

CONDEMNATION OF WAR IN UKRAINE

May 2022

The World Pension Alliance (WPA) condemns Russia's unlawful war against Ukraine, the genocide it continues to inflict upon Ukraine, and unequivocally stands with the people of Ukraine.

Pension investors have countless ways to allocate their assets, and such allocations have been used, in part, to implicitly or explicitly, support authoritarian and hostile regimes. As the actions of Russia have demonstrated, investors need to exercise more analyses and diligence in the allocation of pension fund capital invested for pensions for workers.

Nations that represent the vast majority of the world's GDP have implemented severe economic and financial sanctions on Russia, and as Russia's atrocities continue, additional sanctions will be forthcoming. Pension investors and other institutional investors need to recognize that they do not operate in a vacuum, and that state actors have tools and policies that can and will be implemented quickly which can negatively impact investments and economic growth. Complying with sanctions imposed on Russia is part of responsible investing.

In the case of Russia, 30-years of access to western capital represents a bygone era. Russia's actions provide important global investment lessons in underestimating the investment risks involved with authoritarian regimes. Investors need to expand their risk considerations to address authoritarian regimes including the potential for hostile actions against peaceful countries and their businesses, the acceptance of international securities regulators, accepted international accounting standards and procedures, the rule of law, and the potential impact of sanctions.

As Governments, people, and businesses across the world call for divestment from Russia and sanctions are implemented, the WPA also calls for pension funds to support the spirit of the sanctions, commit to a full and orderly withdrawal from direct Russian holdings in consideration of their duties under their relevant jurisdictions, and ensure that no new capital is deployed that directly or indirectly benefits Russia.

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For additional information and inquiries, please contact:

Eva Scheerlinck

Chair

Email: escheerlinck@aist.asn.au

Phone: +61 438 678 858

Manuel Tabilo

Vice-Chair

Email: mtabilo@fiap.cl

Phone: +56 2 23811723