

ESG Matters

Time to discuss social issues

Free to View
ESG - Global

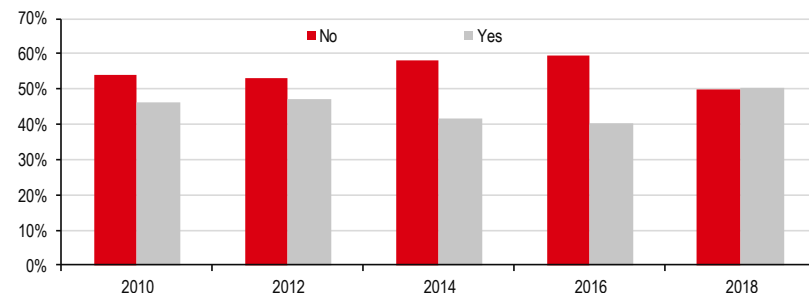
- ◆ Social issues encompass all that is not covered by GDP
- ◆ Various inequalities have been exacerbated by the pandemic
- ◆ Investors are asking more social questions of companies

As part of HSBC Markets and Securities Services MENAT month, we interviewed Pinelopi Koujianou Goldberg, Elihu Professor of Economics at Yale University to better understand the pandemic and its unequal impact across the society. We summarise the insights from the discussion in this note.

Spotlight on social issues: The COVID-19 pandemic has had profound impacts on lives and livelihoods across the world. Many social issues such as gender-, income- and education- inequality have been exacerbated by the pandemic. As vaccines provide some light at the end of the tunnel, it is becoming increasingly clear that not all segments of society will emerge from the pandemic on a similar trajectory as before 2020. Governments have been responding to the short term but should also consider how to progress on a wide range of social issues over the longer term. We believe social issues will garner more attention from the market as increased disclosures are sought.

Compounded impact on women: The pandemic has widened the gender gap as the economic and societal effects have affected women more than men, driven by factors such as the layoffs in the services and retail sectors, which heavily employ women, or the part-time and contractual work that has been reduced and may lack benefits, as well as the additional burden from caregiving responsibilities. The lack of support in some economies has disincentivised women from staying employed or returning to work in the face of other demands requiring their attention. Social issues are rising up the agenda.

Is mandating gender-based non-discrimination in hiring enshrined in law?



Source: World Bank (Women, Business and the Law). Note: Based on 187 countries; "Does the law mandate non-discrimination based on gender in hiring?"

This is an abridged version of a report by the same title published on 25-Mar-21. Please contact your HSBC representative or email AskResearch@hsbc.com for more information.

Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Wai-Shin Chan, CFA
Head, Climate Change Centre; Co-Head, ESG Research
The Hongkong and Shanghai Banking Corporation Limited

Anushua Chowdhury
Associate
Bangalore

Issuer of report: The Hongkong and Shanghai Banking Corporation Limited

View HSBC Global Research at:
<https://www.research.hsbc.com>

Down the employment curve: During the pandemic, many people lost their jobs but a disproportionate number of women completely withdrew from the workforce i.e. stopped actively looking for jobs. The shift down the employment curve – from full-time to part-time to less hours – also affected women more. For instance, in many countries, women constitute a large portion of *part-time* workers or the *informal economy* (whether registered or not) where there is no protection. Where there are social protection systems, these are sometimes employer-based and hence the benefits do not reach the part-time or informal worker.

Widening education inequality: While education across the globe has been directly impacted due to school closures, the education inequalities have been magnified. Access to technologies, overcrowded housing conditions, and varied level of guidance from parents based on their own education level, have further widened the disparity. While difficult to predict the long-term impacts of this current pandemic, learnings drawn from previous crises suggest that the impacts are likely to be more detrimental on girls' education. For example, the loss of household income and school closures may result in girls being tasked with more household work or being given in marriage which makes it much more difficult for these girls to return to school.

Automation means flexibility for women: The pandemic has accelerated trends such as automation. Although there are associated concerns, if gradually adopted, automation can increase productivity and flexibility. This transition to flexible working arrangements can present opportunities for women who often find balancing family and work roles a barrier to workforce participation. Supplemented by better child support policies, automation could help reduce the gender gap in the workforce. Middle-income countries are likely to benefit from embracing the positives of this trend as they have experience of operating with flexible work arrangements.

Healthcare provision from businesses: The effect of the pandemic on businesses has seen wide variance across and within countries. Smaller businesses, such as restaurants which employ many workers other than chefs, have been worse affected. Many of the workers are undocumented which compounds the problem. Smaller businesses were most affected due to the lack of financial resources associated with layoffs. Going forward, it will be increasingly important for companies to provide support for employees by setting the right standards for health, health insurance, and wellbeing.

Lack of data for managing mental health crisis: The pandemic has amplified mental health-related issues due to increased levels of stress and anxiety. In *developing economies*, lack of data and recognition of mental health as a real issue is a major barrier. However, it is speculated that the impact in developing economies could be smaller as people have to focus on earning and livelihoods – with less time to think about mental health. In *developed economies*, financial support from governments may have eased some of the economic burden, but the mental health impact could be severe. Support networks have been challenging for those under physical restrictions yet without access to social support online. Data collection needs to be improved to enable better understanding of the issue, better research and related policies. Companies should also prepare for a rise in mental health issues among workers.

Policies should promote women in workforce: Drawing on the World Bank's Women, Business and the Law database, there are still large differences in how both genders are treated under the law, despite decades of progress. Women suffer from pronounced disparities under the law which is a persistent barrier to participate in the workforce. Legal frameworks are an important starting point to reduce gender-based discrimination.

Action required: Leaders could provide actionable solutions such as providing immediate relief to prevent societies from falling apart, and quality child care provided by the state.

The global ESG calendar: upcoming events

Date	Location	Event
20 -24 April 2021	Virtual	5 th Sustainable Fashion Forum 2021
8 - 9 September 2021	Rome, Italy	ICSD 2021 : 9th International Conference on Sustainable Development
14 - 16 September 2021	Tokyo, Japan	PRI in Person 2021
1 - 12 November 2021	Glasgow, Scotland, UK	26th Conference of Parties (COP 26)
6 - 7 November 2021	Glasgow, Scotland, UK	2021 Global Conference on Health and Climate Change
First quarter of 2021 (TBC)	Canada	Twenty-fourth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA-24)
Second quarter of 2021 (TBC)	TBC	Third meeting of the Open-ended Working Group on the Post-2020 Global Biodiversity Framework
TBC (2021)	Beijing, China	Second United Nations Global Sustainable Transport Conference
TBC (2021)	Seoul, Republic of Korea	P4G Summit
TBC (2021)	TBC	The 2021 Food Systems Summit

Source: HSBC

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Wai-Shin Chan, CFA

Important disclosures

This document has been prepared and is being distributed by the Research Department of HSBC and is not for publication to other persons, whether through the press or by other means.

This document is for information purposes only and it should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other investment products mentioned in it and/or to participate in any trading strategy. Advice in this document is general and should not be construed as personal advice, given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. If necessary, seek professional investment and tax advice.

Certain investment products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. Investors should consult with their HSBC representative regarding the suitability of the investment products mentioned in this document and take into account their specific investment objectives, financial situation or particular needs before making a commitment to purchase investment products.

The value of and the income produced by the investment products mentioned in this document may fluctuate, so that an investor may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Value and income from investment products may be adversely affected by exchange rates, interest rates, or other factors. Past performance of a particular investment product is not indicative of future results.

HSBC and its affiliates will from time to time sell to and buy from customers the securities/instruments, both equity and debt (including derivatives) of companies covered in HSBC Research on a principal or agency basis or act as a market maker or liquidity provider in the securities/instruments mentioned in this report.

Analysts, economists, and strategists are paid in part by reference to the profitability of HSBC which includes investment banking, sales & trading, and principal trading revenues.

Whether, or in what time frame, an update of this analysis will be published is not determined in advance.

For disclosures in respect of any company mentioned in this report, please see the most recently published report on that company available at www.hsbcnet.com/research. HSBC Private Banking clients should contact their Relationship Manager for queries regarding other research reports. In order to find out more about the proprietary models used to produce this report, please contact the authoring analyst.

Additional disclosures

- 1 This report is dated as at 25 March 2021.
- 2 All market data included in this report are dated as at close 24 March 2021, unless a different date and/or a specific time of day is indicated in the report.
- 3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Information Barrier procedures are in place between the Investment Banking, Principal Trading, and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.
- 4 You are not permitted to use, for reference, any data in this document for the purpose of (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments, (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument, and/or (iii) measuring the performance of a financial instrument or of an investment fund.

Disclaimer

Legal entities as at 1 December 2020

'UAE' HSBC Bank Middle East Limited, DIFC; HSBC Bank Middle East Limited, Dubai; 'HK' The Hongkong and Shanghai Banking Corporation Limited, Hong Kong; 'TW' HSBC Securities (Taiwan) Corporation Limited; 'CA' HSBC Securities (Canada) Inc.; 'France' HSBC Continental Europe; 'Spain' HSBC Continental Europe, Sucursal en España; 'Italy' HSBC Continental Europe, Italy; 'Sweden' HSBC Continental Europe Bank, Sweden Filial; 'DE' HSBC Trinkaus & Burkhardt AG, Düsseldorf; '000' HSBC Bank (RR), Moscow; 'IN' HSBC Securities and Capital Markets (India) Private Limited, Mumbai; 'JP' HSBC Securities (Japan) Limited, Tokyo; 'EG' HSBC Securities Egypt SAE, Cairo; 'CN' HSBC Investment Bank Asia Limited, Beijing Representative Office; The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch; HSBC Securities (South Africa) (Pty) Ltd, Johannesburg; HSBC Bank plc, London, Tel Aviv; 'US' HSBC Securities (USA) Inc, New York; HSBC Yatirim Menkul Degerler AS, Istanbul; HSBC México, SA, Institución de Banca Múltiple, Grupo Financiero HSBC; HSBC Bank Argentina Limited; HSBC Bank Argentina SA; HSBC Saudi Arabia Limited; The Hongkong and Shanghai Banking Corporation Limited, New Zealand Branch incorporated in Hong Kong SAR; The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch; PT Bank HSBC Indonesia; HSBC Qianhai Securities Limited; Banco HSBC S.A.

Issuer of report

The Hongkong and Shanghai Banking Corporation Limited

Level 19, 1 Queen's Road Central

Hong Kong SAR

Telephone: +852 2843 9111

Fax: +852 2801 4138

Website: www.research.hsbc.com

The Hongkong and Shanghai Banking Corporation Limited ("HSBC") has issued this research material. The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority. If it is received by a customer of an affiliate of HSBC, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate.

In the UK, this publication is distributed by HSBC Bank plc for the information of its Clients (as defined in the Rules of FCA) and those of its affiliates only. Nothing herein excludes or restricts any duty or liability to a customer which HSBC Bank plc has under the Financial Services and Markets Act 2000 or under the Rules of FCA and PRA. A recipient who chooses to deal with any person who is not a representative of HSBC Bank plc in the UK will not enjoy the protections afforded by the UK regulatory regime. HSBC Bank plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In Australia, this publication has been distributed by The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737) for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). Where distributed to retail customers, this research is distributed by HSBC Bank Australia Limited (ABN 48 006 434 162, AFSL No. 232595). These respective entities make no representations that the products or services mentioned in this document are available to persons in Australia or are necessarily suitable for any particular person or appropriate in accordance with local law. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. This publication is distributed in New Zealand by The Hongkong and Shanghai Banking Corporation Limited, New Zealand Branch incorporated in Hong Kong SAR.

In the European Economic Area, this publication has been distributed by HSBC Continental Europe or by such other HSBC affiliate from which the recipient receives relevant services

This material is distributed in Japan by HSBC Securities (Japan) Limited. HSBC Securities (USA) Inc. accepts responsibility for the content of this research report prepared by its non-US foreign affiliate. The information contained herein is under no circumstances to be construed as investment advice and is not tailored to the needs of the recipient. All US persons receiving and/or accessing this report and intending to effect transactions in any security discussed herein should do so with HSBC Securities (USA) Inc. in the United States and not with its non-US foreign affiliate, the issuer of this report. In Korea, this publication is distributed by either The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch ("HBAP SLS") or The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch ("HBAP SEL") for the general information of professional investors specified in Article 9 of the Financial Investment Services and Capital Markets Act ("FSCMA"). This publication is not a prospectus as defined in the FSCMA. It may not be further distributed in whole or in part for any purpose. Both HBAP SLS and HBAP SEL are regulated by the Financial Services Commission and the Financial Supervisory Service of Korea. In Singapore, this publication is distributed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch for the general information of institutional investors or other persons specified in Sections 274 and 304 of the Securities and Futures Act (Chapter 289) ("SFA") and accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the SFA. Only Economics or Currencies reports are intended for distribution to a person who is not an Accredited Investor, Expert Investor or Institutional Investor as defined in SFA. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch accepts legal responsibility for the contents of reports pursuant to Regulation 32C(1)(d) of the Financial Advisers Regulations. This publication is not a prospectus as defined in the SFA. This publication is not a prospectus as defined in the SFA. It may not be further distributed in whole or in part for any purpose. The Hongkong and Shanghai Banking Corporation Limited Singapore Branch is regulated by the Monetary Authority of Singapore. Recipients in Singapore should contact a "Hongkong and Shanghai Banking Corporation Limited, Singapore Branch" representative in respect of any matters arising from, or in connection with this report. Please refer to The Hongkong and Shanghai Banking Corporation Limited Singapore Branch's website at www.business.hsbc.com.sg for contact details. HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC is authorized and regulated by Secretaría de Hacienda y Crédito Público and Comisión Nacional Bancaria y de Valores (CNBV).

In Canada, this document has been distributed by HSBC Securities (Canada) Inc. (member IIROC), and/or its affiliates. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offense. In Brazil, this document has been distributed by Banco HSBC S.A. ("HSBC Brazil"), and/or its affiliates. As required by Instruction No. 598/18 of the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários), potential conflicts of interest concerning (i) HSBC Brazil and/or its affiliates; and (ii) the analyst(s) responsible for authoring this report are stated on the chart above labelled "HSBC & Analyst Disclosures".

Any recommendations contained in it are intended for the professional investors to whom it is distributed. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. HSBC has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; HSBC makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of HSBC only and are subject to change without notice. From time to time research analysts conduct site visits of covered issuers. HSBC policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits. The decision and responsibility on whether or not to invest must be taken by the reader. HSBC and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). HSBC and its affiliates may act as market maker or have assumed an underwriting commitment in the securities of any companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform banking or underwriting services for or relating to those companies. This material may not be further distributed in whole or in part for any purpose. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. (070905)

If you are an HSBC Private Banking ("PB") customer with approval for receipt of relevant research publications by an applicable HSBC legal entity, you are eligible to receive this publication. To be eligible to receive such publications, you must have agreed to the applicable HSBC entity's terms and conditions ("KRC Terms") for access to the KRC, and the terms and conditions of any other internet banking service offered by that HSBC entity through which you will access research publications using the KRC. Distribution of this publication is the sole responsibility of the HSBC entity with whom you have agreed the KRC Terms.

If you do not meet the aforementioned eligibility requirements please disregard this publication and, if you are a customer of PB, please notify your Relationship Manager. Receipt of research publications is strictly subject to the KRC Terms, which can be found at <https://research.privatebank.hsbc.com/> – we draw your attention also to the provisions contained in the Important Notes section therein.

© Copyright 2021, The Hongkong and Shanghai Banking Corporation Limited, ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of The Hongkong and Shanghai Banking Corporation Limited.

MCI (P) 028/02/2021, MCI (P) 087/10/2020

[1167861]