

Dentons Flashpoint

Global Situation Report

September 7, 2022

Global Situation Update: September 7, 2022

KEY TAKEAWAYS

Russian President Putin threatens UN-brokered grain export deal through the Black Sea.

Oil prices fall to pre-Russian invasion of Ukraine levels, amid concerns of economic downturn.

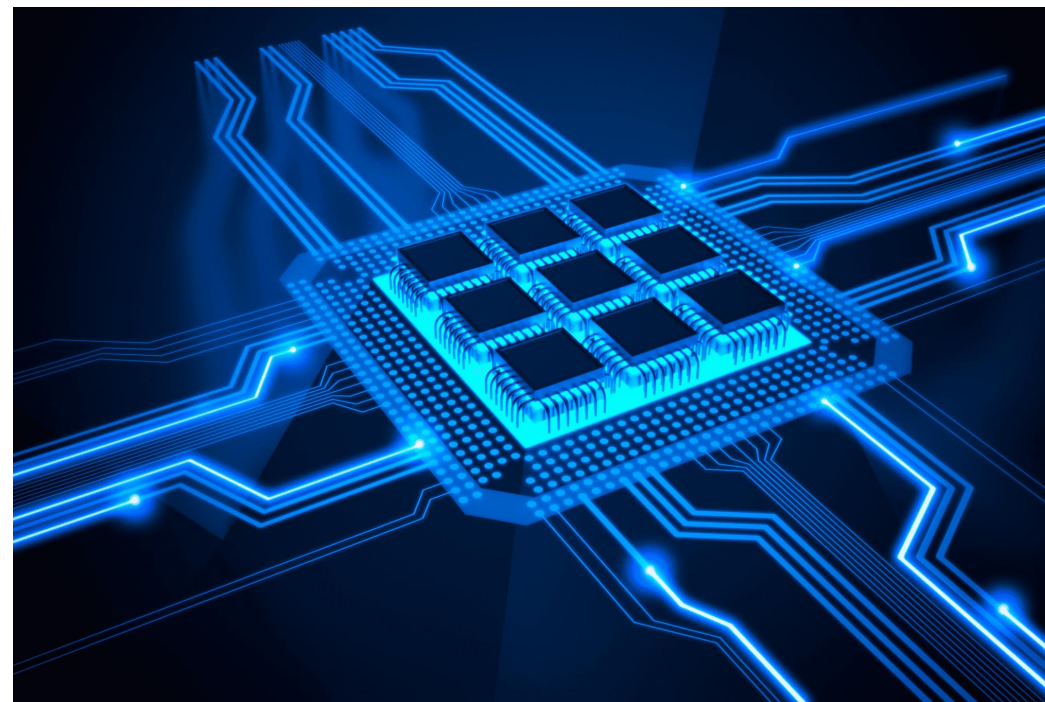
Liz Truss takes the helm as UK Prime Minister, vowing immediate action to relieve economic crisis.

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WHAT WE'RE WATCHING

The US Department of Commerce and other federal agencies will soon disburse \$50 billion in subsidies to promote American self-reliance in the semiconductor industry. \$28 billion will support companies that make leading-edge logic and memory chips (like Intel), \$10 billion will help fund new manufacturing capacity, and \$11 billion is earmarked for the creation of a National Semiconductor Technology Center.

By February 2023, companies will be able to apply for funds and must provide project-specific and company-level financial data. There are some concerns that the funds will go to companies that do not need support, while the US government is expected to soon announce further restrictions that would deny CHIPS funding to chipmakers investing in China.



Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

Oil prices fell to their lowest level since the invasion of Ukraine, as Chinese trade data increases concerns about the health of the Chinese and global economies.

- President Putin wants to reopen discussions on UN-brokered agricultural export deal through the Black Sea, claiming shipments are going to the EU and not poor countries. Earlier Russia's Foreign Minister Lavrov said that the West was not honoring its promise to help Russian food and fertilizer exports reach global markets. These comments raise flag risks of Russia backing out of the agreement, threatening **global food security**.
- The IAEA called for a security and safety zone to be set up around the **Zaporizhzhia nuclear power plant**, as it detailed the extensive damage its inspectors found during their visit to the Russian-occupied plant.
- Acrimony is spilling out into the public, after the failure of the **G20 climate talks** last week, when the member states did not agree a joint communique at the conclusion. The EU accused "*the biggest emitter on this planet*," a reference to China, of attempting to backtrack on the Glasgow Climate Pact, which capped two weeks of UN negotiations in November.

Markets & Business

The European metals industry is warning that the energy crisis poses an “*existential threat*” to its future as many smelters face permanent shutdown without emergency action from the EU.

- Aluminium group **Speira** will slash smelter production in Germany by half as a response to soaring energy costs.
- E-cigarette maker **Juul Labs** agrees to pay \$438.5 million under a settlement with dozens of US attorneys-general after a two-year investigation concluding that the company had “cynically” advertised vaping products to underage users.
- Japan's **Nissan Motor Co** agreed to acquire all the common shares in **Vehicle Energy Japan Inc** held by the lithium-ion battery maker's biggest shareholder for an undisclosed amount.
- **Citigroup** is poised to sign a €100 million deal to buy a new office site in the heart of Dublin for its European headquarters, boosting its presence across the EU following Brexit.
- The EU blocked **Illumina Inc.’s** acquisition of cancer-test developer **Grail Inc.**, on the basis that purchase would stifle innovation and reduce choice in an emerging market for early cancer-detection blood tests, putting a \$7.1 billion merger into doubt.

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Environment, Sustainability & Governance

Women in Switzerland earn more than 40 percent less than men and draw less pension money, per a gender pay gap report requested by the government.

- A new report found that **corporate emissions** targets across the G7 are overall on a 2.7°C warming trajectory, above Paris Agreement targets of 1.5°C.
- Two indigenous communities from Ecuador's Amazon region demanded the Constitutional Court enforce rulings from 2018 and 2019 to **protect** thousands of hectares of **tropical jungle** from oil and mining projects.
- Ireland's **data privacy** regulator fined Instagram a record \$400 million fine following an investigation into its mishandling of children's data.
- India extended a deadline for **coal-fired power plants** to install equipment to cut sulfur emissions by two years, marking the third pushback.

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Africa

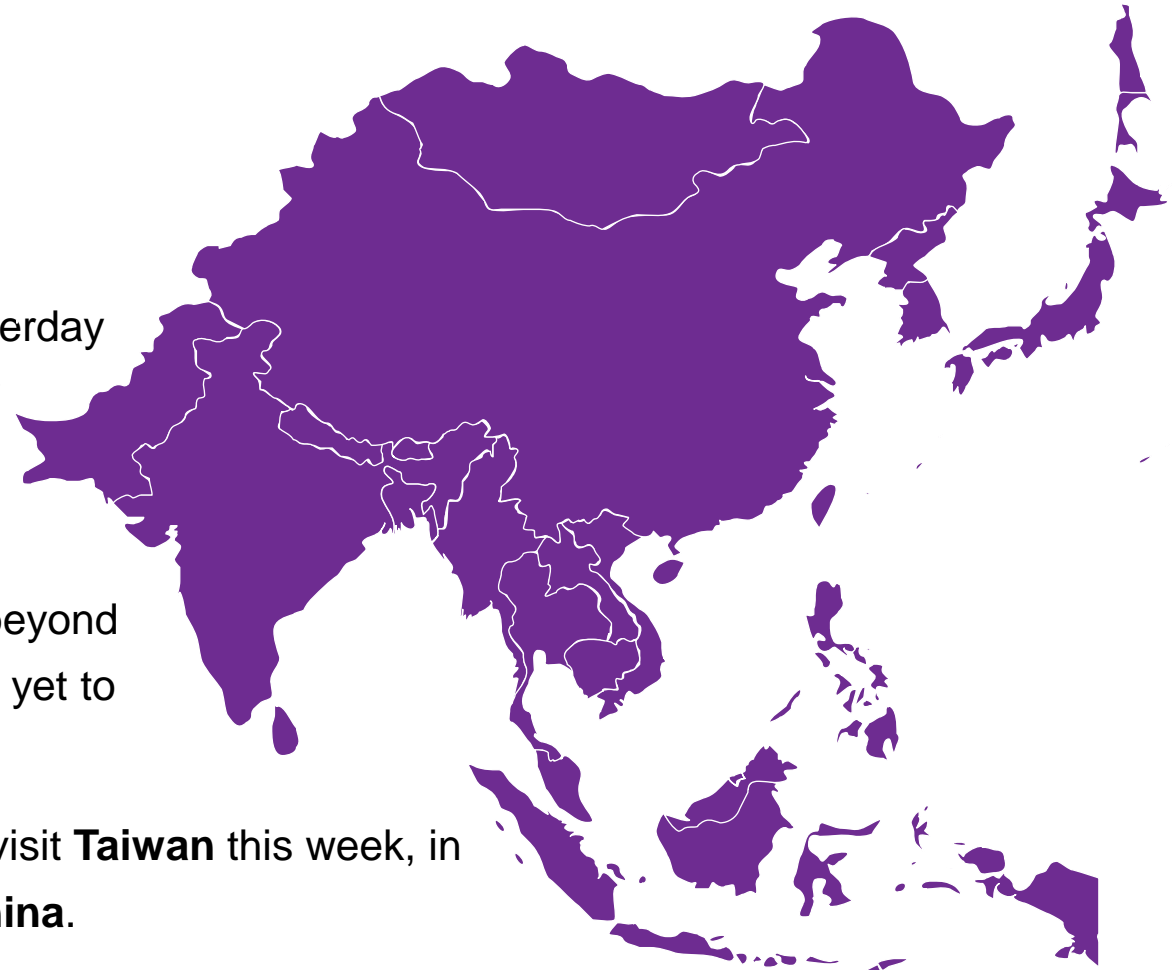
- The **Kenyan** Supreme Court unanimously upheld William Ruto's election win, which had been contested by opposition politician Odinga on the grounds of alleged fraud. Odinga conceded in the wake of the decision.
- **Zambia** is asking for more than \$8 billion of relief on its debts to **Chinese** lenders, private bondholders and other creditors, in a restructuring seen as a test of Beijing's willingness to absorb losses on loans it has extended to developing countries..
- **Nigerian** President Buhari mandated that the armed forces quell extremist insecurity across the country by the end of the year.
- At least 35 civilians were killed and 37 injured in northern **Burkina Faso** when a vehicle in a convoy hit an IED likely planted by Islamist militants in the region.
- Al Shabaab militants killed at least 18 civilians and destroyed trucks filled with food aid in a weekend attack in **Somalia's** central region.



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Asia

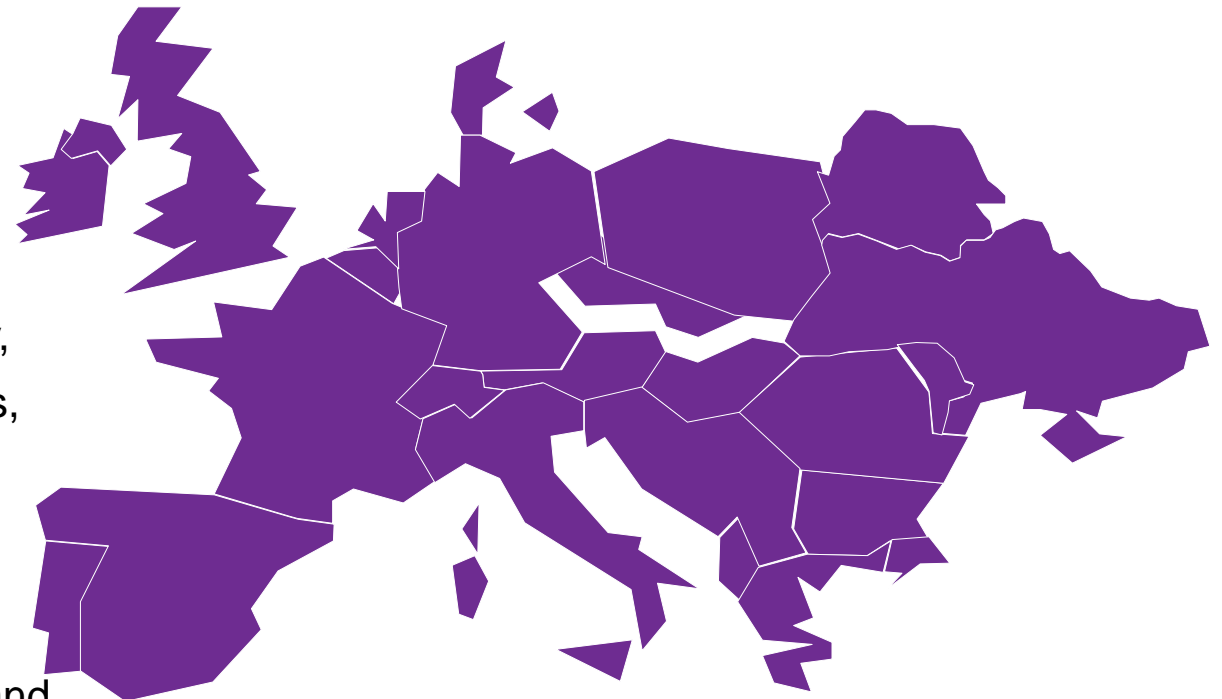
- Authorities in the **Indian** city of Bengaluru used tractors yesterday to rescue residents of wealthy housing estates marooned by floods as army teams were sent in after two days of torrential rain in the technology hub.
- **Indonesia's** financial regulator plans to extend regulations beyond March 2023 for loan forbearance for some sectors that have yet to recover from the impact of the COVID-19 pandemic.
- Delegation of **French** lawmakers and the **US** Congress will visit **Taiwan** this week, in a show of support for the island amid rising tensions with **China**.
- **China's** exports and imports lost momentum in August with growth significantly missing forecasts as inflation dampened overseas demand and fresh COVID restrictions and heatwaves disrupted Chinese output.



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Europe

- Liz Truss took over as **Britain's** prime minister yesterday, vowing immediate actions to address soaring energy bills, looming recession and industrial strife. Truss named James Cleverly as her foreign minister. Ben Wallace has been reappointed as defense secretary.
- **Russia** is purchasing millions of **North Korean** rockets and artillery shells to re-supply its offensive in Ukraine, according to recently declassified US intelligence.
- The **EU** is proposing levies on energy companies on windfall profits that will channel sky-high earnings back to vulnerable households and businesses in a wide-ranging package aimed at alleviating the power crisis. Brussels is also proposing a €200 per megawatt hour limit to the price of electricity generated by non-gas power producers as part of efforts to contain the EU's energy crisis.
- EU members **Lithuania, Latvia and Estonia** have reached agreement to restrict the entry of **Russian** citizens travelling from Russia and **Belarus**, imposing a ban by mid-September.



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How do You Manage Incident Response?

2022 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.

Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.

Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.

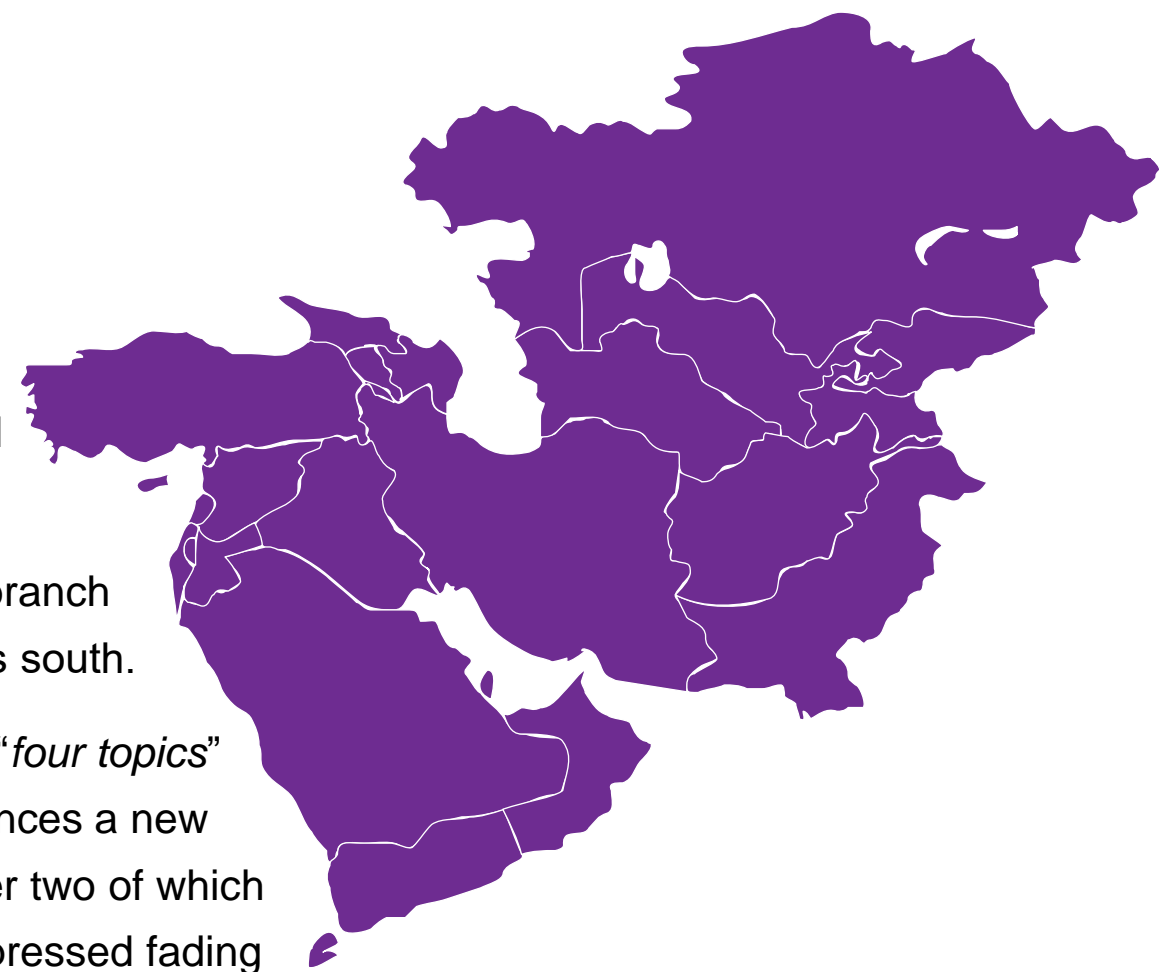
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Middle East

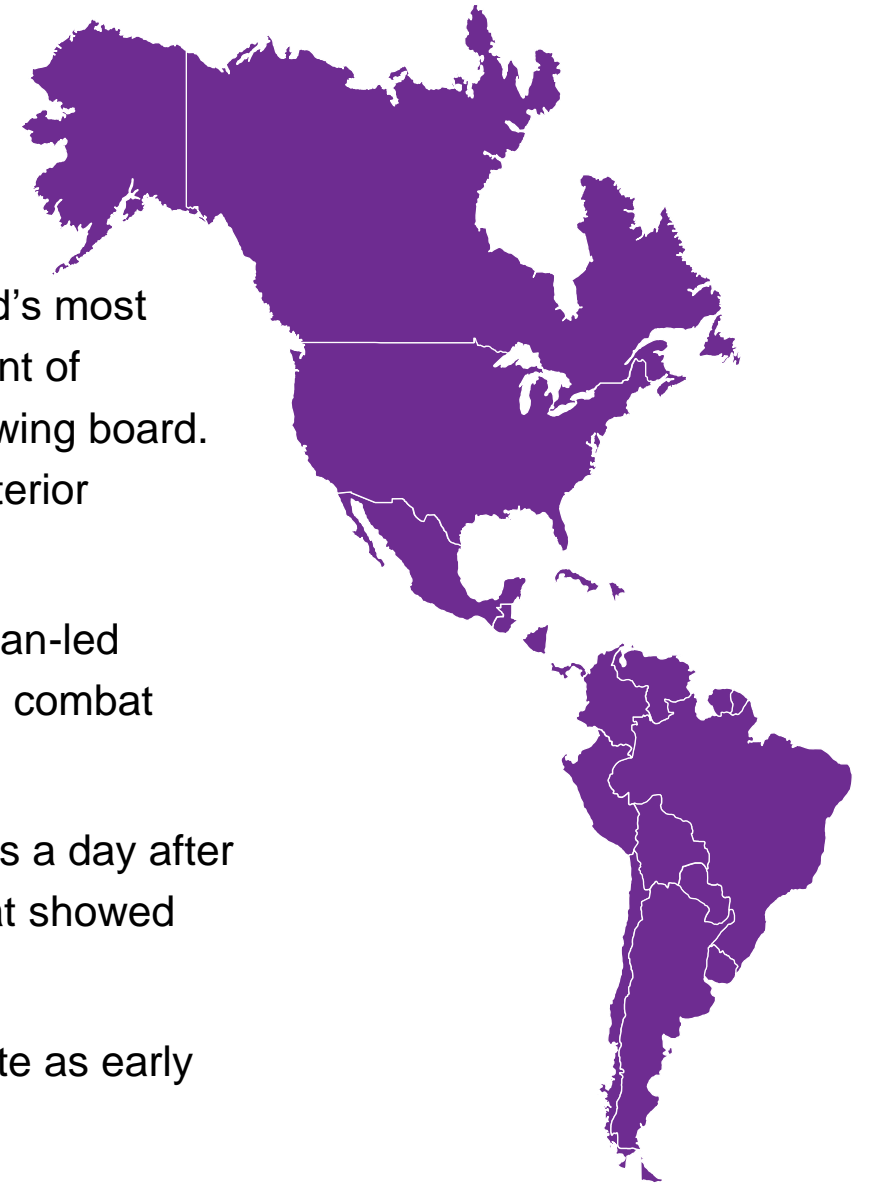


- **Syrian** state media reported that an **Israeli** air attack on Aleppo airport damaged the runway. The attack is the second of its kind in a week.
- Twenty-one fighters and six members of al-Qaeda's **Yemen** branch were killed in an attack by the extremist group in the country's south.
- **Iranian** spokespeople said that nuclear talks are hung up on “*four topics*” it wants to resolve, involving relief from sanctions, **US** assurances a new deal will hold, and the UN monitoring of Iranian sites, the latter two of which are essentially nonstarters. **EU** foreign policy chief Borrell expressed fading optimism for renewing the deal.
- **Israeli** investigations into the killing of Al Jazeera journalist Shireen Abu Akleh in May concluded that she was likely to have been unintentionally shot by an Israeli soldier but was not deliberately targeted, updating earlier findings that she was not killed by an IDF bullet.

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Americas

- **Chileans** overwhelmingly rejected what would have been one of the world's most progressive constitutions after a protracted drafting process that 80 percent of Chileans supported, sending the constitutional committee back to the drawing board. Leftist President Boric replaced his ministers of mining, energy and the interior following the loss.
- **Mexico's** lower house passed a bill to give the Army control over the civilian-led National Guard, a controversial move that proponents say is necessary to combat cartel violence but that critics say will further militarize the country.
- **Peruvian** lawmakers on Monday ousted head of Congress Lady Camones a day after the country's prime minister demanded her removal over leaked audio that showed her discussing how to use the legislature to benefit her party.
- **Argentina's** central bank is reportedly set to hike the country's interest rate as early as this week.



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Americas: US

- US health authorities plan to recommend that people get **COVID-19 boosters** once a year, starting with the new shots rolling out this week, in a shift from their current practice of issuing new advice every several months.
- A blistering **heatwave** in California is putting record strain on its electric grid, with power managers urging residents to turn up thermostats and turn off appliances to avoid rolling blackouts.
- The federal board that oversees labor management relations is proposing a new rule that would make it easier for workers to say they are employed by two employers at once, which would permit **employee claims** against businesses that rely on franchisees, contractors or staffing firms.
- President Biden decided against designating **Russia** as a state sponsor of terror. The designation risked delaying food exports and jeopardizing deals to move goods through the Black Sea.



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Future of Work: Return to Office Push, Again

The third Labor Day of the pandemic era has come and gone and employers around the US are revisiting their return-to-office (RTO) planning for the coming year. This is the most recent iteration of ongoing efforts by employers to return more workers to their offices, most of which have been foiled by resurgent COVID-19 waves and ongoing worker resistance to full time RTO. While most companies are maintaining at least a partially hybrid model, the opposing pressures of C-suite desires to fill seats at office buildings and an exceptionally tight labor market, filled with employees who largely want a hybrid approach, continue to pose problems for employers pushing for more in-person attendance.

The coming months will see a new test of RTO efforts, including continued carrots (such as free lunch) and new sticks (like tracking office attendance via turnstile swipes).

As summer turns into autumn, many companies are ramping up for a renewed RTO push. Office occupancy remains low and hybrid work widespread, however, amid several Omicron waves and the continued attractiveness of remote work for many employees. A survey by businesses consulting firm Gartner found that 69 percent of mid- to large-sized employers say they require remote-capable employees to be at the office at least one day a week. Office security firm Kastle Systems reports that office occupancy is at less than half

across the country, but trends vary geographically. Just three cities in Kastle's top ten clock more than half occupancy, and all of them are in Texas – Austin, Dallas, and Houston. According to a recent survey by Partnership for New York, a nonprofit group for CEOs, just 8 percent of workers are back in office full-time. A tracker managed by coworking startup Hubble of a sample of 25 of the most famous companies operating in the US found that just two – Goldman and Netflix – are pursuing an in person-first RTO plan, and just five (Deloitte, Dropbox, Slack, Coinbase and Shopify) are aiming for a remote-first orientation. Other companies prioritizing remote arrangements include Yelp, Twitter, Reddit and 3M.

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Future of Work: Return to Office Push, Again

Kastle Systems experts and other business solutions experts expect that these numbers will tick up in the coming weeks, however. Starting yesterday, employees at major investment banks Goldman Sachs (whose CEO has called remote work “an aberration”), Jefferies and Morgan Stanley are expected back at their offices on a “consistent” basis, with all three companies lifting COVID-19 restrictions that hampered regular attendance for some employees.

Complicating these efforts, of course, is the reality that most workers who can work at home prefer to do so part of the time. A June survey by workplace consulting firm Gallup that found that of over 8,000 workers whose jobs can be done off-site, 60 percent would prefer a long-term hybrid solution, with a smaller minority preferring full-time remote work (34 percent) and a fraction hoping for full-time in-office work (just 6 percent). A survey by Microsoft from January to February of this year, a full 52 percent of over 30,000 employees surveyed were thinking of switching to a hybrid of remote-first position this year.

For many employers, RTO plans must be balanced with talent retention efforts in a persistently tight labor market. While employers continue to laud real benefits of in-person work for culture,

brainstorming, and camaraderie, employees are reluctant to compromise the quality of life benefits they gained by eliminating their commute. The Gallup survey found that among employees who prefer to work hybrid or completely remote, those who are required to be in-office more than they prefer report much higher levels of burnout and intent to leave, as well as less engagement in their work.

As such, employers appear hesitant to do much to enforce RTO plans – Jefferies investment bank, who called workers back in this week, has promised not to take attendance or track worker swipes at turnstiles, despite saying that workers will be required in the office “on a consistent basis.” The Gartner survey found that executives are hesitant at the moment to resort to stricter enforcement measures: half of the companies surveyed said they were not tracking employee attendance at all, and just 3 percent said that they would terminate an employee for noncompliance with attendance requirements (although 30 percent said that HR would initiate a conversation). Among those companies that are tracking attendance, they prefer less-invasive badge swipes (40 percent) to manager tracking (5 percent) or self-reporting on digital apps (7 percent).

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Future of Work: Return to Office Push, Again

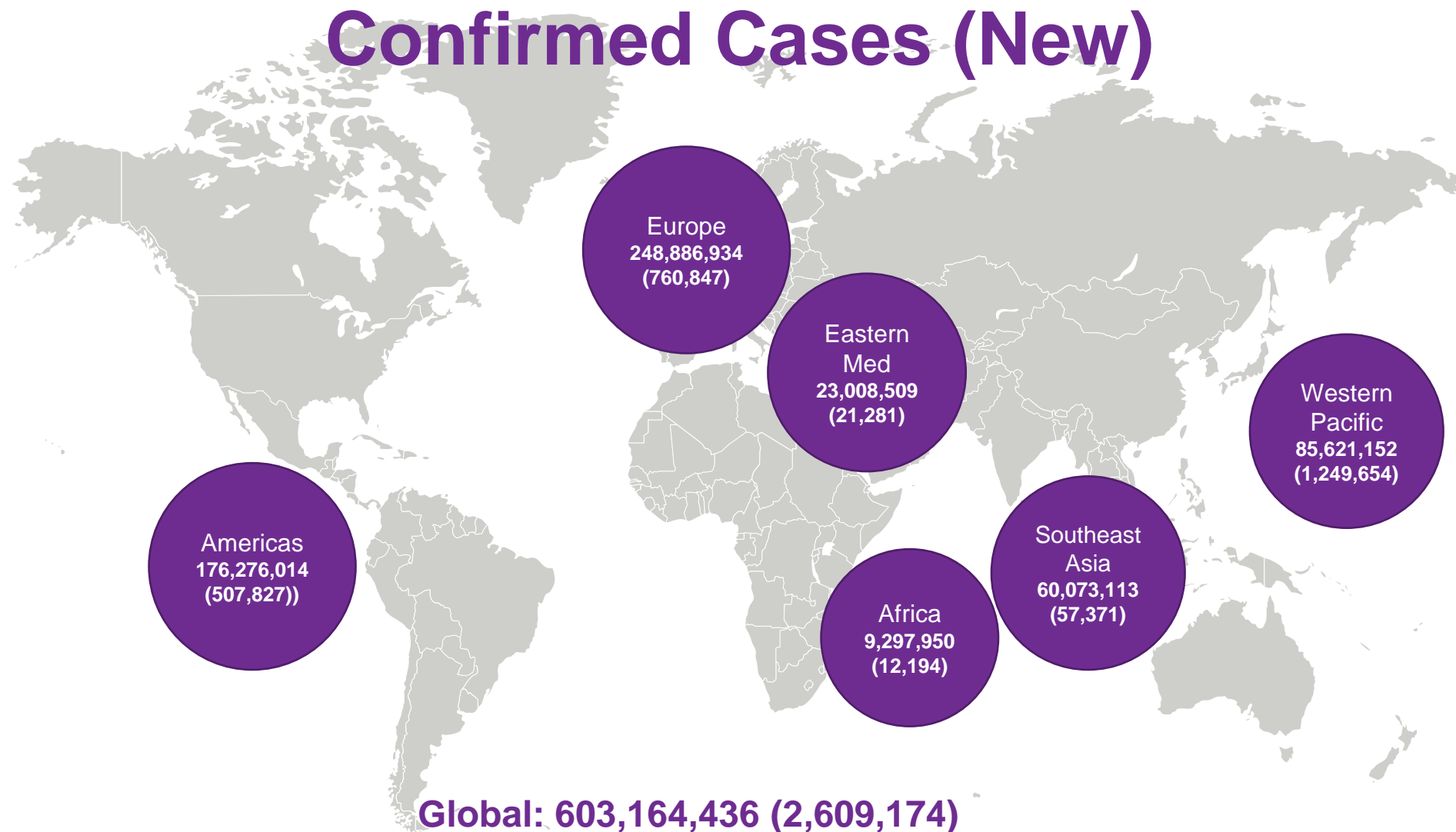
However, consequences for resisting RTO plans could be less direct than termination – some workplace experts theorize that less facetime with coworkers and bosses could lead to fewer opportunities for advancement, leading remote workers to progress more slowly than office-first or hybrid ones. A study by the Society for Human Resource Management found that in-person workers are five to seven times more likely to believe that remote workers are less productive, a perception that could sow workplace discord. As summer draws to a close and business leaders assess their RTO options going forward, they must carefully weigh the value of office attendance requirements against employee satisfaction and the state of the labor market. And as always, the best-laid RTO plans could be scuttled by a new coronavirus variant and spike in transmissions.

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Coronavirus Condition Updates

As of 5:54 pm CEST on September 6, 2022

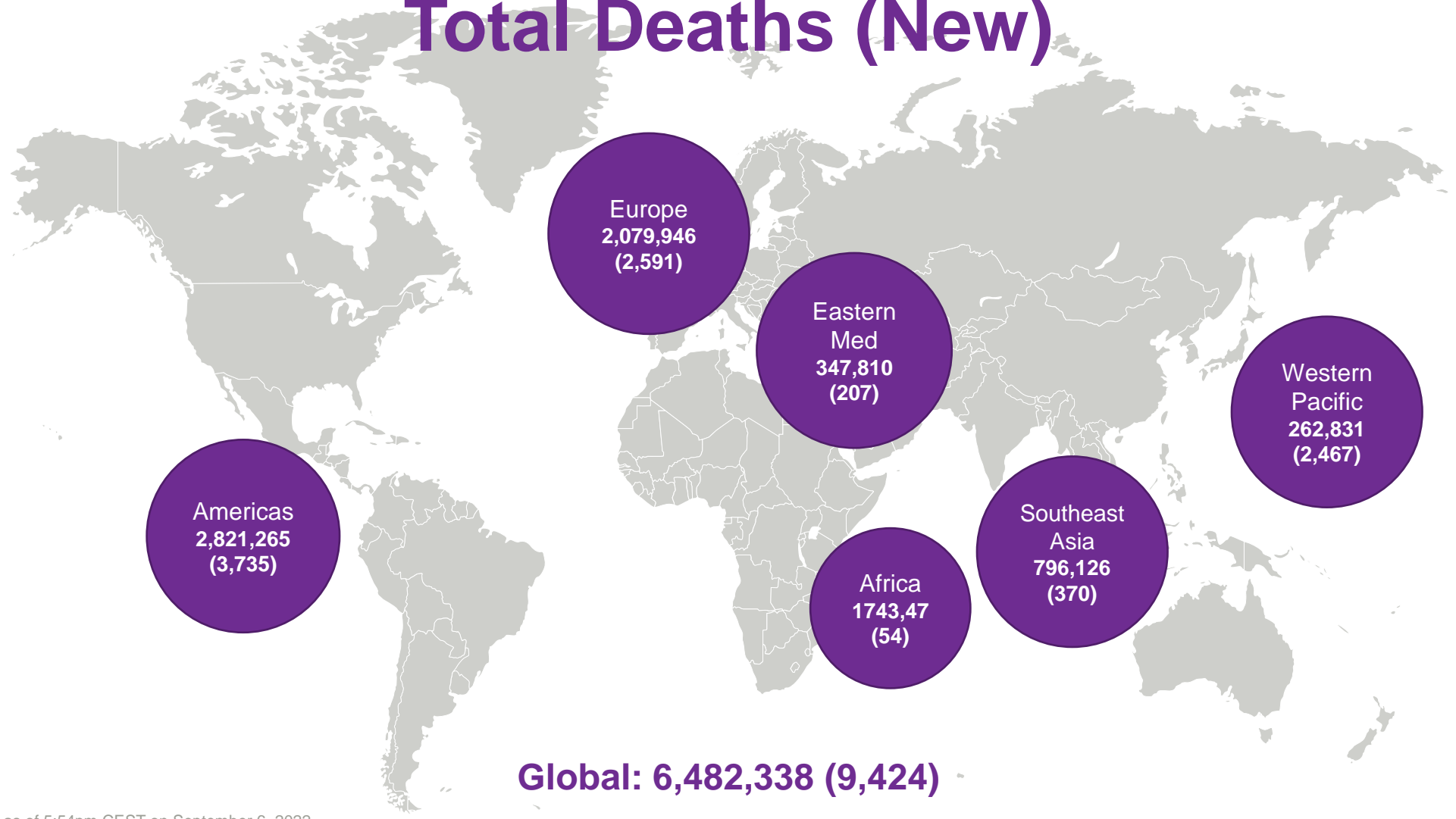
Confirmed Cases (New)



Reflects data as of 5:54pm CEST on September 6, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,482,338 (9,424)

Reflects data as of 5:54pm CEST on September 6, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

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