

# Diversity and equality

## Longer Term Investments (LTI)

Focus on diversity and equality is gaining momentum, driven by societal changes, increasing pressure from regulators and stakeholders, and growing evidence of their benefits to business and the economy. We think companies that promote diversity and equality throughout their value chains and processes can deliver outperformance in the long run.

### Projections and opportunities

#### Increasing regulation

We expect increasing regulation and stakeholder pressure on company management to promote workforce diversity, equal treatment and opportunities, and more transparent corporate disclosure.

**+400%**

References to gender and race or ethnicity during global company earnings calls, 10 years to December 2020



Source: UBS Evidence Lab

#### Equal and inclusive society

There is growing evidence of the broader economic benefits of a more equal and inclusive society, and the potential risks rising inequalities pose.



If we close the racial/ethnic gap



**USD GDP +4–6%**  
by 2028

Source: McKinsey, "The economic impact of closing the wealth gap," 2020

#### Younger generations

A societal and generational mind-shift is taking place as social movements addressing inequalities gather steam, with younger generations adopting a different attitude toward—and expectation of—global social diversity. Post-millennials will be the most diverse population ever.



**25%** of the global population can be considered post-millennial

Source: United Nations

#### Workforce diversity

Companies are increasing their effort to promote diversity in the workplace.



Source: The Wall Street Journal

#### Benefits of promoting diversity

There is also growing evidence of the benefits to companies of promoting diversity and equal rights. More diverse companies are more likely to be innovative and to enjoy higher profitability.

Earnings before interests and taxes (EBIT)

**+36%**

For ethnic diversity

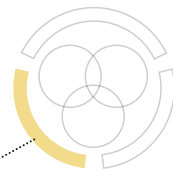
**+25%**

For gender diversity

Source: McKinsey, "Diversity wins: How inclusion matters," 2020



**Diversity and equality investment properties**



Society

○ Influencer    ⊗ Key drivers

#### Near-term drivers

- Inflows into ESG
- New regulations
- Millennials and post-millennials

#### Sustainable investing

- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities

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