

INTERNATIONAL

Far-left German claims credit for curbs on Kyiv aid

Leader of new party says government's decision to limit military supplies was result of her group's high poll ratings

GUY CHAZAN — BERLIN

Germany's most prominent far-left politician Sahra Wagenknecht has taken credit for the government's decision to limit military aid to Kyiv, saying her opposition to arming Ukraine was influencing Berlin's policy on the war.

In an interview with the Financial Times, Wagenknecht said the fact that the German government "has said it at least doesn't want to continue to top up weapons deliveries" was "a result of our high opinion poll ratings".

Finance minister Christian Lindner last week warned fellow government members that he would veto any new payment requests for Kyiv.

Chancellor Olaf Scholz has denied that Berlin is giving up on Ukraine, saying Germany will donate €4bn in military aid to Kyiv next year, more than any other European country.

But Wagenknecht was adamant about the impact her stance made. "We are already having an effect, even though we're not even in power," she said of her party, the Sahra Wagenknecht Alliance (BSW). "Our approval ratings are affecting the national debate."

After splitting from the established far-left Die Linke party to form BSW seven months ago, Wagenknecht has emerged as the left's disrupter-in-chief. Her rise inserts fresh instability into a political landscape challenged by the rise of the far-right Alternative for Germany, which also espouses Ukraine-sceptical, pro-Russian views.

BSW has surged in the polls ahead of elections next month in three eastern German states that are expected to confirm the region's drift to the political extremes and deliver a stinging rebuke to Scholz's increasingly unpopular three-way coalition.

A Forsa poll this week put BSW on 13 per cent in Saxony and 18 per cent in Thuringia — an extraordinary achievement for a party that is not even a year old. Scholz's Social Democrats, by contrast, are at 6-7 per cent in both states.

Squeezed on the left by the BSW and on the right by the AfD, mainstream parties face a dilemma: should they entertain coalitions with an outfit whose opposition to military aid to Ukraine has placed it firmly outside the political consensus?

The dilemma is most acute for the centre-right Christian Democratic Union, which has been steadfast in its support for Kyiv since the start of the war and has frequently castigated Scholz for not doing enough to help it.

Polls suggest the CDU will not be able to govern — in Thuringia at least — without the BSW as junior partner. Having ruled out co-operation with both the AfD and Die Linke, which at present leads a minority regional government, the CDU has few options left.

CDU leader Friedrich Merz initially banned any coalition with the BSW, describing Wagenknecht as "rightwing extremist on some issues, and on others, leftwing extreme". He later backpedalled, saying local CDU branches should decide on a coalition with her party.

A political contrarian who joined the East German Communist party just months before the fall of the Berlin Wall,



Wagenknecht is revelling in her new status as kingmaker. She has set out tough conditions for any coalition, saying she will not team up with any party that supports Scholz's plan to station US missiles in Germany from 2026. The BSW, she added, would only join a coalition that explicitly backed diplomatic efforts to end the war in Ukraine.

CDU officials make the point that such issues are dealt with at the federal level. "She is just trying to blackmail all her potential coalition partners, especially the CDU," said Thuringia's social democrat leader Georg Maier.

However, Wagenknecht argues that she is reflecting voters' wishes. "People in the east want a change in foreign policy — they are scared of being dragged into a major European war," she said.

She also said that a majority of Germans living in the east rejected the US missile plan. Recent polling by Forsa shows that about two-thirds of respondents in eastern Germany are against the deployment, while at a national level, 49 per cent oppose it.

A "key condition" for any regional government was that it "reflects and represents such positions because otherwise voters will just be disappointed again", she said.

Though many in Berlin have bristled at Wagenknecht's conditions, some in the east have echoed her rhetoric. Michael Kretschmer, the CDU prime minister of Saxony, has also spoken out against weapons supplies to Kyiv.

Mario Voigt, CDU leader in Thuringia — while stressing his party's commitment to supporting Ukraine — has backed the call for more diplomacy to end the war. "Germany was always a force for peace and a force for diplomacy but little of that is happening at the moment," he said.

Wagenknecht said she found Voigt's intervention "remarkable", adding: "We were always berated for taking this position and now Voigt is demanding it, too."

But others are outraged. A petition

'People in the east want a change in foreign policy — they are scared of being dragged into a major European war'

Disrupter: Sahra Wagenknecht, whose rise brings fresh instability to German politics

Jens Schlueter/AFP/Getty

signed by civil rights activists accused Wagenknecht and her party of spreading Kremlin disinformation and called on other parties to "distance themselves much more clearly from the BSW and its ideas about 'national Socialism'."

Wagenknecht rejects any suggestion of a link to Nazism. But her platform does represent a curious mix of leftwing ideas, such as high taxes on the rich, with rightwing demands for curbs on immigration and sympathy for Russia.

In her interview, she cemented her status as one of Germany's leading *Putinverstehers* (Putin apologists). Criticising the Ukrainian offensive in Kursk, she said it would "harden" the positions of the warring parties, adding that the war happened only because Russia "wouldn't accept Ukraine turning into an American military outpost".

Wagenknecht said her party had changed German politics for the better by taking votes from the AfD.

"Before we existed, all the anger and protest benefited the AfD alone," she said. "Now you see that when there's a serious alternative, a lot of people will vote for it."

Ben Hall see Opinion

FT Weekend



19 Princelet Street: the extraordinary house telling 300 years of migrants' stories

Russia incursion

UN nuclear watchdog raises fears for safety of Kursk plant

BEN HALL, MALCOLM MOORE AND ANDREW ENGLAND — LONDON

The head of the UN's nuclear watchdog is to visit an atomic power station in Kursk, south-west Russia, saying he is taking "very seriously" the risk that the facility could be damaged during Ukraine's incursion into the region.

Rafael Grossi, director-general of the International Atomic Energy Agency, told the Financial Times in an interview that the Kursk plant was "technically within artillery range" of Ukrainian positions. "And since there is combat, I'm very concerned."

Grossi said he would visit Kursk next week to talk to its managers and gather any evidence of whether it had been targeted. He also wanted to assess the state of external power supply and access routes to the plant, noting the recent Ukrainian destruction of bridges across the Sych river in the west of the region.

Ukrainian forces have advanced to positions some 30km from the station, according to military analysts and open source intelligence, putting it within range of their rocket artillery and western-supplied howitzers.

Kyiv has said little about its objectives for the incursion, beyond establishing a buffer zone to protect its border regions and strengthening its position for possible future peace negotiations.

Moscow has accused Ukraine of pre-

paring to attack the plant. Ukrainian officials and commanders have given no indication that the facility is a target or that its seizure is an aim.

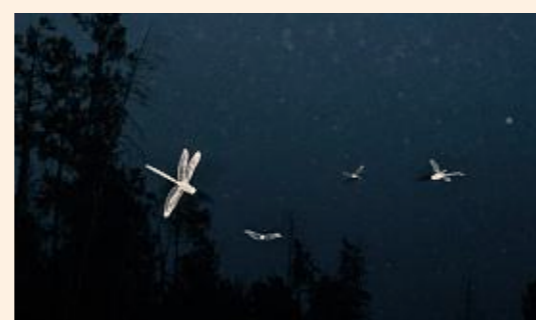
The nuclear station is about 40km west of Kursk, a city of 500,000 people. It has two active reactors, two decommissioned older units and two partly built ones. The two operating reactors are of a so-called RMBK design, such as the one involved in the Chernobyl disaster, and have no protective dome.

"It's a Chernobyl-type plant," with the reactor core "totally exposed", Grossi said. "I've visited a few of these. You can walk around and see the fuel elements that go down, as if it was a sports hall or something."

The proximity of the site to the fighting between Russian and Ukrainian troops was of "special concern", he added, because of the two fully functioning reactors.

The Zaporizhzhia nuclear power station in south-eastern Ukraine was captured by Russian forces soon after their full-scale invasion. It has been placed in "cold shutdown" mode. Moscow seized the plant despite agreeing to UN principles that nuclear stations should never be attacked or occupied militarily.

Asked whether his visit to Kursk was at Moscow's request, Grossi said: "I suggested if they want me to take a position, the agency would have to have access to the plant. And they invited me."



Where have all the insects gone?



Lunch with the FT: Celeste Saulo, head of World Meteorological Organisation



The mystery surrounding the death of Pier Paolo Pasolini

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Companies & Markets

US law firms offer staff up to \$50,000 for referrals

- ◆ War for talent continues in industry
- ◆ Sign-on and retention bonuses rise

SUZI RING — LONDON
JAMES FONTANELLA-KHAN — NEW YORK

Top law firms in the US are offering their junior lawyers as much as \$50,000 to refer acquaintances for jobs, as a renewed war for talent in the industry shows no sign of abating.

A&O Shearman introduced a \$50,000 bonus for US associate referrals in May, the same time its merger — between the UK “magic circle” firm Allen & Overy and New York’s Shearman & Sterling — went live, the firm said.

Kirkland & Ellis recently renewed its \$50,000 payment until January 2025, according to a person with knowledge of the scheme, extending a global policy

‘Referral bonuses are not new [but] the \$50,000 amount has caught the attention of the industry’

introduced in October last year. The firm previously offered referral bonuses of \$25,000.

While most top law firms, like many large corporates, have typically offered referral bonuses as part of their recruitment strategy, the size of such payouts increased in 2021 and 2022 amid high demand for lawyers in a frenzied market for mergers and acquisitions. Some law firms were also paying junior lawyers six-figure sign-on and retention bonuses.

After a slow 2023, the war for talent has picked up again this year, particularly in London where the UK magic circle law firms have almost all increased salaries for newly qualified lawyers to £150,000 in a bid to compete with US rivals. The increase and extension of large bonuses for referrals are in keeping with that trend, say recruiters.

“The referral bonuses are not new ... what has been different is the \$50,000

amount that has caught the attention of the industry,” said Katherine Loanzon, managing director at legal headhunter Kinney Recruiting in New York. “Usually, other firms have provided referral bonus amounts between \$20,000 and \$50,000, with \$50,000 being an outlier.”

US law firm Goodwin has offered associate referral bonuses of \$30,000 in its offices outside America and \$50,000 in the US since 2021, according to the firm. Paul, Weiss, Rifkind, Wharton & Garrison also offers associates \$50,000, according to a person with knowledge of the scheme. Paul, Weiss declined to comment.

In the UK, one magic circle firm pays associates £15,000 for the successful placement of referrals, while in lower-tier firms it can be closer to £5,000, according to people with knowledge of individual firm offerings.

While an introduction to a firm through an existing employee might seem like an advantage, associates should not rely on referrals at the cost of their own search efforts, said Nathan Peart, who runs associate hiring at legal recruiter Major, Lindsey & Africa for Europe, the Middle East and Africa.

“It makes complete sense to have multiple sources of talent pipeline available to you from the firm perspective, but associates should be cautious of this approach,” said Peart.

Some firms are also conscious of how such referrals can affect diversity — associates may refer friends similar to themselves — and therefore try not to rely too heavily on such schemes.

“Whether this increases the number of internal hiring through referrals versus using a search agency is yet to be seen,” said Loanzon. “Providing internal referrals to earn the \$50,000 bonus takes a lot of time out of a billing associate’s day, and just because they referred their friends doesn’t mean the friends will join.”

Rescue operation Bodies of Mike Lynch and four guests recovered from wreckage of yacht



Italian rescue workers wait to bring a body bag ashore at Porticello, near Palermo, yesterday — Louiza Vradli/Reuters

MARIANNA GIUSTI AND GIULIANA RICOZZI — PORTICELLO
TIM BRADSHAW — LONDON

The bodies of UK tech entrepreneur Mike Lynch and four of his guests on the superyacht Bayesian have been recovered three days after it sank off the Sicily coast, Italian officials said.

The officials said the bodies of Christopher Morvillo of the law firm Clifford Chance and Jonathan Bloomer, chair of insurance group Hiscox and Morgan Stanley International, alongside their wives, Neda Morvillo and Judy Bloomer, have been retrieved.

Lynch’s 18-year-old daughter Hannah is still missing, after Bayesian went down in an intense storm near Palermo on Monday. The five bodies were pulled from the sunken yacht on Wednesday and early yesterday. The body of Recaldo Thomas, the boat’s chef, had been retrieved earlier.

The officials asked not to be named

as they were not authorised to speak publicly. No formal identification has been announced. The Italian public prosecutor is charged with making the official determination of death.

A representative for the Morvillo family spoke of their “tremendous loss”. A Bloomer family spokesperson described their “unimaginable grief”.

A spokesperson for the Lynch family declined to comment.

David Tabizel, who co-founded Autonomy with Lynch, paid tribute to his “exhausting, exhilarating and incisive” friend, describing him as a “witty, loyal polymath with a mind like a razor blade”.

Brent Hoberman, the investor and entrepreneur who co-founded Lastminute.com and Founders Forum, said Lynch was a “pioneering titan of UK technology”. “He was an outlier and an original thinker,” he said.

Lord John Browne, former chief executive of BP, said Lynch “should be

remembered as the person who catalysed a breed of deep tech entrepreneurs in the UK”.

Suranga Chandratillake, former US chief technology officer at Autonomy and now investor at Balderton Capital, called Lynch’s death an “incalculable loss to UK tech”, as well as of a “hugely inspirational friend who would always have time to help you find a solution [with] a sense of humour [and] a cup of builder’s tea”.

The trip on Bayesian had been planned as a celebration of Lynch’s recent acquittal on US fraud charges, after a 12-year legal battle over the \$11bn sale of his software group Autonomy to Hewlett-Packard.

Morvillo represented Lynch in the case, and Bloomer appeared at the trial as a witness for the defence.

Lynch’s wife, Angela Bacares, was one of 15 survivors.

Additional reporting by Caroline Binham
Christopher Morvillo obituary page 6

Deutsche in settlement with 60% of Postbank case claimants

PATRICIA NILSSON — FRANKFURT

Deutsche Bank has reached settlements with 60 per cent of claimants in a more than decade-long dispute over its acquisition of Postbank, paving the way for an expected €430m boost to its pre-tax profits in the third quarter.

Germany’s biggest lender said late on Wednesday that it had reached a deal with more than 80 plaintiffs in one of its longest-running legal disputes, including the largest individual plaintiff representing “about a third of all claimants”.

The bank had been accused of underpaying the plaintiffs in the acquisition of Postbank in 2010.

Deutsche indicated that the “progress in [...] conversations with plaintiffs” could lead it to revive a previously scrapped share buyback programme. “Against the backdrop of this improvement to our capital plan, we will review our distribution plans,” it said.

The settlements were made at €31 per Postbank share, representing roughly 45 per cent of the provisions that Deutsche had booked for the respective plaintiff covered by the agreement.

Deutsche surprised markets in April when it set aside a €1.3bn provision for the proceedings after a court in Cologne indicated that it was poised to decide in favour of the plaintiffs.

The bank’s shares closed up 4 per cent yesterday.

“Should Deutsche Bank enter into settlement agreements with additional plaintiffs, this could result in further positive implications on the total provisions taken for the litigation,” it said.

Jan Bayer, who represents some of the plaintiffs that have yet to accept a settlement offer, said the agreement would have “no effects on any other claimant”.

Former Postbank shareholders have spent 14 years claiming that Deutsche paid too low a price for their holdings. They argue that the bank had gained de facto control years before while it was in the process of buying out the remaining minority investors. It first took a stake in 2008 with an option to raise this later, which it did in three stages up to 2010.

The claimants maintained that Deutsche ignored an obligation under German law to make a mandatory takeover offer to the remaining shareholders at a time when Postbank’s shares were trading at €57.25, compared with the €25 Deutsche eventually paid.

Truly open-source artificial intelligence remains a long way away

INSIDE BUSINESS

TECHNOLOGY

Richard Waters



Open-source artificial intelligence has been one of the most surprising tech stories of the last year. As companies such as OpenAI and Google have poured billions of dollars into building ever more powerful AI, “open” models that are freely available for developers to use and adapt have closed the performance gap.

There’s just one drawback: most of these open-source systems aren’t very open. Critics accuse their backers of “open washing” — trying to benefit from the halo effect of open source, with its freedom from the constraints of normal commercial software products, but not living up to the name.

The effort to create a truly open-source version of AI is finally gaining momentum. But there is no guarantee that its progress will match that of open-source software, which has come to play a critical role in the tech world over the past 20 years. With traditional open-source software, such as the Linux operating system, the code is freely available for developers to inspect, use and adapt. So-called open-source AI has been different, not least because most modern AI systems learn from data rather than having their logic programmed in code.

Take Meta’s Llama. Only the “weights” which determine how the model responds to queries are disclosed. Users

can take and adapt it, but can’t see the underlying data it was trained on and don’t have enough information to reproduce the model from scratch.

For many developers, this still has some clear benefits. They can adapt and train quasi-open models on their own information without needing to hand sensitive data over to another company.

But not being fully open has its costs. According to Ayah Bdeir, a senior adviser to the Mozilla Foundation, only a true open-source technology would give people a full understanding of the systems that are starting to have an impact on all facets of our lives, while also guaranteeing that innovation and competition can’t be squashed by a handful of dominant AI companies.

One response has come from the Open Source Initiative — which laid out the definition of open-source software more than 20 years ago. This week, it produced a near-final definition that could help shape how the field develops.

This would require the release of not only the weights for a model, but also enough information about the data it was trained on to allow someone else to reproduce it, as well as all the code behind the system. Other groups, such as Mozilla and the Linux Foundation, are pushing similar initiatives.

Moves like these are already leading to a greater segmentation in the AI world. Many companies are being more careful with their terminology — perhaps mindful of the fact that the OSI owns the trademark to the term “open source” and could sue to prevent it being used on AI models that fall outside its own definition. Mistral, for instance,

calls its Nemo an “open weights” model. Alongside the partly open systems, full open-source models are starting to appear, such as the Olmo large language model developed by Allen Institute for AI. Yet it is far from clear that this version will have as big an impact in the AI world as it has had in traditional software. For this to happen, two things would be required.

One is that the technology will need to meet a big enough need to attract a critical mass of users and developers. With traditional software, Linux represented a clear alternative to Microsoft’s Windows, winning it a large base of users and strong backing from Microsoft’s rivals, including IBM and Oracle. There is no Linux equivalent in the AI world. The market is already more fragmented and many users will find quasi-open LLMs such as Llama adequate.

Backers of open-source AI also need to make a better case for its safety. The prospect of such a powerful, general-purpose technology available for anyone to use rightly stirs widespread concern.

Oren Etzioni, former head of the Allen Institute for AI, says many fears are overblown. When it comes to going online to research how to make a bomb or a bioweapon, “You’re not really able to get more out of these [AI models] than you’re able to get out of Google. There’s lots of it out there — it’s just being packaged differently.” He concedes that there are some areas where making AI more freely available could cause harm, like automating the creation of more online misinformation.

“Closed” AI also comes with risks. But until the extra marginal risk of open sourcing the technology has been more thoroughly studied, along with the potential benefits, the fears will remain.

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COMPANIES & MARKETS

Travel sector faces climate change challenge as wildfire, drought and heatwave risks grow

Europe operators prepare investment push to secure future after tourists turn attention to less hazardous destinations

ERI SUGIURA — RHODES

Staff at the Rodos Princess Beach Hotel in Rhodes had an unusual job when preparing the resort for the height of the summer season: scraping fire-damaged bark from the trunks of palm trees overlooking the swimming pool.

"We shaved them to get rid of the burnt wood, so that guests will not be scared from the images of the fire," said manager Christos Panayiotou. "They've been drilled down with a chainsaw, but you can still see the marks on the trees."

He is referring to the damage inflicted by wildfires, which raged across the Greek island a year ago, resulting in an evacuation of 25,000 people and the destruction of about 135,000 hectares of forest.

Based in the southern Rhodes village of Kiotari, the four-star Rodos resort was at the heart of the disaster. Almost a third of the building, including its kitchen, restaurant and reception balcony, was destroyed in the 10-day conflagration along with an affiliated hotel nearby.

The fire-damaged trees are now the only visible sign of the catastrophe following a €10m refurbishment. The Greek fires made global headlines yet the Rodos Princess this year was "almost full until the end of the season", said Andriana Hatzilazarou, marketing director and a board member of H Hotels Collection, which owns the resort.

However, with the risks of wildfires, droughts and heatwaves growing, they exemplify a dilemma for the European travel industry: how to invest and adapt to climate change as holidaymakers seek less risky destinations.

"We know that [climate change] is an existential threat to tourism," said Teodora Marinska, chief operating officer of the European Travel Commission, a non-profit organisation that promotes tourism around the continent. "And we know that weather plays a big role when people choose their destination."

UK-based luxury hotel members agency Little Emperors has experienced this shift first hand. Bookings for Greece, which had risen 20 per cent annually in recent years, were down 7 per cent for July and August compared with last year, while those for breaks in the English countryside rose 17 per cent and Norway and Sweden were up 23 per cent.

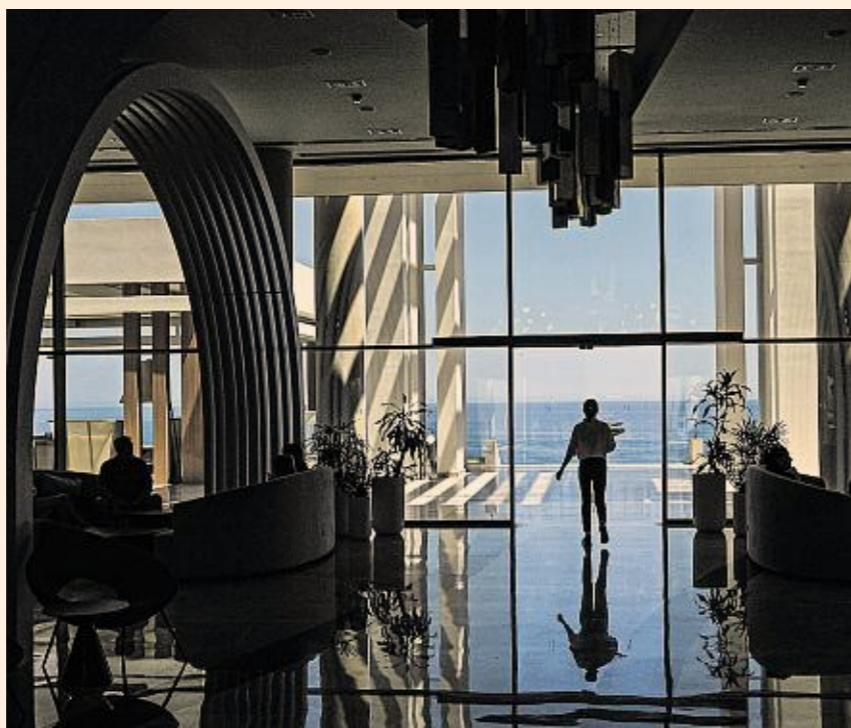
"The traditional beach destinations have become less attractive during the heatwave," said chief executive Rebecca Masri.

The increase in popularity during so-called shoulder months in autumn may be explained by cheaper room rates, but "the price becomes illogical with the extreme weather" during the peak season.

Customers are increasingly booking at the last minute to see what the weather would look like.

"People don't want to go and spend all that money on a luxury holiday and be stuck in a room with an [air conditioner] and not be able to go outside for daylight," Masri said.

A single night at the Hotel Grande Bretagne overlooking the Acropolis in Athens, for instance, starts at €1,000 a night. The Acropolis was partially shut



Nearly a year after wildfires in Rhodes, life has returned to the Princess, top, and the Maya resort, but a bar on Glystra Beach is still ashes

Byron Smith/FT

last month as temperatures rose to about 40C, while thousands of Athenians were evacuated from their homes last week as wildfires encroached on the outskirts of the Greek capital.

Climate change made the extreme fire-prone weather of 2023-24 twice as likely in Greece, a new State of Wildfires report from academic and scientific experts from a group of UK and European institutions and agencies this month concluded.

One consolation for hoteliers may be that tourists are still coming but are spreading trips throughout the year. Danielle, a 68-year-old tourist from France's Moselle region, enjoyed a holiday in Kiotari in June together with 20 friends and relatives.

"We came here because it was June. We would not have been here in July or August — it's just too hot," she said.

Little Emperors said bookings for Greece in September and October were up 31 per cent, a surge also seen in southern France and Italy.

Hatzilazarou said H Hotels was looking at measures to extend its open season from early November until December if this was deemed financially worthwhile.

But a prolonged season means hiring staff for longer and is dependent on flight schedules.

H Hotels has implemented a series of measures to prevent heatstroke, including sending warning messages to guests' phones when the temperature rises beyond 40C. The group is still



Guests 'are increasingly locking themselves in the hotel because it's too hot to walk around'

negotiating a fire-related insurance claim.

At local restaurants and gift shops, surrounded by fields with burnt olive trees and bushes, the mood is gloomier.

"Heat is getting worse every year, and tourists staying at all-inclusive resort hotels nearby are increasingly locking themselves in the hotel because it's too hot to walk around," said Nektarios Pethakas, whose family owns Il Ponte restaurant in Kiotari.

The seafood restaurant lost €50,000 due to the fire last year, having filled the fridge with fish for the peak season.

Despoina, owner of a nearby beach shop, estimated that the number of visitors this year was half that of 2023. She projected that in a decade, there would be fewer people in the peak summer

season, adding that her business was now "a little difficult".

The local government is considering the future. George Toppos, the deputy mayor of tourism and culture in Rhodes, said it was drafting a plan for the first time to assess how tourism, including the number of visitors and new hotel developments, was affecting the environment.

"We need a right balance [between them] . . . We don't have any problem right now but we'll have to monitor it, and after 10 years, maybe we'll have a problem," he said.

Asked if there was a need to limit development, Toppos said: "We might have to take care of [that issue]."

Bigger groups have more flexibility to adapt, but there are risks and costs.

Hotelplan UK, which owns brands such as Inghams and Inntavel, had pulled out from lower-altitude Alpine ski resorts a decade ago in response to snow shortages.

It plans to expand in Nordic countries and is investing in designing and marketing more walking tours.

John Mansell, managing director of Inghams, said it would be another 20 years before climate change had a dramatic effect on the industry, but warned: "We've been working with these hotels for years. We've got an obligation to make sure that we keep them running . . . even when there is a lack of snow to be able to ski properly" in places such as Austria and Italy.

Tui, Europe's largest travel group, has expanded its year-round offerings in Turkey's Antalya and has increased capacity for the winter.

Chief executive Sebastian Ebel said the company was seeing "strong growth" in northern Europe, although the region accounted for only 1 per cent of the group's business. But heatwaves were unlikely to dent mass summer tourism in the Mediterranean; "cost inflation or capacity constraints have a far bigger impact on where customers go to", with many also beholden to the timing of school holidays.

"When there are incidents, there may be a shift from the affected destination to another destination for a short time, but it will not take long before holiday-makers choose the affected destination again," said Ebel.

The group, which reported disruption costs of €25m due to the Rhodes wildfire evacuation last year, had two weeks of fewer bookings following the incident but rebounded soon after.

Ioannis Papavasiliou, president of the Rhodes Hotel Association, said hotels on the island had experienced an annual 15 per cent increase in bookings this year, partly helped by the government's programme to give free holidays to those who evacuated last year.

In the immediate aftermath of the 2023 wildfires, international air arrivals in Rhodes fell 11 per cent in July compared with the same month a year earlier. But for the year as a whole, they were up 3 per cent at 2.6m according to the Greek Tourism Confederation.

Hatzilazarou said she was "not concerned" about climate change potentially disrupting tourism. "It might come soon . . . [but] people who live in cold places will choose beaches in the Mediterranean," she said.

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MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

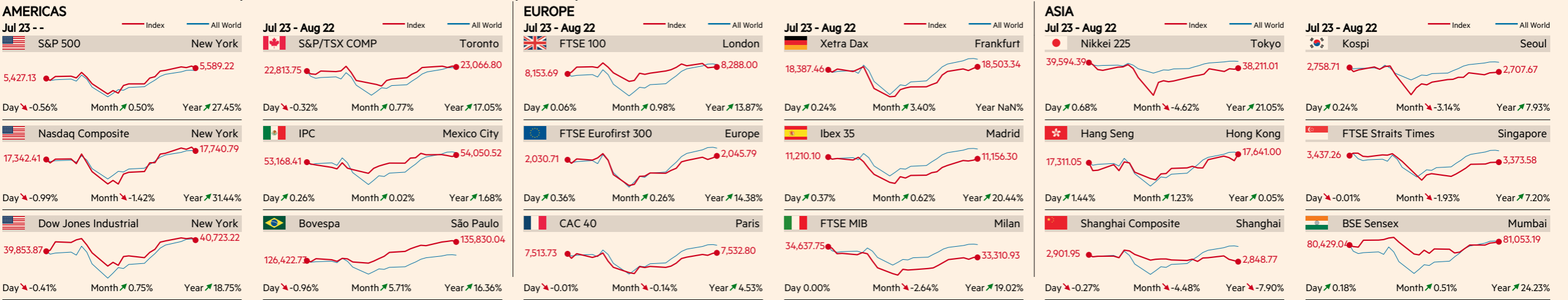


Table with columns for Country, Index, Latest, Previous, and a grid of data for various regional indices.

STOCK MARKET: BIGGEST MOVERS

Table listing top gainers and losers in the Americas, London, and Tokyo markets.

UK MARKET WINNERS AND LOSERS

Table listing top gainers and losers in the UK market, categorized by industry sectors.

CURRENCIES

Table showing exchange rates for various currencies including Dollar, Euro, Pound, and others.

FTSE ACTUARIES SHARE INDICES

Table listing FTSE Actuarial Share Indices with columns for currency, closing price, and daily change.

FT 30 INDEX

Table showing FT 30 Index performance metrics including closing price, yield, and dividend.

FTSE SECTORS: LEADERS & LAGGARDS

Table listing FTSE sector performance metrics for various industry groups.

FTSE 100 SUMMARY

Table providing a summary of FTSE 100 performance metrics.

FTSE GLOBAL EQUITY INDEX SERIES

Table listing FTSE Global Equity Index Series with columns for region/country, index value, and daily change.

UK STOCK MARKET TRADING DATA

Table showing UK stock market trading data including turnover, volume, and price changes.

UK STOCK MARKET TRADING DATA

Table showing UK stock market trading data including turnover, volume, and price changes.

UK RIGHTS OFFERS

Table listing UK rights offers with columns for company name, amount, and date.

UK COMPANY RESULTS

Table listing UK company results with columns for company name, revenue, and profit.

UK RECENT EQUITY ISSUES

Table listing UK recent equity issues with columns for company name, issue size, and date.

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.

All data provided by Morningstar after its own research. All elements listed are indicative and believed accurate as at the time of publication.

For all queries e-mail ft.reader.enquiries@morningstar.com

Data provided by Morningstar | www.morningstar.co.uk



Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.

For more information on dividend payments visit www.ft.com/marketsdata

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.

For a full explanation of all the other symbols please refer to Prospectus available at www.ft.com/ft

MANAGED FUNDS SERVICE

Table listing various investment funds such as Algebris Investments, Blue Whale Growth Fund, Cantab Asset Management Ltd, and others, including their bid, offer, and yield percentages.

Advertisement for Findlay Park, featuring a large image of a park and text describing the fund's focus on UK and international equities.

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Large advertisement for the Managed Funds Service, featuring the Financial Times logo, a grid of fund performance charts, and contact information for advertising enquiries.



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Don't blame proxy advisers for discord on executive pay

Mind the gap: UK-listed multinationals wanting to offer bosses US-style pay packets have won a more sympathetic

hearing from investors this year. But executive pay remains a contentious subject. Equipment rental company Ashtead is the latest in the crosshairs. It is seeking approval for a plan to pay chief executive Brendan Horgan, a US resident, up to about \$14mn.

The plan has received the thumbs-down from proxy agencies ISS and Glass Lewis. Such decisions tend to infuriate business grandees. Their attitudes to proxy voting agencies range from "frustration and irritation at one end of the spectrum to militant hostility at the other", according to one study based on interviews with FTSE 100 leaders.

One beef is that advisers have double standards. Agencies support big packages in countries such as the US but frown on them in the UK. Given that the largest UK companies pay bosses roughly a third as much on average as their S&P 500 peers, this makes it hard for the UK to compete for talented executives, companies argue. Indeed, FTSE 100-listed Ashtead argued this week that its success relied on attracting and retaining high-calibre talent "who are residents of the US".

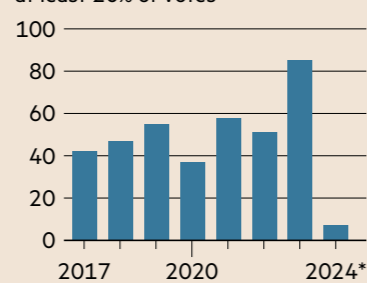
But there is no reason that a one-size-fits-all approach would be more appropriate: proxy advisers tailor their recommendations to local rules or governance norms and investors — in other words, their clients.

The second grouse — that advisers are inflexible — has more heft, says Suren Gomtysan of the London School of Economics. To be sure, there are exceptions. This year Glass Lewis reckoned Smith & Nephew had given a "compelling rationale" for paying more to its US-based leaders,



Shareholder dissent over pay is down this year

Number of FTSE All-Share remuneration reports opposed by at least 20% of votes



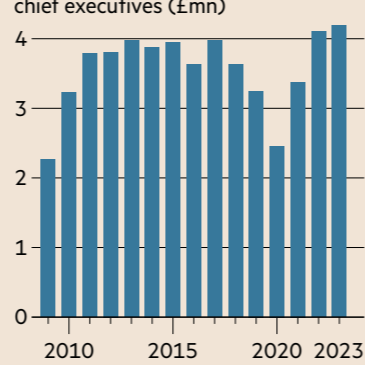
* Year to May
Source: Public Register of shareholder votes, The Investment Association

though ISS advocated rejection. This illustrates how proxy advisers take different approaches. Nearly a third of investors use more than one adviser. They often offer divergent views, especially ISS and Glass Lewis. In two-thirds of cases where one advised a vote against a report, the other recommended the opposite in 2022, according to a paper from the UK's Financial Reporting Council.

More than 28 per cent of institutions almost invariably followed the advice of one of the three proxy advisers — ISS, Glass Lewis or Hermes EOS — across all say-on-pay votes, Gomtysan found in a study of 1,271 FTSE 100

UK bosses' pay is rising

Median remuneration for FTSE 100 chief executives (£mn)



Based on disclosures in annual reports
Source: High Pay Centre

say-on-pay proposals between 2013 and 2021. They were often overseas institutions investing in the UK market as part of a diversification strategy. They were less likely to have strong views about the governance of individual companies.

Meanwhile, the influence of UK institutions, which are less likely to rely on external experts, has dwindled as their ownership of UK shares has fallen. That gives the agencies an important role. But blaming proxy recommendations for awkward showdowns over pay misses the point. In the end, investors — not advisers — call the shots.

Overblown legal risk may create chances for a steely few

The mainstream view of legal risk — think big US class actions — is that it makes a company virtually uninvestable. The potential liabilities are wildly unpredictable. Initial estimates made by financial analysts have often turned out to be too optimistic. Yet a few recent cases challenge that view.

Zantac — a discontinued blockbuster heartburn pill once marketed by GSK, Sanofi and Pfizer among other drugmakers — is one such case.

The threat of litigation over its alleged cancer links emerged into financial consciousness in the middle of 2022, when an analyst note put the potential liability between \$5bn and a whopping \$45bn. At the time, investors wiped about \$40bn from the stocks involved.

Fast forward two years and many cases have already been settled or thrown out, although choppy news flow continues to roil stock prices, especially for GSK. But analysts now put the UK pharma company's potential liability at \$5bn-\$6bn, versus an early estimate of \$3bn-\$27bn.

In a similar vein, Philips settled litigation linked to its sleep apnoea devices at \$1.1bn earlier this year. That was a fraction of what analysts had pencilled in. The jury is still out over Reckitt's potential baby formula liabilities but here, too, market projections have been on a downward trend, from as high as \$12bn to up to \$3bn today.

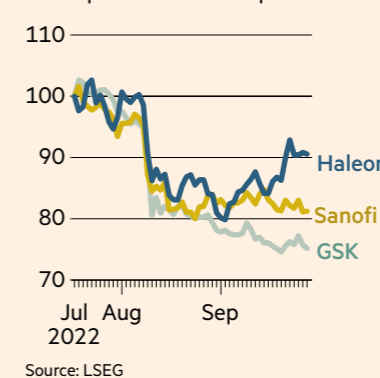
All this calls for some obvious caveats. Two to three swallows do not a summer make. And Reckitt's situation, in particular, is still so preliminary that it would not be surprising if market estimates bounced around significantly from here.

But it does seem at least plausible that in some cases analysts — burnt by high-profile legal disasters such as Bayer's Roundup weedkiller litigation saga — are choosing to err on the side of extreme caution. That would be understandable. The uncertainty makes putting any sort of number to paper a mug's game.

At the very least, recent cases suggest legal risk is not necessarily a

Zantac-exposed drugmakers swallowed a bitter pill in 2022

Share prices rebased in pence terms



Source: LSEG

one-way bet. Overreactions create a potential opportunity. That is hard to act on, of course. For professional money managers, taking a big position in a stock with a known legal risk can be career-ending. And even if they are right, courts are slow. A lot of other things can go wrong with the company in the meantime.

Some investors do think it is worth buying legal risk. Italy's Agnelli family took a stake in Philips with a long-term, fundamental view. But that is likely to remain the minority opinion.

TD Bank accrues \$3bn in charges over alleged compliance failures

The newly crowned NBA champion Boston Celtics play their home basketball games in an arena called the TD Garden. That might be the only thing going well in America for Canada's TD Bank.

On Wednesday, the former Toronto-Dominion Bank said it would set aside a staggering \$2.6bn — in addition to a previous \$450mn provision — to settle claims from US regulators of lax money laundering controls. Allegations that Chinese drug traffickers use the bank to wash fentanyl sales have swirled for some time.

TD Bank has nearly C\$2tn (\$1.5tn) of assets, with the US retail bank generating about a quarter of its Canadian counterpart. TD's share price hit an all-time high in February 2022. At that time it announced its landmark American deal, an acquisition of First

Horizon for \$3bn. But the tie-up never closed because of the regulatory concerns.

TD — with a C\$142bn market value — had been playing offence for years. But it is now on the defensive after its sloppiness has caught up with it.

In conjunction with the \$2.6bn set aside, TD said it would sell a chunk of its stake in Charles Schwab worth about that amount.

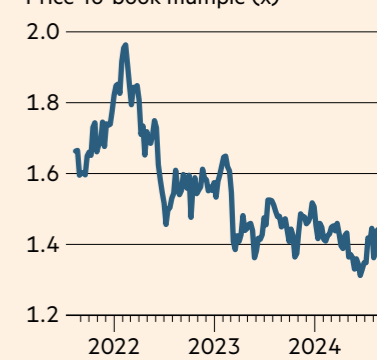
Analysts did not get much clarity from TD management on yesterday's earnings call when they asked why the bank recently bought back C\$1bn of shares. That capital could have been allocated to keeping more of the Schwab stake and the earnings power that came from it. Management was generally cagey about just what a final resolution with US authorities could resemble. However, the costs related to beefed-up monitoring and compliance was noticeable. So was the CET ratio that had now drifted to below a loose 13 per cent target.

The worry for investors is that TD is the new Wells Fargo — whose compliance failures led the Federal Reserve to cap its asset total, a drag on growth and, essentially, profits.

Banking is very much a scale game where thin margins can be enhanced through acquisitions. The size of the US population is eight times that of Canada and its fast-growing regions in the south and west are eyed by lenders wanting to participate in that prosperity. But the tedious mechanics of managing financial institutions is easy to flub in favour of focusing on grand strategy. Maybe paying attention to the Celtics could provide some insights to TD management.

TD Bank's growth plans run up against compliance shortcomings

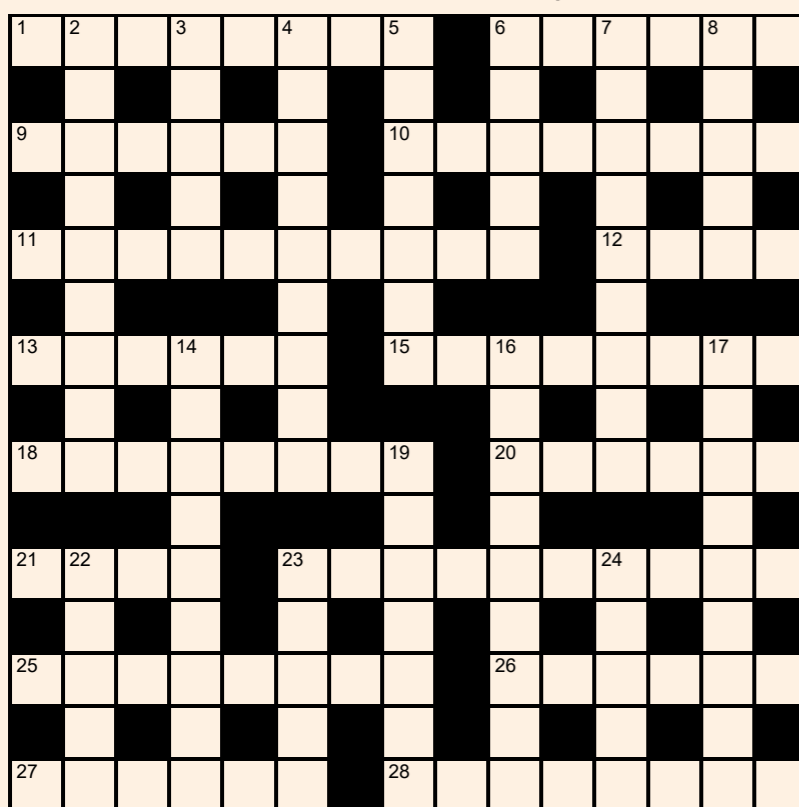
Price-to-book multiple (x)



Source: LSEG

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CROSSWORD No 17,822 by MUDD



ACROSS

- Muscle in play, full range (8)
- See where there's an absence of rocks? (6)
- Number of the French in lacklustre parade (6)
- South Africa certainly not toured by wine lover from Italy (8)
- Reference to dairy in cream, primarily whipped (10)
- Watch out for meat! (4)
- Repeated phrases with skill recalled by geezer (6)
- Tramp embraced by old partners goes off (8)
- Ma has resewn faulty trousers, say (8)
- Fourteen lines: four fewer and numbers reversed (6)
- Rugby player has run in try (4)
- L-L-luck of the draw? (5-5)
- My my, two deep holes! (4,4)
- Nothing original, certainly, describing some streets (3-3)
- Impersonate a bird and go jump in the lake (4,2)
- Details accompanying story, tale I end unexpectedly (8)

DOWN

- Friend, mine, took pound (9)
- Noble record (5)
- Reason a relation relocated (9)
- Knotty art, yours truly entertaining a crowd (7)
- A little man as tyrant, odious (5)
- Time clue about daughter moderated (5,4)
- City similarly viewed from north and south? (5)
- Early riser, one in bed after game of cricket (4,5)
- Cat has paw in hedge (9)
- Serenity affected fielding a viewer's complaint (9)
- Agitated bird shown the way (7)
- Old magistrate looking at first lady (5)
- Quick craft (5)
- Optimal reports looked at fish? (5)

Solution 17,821

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U O U T I O N L
C U P B A S K E T C A S E
K H A P O B N
T R I S T R A M S H A N D Y
O S O R E S I
O A T H W A R M A C H I N E
T A G O E X
H E A R T B E A T S D I S C
C D E O T C U
F L A R E D T R O U S E R S
I I P H X B A
P I G E O N H O L E O R B
S H S M D A L
B E A T I T D E P O R T E E

JOTTER PAD



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Johnstons of Elgin, textile manufacturing, Scotland. Shot by Sam Walton