

PHILADELPHIA BOARD OF PENSIONS AND RETIREMENT

**RESOLUTION FOR DIVESTMENT OF INVESTMENTS
IN RUSSIA AND WITH RUSSIAN-RELATED INSTITUTIONS,
COMPANIES OR ENTITIES AND INDIVIDUALS**

WHEREAS, on or about February 24, 2022, the Government of the Russian Federation invaded the independent sovereign country of Ukraine and has engaged and continues to engage in bombardment and other military activities in Ukraine;

WHEREAS, since February 24, 2022, the Governments of the United States and of countries from around the world have adopted and implemented, or announced plans to adopt and implement, economic and investment-related sanctions, restrictions, prohibitions and blacklisting of certain companies, institutions, entities and individuals of Russia and of certain transactions involving those same companies, institutions, entities and individuals. For example, the United States government, through the Department of Treasury's Office of Foreign Assets Control, has issued Directives 2 through 4 under Executive Order 14024, general license sanctions, and regulations, which, among other things, prohibited opening or maintaining accounts, processing or engaging in transactions, and restricted exports of certain U.S.-origin software, technology or equipment, with certain designated banks, financial or other institutions, entities, subsidiaries, military end-users, and individuals of Russia ("Russian-related entities or individuals");

WHEREAS, after February 24, 2022, major United States technology, automobile manufacturers and other companies, have announced limitations or suspensions of sales or provisions of products or services in Russia;

WHEREAS, after February 24, 2022, State legislatures and governors, and Pension Plans or Systems in the United States, as well as Pension Funds from around the world, have introduced legislation or other legal measures, announced plans, and/or have adopted actions, to consider, explore, or undertake divestment and any other appropriate action concerning their investments held in or with Russian-related entities or individuals;

WHEREAS, after February 24, 2022, the London Stock Exchange, the New York Stock Exchange and Nasdaq have suspended or halted trading in certain Russian stocks, the Moscow stock exchange has suspended stock trading, and the Government of the Russian Federation has banned brokers from selling securities owned by foreign investors;

WHEREAS, on March 3, 2022, index provider FTSE Russell announced that Russia will be removed from the FTSE Russell Equity Indices, effective on March 7, 2022, and MSCI announced that its MSCI Russia Indexes will be reclassified, on March 9, 2022, from emerging markets status to standalone market status, after consultations with international institutional investors, asset managers, broker dealers and other stakeholders, based on the determination that the Russian equity market is currently uninvestable;

WHEREAS, presently, several major money or asset managers, including BlackRock, are actively consulting with US government regulators, index providers, and other market participants to discuss how they may advise and assist their clients to exit investment holdings or positions in Russian securities whenever and wherever regulatory and market conditions allow, and to ensure compliance with applicable sanctions laws, regulations, executive orders and directives;

WHEREAS, pursuant to Section 6-601 of the Philadelphia Home Rule Charter and Section 22-1201(1) of the Philadelphia Public Employees Retirement Code (“Retirement Code”), the Philadelphia Board of Pensions and Retirement (“Board of Pensions”) is responsible and empowered to administer and manage the Philadelphia Public Employees Retirement System (“Retirement System”);

WHEREAS, pursuant to Section 22-1001 (1) of the Retirement Code, the members of the Board of Pensions are trustees of all monies and funds (“Fund”) held by or for the Retirement System and have exclusive control and management of the Fund and full power to invest for and preserve the Fund subject to the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence, who are familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims;

WHEREAS, the Law Department has previously advised that the Board of Pensions has the authority to implement restrictions, limitations or other appropriate action on investments of the Fund in fulfilment of the duties of a fiduciary and under the Code and applicable laws;

WHEREAS, in carrying out its duties as a fiduciary and under the Code, as a result of the unjustified and unprovoked Russian invasion of and continued military activities in Ukraine which have created political, currency, liquidity and other material investment risks as well as a humanitarian crisis, and to express its condemnation of such actions and its solidarity with Ukraine and its people, the Board has determined that it is prudent, under the prevailing circumstances, to take appropriate action to sell, redeem, withdraw or divest any investment held by the Fund in Russian-related entities or individuals, subject to any applicable laws, regulations, rules, orders or other legal directives;

THEREFORE, it is **RESOLVED** that the Board take the following targeted divestment or other appropriate action with respect to the Fund’s investments with Russian-related entities or individuals.

Section 1. The Board authorizes Investment Staff, in consultation with the Law Department and the Board's General and Private Equity Consultant, to take all appropriate action to sell, redeem, withdraw or divest any investment in any asset held by a Russian-related entity or individual as expeditiously, effectively and prudently possible.

Section 2. This Resolution neither requires nor shall be construed to require any sale, redemption, withdrawal or divestment of any such investment at such time or in such manner that is inconsistent with applicable laws, regulations, rules, orders or other legal directives or with the duties of the Board and its members as a fiduciary and under the Code.

Section 3. The Chief Investment Officer shall report to the Board any actions taken by Investment Staff pursuant to this Resolution promptly and no later than within 30 days of the date of adoption of this Resolution.