

▀ **Beyond Climate: Social Risks Return to the Fore with Covid-19**

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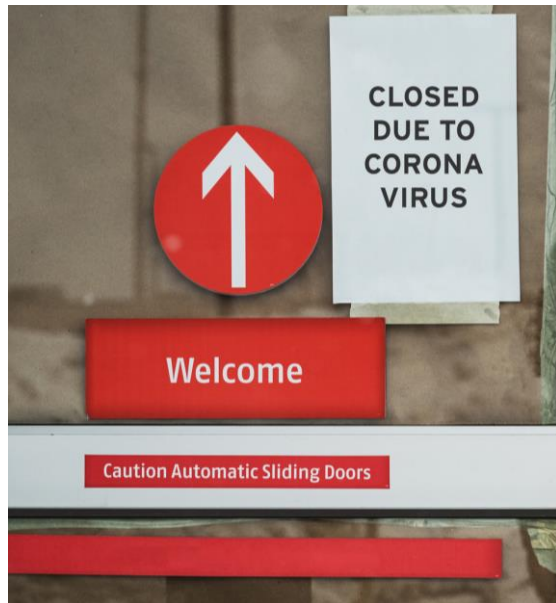




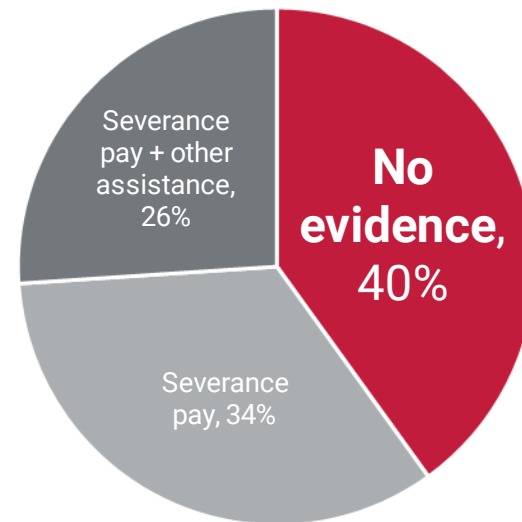
A world of work upended

Layoffs for many, WFH and PPE for the rest

How strategic are all these layoffs? Are companies thinking long term?



Disclosed restructuring practices at companies with major layoffs 2017-2019



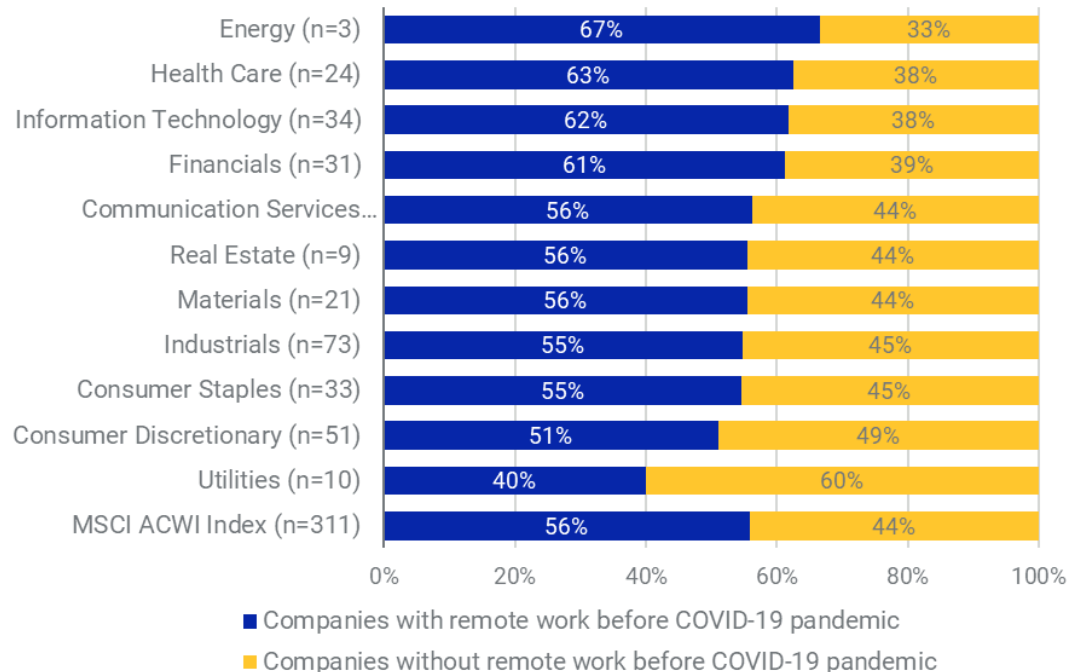
Definition of major layoff: More than 1,000 employees or 10% of workforce. N = 407 companies.

Sources: MSCI ESG Research LLC, obtained from company reports, filings, publicly available sources. Data for constituents of MSCI ACWI Index, as of March 30, 2020

Who was prepared for the WFH pivot? And will it change company cultures?



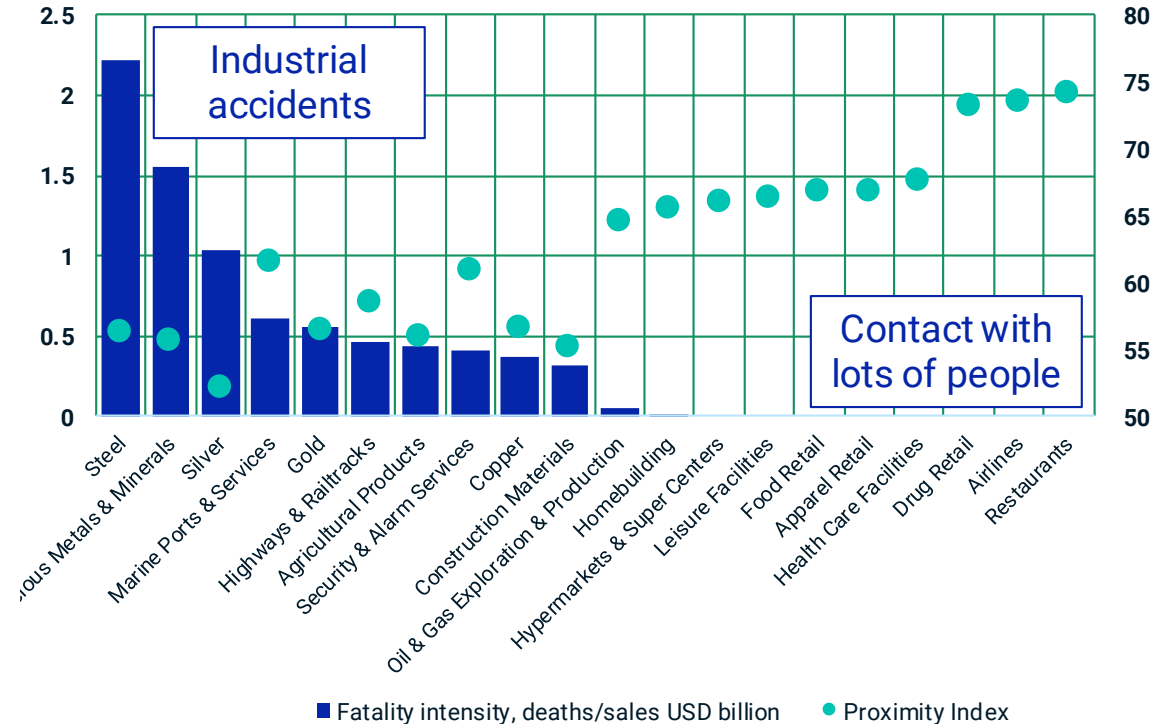
Pre-pandemic adoption of remote work in Japan



What is a dangerous job now?



Traditional vs new measures of occupational risks

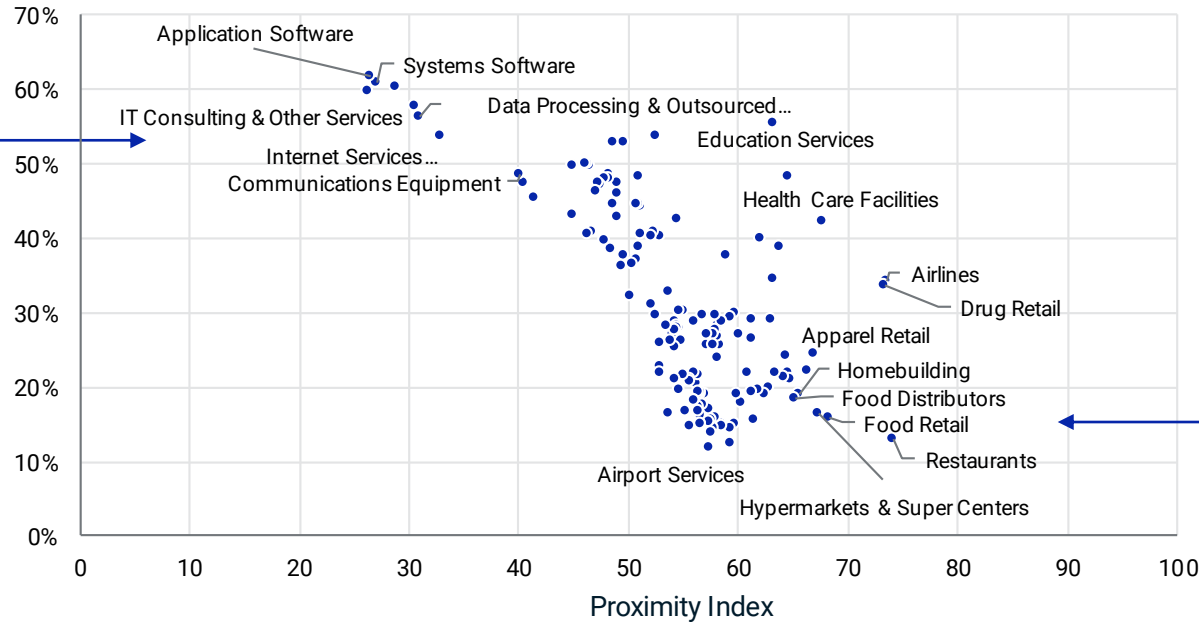


Is a new #Occupy type movement looming?

Average educational attainment vs required on-the-job proximity to other people

Educated,
well paid,
WFH in
safety

% of employees with
a college degree



Less educated,
lower paid, laid
off or working
in person

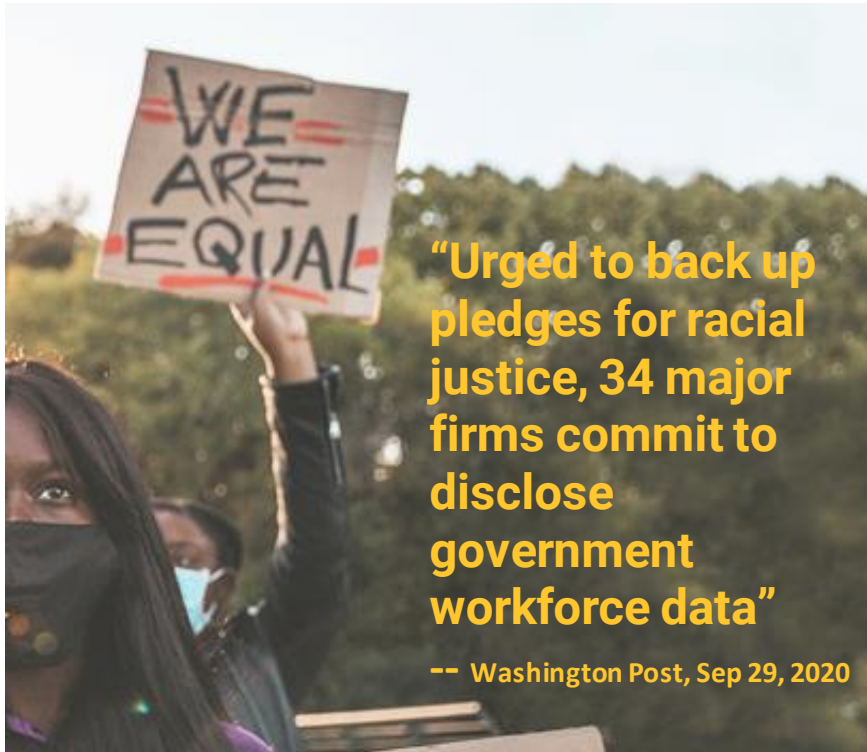
The chart shows industries plotted by workers' average educational attainment and the average required physical proximity to other people. The physical proximity index (O*net) is an estimate of how much workers are required to perform tasks in physical proximity to other people. Scale is based on 0 (isolated by 100+ ft) to 100 (near touching). A score of 50 equates to shared office space; 75 equates to working at arm's length.

Source: O*Net (US BLS), Employment Projections Program (US BLS), Occupational Employment Statistics Survey (US BLS), MSCI ESG Research. Employment by occupation and business activity based on US BLS data from May 2018. Calculation of proximity index and educational attainment by GICS sub-industry is based on the average values calculated for constituents of the MSCI ACWI Index as of April 17, 2020.

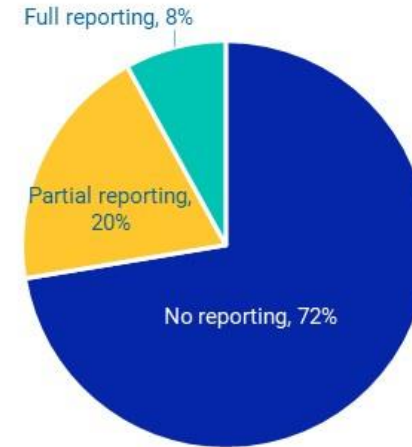
When the outside world comes in

Death of George Floyd and #BLM movement sparked a sea change in discussions about corporate diversity and inclusion

Will #BLM change companies?

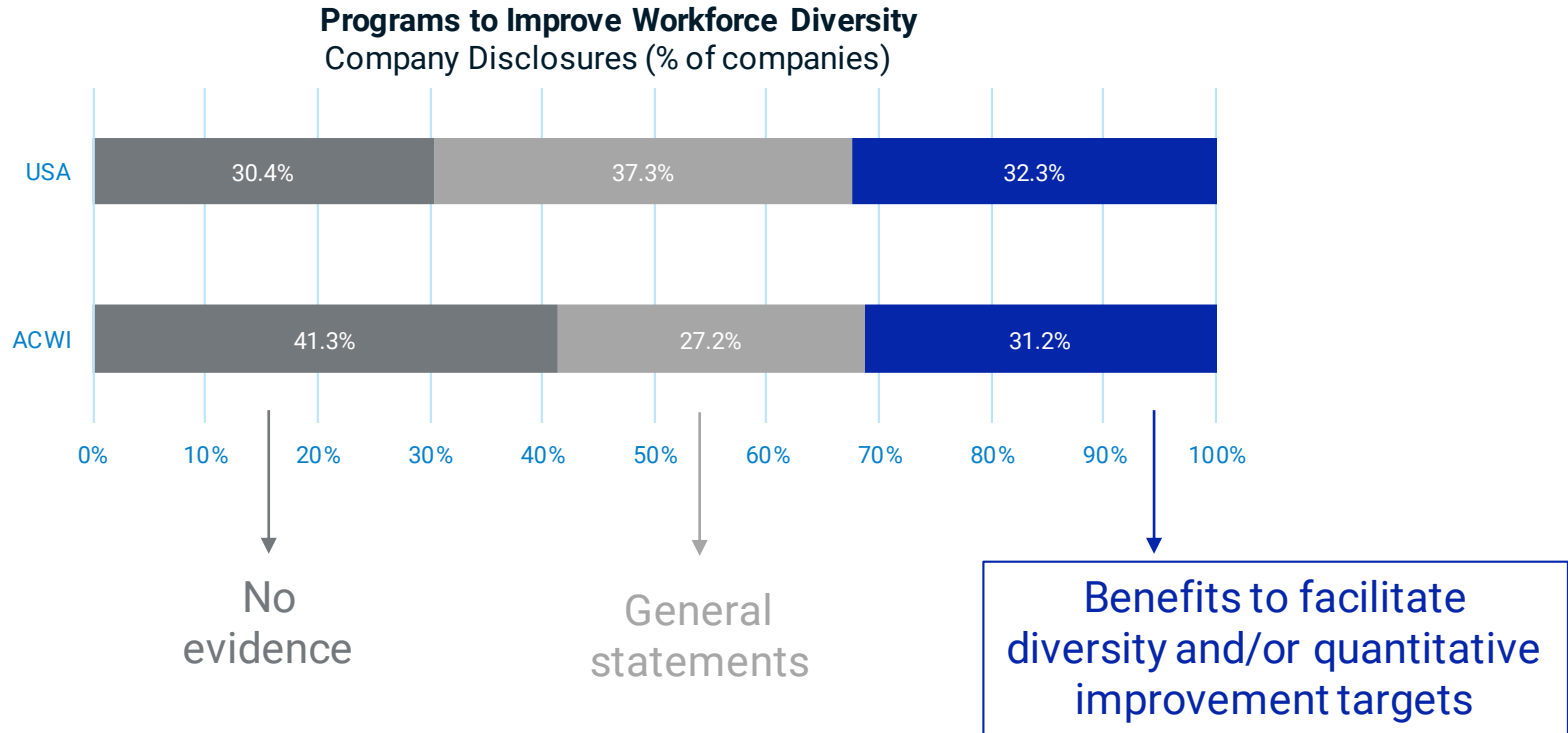


2018 Extent of Workforce Racial Diversity Reporting by Large Cap US Companies



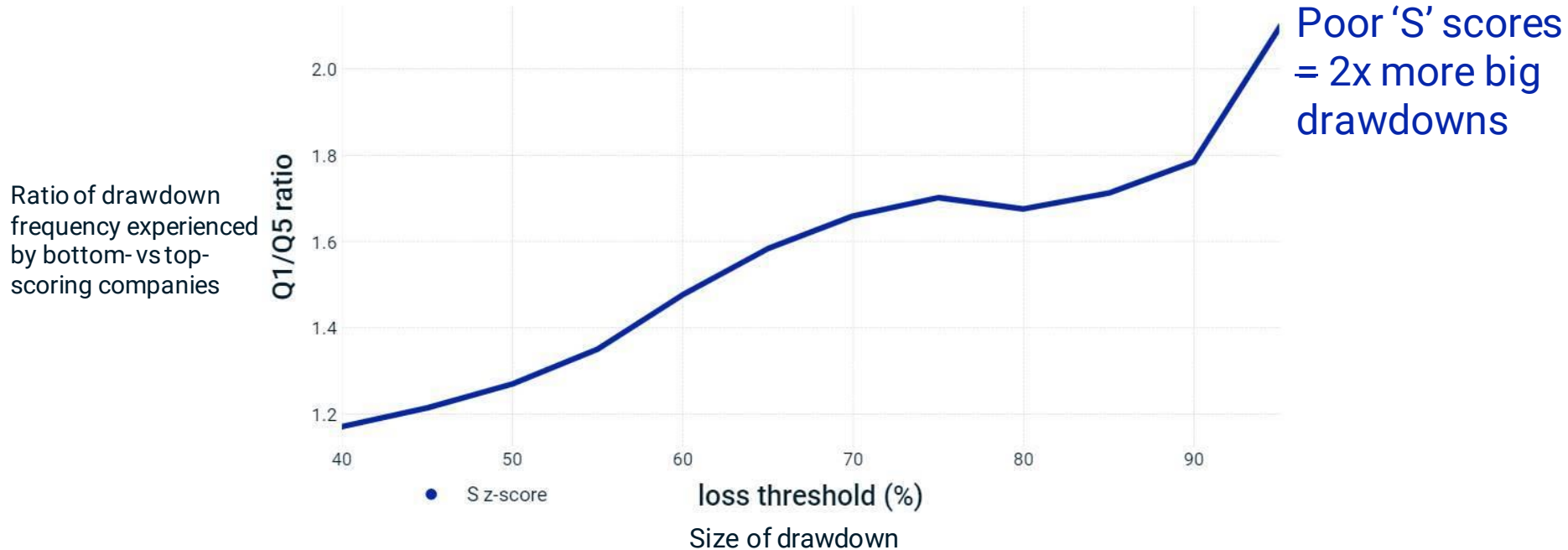
Source: MSCI ESG Research, company reports. Data for 373 U.S.-based constituents of the MSCI ACWI Index, as of Nov. 30, 2018. Full reporting included percentage or number of employees by race for the whole company, management and senior management/executives. Partial reporting included some portion of these figures.

What might change look like?



Implications for investors

Companies with good 'S' management had fewer big drawdowns...



...and higher cumulative financial performance



We cannot see
what is around
the next bend

But we can learn
from the roads
we have traveled
to get there



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