

Dentons Flashpoint

Daily Global Situation Report

June 1, 2022

Global Situation Update: June 1, 2022

KEY TAKEAWAYS

In a strategic escalation, the US pledges to send HIMARS to Ukraine.

Drought in the Horn of Africa risks winter crops and starvation.

The US signals pending additions of Chinese companies to trade blacklist.

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

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WHAT WE'RE WATCHING

Tensions are rising between the Democratic Republic of Congo (DRC) and Rwanda. Both countries claim to be victims of recent cross-border attacks by armed militia and regular military. DRC argues that Rwanda is supporting the M23 rebel movement in eastern Congo (mostly comprised of Congolese ethnic Tutsis) in a bid to loot its lucrative strategic minerals. Rwanda says that the Congolese army is collaborating with a Rwandan rebel group comprised of former Hutu-genocidaires.

The African Union is mediating after DRC suspended flights to Rwanda, and Rwanda threatened action if cross-border attacks continue. The crisis has the attention of the US congress, and trade between the two neighbors will be subject to mounting restrictions in the coming months.



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Global

According to media reports, some OPEC members are considering the idea of suspending Russia in an oil production deal as Western sanctions hurt the nation's ability to produce more. Exempting Russia could pave the way for Saudi Arabia, the UAE and other OPEC members to produce more to meet the production targets.

- US President Biden announced the supply of **advanced rocket systems** -- M142 High Mobility Artillery Rocket System (HIMARS) -- and munitions that could strike with precision at medium-range Russian targets as part of a new \$700 million weapons package for **Ukraine**.
- Russia responded by announcing new **nuclear drills** by forces near Moscow.
- The UK and EU have agreed to a coordinated **ban on insuring ships carrying Russian oil**, shutting Moscow out of the vital Lloyd's of London insurance market and sharply curbing its ability to export crude, according to British and European officials.

Markets & Business

Biden administration is actively considering adding new Chinese companies to the government's economic blacklist as it investigates efforts by China to evade US sanctions.

- The UK government unveiled plans to revamp the country's audit and accounting sector, establishing a new regulator and expand company directors' responsibilities around internal auditing controls. British businesses in the FTSE 100 and FTSE 250 stock indexes will be required to appoint an auditor outside of the Big Four—**Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers**—or hand off a portion of their audit work to a smaller audit firm.
- Britain's competition watchdog said on Wednesday it had started investigating **BT Group's** deal to combine its sports broadcasting business with **Warner Bros Discovery**.
- **Pfizer** plans to exit its 32 percent stake in **Haleon**, its consumer health joint venture with British drugmaker **GSK**, after the business is spun off as an independent listed company in July.
- Italy's **Snam** has agreed to acquire a 5 billion cubic meter floating LNG regasification terminal from **Golar LNG** and expects to finalize talks for a similar one by the end of the month. The \$350 million deal with Golar will support the country's energy security and diversification.

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Environment, Sustainability & Governance

The WHO released a new report finding that tobacco, in addition to creating public health issues, is among the largest agricultural drivers of deforestation and pollution.

- German authorities raided the Frankfurt offices of Deutsche Bank and its investment arm DWS, reportedly spurred by media reports that DWS **overstated the green or sustainability-related aspects of its financial products** and following examination of evidence leading to suspicion of “prospectus fraud.” The CEO of DWS announced plans to step down.
- China's government said it will expand its range of financial tools and make greater use of fiscal and taxation policies to support the shift towards **carbon neutrality**.
- The Federal Aviation Administration again delayed completing a final **environmental assessment** of the proposed SpaceX Starship spacecraft and Super Heavy rocket program in Boca Chica, Texas until June 13.
- Investment giant BlackRock published updates outlining its voting record this year at the annual meetings of energy giants ExxonMobil, Chevron and Shell, indicating that the asset manager supported a lower proportion of **climate-related proposals** at the companies this year than in the past.

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Africa

- The UN and humanitarian agencies warned that the March-May rainy season appears to be the driest on record in the **Horn of Africa**, and there is a risk that the October-December season could fail, putting millions more at risk of severe hunger.
- The UN reported that over 500 civilians died in attacks by armed forces and Islamist groups in **Mali** from January to March of this year, a 324 percent rise over the previous quarter.
- **Cameroonian** soldiers killed a group of separatists that had kidnapped several hostages, including a senator, over a month ago.
- The BBC reported that 125 activists detained by the **Sudanese** military junta were released after the government raised its state of emergency.



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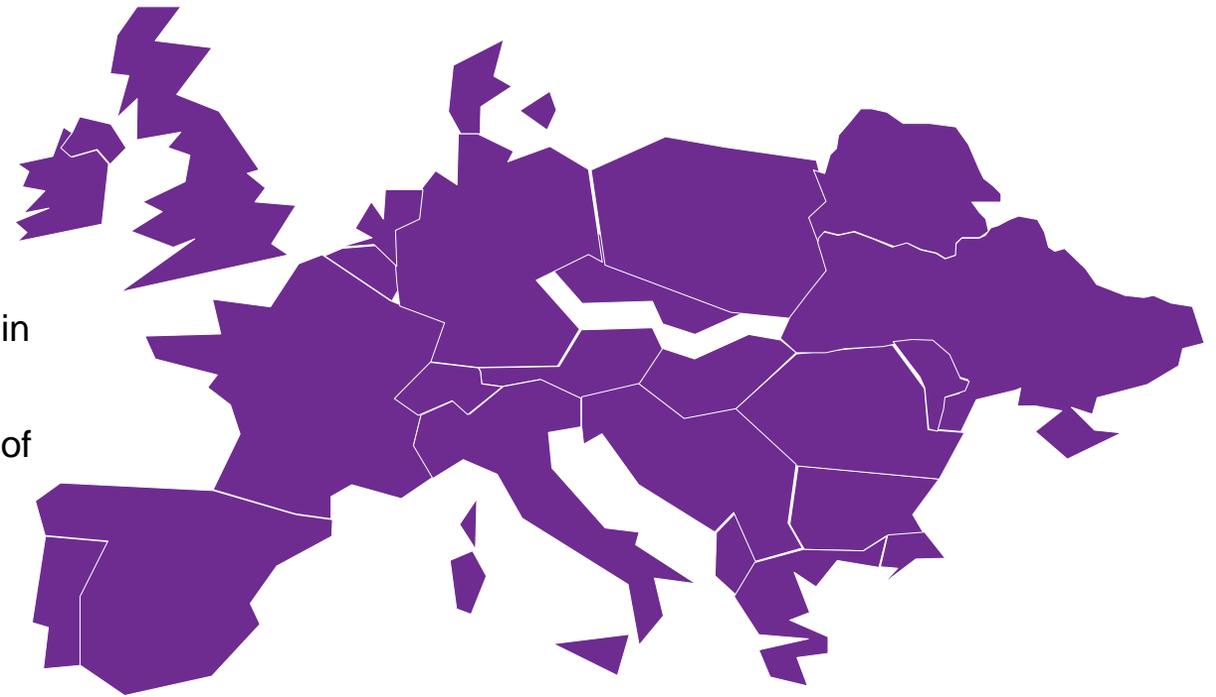
Asia

- **Taiwan** President Tsai Ing-wen announced that the **US** is planning on "*cooperation*" between the US National Guard and Taiwan's military, deepening security ties in the face of what Taipei's government complains is a rising threat from **China**.
- The **Chinese** military said it had conducted a combat "readiness patrol" in the seas and airspace around **Taiwan** in recent days, saying it was a necessary action to respond to "*collusion*" between Washington and Taipei.
- **Sri Lanka** is calling on farmers to plant more rice as part of plans to avert a severe food shortage. The island of 22 million people has run out of foreign exchange reserves and is unable to pay for critical imports including fuel, food and medicine.
- The **Philippines** said it had filed a diplomatic protest with **China** for unilaterally declaring a South China Sea fishing ban and complained also of harassment and violations of its jurisdiction by Beijing's coast guard.



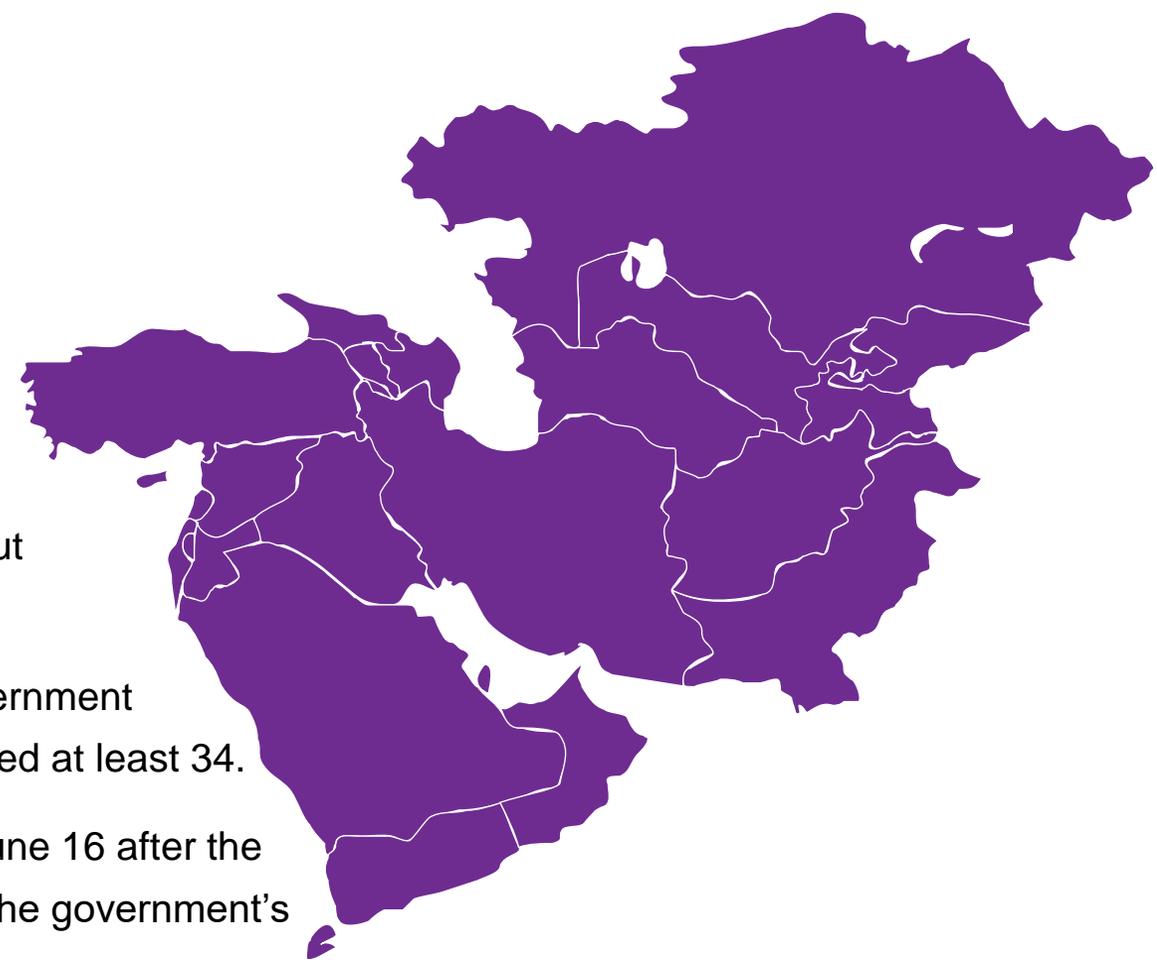
Europe

- **Britain** plans to send a first group of asylum seekers to **Rwanda** in two weeks' time as part of a policy which the government says is designed to break people-smuggling networks and stem the flow of migrants across the Channel.
- Aleksandar Vučić was sworn in for his second term as **Serbia's** president yesterday, pledging to keep the Balkan country on its **EU** membership path and hinting that a new government might consider joining Western sanctions against **Russia** over the war in **Ukraine**.
- Police in Budapest dismantled a criminal organization involved in industrial-scale money laundering and fraud, according to Europol. Officers descended on 24 homes in the **Hungarian** capital on May 9. Sixteen people were arrested, including five on suspicion of moving some €44 million in illicit funds through bank accounts across three continents.
- **Russia's** jailed opposition leader Alexei Navalny said that authorities had opened yet another case against him that could add another 15 years to his sentence. Navalny, President Putin's most prominent opponent, was sentenced in March to nine years in a maximum-security prison, deepening Moscow's crackdown on dissent during its invasion of Ukraine.



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Middle East



- **Israel and the UAE** signed a free trade agreement (Israel's first with an Arab country) in a bid to cement strong trade ties nearly two years after the two countries normalized relations in 2020. Israel said that normalization with **Saudi Arabia** is a possibility, but that the process would be *“long and cautious.”*
- The **Iranian** government disrupted internet access amid anti-government demonstrations over the collapse of a tower in Khuzestan that killed at least 34.
- **Tunisia's** powerful UGTT union called for a general strike from June 16 after the government refused to increase wages. A strike may complicate the government's efforts to secure aid from the IMF.
- **Israel's** Counter-Terrorism Bureau issued an unusually explicit warning against non-essential travel to **Turkey**, citing **Iranian** plans to attack Israelis there. On May 30, the Iranian Fars news agency published a list of five Israelis it described as assassination targets. The report included their names, photos, details about their families and their home and business addresses.

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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](#).

Americas

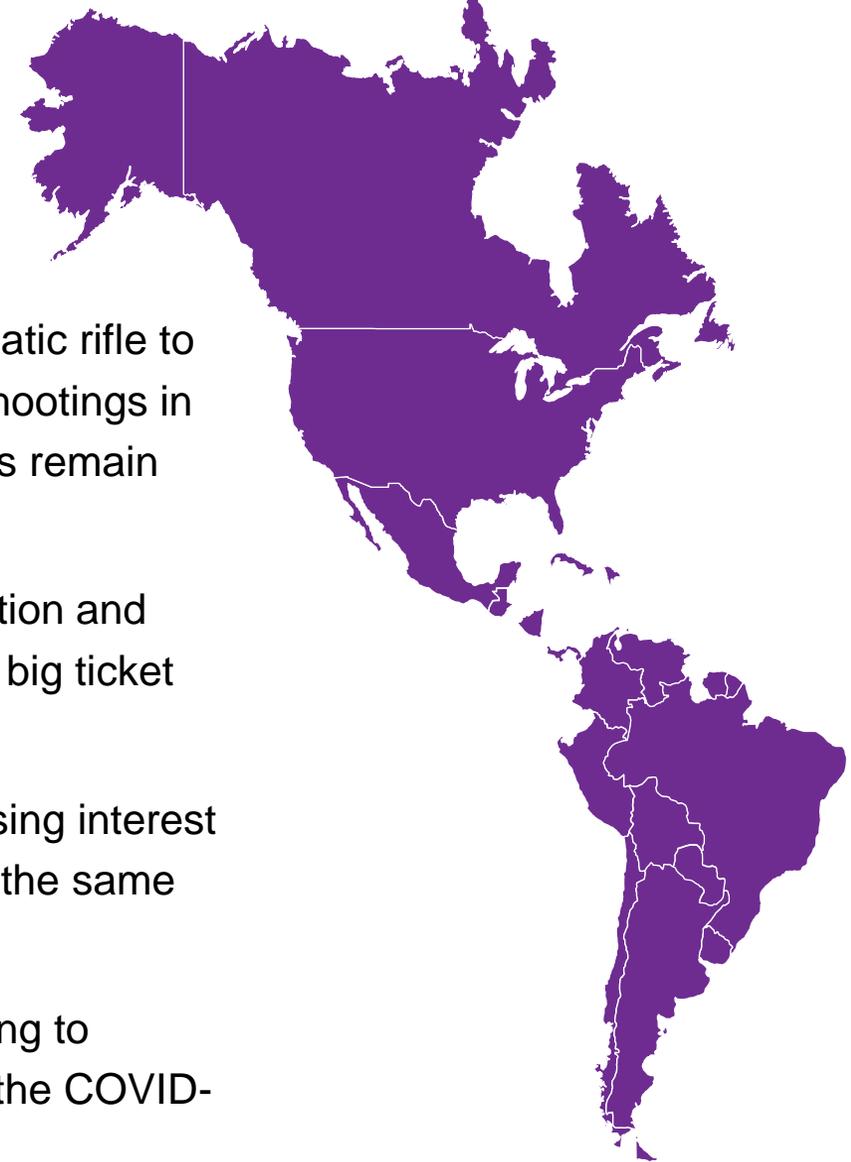


- A cyberattack struck **Costa Rica's** hospitals and clinics early Tuesday morning, the Costa Rican Social Security Fund (CCSS) said, the latest in a string of hacks targeting the Central American country. Costa Rica has been recently targeted in dozens of cyberattacks, which have frozen some foreign trade and tax collection operations, prompting President Chaves to declare a national emergency on May 8, the day of his inauguration.
- **Cuba** lifted a two-year-old mask mandate following a successful vaccination campaign that health officials credited with nearly three weeks without a single COVID-19 death.
- **Canada** will temporarily decriminalize the possession of some illegal drugs like cocaine, MDMA and opioids for personal use by adults in British Columbia to help tackle a burgeoning drug abuse problem.
- **Brazilian** President ir Bolsonaro on Tuesday floated the idea of splitting state-owned Petrobras into various pieces as a prelude to privatizing it.

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Americas: US

- New York lawmakers plan to increase the minimum age to buy a semiautomatic rifle to 21 years old from 18 under legislation to tighten **gun laws** following mass shootings in Buffalo and Uvalde, Texas. Gun control legislative efforts in the US Congress remain stalled by Republican opposition.
- US **consumer confidence** eased modestly in May as persistently high inflation and rising interest rates force Americans to become more cautious about buying big ticket items, including motor vehicles and houses.
- **US home price** gains accelerated to set a 35-year high in March, despite rising interest rates. The average home value increased 20.6 per in March compared with the same month last year, according to the S&P CoreLogic Case-Shiller index.
- The Biden administration will announce today more than \$2.1 billion in funding to address weaknesses in the country's **food supply system** exposed during the COVID-19 pandemic and the aftermath of the Russian invasion of Ukraine.



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The Future of Work: What Do “Zoomers” Want?

By Matt Skros

Generation Z, colloquially known as the “Zoomers,” has different expectations for employers than previous generations. To attract and retain Generation Z talent, employers may need to rethink their approaches to work-life balance, flexible working environments and social responsibility.

Amid a growing post-pandemic economy, employers will begin to see in the near term a higher percentage of their workforce made up of members of Generation Z, defined as those born between 1997 and 2012. This generation is colloquially referred to as the “Zoomer” generation, reusing a name that was applied to the especially active Baby Boomer generation who “zoomed” to spend their disposable incomes through busy lifestyles, in contrast to the more sedentary generation that preceded them. Having graduated from college at the start of the pandemic, these Zoomers are now entering the

workforce and have different expectations for the workplace than previous generations did. Attracting and managing Generation Z talent will require employers to modify their approaches to work and business.

Interestingly, Generation Z values their salary less than previous generations, and instead puts more emphasis on doing interesting work rather than well-paying work. According to a Deloitte survey, if given the choice between a better-paying job that they consider boring versus a lower-paying job that is more interesting, Generation Z is split on the choice, showing that money is not always the most important factor. To retain Generation Z talent, employers should ensure that employees have stimulating work to do as well as opportunities to collaborate with other employees on projects, further foster a dynamic work environment.

Zoomers are also not inclined to take jobs that will excessively cut into their personal time, no matter the perks, and instead seek a sustainable balance between their personal and work lives. Included in this is working for a company that values employees’ health by offering generous paid time off, personal days and mental health

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The Future of Work: What Do “Zoomers” Want?

days in their compensation packages. In fact, a GoBankingRates survey found that 42 percent of Generation Z prioritized work-from-home benefits and flexible vacation time over other job perks. Tangential to a sustainable work-life balance is flexibility when it comes to work schedules, which 75 percent of Generation Z say is a top demand for potential employers according to HR firm FlexJobs. This means freedom to come into the office or work from home on a schedule that works best for the individual employee, rather than on a schedule set by a manager.

While a firm’s business reputation matters to Generation Z, Zoomers also demand more social responsibility from their employers. According to Deloitte, Generation Z prioritizes social activism more than other generations and will pick a place to work based on how well that organization’s values align with their own. They expect an employer to lead with its values and take public stances on important issues of the day, including climate change and world hunger. Employers should be sure to market their efforts in these areas to attract Generation Z talent, and even offer Zoomers the opportunity to contribute to these company initiatives in the workplace.

Navigating the changeover from Baby Boomer and Generation X to Millennial and Generation Z workforce dominance will require

employers to rethink how their companies approach work. Offering more flexible schedules and a better work-life balance while displaying a firm’s stance on the social issues of the day will be critical to attracting Generation Z’s top talent. The “Zoomers” will be the backbone of the workforce in a decade’s time, and the workplace may need to change to suit their priorities.

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Ukraine War Update: US Pledges HIMARS, Russia Holds Nuclear Drills, UK-EU Ban Oil Shipping Insurance

US President Biden announced the supply of advanced rocket systems -- M142 High Mobility Artillery Rocket System (HIMARS) -- and munitions that could strike with precision at medium-range Russian targets as part of a new \$700 million weapons package. In an essay published Tuesday in the New York Times, President Biden explained the intent: "America's goal is straightforward: We want to see a democratic, independent, sovereign and prosperous Ukraine with the means to deter and defend itself against further aggression... We do not seek a war between NATO and Russia."

Political Developments

German Chancellor Scholz said Germany will deliver modern IRIS-T air defense systems to Ukraine which will help Ukraine "to protect an entire major city from Russian air attacks." Scholz also said Germany will give Ukraine tracking radar which is capable of detecting enemy howitzers, mortars and rocket artillery.

Shortly after the US announced plans to send Ukraine medium range rocket systems, the Russian defense ministry said Russia's nuclear forces were holding drills in the Ivanovo province, northeast of Moscow.

The Swiss government refused Denmark's request to send Swiss-made armored personnel carriers to Ukraine, citing its neutrality

policy of not supplying arms to conflict zones. In April, Bern vetoed the re-export of Swiss-made ammunition used in anti-aircraft tanks that Germany is sending to Ukraine. Bern also rejected Poland's request for arms to help Ukraine.

French President Macron called for a UN resolution demanding Russia lift its blockade of Odesa, a vital port for the export of food to other regions such as Africa.

The Ukrainian prosecutor's office said it has uncovered a "few thousand" cases of war crimes in the eastern Donbas region. Kyiv's top prosecutor also said it has identified over 600 Russian war suspects and started prosecuting around 80 of them. Two Russian

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soldiers have been sentenced to 11 years and six months in jail for shelling Ukrainian villages, a court in central Ukraine has ruled.

Members of a Joint Investigative Team and International Criminal Court Prosecutor Karim Khan held a coordination meeting at the EU's judicial cooperation agency Eurojust, to investigate war crimes committed in Russia's war in Ukraine

Jan Egeland, the secretary general of the Norwegian Refugee Council, said thousands of civilians caught in the fighting in Severodonetsk are in dire need of aid. Humanitarian deliveries have been halted because of intense fighting.

Battlefield Developments

Russia had taken control of most of the eastern industrial city of Severodonetsk, now a bombed-out wasteland. Russia's all-out assault on the city in Ukraine's Luhansk province has been met by tough resistance from Ukrainian forces. The city is one of the last areas in the Luhansk region that is under control by Ukrainian forces. Heavy casualties have been reported on both the Ukrainian and Russian sides. Ukrainian President Volodymyr Zelenskyy accused

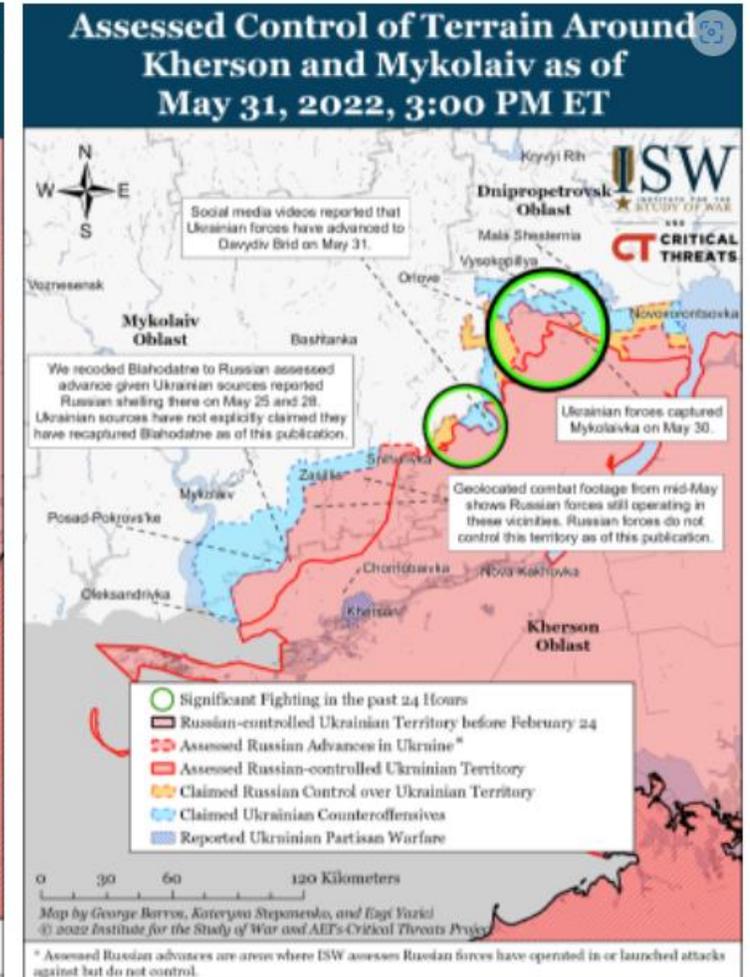
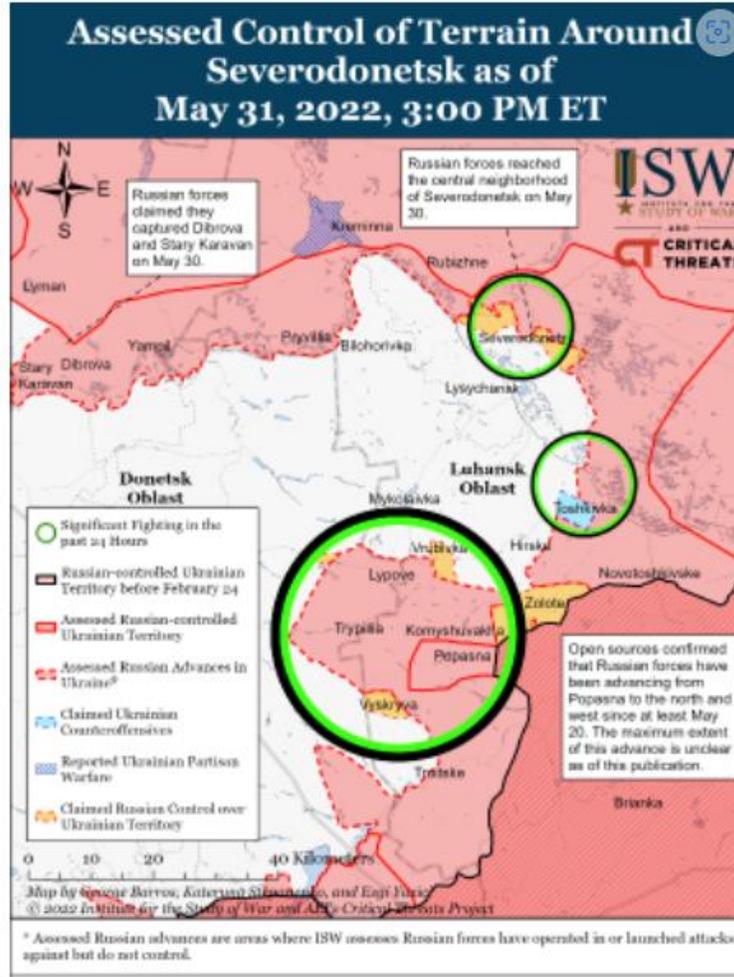
Moscow of "madness" after Russian forces hit a chemical plant in the eastern city of Severodonetsk.

The Institute for the Study of War (ISW) assessed Ukrainian forces are withdrawing from Severodonetsk rather than fighting to the end, factor that has allowed the Russians to move into the city relatively rapidly after beginning their full-scale assault. Both the decision to avoid committing more resources to saving Severodonetsk and the decision to withdraw from it were strategically sound, as Ukraine must husband its more limited resources and focus on regaining critical terrain rather than on defending ground whose control will not determine the outcome of the war or the conditions for the renewal of war.

ISW reported that with Moscow's concentration on seizing Severodonetsk and Donbas, Ukrainian forces are taking advantage of vulnerabilities created elsewhere. The Ukrainian counter-offensive in Kherson Oblast continues. Kherson is critical terrain because it is the only area of Ukraine in which Russian forces hold ground on the west bank of the Dnipro River. If Russia is able to retain a strong lodgment in Kherson when fighting stops it will be in a very strong

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Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.org/)

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Ukraine War Update: US Pledges HIMARS, Russia Holds Nuclear Drills, UK-EU Ban Oil Shipping Insurance

position from which to launch a future invasion. If Ukraine regains Kherson, on the other hand, Ukraine will be in a much stronger position to defend itself against future Russian attack.

Humanitarian Developments

UNHCR is expanding its operations in Poland to help Ukrainian refugees who have been resettled in the territory. Over 1.1 million refugees have been registered with the Polish authorities, receiving a state ID number that gives them access to services. According to data provided by the UNHCR, 94 percent of them are women and children. UNHCR launched its cash assistance program in March, establishing cash registration centers in key refugee reception areas, including bigger cities like Warsaw, Krakow, Poznan, Wroclaw, Ostroda, Gdynia, and Gdansk.

More than 5 million Ukrainian children are dependent on humanitarian aid, according to the UN's children's fund (UNICEF). Within Ukraine, about 3 million children are in need of support and 2.2 million that have fled Ukraine require assistance. At least 262 children have been killed since the war began and hundreds of schools have been damaged.

Economic Developments

Gazprom will cut gas supplies to Shell Energy in Germany, after becoming the latest company to refuse to use the Kremlin's rouble payment mechanism.

Germany's RWE and Uniper paid for Russian gas shipments in May using a scheme proposed by Moscow involving setting up accounts paid in euros and then swapped for rubles. The two companies are major importers of Russian gas. Uniper said the payment process was coordinated with the German government and follows EU guidelines on energy sanctions.

The UK and EU have agreed to a coordinated ban on insuring ships carrying Russian oil, shutting Moscow out of the vital Lloyd's of London insurance market and sharply curbing its ability to export crude, according to British and European officials. This could have much broader consequences for Moscow's exports and leave it looking for insurance in smaller, less developed markets.

India has bought about 62.5 million barrels of Russian oil since Moscow's invasion of Ukraine on February 24, more than three times

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more than in the same period in 2021 and more than half for private refiners Reliance Industries and Nayara Energy, per Refinitiv Eikon data.

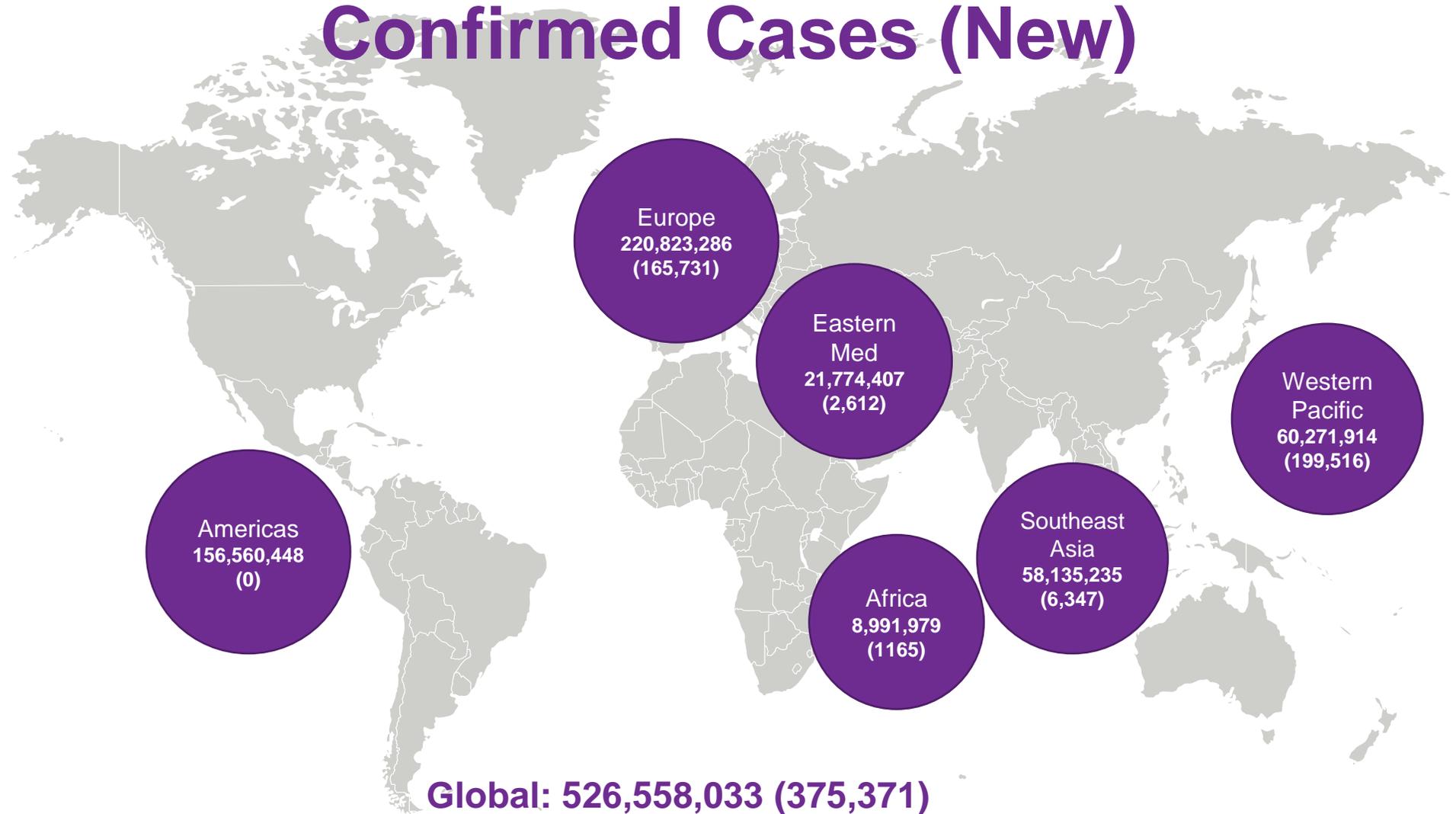
Russian manufacturing activity expanded in May after three months of contraction and price pressures eased notably, but sanctions continued to hit client demand, per a survey by the S&P Global Purchasing Managers' Index (PMI).

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Coronavirus Condition Updates

As of 5:09 pm CEST on May 31, 2022

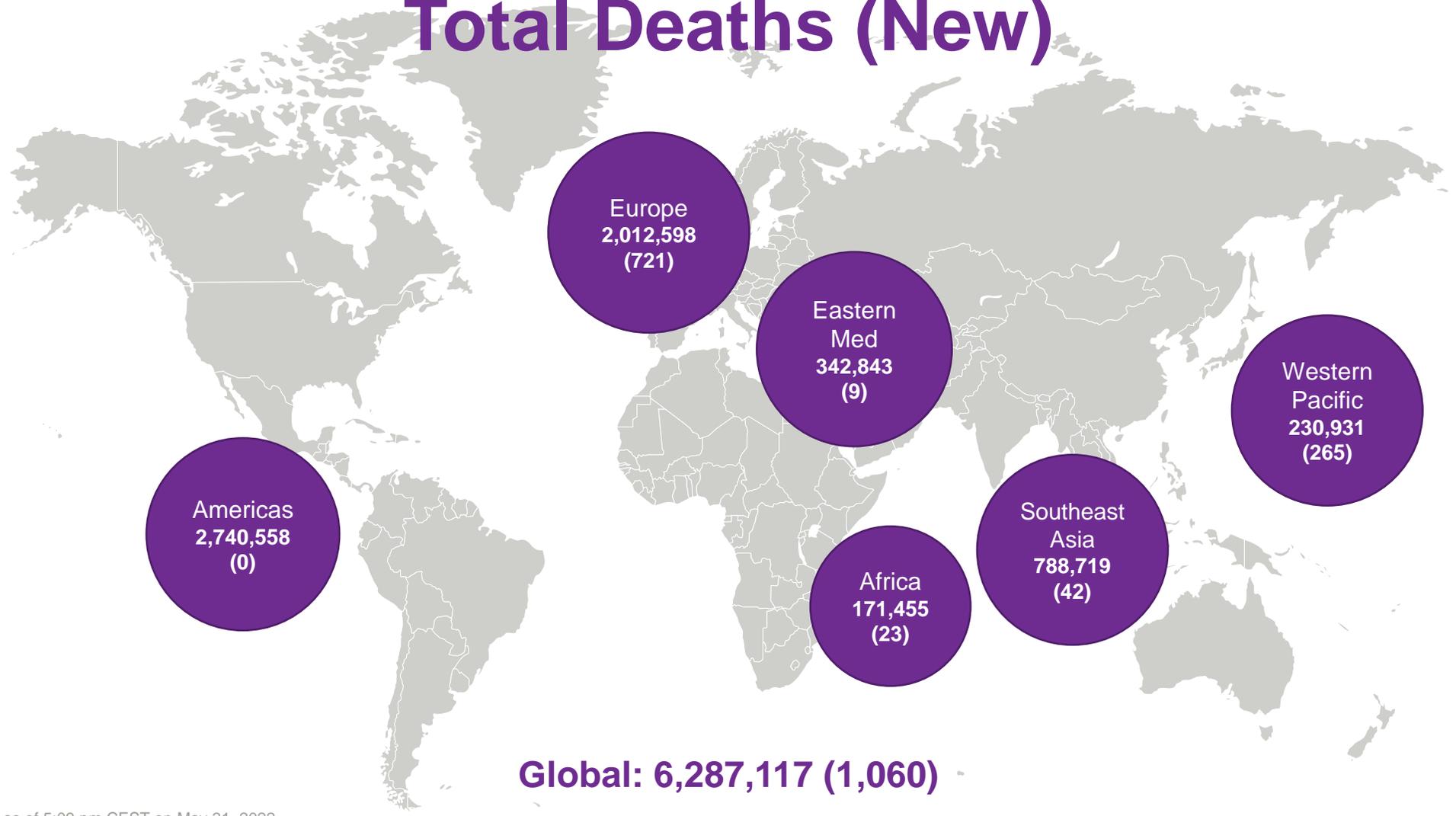
Confirmed Cases (New)



Reflects data as of 5:09 pm CEST on May 31, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:09 pm CEST on May 31, 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.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com