Governance *in Brief*

JULY 28, 2022 Edited by: **Henry Hofman**

MORNINGSTAR | SUSTAINALYTICS

German government bails out gas supplier Uniper amid energy crisis

The German government has agreed to bail out gas importer Uniper in a deal worth EUR 15 billion. Faced with reduced gas flows from Russia and soaring energy prices, the company had recently asked the government for financial support, making use of newly adopted legislation allowing energy companies to receive support from the government. The discussions concluded in a stabilization plan under which Uniper will benefit from hybrid capital of up to EUR 7.7 billion and an increased credit line of EUR 9 billion. In exchange, the German government will own 30% of Uniper, while the firm's majority shareholder Fortum will decrease its ownership from 80% to 56%. The company will issue new shares at EUR 1.70 per price, representing a capital increase of EUR 267 million. To be implemented, the package first needs to be signed off by company shareholders and the European Commission. Notably, Chancellor Olaf Scholz highlighted that the bailout was a one-off deal, and that the government would at some point give up its stake.

Reuters | CNBC | Bloomberg |Fortnum |Deutsche Welle |The New York Times |

Meta unveils first human rights report

Last week, Meta Platforms released its first annual human rights report. The report includes, inter alia, a summary of the assessment of human rights impact in India, performed by a third party. According to this, the firm's platforms have a potential for "salient human rights risks", including speech "that incites hostility, discrimination, or violence". The full assessment also includes recommendations, which were not disclosed in Meta's report. Human rights groups have accused Meta of "whitewashing" and requested that the report be published in full. Notably, the company has faced increased criticism from human rights activists in India over anti-Muslim hate speech on its social media platforms.

Reuters | Meta | Meta (2) | CNBC

Tesla investors call for reporting on mandatory arbitration

In a shareholder resolution, Swedish pension fund AP7 and Nia Impact Capital, an investment firm based in California, are calling for Tesla to report on the impact of using mandatory arbitration in disputes with employees. The co-filers argue that mandatory arbitration represents a "long-tail risk" for the firm, while limiting employees' remedies for wrongdoing and reducing their willingness to report discrimination. Nia Impact also noted the number of complaints and employee lawsuits brought against Tesla over the years. In response, Tesla's board opposed the proposal, arguing that it would not serve the firm's best interests and that similar proposals were rejected by shareholders at the previous two AGM.

P&I | IPE | Tesla

Activist fund seeks governance changes at Richemont

Activist investor Bluebell Capital Partners is seeking changes to the board of luxury goods firm Richemont, citing that no directors represent the interest of class A shareholders. Bluebell proposed that Richemont elect a board representative for class A shareholders and ensures equal board representation for holders of class A and B shares. Aligned to this, the investor also called for increasing the minimum board size from three to six directors. Importantly, class B shares are unlisted and entirely held by Chairman Johann Rupert, who controls 51% of the voting rights while having an economic interest of only 10%. Investors will vote on the proposals at the September 7 AGM.

Reuters | Bloomberg | Richemont