

The Global Pandemic and Social Unrest as Catalysts that Heighten Awareness



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During 2020, the global pandemic and the death of George Floyd were catalysts for raising awareness of health risks and social inequity. This heightened awareness changed how individuals and businesses interact and amplified dialogue around the health and well-being of employees and social issues such as diversity and inclusion.¹ In addition, we have seen a rising concern for climate risk during the year.² This heightened awareness may also coincide with a heightened interest in environmental, social, and governance (“ESG”) perspectives.³

In early March, the World Health Organization declared the Coronavirus as a global pandemic, leading to a worldwide lockdown. The lockdown impacted basic human interactions, causing massive disruption to cross-border travel, education, the supply chain industry, and overstretched health care systems.⁴ Companies were forced to deal with unanticipated challenges, and those that were well-positioned were rewarded. Companies that were unable to adjust faced diminished revenues and fixed expenses. Ultimately millions of employees lost their jobs, and an untold number of employers went bankrupt.⁵ The travel, hospitality, and food industries were the most severely hit by the lockdown.⁶ Amidst the disruption, there was a rise in innovation and a heightened awareness of the need for work/life balance. Although clouds have cast dark shadows since March of 2020, there is renewed hope as governments race to distribute vaccines that scientists developed in record time.⁷

As the world dealt with the lockdown of 2020, the death of George Floyd resulted in social unrest and protest in cities across the United States. The protests helped shed a strong light on the social and economic inequality that exists between the “haves” and “have nots,” with minorities more likely to work on the front-line and more likely to suffer adverse health consequences.⁸ Many businesses responded by committing to address social and economic inequalities.⁹

Awareness of climate risk was also heightened during the year. Pope Francis urged 1.2 billion Catholics worldwide to divest from companies with fossil fuel exposure.¹⁰ Major academic institutions such as the George Washington University, The University of California, and Cornell University moved toward becoming fossil fuel-free.¹¹ And recently, the Federal Reserve committed to join the Climate-Change Club for Central Banks next Spring.¹²

As the grim reality of 2020 gradually fades away with vaccine distribution in 2021, we expect a gradual easing of the challenges presented by the lockdown. We are optimistic much of the innovation and awareness that emerged during 2020 will continue to thrive and that ESG and diversity, equity, and inclusion (“DEI”) issues will be given more prominent consideration within investment and business decisions.

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Citations

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