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SIGNALS :: Russia-Ukraine War, Update 3

An update as members continue to grapple with the Russian invasion of Ukraine

> *Since the outset of Russia's attack on Ukraine, members have shared their concerns with the World 50 community. Several core themes have emerged from conversations within individual communities, which are outlined below, anonymously.*
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> *The following input was gathered from across World 50 groups through calls with experts and from One Degree member conversations in the World 50 app. Here are some of the priorities on members' minds, along with some of the emerging ideas and resources available:*
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> Resources:All-Network Calls: Audio Replays and Conversation Insights

Navigating the Newest Sanctions With Adam Smith. Adam Smith, partner at Gibson Dunn, guides members through what to expect from evolving sanctions in response to the war in Ukraine.

This week :: Many companies are settling in for a long-term era of sanctions in Russia. As organizations announce their intentions to stay or exit the market, the complexity of unwinding those businesses is becoming clear.

Long-term operations in Russia

Members are struggling with the scope and complexity of government sanctions and how to navigate them moving forward. After years of investments in the region, there is a clash

between a moral obligation to divest, the inability to do business using the ruble and complex sanctions.

Perspective: “What’s the feasibility of operating in Russia moving forward? There is no guarantee patients can pay, and what they can pay is worth nothing.” – Member

Perspective: “Forecasts are very dynamic, and we are treating them as unreliable currently. We also don't lay all the causation at the door of the Russian invasion of Ukraine. Inflationary pressures were already red-hot post-Yuri and COVID. Now we have the additional inflationary pressures of nervousness, sanctions impacts, Russian raw material export disruption, rolling COVID shutdowns in China and of course spiking oil and gas prices. Easy to see why we feel predictions are fraught. All I would offer in the final assessment is that periods of high inflation during my career have always been rectified by recessions.” – Member

Perspective: For businesses with essential, legal operations in Russia, the collapse of the ruble, along with the stringent sanctions, creates questions as to whether Russia is a viable market in the medium-to-long term. Adam Smith, a partner at Gibson Dunn and former senior official within the U.S Treasury’s Office of Foreign Asset Control, joined members for a call this morning. The sanctions landscape is extremely complex because of multilateral measures, rapid changes in policies and the involvement of the private sector. Although the U.S. Treasury has imposed sanctions against numerous Russian entities, it’s not the only agency involved. The Department of Commerce’s export control measures: “restrictions on the ability for Russia to import from the U.S.—or in many effects, from [its] allies—any high-tech equipment.” These restrictions are wide-ranging—encompassing everything from AI to semiconductors. “Russia is not Iran,” Smith said. For now, it’s still legal to engage in business activity in Russia if you can navigate the many restrictions. He asserted that the level of action taken by the private sector—with nearly 400 companies withdrawing, suspending or scaling back activities in Russia—surprised the U.S. administration. Massive corporate action was not part of the strategy behind these sanctions. Listen to the entire call and read highlights here.

Ripple effect of conflict

The China-Russia-India relationship could make India more likely to align with Russia, and hence China, as opposed to the U.S. Listen: Resilient Business Strategies for Emerging Markets With Anil Gupta, Professor, Smith School of Business, University of Maryland
Perspective: “Geopolitically, India is trapped,” said Gupta. While the country has significantly

reduced its reliance on Russia for defense equipment and has expressly supported the U.N. charter regarding the "territorial integrity of nations," about 70% of its established defense base is of Russian origin, requiring the country to maintain cordial relations with Russia. **Perspective:** India's desire to continue separating itself from Russia could also complicate relations with China, as Russia has become increasingly more dependent on China economically. Gupta said, "If India were to take an explicitly anti-Russia stance, say in the U.N. boats, there is a risk that Russia could put its thumb on the [China-India] border." Listen: The former director for China and Taiwan at the NSC, Ryan Hass, sees competition with China as the long-term reality for the U.S. and every business.

Perspective: A member with operations in Canada noted that Canada has the largest Ukrainian population outside of Ukraine. Companies with operations there should be aware that there could be impacts on their workers.

Supporting both Ukrainian and Russian employees

With 3 million Ukrainians and a growing number of Russians leaving their homes for an unknown period of time, members—particularly those in Europe—are offering support for workers who have decided to house refugees.

Perspective: Much of the support being offered involves providing mental health resources to workers with family in Ukraine or who have recently become refugees. Additionally, for workers who have taken in refugees who aren't part of their families, empathetic training includes understanding the unique mental health needs of recently dislocated people.

Ideas: One company has a Stanford psychiatrist on retainer who has conducted webinars for interested workers to help them understand how to anticipate and deal with panic, PTSD and other reactions they might witness from refugees they take in.

Ideas: "We have employees in Romania, which shares a long border with Ukraine. They are worried about the war spreading, and we are committing to them that if the situation becomes dangerous that they can move to our Munich office and work from there. We will put them up in temporary housing if that occurs." – Member

Ideas:

•We are keeping an active communication ring with all employees.

•We continue paying salaries. In cash, mostly.

•For those who are deciding to leave the country, we have detached employees from our Romanian and Polish plants to the border(s) to act as "borders experts," in charge of welcoming their colleagues and/or their families and bringing them safely to the plant locations.

•We have team members continuously looking for housing solutions.

•All is funded by a company fund, which is also used to provide daily allowances.

•"We are now relocating employees to other countries, e.g., Belgium, where we have our HQ." – Member

Ideas: Members are discussing paid leave while employees are deployed militarily.

Humanitarian efforts continue

Businesses that are supporting humanitarian efforts are finding ways to best administer their financial support and other forms of relief to the people of Ukraine.

Ideas: Several members within Procure4Peace spearheaded by OSF airlifted two ambulances filled with medical supplies to Ukraine on March 16. Procure4Peace pairs organizations with supplies available to meet the acute needs of Ukrainians. It was launched through the collaboration of members in Procurement Leaders, one of the companies in the World 50 portfolio.

Ideas: "We had a lot of people asking about Gofundme-type accounts, so we set up an Employee Resilience Fund. It helps employees and their families who encounter hardship and unanticipated expenses, the [Company] ERF provides financial support through a tax-free grant funded by our company and our coworkers. The [Company] ERF relies primarily on yearly contributions from [Company] and individual donations from employees. [Company] will match donations made by employees as part of the Matching Gift Program

and make an annual contribution to the fund. [Company] is also covering the program's operating expenses, ensuring that 100% of all employee donations go directly to support our fellow coworkers. – Member

Please help us continue to collect and share information about the crisis by weighing in now with your concerns, ideas and perspectives.