock the U.S. into a regime that keeps cancer and other cutting-edge biologic prices excessively high, while exporting the model to Mexico, which does not provide any additional exclusivity period for biologics, and Canada, which now only has an eight-year period.

"As long-term investors in the pharmaceutical industry, faith- and values-based investors are concerned that NAFTA 2.0 provides continued incentives to specialty drug companies to pursue unsustainable business strategies that further delay competition, and are based on drug price

increases, rather than the development of new life-saving medicines," said Meg Jones-Monteiro, ICCR's Program Director for Health Equity. ***"The U.S. should not be exporting its bad policies elsewhere."***

The proposed NAFTA 2.0 (referred to by the Trump administration as the United States-Mexico-Canada Agreement) was signed by the three countries late last year. All three must ratify the agreement, but so far only Mexico's legislature has done so. The Trump administration is pushing for swift approval, and the deal could be put to a vote in the House at any time. And while Speaker Pelosi has not yet set a specific timeline for the vote, a vote by the end of the year seems likely. The House Democratic caucus has thus far delayed voting, expressing concern that the deal will raise drug costs for Americans.

The White House can now submit implementing legislation to Congress, and under "fast-track" rules for voting on trade agreements, the House would have to hold a vote within 60 days. The Senate would then need to vote within 30 days.

Canadian investors have similar concerns.

"As Canadian investors in the U.S. pharmaceutical industry we rely on companies to add value for investors and patients globally. NAFTA 2.0 includes provisions that would hurt patients across borders and require that Canada amends laws that currently keep drugs affordable for Canadians," said Rosa van den Beemt, Senior ESG Manager at NEI Investments. ***"It would also create barriers that we believe prevent healthy competition in the pharmaceutical market."***

In January of this year, ICCR was a signatory to a Congressional letter written by a coalition of groups representing healthcare providers, public health experts and people of faith, warning that the proposed NAFTA 2.0 would undermine efforts to expand access to affordable medicines.

Investors say it is critical that members of Congress retain the right to enact reforms to lower prescription drug prices, including by modifying biologic exclusivity to address health care budgets and the deficit. They are continuing to urge legislators to pursue domestic drug pricing reforms that would promote competition, curb monopoly abuses, and leverage government negotiating power.

About the Interfaith Center on Corporate Responsibility (ICCR)
Celebrating its 49th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300 member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over $500 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability. www.iccr.org