

The background of the entire page is a vibrant red. Overlaid on this is a complex, abstract geometric pattern of thin white lines. These lines intersect to form a series of irregular, overlapping polygons and triangles, creating a sense of depth and movement. The pattern is most dense in the upper left and lower right corners, with more open space in the middle.

# Open For Business

The economic and business  
case for global LGB&T inclusion

By Jon Miller and Lucy Parker

# About the report

## Methodology

### What is the report's purpose?

This report presents a comprehensive evidence base for global LGB&T inclusion: successful businesses thrive in diverse, inclusive societies and the spread of anti-gay policies runs counter to the interests of business and economic development.

### What is its scope?

This report sets out the case for inclusion and diversity, with a specific focus on LGB&T. It brings together a broad base of research undertaken from different perspectives and with different geographical foci, and identifies themes that are globally relevant.

### Who is it for?

This report is intended to set out the evidence that will empower those arguing against LGB&T discrimination, wherever it exists in the world.

### What methodology was used?

1. Collected evidence (reports, research papers, online news articles) via secondary desk research.
2. Distilled this evidence base into a set of propositions about the individual, business and economic impacts of LGB&T inclusion.

3. Re-visited the evidence base to identify the most robust and up-to-date evidence and data for each proposition.
4. Input from civil society organizations, including the International HIV/AIDs Alliance, the Human Rights Campaign, Out Leadership and Stonewall.
5. Interviewed activists on the front-line of LGB&T discrimination to ensure propositions are grounded in local country realities, including Jamaica, India, Malaysia, Singapore, Nigeria, Russia and Poland.
6. Commissioned primary research on consumer attitudes towards LGB&T discrimination (survey data).
7. Research was carried out between January – August 2015.

### Who are the authors?

Companies supporting Open For Business contributed their global perspectives, experience and expertise on the business case for LGB&T inclusion, and they actively participated in shaping the argument throughout the development of this report. The final analysis and writing of the report was undertaken by Jon Miller and Lucy Parker of the Brunswick Group.

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## DISCLAIMER

This report is prepared for information purposes only by Jon Miller and Lucy Parker of the Brunswick Group, at the request of Open For Business, a coalition of global companies supporting LGB&T inclusion. The information contained in this report is intended as a guide only, and whilst believed to be correct at the date of publication, is not a substitute for appropriate legal or financial advice, detailed specific research or the exercise of professional judgment. Jon Miller, Lucy Parker, Brunswick Group or Open For Business has not, and will not, verify the information in this report. Neither the authors nor any contributors to this report make any representation, expressed or implied, or accept any responsibility, with respect to the accuracy or completeness of the information in this report. The opinions expressed in this report are those of the editorial team and do not represent an official position of Open For Business or any of the companies supporting the coalition. Every reasonable effort has been made to trace copyright holders of material reproduced in this report, but if any have been inadvertently overlooked then Open For Business would be glad to hear from them.

# About Open For Business

Open For Business is a coalition of global companies making the case that inclusive, diverse societies are better for business and better for economic growth. The purpose of the coalition is to promote a positive business and economic case for equality of opportunity for everyone, all across the world.

Open For Business is a response by a number of leading global businesses to the spread of anti-LGB&T sentiment in many parts of the world. It is not a formal organization, but a coalition of companies supporting LGB&T inclusion.

These businesses share a deep-rooted commitment to diversity and inclusion in their own workplaces, and they are concerned about the growth of anti-LGB&T policies in many countries in which they operate.

The coalition identified the need for a stronger and more comprehensive evidence base that makes the business and economic case for LGB&T inclusion. Even within governments implementing anti-LGB&T policies there is opposition – and this often comes from ministers with responsibility for finance and commerce. The opportunity exists now to empower those arguing against discrimination, and provide them with ammunition.

This report is the first output of Open For Business. It builds upon many strands of work which explore the subject from different angles, such as economic growth and development, business performance and productivity, and human resources and talent management. This report brings together these strands into the most comprehensive evidence base yet published on this subject.

The coalition will use this content as the basis for outreach programs in countries with anti-LGB&T sentiment, conducting training and roundtables to raise awareness of the case for inclusion, and creating allies and activists in the local business communities.

Our task is to present the business rationale on global LGB&T inclusion: successful, enterprising businesses thrive in diverse, inclusive societies and the spread of anti-gay policies runs counter to the interests of business and economic development.



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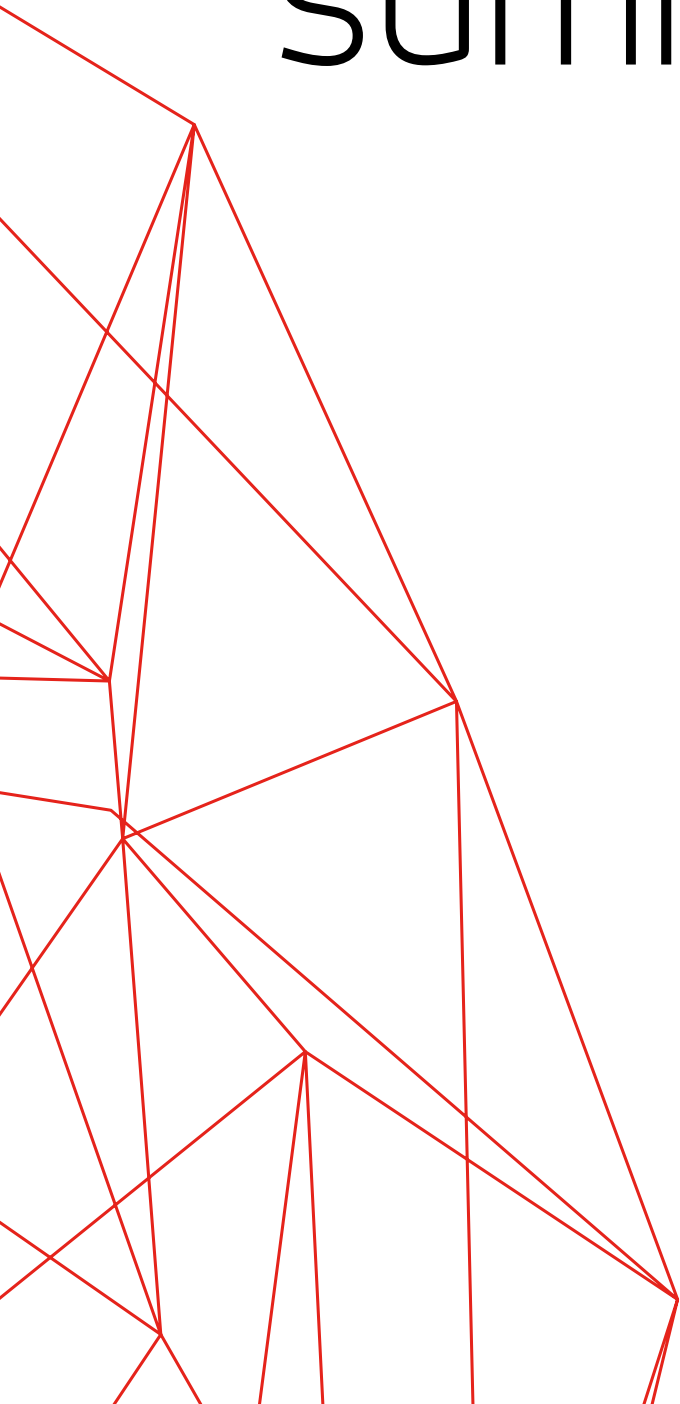
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# Executive summary



# Executive summary

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Open, inclusive and diverse societies are better for business and better for economic growth. This report presents the evidence base that supports this: it demonstrates that businesses thrive in tolerant societies and that the spread of anti-LGB&T policies runs counter to the interests of business and economic development.

The report draws upon the global perspectives of the companies supporting Open For Business, and they have contributed their experience and expertise on the business case for gay, lesbian, bisexual and transgender (LGB&T) inclusion. It also incorporates the perspectives of activists in countries that are on the front-line of LGB&T discrimination, to ensure it is grounded in local country realities.

There are many strands of work which have studied the subject from different angles, including economic growth and development, business performance and productivity, and human resources and talent management. This report brings these together for the first time. As a result, this report represents the most comprehensive evidence base yet published on this subject.

The report begins with an overview of the Global Situation: in many parts of the world, recent years have seen a growing culture of respect for LGB&T individuals, and their ability to fully participate in society is protected by law. In other parts of the world, there is rising antagonism towards LGB&T people, who are suffering discrimination at the hands of politicians and lawmakers.

The report then looks at the economic opportunities associated with LGB&T inclusion, and the business risks of operating in territories that practice discrimination against LGB&T individuals. These opportunities and risks can be summarized as follows:

## Economic opportunity

### A. Economic performance

Stronger growth and higher levels of entrepreneurialism.

### B. Business performance

Superior performance, innovation and profitability.

### C. Individual performance

Greater employee productivity and contribution.

## Business risk

### A. Employee safety & security

Criminal conviction, harassment and violence.

### B. Non-compliance

Conflict between global codes of conduct and local laws.

### C. Brand & reputation

Negative employee and consumer opinion, and hostile activism.

## Economic Opportunity

The business and economic case for LGB&T inclusion exists on three levels – economic performance, business performance and individual performance – and the evidence base is presented in the following 23 propositions.

### A. Economic performance

**Proposition 1: Urban Economic Growth**

LGB&T inclusion signals a diverse and creative environment, which creates the right conditions for urban economic growth.

**Proposition 2: Entrepreneurship**

LGB&T inclusion results in higher levels of enterprise, creativity and innovation.

**Proposition 3: Corruption**

LGB&T discrimination often goes hand-in-hand with a culture of corrupt practices and a lack of openness.

**Proposition 4: Foreign Direct Investment**

LGB&T inclusion is associated with countries which attract higher levels of foreign direct investment.

**Proposition 5: Global Markets**

LGB&T discrimination may inhibit local companies from connecting to global markets.

**Proposition 6: Brain-drain**

LGB&T discrimination results in a 'brain drain' – the emigration of talented and skilled individuals.

**Proposition 7: Health**

LGB&T discrimination leads to negative economic consequences as a result of poor health outcomes.

**Proposition 8: National Reputation**

LGB&T discrimination can shape perceptions on a world stage, with a negative impact on tourism, talent attraction and export markets for consumer goods.

**Proposition 9: National productivity**

LGB&T discrimination leads to lower levels of national productivity.

### B. Business performance

**Proposition 10: Attracting Talent**

Companies that are more diverse and inclusive are better able to compete for talented employees.

**Proposition 11: Retaining Talent**

Companies that are more diverse and inclusive have higher rates of retention of talented employees.

**Proposition 12: Innovation**

Companies that are more diverse and inclusive have higher levels of innovation and creativity.

**Proposition 13: Collaboration**

Companies that are more diverse and inclusive create an atmosphere of trust and communication, which is essential to effective teamwork.

**Proposition 14: Customer Orientation**

Companies that are more diverse and inclusive are better able to anticipate customer needs and to access a broader client base.

**Proposition 15: Brand Strength**

Companies that are more diverse and inclusive have greater brand appeal and loyalty with consumers who want socially responsible brands.

### C. Individual performance

**Proposition 16: Authenticity**

Individuals working in open, diverse, inclusive environments are able to be themselves, instead of concealing important aspects of their identity.

**Proposition 17: Motivation**

Individuals working in open, diverse, inclusive environments have higher levels of motivation.

**Proposition 18: Affinity**

Individuals working in open, diverse, inclusive environments have greater affinity with values and culture of the workplace.

**Proposition 19: Satisfaction**

Individuals working in open, diverse, inclusive environments have higher levels of satisfaction.

**Proposition 20: Health**

Individuals working in open, diverse, inclusive environments are free from discrimination – a cause of poor mental health and physical violence.

**Proposition 21: Speaking Up**

Individuals working in open, diverse, inclusive environments are more likely to speak up with suggestions to improve performance.

**Proposition 22: The Extra Mile**

Individuals working in open, diverse, inclusive environments are more likely to go beyond their formal remit and make a contribution to the culture of the company.

**Proposition 23: Individual Productivity**

Individuals working in open, diverse, inclusive environments have greater productivity – more efficient work with higher quality outputs.

## Executive summary continued

### Business Risk

The risks facing companies operating in countries which are hostile to LGB&T individuals exist on three levels – employee safety and security, non-compliance, and brand and reputation – and these are explored in the following 12 scenarios.

#### A. Employee safety & security

##### **Scenario 1: Criminal Conviction**

Risk of arrest and/or Conviction of LGB&T employees for participating in same-sex sexual activity.

##### **Scenario 2: Non-Reporting of an LGB&T Individual or Supporter**

Risk of violating anti-LGB&T laws that require people known to be LGB&T to be reported to authorities.

##### **Scenario 3: Violent Action Against the Company and/or Employees**

Risk of attack of employees and/or company property through opportunistic violence and/or vigilante activity.

#### B. Non-compliance risk

##### **Scenario 4: Promoting Non-Traditional Sexual Relationships**

Risk of violating laws prohibiting the promotion of “non-traditional sexual relationships” through LGB&T networks, or through inclusion and diversity communications.

##### **Scenario 5: Global Mobility of Employees**

Risk of failing to comply with legal requirements to provide safe and secure working conditions to employees overseas.

##### **Scenario 6: Equal Benefits for Employees**

Risk of failing to comply with non-discrimination legislation by not paying full spousal benefits to employees overseas.

#### C. Brand & reputation risk

##### **Scenario 7: Misaligning with the Global Emerging Middle Class**

Companies operating in anti-LGB&T environments may be forced to take positions inconsistent with the values of the commercially critical global middle class.

##### **Scenario 8: Alienating Global Millennial Consumers and Employees**

Companies operating in anti-LGB&T environments may be forced to take positions inconsistent with the values of global Millennials.

##### **Scenario 9: Risks Facing Global Companies Marketing to Consumers in Anti-LGB&T Environments**

Marketing activities in countries with strong anti-LGB&T sentiment may be at odds with the values of the company and the expectations of global consumers.

##### **Scenario 10: Falling Out of Step with Corporate Stakeholders**

Companies not vocally supporting global LGB&T inclusion may become estranged from the communities from which they draw workers, partners and customers.

##### **Scenario 11: Appearance of Hypocrisy and “Pink Washing”**

Companies not vocally supporting global LGB&T inclusion but promoting their diversity credentials at home may be accused of hypocrisy.

##### **Scenario 12: Failing to Take a Clear Position on Global LGB&T Inclusion**

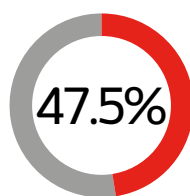
Risk of criticism from the public groups who expect global businesses to take a clear position on LGB&T inclusion overseas as well as at home.



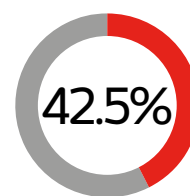
## New Survey Data

### Consumers Are Ready to Act in Support of Global LGB&T Inclusion

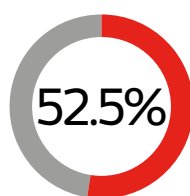
To explore further the risks associated with public opinion, Open For Business commissioned a survey of attitudes amongst U.S. and U.K. consumers towards companies doing business in countries with anti-LGB&T laws.<sup>1</sup> The results are published for the first time in this report. The results show the strength of popular support for global LGB&T inclusion – to the extent that they support boycotts, change consumption behaviors and employment preferences:



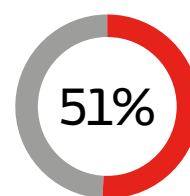
Nearly HALF (47.5%) would support a boycott of companies working in countries that have anti-gay laws



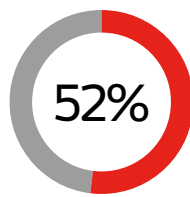
42.5% would be UNLIKELY to buy a product (e.g. coffee) from a country that has anti-gay laws



More than HALF (52.5%) say they would be UNLIKELY to support international development aid going to a country that has anti-gay laws.



More than HALF (51%) would be UNLIKELY to go on holiday to a country that has anti-gay laws



More than HALF (52%) would be UNLIKELY to work for a company that does business in a country that has anti-gay laws

Throughout this report we draw upon correlations to illustrate the case for LGB&T inclusion. Correlation does not equal causation, and this report does not draw inferences beyond those supported by the data. One thing is clear, however: time and time again we see that LGB&T inclusion goes hand-in-hand with a range of indicators of economic growth, business performance and individual productivity, as well as measures of entrepreneurialism, innovation and non-corruption. This report presents these correlations and invites readers to draw their own conclusions.

<sup>1</sup> Research by Brunswick Insight; N=525 in the US; N=543 in the UK



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# Forewords

## Yvonne Chaka Chaka

**United Nations Equality Champion,  
President at the Princess of Africa  
Foundation, and UNICEF Goodwill  
Ambassador**



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Like millions of South Africans who grew up during the Apartheid years, I know what it feels like to be treated as a second class citizen in my own country. Today, we can look back with pride at South Africa's progress, but we must never forget the painful lessons of the past. Discrimination on any basis hurts people, it scars whole communities and, ultimately, it impoverishes us all.

Lesbian, gay, bisexual, transgender and intersex (LGBTI) people face discrimination, exclusion and violence in every country of the world. The United Nations Human Rights Office has documented widespread stigma, violence and discriminatory attitudes. Far too many LGBTI people are rejected by their own families, bullied at school, denied work opportunities, harassed, attacked and even, in some cases, killed, simply because of who they are or whom they love. Shockingly, in 76 countries same-sex love remains a criminal offence, exposing millions to the fear of arrest and imprisonment.

For anyone who believes, as I do, in the fundamental equal worth of every human life, these abuses are a moral outrage. My commitment to fighting homophobia and transphobia led me, in 2013, to accept an invitation from the United Nations Human Rights Office to become an Equality Champion in support of the UN Free & Equal campaign. The campaign is helping to change hearts and minds around the world by challenging negative stereotypes and promoting a message of equality, respect and inclusion.

This is a cause that should concern all of us. The costs of abuse levelled at LGBTI people fall first and foremost on the victims themselves. But it doesn't end there. Family rejection and school bullying cause many LGBTI people to miss out on an education, while workplace discrimination limits employment opportunities. Violence, harassment and the prospect of arrest cause enormous stress and suffering and can take people out of productive employment altogether. For the individuals concerned, these are personal tragedies. For society at large, they amount to an enormous waste of human talent and creativity and, ultimately, of economic potential.

Research from a number of developing countries points to a link between, on the one hand, protection of the human rights of LGBTI people and, on the other, a country's level of GDP growth and UN Human Development Index score. Breaking down the barriers that prevent LGBTI people from exercising their rights also frees up people to participate fully and productively in the economic life of their country - which is good for them, good for business and good for development.

Eliminating discrimination is never straightforward. We know from past and ongoing battles against racial discrimination and against gender inequality that it takes time and a collective effort. Governments have a key role to play - reforming discriminatory laws, putting in place the necessary legal protections and helping to lead an informed public debate. But business must play its part as well by adopting a more inclusive approach to attracting and retaining LGBTI talent.

I welcome the contribution of Open For Business in raising awareness of the cost of homophobia and transphobia, and in making the case for both individual businesses and the business community as a whole to take responsibility for promoting LGBTI inclusion. We all have a role to play – whether as consumers or investors, employers or employees. I hope that this publication can convince many more people to do their part.

Yvonne Chaka Chaka is an Equality Champion with the United Nations Free & Equal campaign on lesbian, gay, bisexual and transgender (LGBT) equality. Yvonne is the President of her own charity – the Princess of Africa Foundation – which she set up in 2006 to complement her work as UNICEF and Rollback Malaria Goodwill ambassadors in Africa. In 2012, she was the first African woman to receive the World Economic Forum’s Crystal Award for her commitment to health and social development issues. Yvonne is a renowned South African vocalist, performer, and human rights advocate and a successful entrepreneur in her own right.



Violence, harassment and the prospect of arrest cause enormous stress and suffering and can take people out of productive employment altogether. For the individuals concerned, these are personal tragedies. For society at large, they amount to an enormous waste of human talent and creativity and, ultimately, of economic potential.”

## Forewords continued

**Randy W. Berry**

**U.S. State Department Special Envoy  
for the Human Rights of LGBTI Persons**



In my role as Special Envoy for the Human Rights of LGBTI Persons, I engage with all sectors of society to protect and promote the universal human rights of all people, including lesbian, gay, bisexual, transgender, or intersex (LGBTI) persons.

While governments play a leading role in upholding and affirming the human rights of all persons regardless of sexual orientation or gender identity, the private sector is increasingly becoming involved in championing values of equality and diversity – not just because it is the right thing to do, but because it is good for business. Through its ever growing global reach, we believe business has a unique opportunity to play an expanding role to advance these efforts.

Nearly 80 countries criminalize consensual, adult same-sex activity, or use other laws to marginalize and persecute LGBTI persons. These laws targeting LGBTI persons attack their dignity, undermine their safety, and violate their human rights. In some cases, same-sex acts can be punished with the death penalty. Some political leaders are taking advantage of ignorance – ignorance that breeds intolerance and high levels of homophobia. Advancing intolerance to score political points also means distracting attention from other significant challenges, such as poverty, corruption or lack of access to healthcare. Governments that neglect or oppress sections of their population are failing to use the full potential of their citizens and hampering their own prosperity. These discriminatory laws, along with continued harassment and violence against the LGBTI community, are also detrimental to business and economic development, threatening the stability that businesses desire, risking the safety of their employees, and jeopardizing productive economic relationships that can advance business interests all over the world.

Studies have shown the economic costs of anti-LGBTI discrimination laws, and how LGBTI exclusion hampers development and progress. In too many countries, LGBTI people face societal and workplace discrimination that denies them equal access to education and health care and discourages them from pursuing, obtaining, or retaining good-paying jobs. Too often, LGBTI employees will turn down a transfer overseas to a country that is intolerant and hostile to the LGBTI community.

Considered globally, LGBTI employees constitute a sizeable and dynamic workforce. In order to maintain a diverse talent pool, companies need to promote policies and work environments that enable them to recruit the best and brightest, regardless of sexual orientation or gender identity. This means providing a workplace where LGBTI employees feel comfortable, safe and valued. Though we have seen some progress, too many LGBTI employees still face obstacles to being themselves and spend time and effort hiding their identity in the workplace. People are more productive when they bring their whole selves to work. A diverse, open workplace will increase creativity and spark innovation and new ideas. It is important for senior business leaders to prioritize non-discriminatory, inclusive policies and practices and that these policies are followed consistently throughout the company's global operations.

In my travels, I have seen the positive steps that some multi-national corporations have taken to come together and develop a framework of guiding principles that encourage LGBTI-inclusive programs and policies. These are important steps toward creating a stronger workforce, building a better business and strengthening the community around you.

That is why publications such as this one by Open For Business are essential in detailing the business case for LGBTI inclusion; not only to advance this important conversation, but to generate meaningful action. Business leaders work with government leaders on many issues – the passage and implementation of non-discriminatory laws should be a part of those discussions. With data analysis showing that countries with greater levels of human rights for LGBTI persons also tend to have higher levels of economic development than countries with fewer rights, it is in the interest of all people, across every sector, to advance the legal rights of LGBTI persons and to push back on discrimination that encourages harassment and violence.

As Special Envoy, I recognize the unique responsibility governments have in pursuing change and equal protection for all. At the State Department, we advance these issues in a variety of ways, including through our diplomatic engagements, working with multilateral institutions and through the Global Equality Fund, a public-private partnership of governments, foundations and businesses supporting civil society organizations and activists on the ground working to advance the human rights of LGBTI persons. But now, more than ever, as our world is increasingly interconnected and interdependent – economically, socially and culturally – it is the responsibility of all of us – government, civil society and business to take a stand against discrimination and injustice. I stand ready to work with businesses as strong drivers of positive change, so that opportunity, prosperity and dignity are enjoyed by all.

Randy W. Berry is the U.S. State Department's first-ever Special Envoy for the Human Rights of LGBTI Persons. He arrived in his new post on April 13, 2015. Prior to serving as the Special Envoy, he served as the United States Consul General in Amsterdam. He was United States Consul General in Auckland, New Zealand from 2009 to 2012, and prior to that, Deputy Chief of Mission of the U.S. Embassy in Kathmandu, Nepal from 2007 to 2009.



Discriminatory laws are also detrimental to business and economic development, threatening the stability that businesses desire, risking the safety of their employees, and jeopardizing productive economic relationships that can advance business interests all over the world.”

## Forewords continued

**M. V. Lee Badgett**

**Professor of Economics and Director of the Center for Public Policy & Administration, University of Massachusetts, Amherst**



Even in a field dominated by numbers and math, economists know that it all begins with people. Innovative products require somebody's ideas and imagination.

People work to produce goods and services that other human beings value. People buy the things and services they value and can afford. Both in firms and for larger national economies, these people whose economic contributions are central to growth include many LGBT people. How can we make sure that LGBT people can contribute fully to our national economies and businesses in all of these roles?

Economists increasingly see the goals of shared prosperity and a high standard of living as being tied to equity. In short, it's not just about the size of the pie – how that pie is divided up might also influence how big it is. As this report demonstrates, a growing body of research shows that treating LGBT people fairly in that distribution can help make that pie bigger.

Public policies and corporate practices that reduce discrimination, harassment, and other forms of social stigma free up LGBT workers' energy, increase their education, improve their health, and improve productivity-related factors. From this perspective, fairness is an investment in human capital. LGBT workers will be more productive when they can better use their skills, knowledge, and experience. When workers are more productive, companies can afford to pay them more, and the capacity of the whole economy grows.

A recent example from the World Bank shows how large that impact can be.<sup>1</sup> I developed a model of the cost of stigma and discrimination against LGBT people in India that includes health disparities and workplace discrimination. In India, research suggests LGBT people experience workplace discrimination and are much more likely than the general population to be depressed, think about suicide, and to have HIV. My own estimates using that model suggest that just those two effects of excluding LGBT people lead to a loss of 0.1% to 1.4% of India's GDP.

Countries might gain when they shift to greater equality and inclusion of LGBT people for other reasons, too. Protecting the rights of LGBT people demonstrates that a country is modern and open to diversity, both characteristics potentially valued by multinational companies, potential trading partners, and LGBT and non-LGBT tourists. Just as inclusion signals modernization, exclusion of LGBT people signals more traditional ways of doing business that might result in less foreign investment and tourism than would otherwise occur – another cost of homophobia and transphobia.

Richard Florida's well-known work on the creative class fits into this strategic modernization approach. He has studied the relationship between tolerance of homosexuality and various economic measures. In his framework, tolerance of openly LGBT people send a signal to *all* skilled and creative workers – not just those who are LGBT – that a country is receptive to new ideas and to the entry of creative workers.

Of course, there's a chicken-and-egg problem here when thinking about these links. Countries might be more likely to give LGBT people rights when their economies have grown beyond a subsistence level and political attention turns to greater individual autonomy and human rights.

<sup>1</sup> Badgett, M.V. L. (2014), *The economic cost of stigma and the exclusion of LGBT people: a case study of India*



Either way, though, clearly economic development, corporate performance, and human rights for LGBT people go hand in hand. The positive correlation between LGBT inclusion and economic outcomes at the macroeconomic level is strong. Our recent study shows that emerging economies that protect more rights for LGBT people through decriminalization of homosexuality, nondiscrimination laws, and recognition of LGBT families have higher GDP per capita, even after controlling for other influences on a country's economic output.<sup>2</sup> Each additional right is associated with a 3% increase in GDP per capita for those countries.

Some people are skeptical about this economic case for LGBT rights: "Human rights are universal and indivisible," they might argue, "They are not for sale." In my view, the profound moral force of that basic understanding is not undermined by identifying the costs of violating human rights.

But the economic argument for LGBT rights is a *complement* to the human rights argument – not a replacement for it. The approach identifies and quantifies the harms that result from the denial of human rights. Adding up those social and individual costs simply provides another angle from which to see the harms of human rights violations.

The power of this economic case is that it gives a roadmap for companies and countries that want *all* of their workers and citizens to contribute fully. Respecting the human rights of LGBT people will improve their lives tremendously, and we will all gain from their full inclusion in economic, social, and political life.

M. V. Lee Badgett is a professor of economics and director of the Center for Public Policy and Administration at the University of Massachusetts Amherst. She is also a Williams Distinguished Scholar at UCLA's Williams Institute. Her research focuses on discrimination and poverty among LGBT people in the U.S., and the economic cost of the exclusion of LGBT people. She has consulted with the World Bank, the OECD, USAID, and other international agencies.



The power of this economic case is that it gives a roadmap for companies and countries that want all of their workers and citizens to contribute fully.”

<sup>2</sup> USAID and Williams Institute (2014), *The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies*

# The call for evidence

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Civil society organizations around the world voice the need for evidence on the business and economic case for LGB&T inclusion



“We need to make the business case for activism - how businesses can be part of leading social change. We need to start with quiet and gradual change in companies’ internal policies, and this will activate the social dimension: people to people contact...and this way we will engage more people in the movement for equality.”

**Anastasia Smirnova,**  
LGBT activist, RUSSIA



“Companies need to be visible on this issue. They shouldn’t be afraid of ‘coming out’ as a supporter of LGB&T issues - they can play an important role.”

**Jej Perfekcyjność,**  
LGBT Business Forum Foundation, POLAND

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We need businesses to push hard with these arguments. This is not a political question, it is a business question. We need to go beyond a human rights argument and beyond words like 'inclusion' and talk about the costs to businesses – and provide the evidence. In Singapore, we need the global companies more than they need us – they are in a strong position to make an argument."

**Jean Chong,**  
Sayoni, SINGAPORE



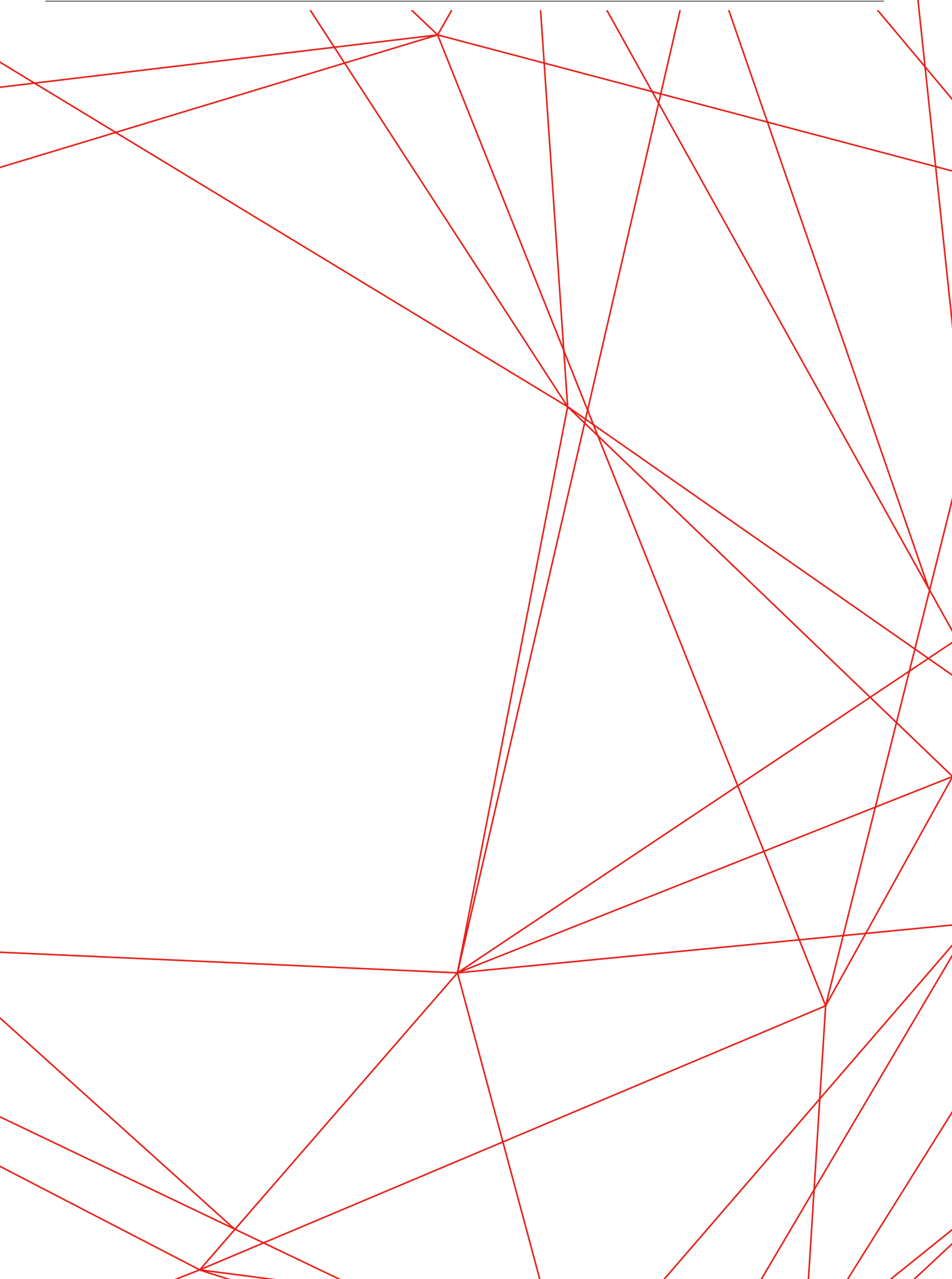
"There is a huge role for business and corporations to play. We need to open up spaces of acceptance – and the model of US and UK businesses has been a good one. It is the right time to start to put these arguments on the table."

**Ifeanyi Orazulike,**  
International Centre for Advocacy on the  
right to Health, NIGERIA



"We must impress upon the political class that [the re-criminalization of homosexuality] has economic costs and business costs – we need empirical evidence, we need investment in research that can be robustly presented."

**Pallav Patankar,**  
Humsafar Trust, INDIA





# The global situation

# A concern for business

In many parts of the world, recent years have seen a growing culture of respect for gay, lesbian, bisexual and transgender (LGB&T) individuals, and their ability to fully participate in society is protected by law.

In other parts of the world, there is rising antagonism towards LGB&T people, who are suffering discrimination at the hands of politicians and lawmakers.

The growth of anti-LGB&T sentiment in some parts of the world is a concern for the global businesses community – and this report will explore why. Experience has taught that open, inclusive, diverse societies are better for business, and the response of many global companies to anti-LGB&T laws is a clear indication of the concern caused.

In December 2013, India's Supreme Court struck down a 2009 decision that decriminalized gay sex, and reinstated a British Empire law from the 1860s. Troubled by this ruling, a number of businesses gathered at the Bangalore campus of **Goldman Sachs** to discuss strategies to protect their LGB&T employees – including **IBM, Royal Bank of Scotland, Cisco, Citigroup, Google, Dell, Novell, General Electric** and **Microsoft**.

"We invest time and show leadership in LGBT because we want to be the employer of choice for the best talent in India" explained Lisa Donnelly, Managing Director at **Goldman Sachs** in India, which has an LGB&T network of more than 300 people. "Our network sends a clear signal to people that here, everyone is respected for their whole selves, and they can perform in an organisation that has a culture of openness and inclusivity."<sup>1</sup>

After the meeting at Goldman Sachs, the companies reconvened for a day-long session to share best practices on LGBT inclusion, hosted by **IBM**. The Supreme Court ruling was a particular concern to IBM, which employs 116,000 people in India and has a well-established LGB&T network. Claudia Brind-Woody, IBM's VP

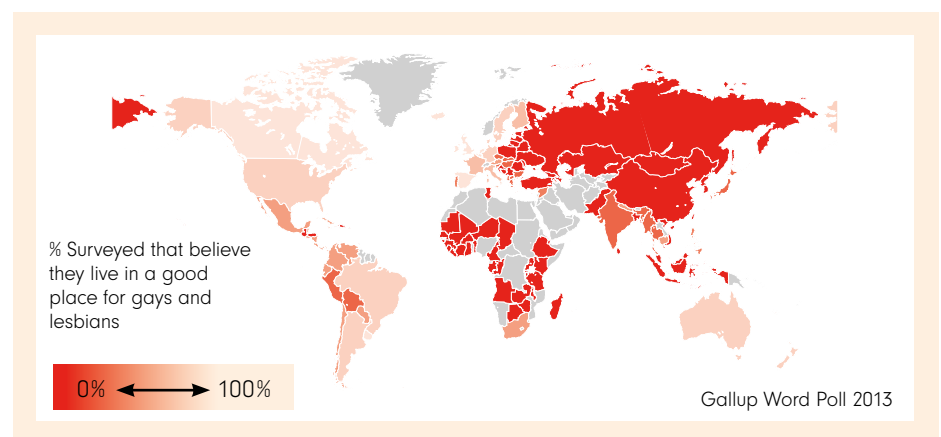
of global intellectual property licensing, told the media that companies have an obligation to ensure the wellbeing of staff in countries with anti-LGB&T legislation.

"NGOs can only do so much," said Brind-Woody. "It's the power of our corporate brands, when we put them together, which allows us to have that convening power, to have the dialog, to discuss why fundamental human rights are important, not only from a social justice perspective, but from a business perspective. It's good for business."<sup>2</sup>

Alongside the international businesses responding to the Supreme Court ruling, India's tech giant **Infosys** also spoke up. "At Infosys, the focus has been to ensure employees have a safe and harassment-free work place irrespective of their sexual orientation," said Nandita Gurjar, group head of HR.<sup>3</sup> A culture of inclusion is important for Infosys, which has a truly global workforce, with more than 175,000 employees representing 89 nationalities in 32 countries.

Infosys has its own LGB&T network, called Gays Lesbians and you (IGLU), which undertakes awareness programmes and events. When the Supreme Court decision was announced, the company reassured its employees with a simple public statement: "We do not foresee any changes to the policies that we have."

Many companies have expressed deep concern at the spread of anti-LGB&T sentiment across the continent of Africa. **MTN** is the largest cellphone operator



1 Community Business (2014), Diversity & Inclusion: Building the Business Case – Stories From India  
 2 HR Magazine (2014), IBM leads talks to tackle India's gay sex ban  
 3 The Times of India (2012), India Inc creates inclusive HR policies for LGBT community

4 Business Day Live (2014), SA companies ill prepared for African homophobia  
 5 Business Day Live (2014), SA companies ill prepared for African homophobia  
 6 Pink News (2012), Barclays discusses anti-gay bill with Ugandan officials

7 Anthony Jenkins was referring to Barclays 'Diversity and inclusion policy'  
 8 The Washington Post (2012), Google: 'Legalize Love' campaign isn't about gay marriage  
 9 The Wall Street Journal (2013), Tim Cook: "Workplace Equality Is Good for Business"

in Africa, and one of its most successful businesses. Sifiso Dabengwa, the CEO of MTN, set out a clear position when he told the media that MTN would respect the laws of the countries in which it operates, but would not discriminate against employees on the basis of sexual orientation.<sup>4</sup>

**Woolworths**, the South African based retailer with operations across Africa, took a similarly clear position. As anti-LGB&T legislation made its way through the parliament in Uganda, a statement from the company insisted there would be no change in hiring practices: "All Woolworths stores in Uganda and elsewhere remain open to talent of all races, cultures, beliefs and sexual orientation."<sup>5</sup>

**Barclays**, a bank with over 12 million customers across Africa, publically stated that it was expressing its concerns directly to the Ugandan government.<sup>6</sup> Barclays has become a highly visible proponent of global LGB&T rights, sponsoring Pride events around the world – even in countries such as Singapore, where homosexuality is illegal. As Anthony Jenkins, CEO at the time, said: "We have got a long legacy of recognizing the vital role that diversity and inclusion plays in our business, and in wider society".<sup>7</sup>

**Google** has also become a vocal proponent of global LGB&T rights, principally through *Legalize Love*, which it describes as "a campaign to promote safer conditions for gay and lesbian people inside and outside the office in countries with anti-gay laws on the books." Google's London office hosted a meeting for activists from more than 40 countries to discuss strategies for achieving LGBT rights. A Google statement said: "Legalize Love" is our call to decriminalize homosexuality and eliminate homophobia around the world."<sup>8</sup>

**Apple's** CEO Tim Cook added his voice to the calls for LGB&T rights in an opinion piece he wrote for the Wall Street Journal, entitled "Workplace Equality is Good for Business".<sup>9</sup> He argued that equality is a critical part of the creativity that drives Apple. Some months later, in a piece he wrote for Bloomberg Business on his own sexuality, Cook argued that equality is not just good for business, but good for society:

"Part of social progress is understanding that a person is not defined only by one's sexuality, race or gender".<sup>10</sup>

**AT&T** made headlines ahead of Russia's Sochi Olympics by becoming the first official sponsor to condemn a law banning so-called "homosexual propaganda" in the country.<sup>11</sup> Appearing on CNBC's *Squawk Box*, AT&T's CEO Randall Stephenson was asked whether it was a difficult decision to speak out. "It was very important for us to come out and take a stand on it," he answered. "We didn't talk about it very long, it was a very easy call."<sup>12</sup>

In the U.S., a group of major corporates took an unprecedented stand in the debate on marriage equality: **Amazon, American Express, CBS, Cisco, Citigroup, Facebook, Goldman Sachs, Intel, Johnson & Johnson, Microsoft, Morgan Stanley, Nike, Pfizer, Starbucks and Viacom** were among almost 300 businesses who signed a brief to the U.S. Supreme Court. They were protesting against the Defense of Marriage Act (DOMA), which defined marriage as the union of one man and one woman: the law contradicted their principles, and was against their business interests.

"The cost of inequality is a price businesses cannot afford to pay," said Arne Sorenson, CEO of **Marriot International**, which signed the brief. Marriot consulted employees, customers and business partners on the decision, according to Sorenson.<sup>13</sup> They concluded that the core strength of the business was the ability to "embrace differences".

**Starbuck's** CEO Howard Shultz told an investor "sell your shares" after he complained about the company's support for LGB&T equality. "The lens in which we are making that decision is through the lens of our people," he told the company's annual meeting. "We employ over 200,000 people in this company, and we want to embrace diversity. Of all kinds."<sup>14</sup>

The Supreme Court struck down DOMA and companies went on to make successful interventions against anti-LGB&T laws in Arizona and Indiana. They were vocal in their opposition: a statement from **Delta Airlines** said the laws "violate Delta's core values of mutual respect and dignity",<sup>15</sup> and **Intel** pointed to their policy of non-discrimination: "That policy was developed in order to create a welcoming business climate for our employees, suppliers and the global marketplace."<sup>16</sup>

The principles of non-discrimination are deeply rooted in the business world. "Respect", "dignity", "equality": these are the values that underpin some of the world's most successful companies. **Apple, Infosys, MTN, Goldman Sachs** – all are leaders in their fields, and all stress the importance of non-discrimination.

It begs an important question. Why? Companies in all sectors, and from all parts of the world, are speaking out against anti-LGB&T laws. Why should they go to such lengths to uphold their principles of non-discrimination? Why should they bother? The brief to the U.S. Supreme Court described the importance of principles in business:

"Our principles are not platitudes. Our mission statements are not simply plaques in the lobby. Statements of principle are our agenda for success: born of experience, tested in laboratory, factory, and office, attuned to competition. Our principles reflect, in the truest sense, our business judgment."<sup>17</sup>

Policies that promote anti-LGB&T legislation would, by force of law, require businesses to rescind that judgment. This is of great concern to the global business community: around the world, there are lawmakers pursuing an anti-LGB&T agenda that would direct global companies to renounce their principles, or betray them. As we set out in this report, this is not only a moral issue for global companies; it is a business issue.

10 Bloomberg Business (2014), Tim Cook Speaks Up

11 AT&T (2014), A Time for Pride and Equality, AT&T Consumer blog

12 CNBC (2014), AT&T CEO on condemnation of Russia's anti-gay law

13 Forbes (2013), Howard Schultz to Anti-Gay-Marriage Starbucks Shareholder: 'You Can Sell Your Shares'

14 Forbes (2013), Howard Schultz to Anti-Gay-Marriage Starbucks Shareholder: 'You Can Sell Your Shares'

15 PR Newswire (2014), Delta Issues Statement on Proposed Legislation

16 Buzzfeed LGBT (2014), Intel, Yelp Join Companies Urging Arizona Governor To Veto Anti-LGBT Bill

17 Glad.org (2013), Supreme Court of the United States versus Edith Schlain Windsor: <https://www.glad.org/uploads/docs/cases/windsor-v-united-states/us-v-windsor-employer-amicus-brief.pdf>

## A concern for business continued

### The aspiration

The business world's concern for the rights of LGB&T people is part of an overarching aspiration: that everybody is able to fully participate in business life – and in society more broadly – regardless of personal attributes such as gender, race, sexual orientation or gender identity. This is not new, and it is not mere aspiration: many businesses have a proud history of making this a reality.

In the early 1950s, as demand for **IBM** computers exploded, the company opened manufacturing facilities in the heart of the racially segregated U.S. South. By law, services such as housing, medical care, education and transportation were provided separately to white and black citizens – but IBM made it clear that it would not comply with segregation. As the company's president, Thomas Watson Jr., wrote:

"It is the policy of this organization to hire people who have the personality, talent and background necessary to fill a given job, regardless of race, color or creed."<sup>18</sup>

This bold statement reached the media, and set out the business position on diversity – more than a decade prior to the passage of the US Civil Rights Act. IBM had taken a similarly progressive stand on

Women's Rights, enacting equal pay for equal work in 1935 – almost three decades before the US Equal Pay Act. In 1943, the company appointed its first female vice president, Ruth Leach Amonette. Upon her appointment, she asked rhetorically, "Doesn't it make sense to employ people who are similar to your customers?"

**SABMiller**, the global brewing business, is another example of a company that "walked a different path" – in the words of Cyril Ramaphosa, a former board director. SABMiller began life in South Africa, where "it went against the Apartheid logic and made sure it treated its workers fairly, and promoted black managers in the workplace."<sup>19</sup>

Despite the environment of state-sanctioned racism, SABMiller had in place equal opportunities policies guaranteeing the fair treatment of black employees, and it was one of the first companies to recognize black trades unions. "If you worked there as a black person you knew you had an opportunity to advance, and not be held back," said Ramaphosa.

Often, the workplace is the one place where people of different backgrounds can get to know each other. **MTN**, the cellphone operator, works in countries where cultural diversity can be very challenging – such as Afghanistan, Syria and Iran – and the

company pro-actively recruits from different tribes, to ensure a diverse workforce. It's a core value for the company: "MTN's wealth lies in the inclusivity and diversity of its global community."

Even in the most difficult environments – from the segregated US South to war-scarred Afghanistan – it's possible to find examples of successful companies that have held true to this central value: that inclusion and diversity are better for business. As this report demonstrates, the mosaic of a diverse workforce has qualities that can stimulate fresh thinking, fuel innovation, improve productivity and engage the multicultural character of customers across the globe.

Today's leading businesses understand this. Wherever they operate, they seek to extend a culture of inclusion to LGB&T individuals – both in their businesses, and beyond. As Vincent Cipollone, an executive in today's IBM, puts it: "Corporations have a significant ability to influence society, not through government lobbying, but just through their actions and being role models."<sup>20</sup>

### Nations in which same sex marriage is protected by law<sup>22</sup>

Year	Nation(s)	Total
2001	Netherlands	1
2003	Belgium	2
2005	Spain, Canada	4
2006	South Africa	5
2009	Norway, Sweden	7
2010	Portugal, Iceland, Argentina	10
2012	Denmark	11
2013	Brazil, France, Uruguay, New Zealand	15
2014	UK, Luxembourg, Finland	18
2015	Ireland, USA	20

### Nations in which homosexual activity is illegal<sup>23</sup>

Year	Total
1960	22
1965	26
1970	29
1975	34
1980	38
1985	39
1990	43
1995	52
2000	62
2005	70
2010	75

18 IBM 100 'Building an Equal Opportunity Workforce': <http://www-03.ibm.com/ibm/history/ibm100/us/en/icons/equalworkforce/>

19 SABMiller 'Our Story': <http://www.sabmiller.com/about-us/history>

20 The Guardian (2015), Out and abroad: businesses have a responsibility to support gay staff

21 ILGA (2015), State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love

22 Information from: Free to Marry, 'The freedom to marry internationally': <http://www.freedomtomarry.org/landscape/entry/c/international> (last updated June 2015)

23 Information from: ILGA (2015), State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love: [http://old.ilga.org/Statehomophobia/ILGA\\_State\\_Sponsored\\_Homophobia\\_2015.pdf](http://old.ilga.org/Statehomophobia/ILGA_State_Sponsored_Homophobia_2015.pdf)



## A universal path

The world is taking two divergent paths on global LGB&T rights. In many countries there is growing acceptance of LGB&T people: they are a minority group being steadily integrated into mainstream culture, contributing to it, and even being celebrated by it. Sexual orientation and gender identity are increasingly seen as personal attributes no more or less remarkable than any other.

This is increasingly reflected in the recognition and protection of LGB&T individuals by law: as of May 2015, there are 118 countries (UN Members) where same-sex sexual acts between adults in private are legal – with Mozambique and Palau being the latest to change their laws.<sup>21</sup> More and more countries are recognizing same-sex marriage, as well as extending the right to adoption by same-sex couples or LGB&T individuals.

Increasing numbers of countries now have provisions against discrimination or hate crimes based on sexual orientation, and some even have this written into their constitution: South Africa was the world's first country to do so, and Mexico the most recent.<sup>24</sup> It is a universal principle of justice that all are equal before the law – and being gay, or lesbian, or bisexual, or transgender does not alter this.

Others are taking a very different path. There are now 75 countries with laws that specifically prohibit sexual activity by LGB&T people. The number of countries with anti-LGB&T laws rises to 81 if we include those do not have laws against homosexual acts but instead have repressive laws against "propaganda of homosexuality."<sup>25</sup>

In some countries, homosexual activity is punishable by hanging or stoning to death, others by life sentence or by whipping. Sometimes these laws reflect the state's entrenched attitude towards LGB&T people, but they are rarely enforced; often the laws are vigorously prosecuted by the authorities, with arrests being reported on the basis of text messages or clothing styles.

Forced conversion therapies are imposed in some countries: example treatments have included hypnosis, lobotomy, electro-convulsive therapy, and even chemical



2013: Protesters at the Supreme Court in India, after a decision that re-instated a British Empire law from the 1860s that criminalizes gay sex.



2015: Police in Istanbul used water cannon and rubber pellets to disperse a crowd gathered for the city's annual gay pride parade.

castration. In the U.S., courts have ruled that treatments such as these constitute "mental and physical torture",<sup>26</sup> but in many countries forced conversion is widespread. Among the more disturbing is the "corrective rape" of lesbians, which has been well documented in many parts of the world and in South Africa in particular.<sup>27</sup>

In situations like this, police are often actively engaged in harassment and intimidation of LGB&T individuals, according to human rights organisations. Recent news footage showed riot police being deployed to a Pride march in Istanbul: the small gathering of rainbow-clad partiers was dispersed with water cannon and plastic bullets. It provided a striking visual image



2014: Anti-gay legislation in Uganda fuelled a wave of populist media headlines, causing LGB&T people to fear for their lives (left: Uganda's Rolling Stone newspaper; right: the Red Pepper tabloid).

of the weight of police hostility often faced by the LGB&T community.

There are reports that police frequently choose to look the other way as LGB&T people are attacked by vigilantes or set upon by mobs – encouraged, no doubt, by the strong words of their leaders. One head of state described homosexuality as "unnatural and disgusting",<sup>28</sup> and another called gay people "vermin", and said his government would fight them as it does malaria-bearing mosquitoes, "if not more aggressively".<sup>29</sup> LGB&T have been told by their president, "I will slit your throat".<sup>30</sup> One leader joked that LGB&T stood for "leprosy, gonorrhoea, bacteria and tuberculosis".<sup>31</sup>

24 ILGA (2015), State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love

25 ILGA (2015), State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love

26 Gans, L.A. (1999), Inverts, Perverts, and Converts: Sexual Orientation Conversion Therapy and Liability, The Boston University Public Interest Law Journal

27 Action Aid (2009), Hate crimes: the rise of 'corrective' rape in South Africa

28 CNN (2014), Uganda president: Homosexuals are 'disgusting'

29 Reuters (2014), Gambia's Jammeh calls gays 'vermin', says to fight like mosquitoes

30 Vice News (2015), Gambian President Says He Will Slit Gay Men's Throats in Public Speech

31 Channel 4 (2014), Gays are 'vermin', says Gambian president

## A concern for business continued



Google changed its logo around the world to mark the start of the Sochi 2014 Winter Olympics in Russia, using rainbow colors and a clear statement of support for non-discrimination.



AT&T's CEO Randall Stephenson appeared on CNBC to discuss anti-gay policies in Russia: "It was very important for us to come out and take a stand on it," he said.

This extreme rhetoric is often driven by a toxic mixture of religious fundamentalism and populist politics. As *The Economist* comments, "An enemy within can be handy for all sorts of leaders, and often more or less any old enemy will do. Some leaders' anti-gay language has a conspiratorial tone that feels borrowed from the anti-Semitic diatribes of another time".<sup>32</sup>

Popular national media promulgate the anti-LGB&T messages. In Uganda, a tabloid published the names and photos of 100 people it claimed were the country's "top homos", alongside a banner reading, "hang them".<sup>33</sup> The UN High Commissioner for Human Rights (OHCHR) condemned this as a violation of the rights to dignity and privacy. But the damage was done: the murder of activist David Cato, who was named in the article, followed shortly after, and many others went into hiding.<sup>34</sup>

In Russia, the flagship weekly news review on Rossiya 1 now features regular anti-LGB&T segments. In 2012, the show's anchor presenter told viewers that the hearts of LGB&T people who had been killed in a car accident "should be buried or burnt as unfit for prolonging anybody's life". A fellow journalist told a prime-time talk show that Russia was in danger of being engulfed by a "homosexual sodomite tsunami".<sup>35</sup>

In the U.S., as the LGB&T community celebrated the historic Supreme Court decision on same-sex marriage, Islamic State's reaction to the news provided a sickening dramatization that the world is indeed taking very divergent paths: on the day of the ruling, they released a video which purported to show four gay men being thrown from the rooftop of a five-storey building in the Syrian city of Deir ez-Zor.

The advance of LGB&T rights in some countries, and its simultaneous retreat in many other places throws up difficult dilemmas for the global business community, which places values of inclusion and diversity at its core. Many business leaders would share the sentiments of Anastasia Smirnova, a Russian LGB&T activist, who told us: "I hope we don't end up with multiple scenarios, but that there is one universal path, so we can all be on the right side of history".

<sup>32</sup> Channel 4 (2014), Gays are 'vermin', says Gambian president

<sup>33</sup> CNN (2014), Ugandan tabloid prints list of 'homosexuals'

<sup>34</sup> REF World (2014), UN warns against inciting hatred after

Ugandan newspaper publishes names of gays

<sup>35</sup> BBC News (2014), Homophobia spreads in Russian media

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Business leaders are increasingly speaking out in support of LGB&T inclusion.



“Part of social progress is understanding that a person is not defined only by one’s sexuality, race or gender”

**Apple CEO,**  
Tim Cook



“The cost of inequality is a price businesses cannot afford to pay”

**Marriot International CEO,**  
Arne Sorenson



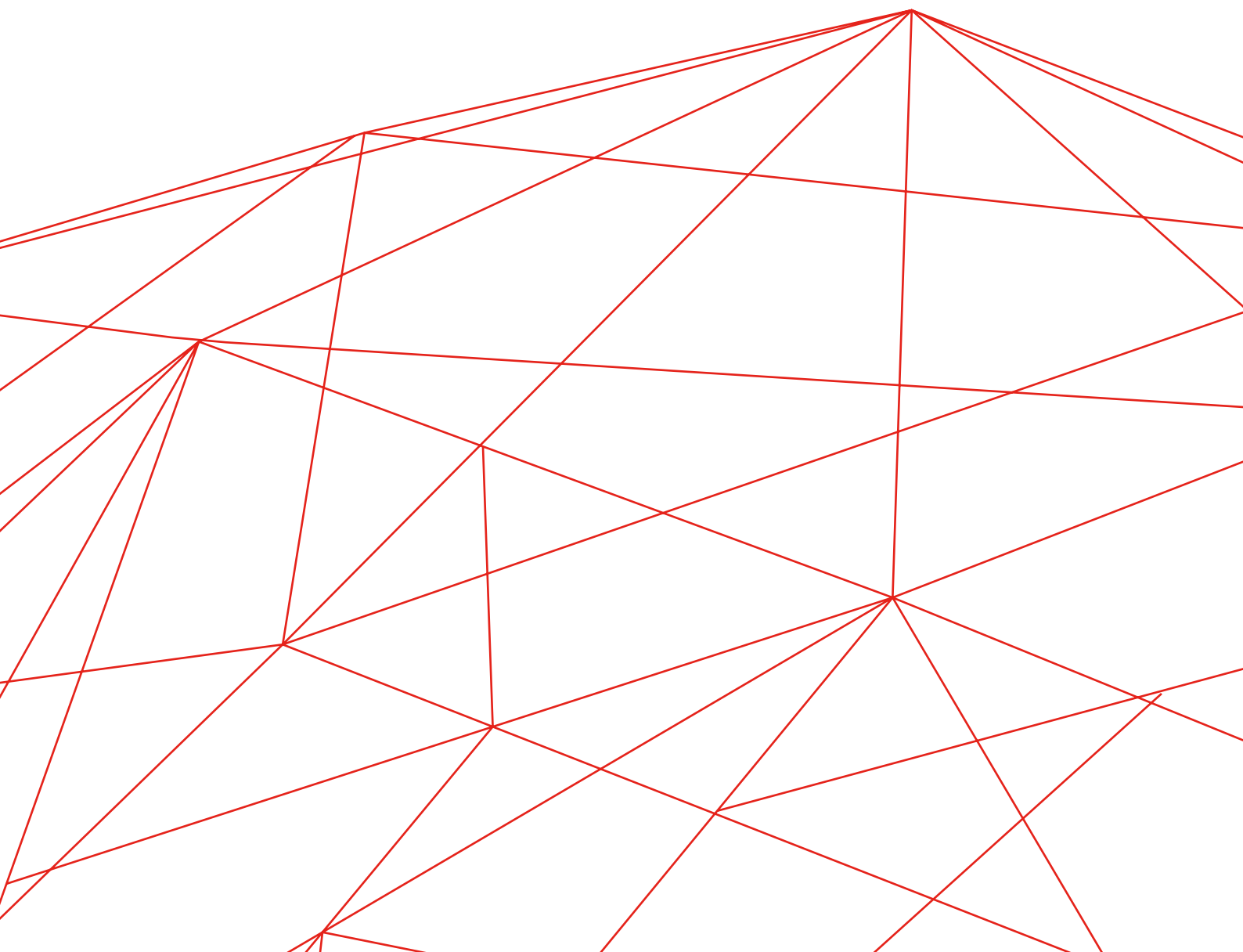
“The focus has been to ensure employees have a safe and harassment-free work place irrespective of their sexual orientation”

**Infosys head of HR,**  
Nandita Gurjar



“sell your shares”

**Starbucks CEO,** Howard Shultz told an investor after he complained about the company’s support for LGB&T equality.



# Economic opportunity

The business and economic case for LGB&T inclusion exists on three levels – economic performance, business performance and individual performance – and the evidence base is presented in the following 23 propositions.

A. Economic performance	28
B. Company performance	38
C. Individual performance	46



# A. Economic performance

Stronger growth and higher levels of entrepreneurialism.

Researchers have found a close correlation between economic development and LGB&T inclusion. Gallup World Poll is a survey conducted in 160 nations, and it contains a question asking whether or not the area in which a person lives is “a good place for gays and lesbians”. (The most recent results are shown as a map on page 20.)

The economist Richard Florida, working with Charlotte Mellander, looked at the relationship of this data with economic output per person – the basic measure of economic development.<sup>1</sup> They found a close statistical correlation between the two (.72) which is strikingly clear when visualized (Figure A).

They also found that positive attitudes towards gay and lesbian people are associated with a wide range of other indicators of economic and social progress: level of entrepreneurship (.69), overall well-being and life satisfaction (.72), human development (.55), and urbanization (.56).

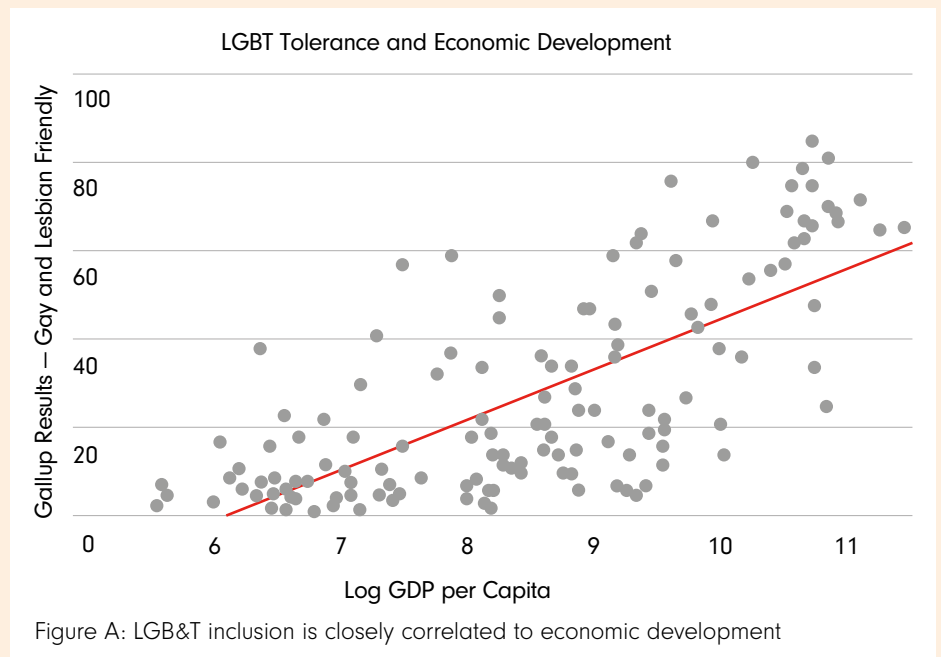
The correlation between LGB&T inclusion and economic development is also demonstrated by Professor M.V. Lee Badgett and her colleagues at the Williams Institute.<sup>2</sup> Figure B shows that high-income countries are more likely than either low-income or middle-income countries to have decriminalized homosexual acts, to have prohibited sexual orientation and/or gender identity discrimination, and to have legally recognized some of the rights of same-sex couples.

Using data going back to the 1960s, Dr. Kees Waaldijk developed the Global Index on Legal Recognition of Homosexual Orientation (GILRHO) to track the rights of sexual minorities, using the framework of following eight rights:

1. **Legality of consensual homosexual acts between adults**
2. **Equality of age limits for consensual homosexual and heterosexual acts**
3. **Explicit legislative prohibition of sexual orientation discrimination in employment**
4. **Explicit legislative prohibition of sexual orientation discrimination regarding goods and/or services**
5. **Any legal recognition of the non-registered cohabitation of same-sex**
6. **Availability of registered partnership for same-sex couples**
7. **Possibility of second-parent and/or joint adoption by same-sex partner(s)**
8. **Availability of marriage for same-sex couples**

## Propositions

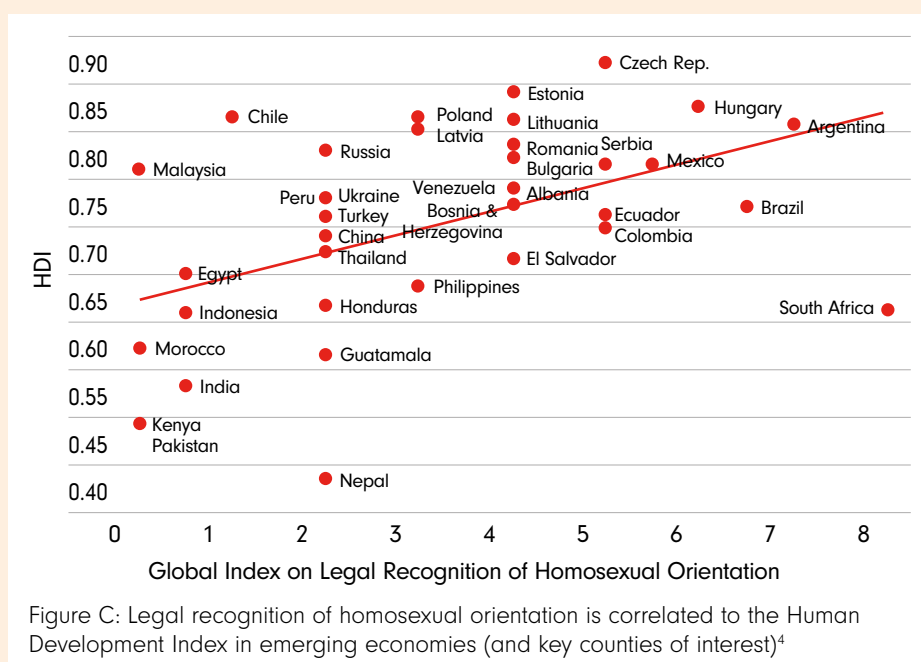
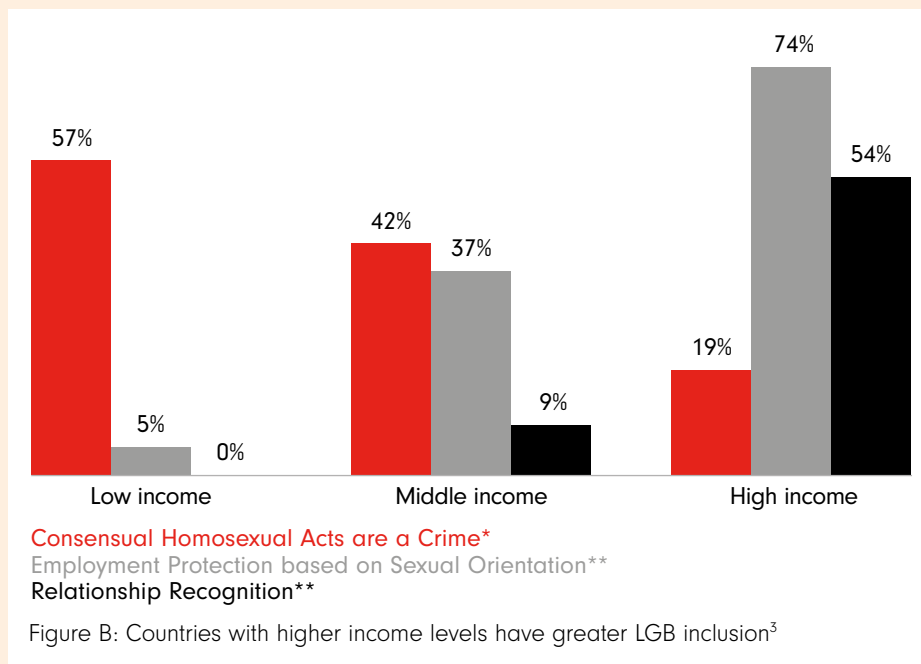
- Proposition 1:**  
Urban economic growth
- Proposition 2:**  
Entrepreneurship
- Proposition 3:**  
Corruption
- Proposition 4:**  
Foreign Direct Investment
- Proposition 5:**  
Global Markets
- Proposition 6:**  
Brain-drain
- Proposition 7:**  
Health
- Proposition 8:**  
National Reputation
- Proposition 9:**  
National productivity



1 Florida, R. (2014), The Global Map of Homophobia  
 2 USAID and The Williams Institute (2014), The Relationship Between LGB&T Inclusion and Economic Development: An Analysis of Emerging Economics

By correlating this Index with GDP data, he found that one additional right is associated with \$1,400 more in per capita GDP. There is also a positive correlation with the Human Development Index (HDI) that combines per capita income with data on life expectancy and education (see Figure C).

In other words, LGB&T tolerant countries have higher per capita income, and they also rank higher on the Human Development Index. As ever, these are correlations, and do not establish a cause - yet it seems clear from multiple studies that development and inclusion go hand-in-hand.



<sup>3</sup> Country level income is measured as Gross National income per capita: low income is ≤\$1,035; Middle income is \$1,036-\$12,616; High income is ≥\$12,616

<sup>4</sup> USAID and The William Institute (2014), The Relationship Between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies

## A. Economic performance continued

### Proposition 1: Urban economic growth

#### LGB&T inclusion signals a diverse and creative environment, which creates the right conditions for urban economic growth.

Cities are a major driver of global economic growth: already, just 600 urban centers generate about 60% of global GDP. Cities will play a crucial role in emerging market development: 45% of global growth from 2007 to 2025 is likely to come from emerging market cities.<sup>5</sup> For governments around the world, the competitiveness of these cities is a strategic priority.

Urban economic growth depends upon human capital: the right mix of professions and skills. In particular, the so-called “Creative Class” of scientists, technologists, architects and lawyers, as well as people in design, education and the arts: in other words, people whose economic role is to create new ideas and technologies. The Creative Class is attracted to cities that are open and tolerant, and the presence of a vibrant LGB&T community is a strong signal that this is the case.

**LGB&T inclusive cities attract talent – LGB&T and non-LGB&T:** research finds that people migrating to a city – either within a country or across borders – are more strongly attracted to open and tolerant cities. LGB&T inclusion signals a creative, open environment.

→ Florida, R. (2002). *The Rise of the Creative Class: And How it's transforming work, leisure, community and everyday life*

**Inclusive cities have lower barriers to entry for people:** individuals can integrate themselves faster and become effective economic agents. Diversity in general has been found to make market entry easier than in a homogenous world.

→ Acs, Z., et al. (2004). *The Missing Link: The Knowledge Filter and Entrepreneurship in Endogenous Growth*, Discussion Papers on Entrepreneurship

→ Florida, R. (2002). *The Rise of the Creative Class: And How it's transforming work, leisure, community and everyday life*

**Diversity creates innovative urban economies:** empirical findings indicate that cities that are characterized by distinctly diverse populations are better at fostering innovation, and that diverse populations contribute to the development of knowledge-based economies.

→ Wedemeier, J. (2009), *Creative Cities and the Concept of Diversity*, HWWI Research

→ Neibuhr, A. (2006), *Migration and innovation: Does cultural diversity matter for regional R&D activity?* HWWI Research Paper

→ Ottaviano, G. I. and Peri, G. (2004), *Cities and Cultures*, FEEM Working Paper 92

**Lack of diversity can stifle innovation in cities:** when there is a high degree of homogeneity amongst individuals, there is usually a strong consensus around knowledge and mindsets, and less likelihood for new ideas to be generated or take root.

→ Florida, R. (2002), *The Rise of the Creative Class: And How it's transforming work, leisure, community and everyday life*

### Cities and the Creative Class

An empirical study across 90 nations found that the Creative Class (also called the high-ability class or smart class) is responsible for economic growth and wealth, and has a positive impact on political development (such as effective government and the rule of law).<sup>6</sup> The economist Richard Florida suggests that the Creative Class is attracted by the “3Ts”: **Talent** (a highly educated population), **Technology** (the infrastructure necessary to facilitate their work) and **Tolerance** (a diverse community with a “live and let live” mentality).<sup>7</sup>

<sup>5</sup> McKinsey & Company (2011), *Urban World: Mapping the economic power of cities*

<sup>6</sup> Rindermann, H., Sailer, M., and Thompson, J. (2009), *The impact of smart fractions, cognitive ability of politicians and average competence of peoples on social development*

<sup>7</sup> Florida, R. (2002), *The Rise of the Creative Class: And How it's transforming work, leisure, community and everyday life*



## Proposition 2: Entrepreneurship

### LGB&T inclusion results in higher levels of enterprise, creativity and innovation.

Entrepreneurship is “at the heart of national advantage”, according to Professor Michael Porter of Harvard Business School. Studies show that it stimulates economic growth for all types of economies: the world’s least developed nations, emerging markets, and developed economies.<sup>8</sup>

An extensive two-year United Nations study found that global development is entering a phase when entrepreneurship will play a more important role than ever.<sup>9</sup> The findings of historians, economists and management scientists all support the view that entrepreneurship can stimulate economic growth, job creation and material wellbeing,<sup>10</sup> and there is evidence that diversity and inclusion plays a role.

#### Diversity stimulates entrepreneurship:

a heterogeneous population with different lifestyles and consumption patterns increases the variety of goods and services demanded, which has been found to stimulate competition and drive innovation of new forms of production and consumption.

- Bellini, E., Ottaviano, G. I., Pinelli, D. and Prarolo, G. (2008), Cultural Diversity and Economic Performance: Evidence from European Regions, HWWI Research Papers
- Ottaviano, G. I. and Peri, G. (2004), Cities and Cultures, FEEM Working Paper 92

#### LGB&T inclusion is a predictor of high-tech entrepreneurship:

in a study of U.S. cities, those with a higher proportion of LGBs also had a greater concentration of high-tech industries. The presence of LGBs predicts the growth of high-tech: four of the top ten LGB cities in 1990 went on to become top-ten high-tech cities by 2010.

- R. Florida (2002), Entrepreneurship, Creativity, and Regional Development, Carnegie Mellon University



Ask people to list the most innovative places they can think of, anywhere in the world, and they always pick the most open and inclusive countries.”

**Jej Perfekcyjność**, LGBT Business Forum Foundation, POLAND

8 Naudé, W. (2011), Entrepreneurship and Economic Development  
9 Naudé, W. (2011), Entrepreneurs and economic development, United Nations University

10 Naudé, W. (2011), Entrepreneurs and economic development, United Nations University

## A. Economic performance continued

### Proposition 3: Corruption

#### LGB&T discrimination often goes hand-in-hand with a culture of corrupt practices and a lack of openness.

LGB&T inclusion has been described as “the canary in the mine” of business-friendly countries:<sup>11</sup> the abuse of LGB&T rights is usually associated with a general lack of openness and transparency, and is often part of an atmosphere of favoritism and nepotism. LGB&T inclusion can be a signal that a country is a straightforward place to do business.

Corruption reduces the efficiency of global businesses by increasing the complexities of operating across multiple geographies. To do business effectively on a global basis, companies need clearly regulated, stable environments. For all businesses – large and small, local and global – good strategy depends upon reliable information and a level playing field.

There is strong evidence that corruption acts as a brake on national development: the bottom of Transparency International’s *Corruption Perception Index* (Figure D) largely consists of poor African countries and failed states, and The Economist finds a clear correlation between this index and the UN’s *Human Development Index*.<sup>12</sup>

**LGB&T inclusion signals a business-friendly climate:** analysis of global business risks shows significant overlap with corruption risk. There are also connections with human rights risks in the value chain, with judicial effectiveness, and with political risk.

→ Maplecroft/Verisk Analytics, Interactive Maps 2015: <https://www.maplecroft.com/>

**Anti-LGB&T countries often resist anti-corruption efforts:** of the 20 states that have not ratified the UN Convention on Corruption, same-sex sexual relations are illegal in 14 of them.

→ UNODC ‘United Nations Convention against Corruption Signature and Ratification Status as of 1 April 2015’: <https://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

→ ILGA (2015), State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love

#### Hostility to LGB&T groups signals a broader lack of openness:

governments that shut down NGOs focusing on LGB&T issues also obstruct those focusing on corruption, term limits, land rights, censorship, environmental protection, women’s rights, and fair treatment for minorities.

→ Freedom House (2013), Freedom of the World

If LGB&T inclusion is a signal that a country may be a non-corrupt place to do business, we would expect to see a correlation between levels of corruption and measures of attitudes towards LGB&T people. To test this, we used Transparency International’s *Corruption Perception Index*<sup>13</sup>, an annual ranking of countries “by their perceived levels of corruption, as determined by expert assessments and opinion surveys.”<sup>14</sup> This was compared to data from the Gallup World Poll on “Good place for gays and lesbians”<sup>15</sup> which is a strong indicator of levels of LGB&T inclusion in a country. As expected, a correlation is evident (0.44). Of course, this does not imply any direct causal link between corruption and LGB&T inclusion; but it does strengthen the proposition that LGB&T discrimination often goes hand-in-hand with corrupt practices and a lack of openness.

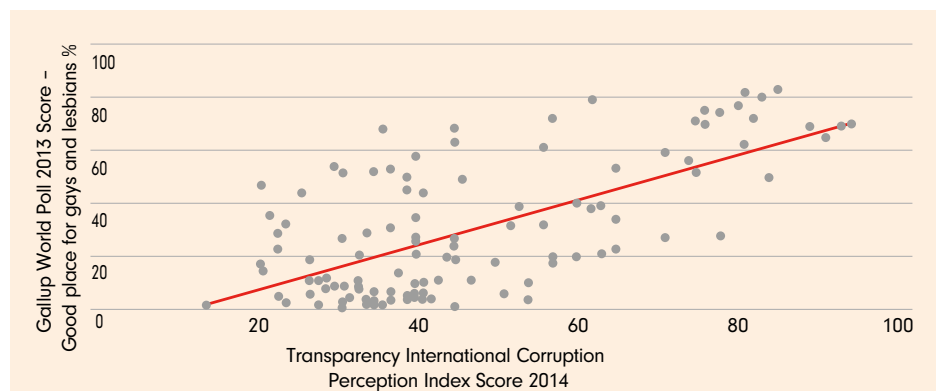


Figure D: LGB&T inclusion is correlated to non-corruption

11 John Fingleton, former Chief Executive of the UK Office of Fair Trading (in conversation, 2015)

12 The Economist (2011), Corrosive corruption, Graphic detail blog

13 Transparency International (2014), Corruption Perceptions Index 2014: Results: <http://www.transparency.org/cpi2014/results>

14 Transparency International, ‘Corruption Perceptions Index’ (CPI) – first launched 1995 the corruption perceptions index has been widely credited with putting the issue of corruption on the international policy agenda: [http://archive.transparency.org/policy\\_research/surveys\\_indices](http://archive.transparency.org/policy_research/surveys_indices)

15 Gallup World Poll (2013) ‘Nearly 3 in 10 Worldwide See Their Areas as Good for Gays’: <http://www.gallup.com/poll/175520/nearly-worldwide-areas-good-gays.aspx>

## Proposition 4: Foreign direct investment

**LGB&T inclusion is associated with countries which attract higher levels of foreign direct investment.**

For emerging and developing economies, Foreign Direct Investment (FDI) is a significant component of growth, and government policy is often orientated towards encouragement of FDI: lower taxation rates, tax holidays, preferential tariffs, and special economic zones are all used to incentivize FDI. However, evidence shows that emerging markets that are less open and inclusive attract less FDI.

**Tolerance and inclusion help attract Foreign Direct Investment:** quality of life factors, such as tolerance and inclusion, help attract the international workforce and investment required for highly skilled industries such as finance; they are “equally important” factors as infrastructure, education, and personal and political security.

→ Deloitte (2014), Foreign Direct Investment and Inclusive Growth – the impacts on social progress

**Societies that accept homosexuality attract more Foreign Direct Investment:** correlating the Pew Global Attitudes survey with Foreign Direct Investment data shows that inward FDI flows are positively correlated with societal acceptance of homosexuality as a way of life. The same study shows that more tolerant countries also get better sovereign debt ratings.

→ Noland, M (2004), Popular Attitudes, Globalization and Risk

**LGB&T inclusion is a predictor of higher Foreign Direct Investment:** this is shown by cross-national correlations of FDI with attitudes to homosexuality. For example, if Jordan’s attitudes toward homosexuality mimicked those in the most tolerant emerging markets, one would expect FDI in Jordan to double.

→ Noland, M. and Pack, H. (2004), Islam, Globalization, and Economic Performance in the Middle East, International Economics Policy Briefs

## A. Economic performance continued

### Proposition 5: Global markets

#### LGB&T discrimination may inhibit local companies from connecting to global markets.

National economic growth is accelerated by the development of a strong business sector that is able to compete effectively in the global marketplace. The economic actors of this marketplace tend to be those who implement global standards of best practice with regard to diversity and inclusion – and they expect the same of those they do business with. Therefore, companies in countries that foster a culture of diversity and inclusion may find it easier to engage with global markets.

**Inclusive and diverse environments may attract more business from global companies:** many corporates are now managing for diversity in their supply chains, ensuring a mix of suppliers owned by women, ethnic minorities and LGB&T people. Examples include **BP**,<sup>16</sup> **BMW**,<sup>17</sup> **BASF**,<sup>18</sup> **Chevron**,<sup>19</sup> **Cisco**,<sup>20</sup> **Intel**,<sup>21</sup> **Marriott**,<sup>22</sup> **Shell**<sup>23</sup> and **Siemens**.<sup>24</sup>

**Anti-LGB&T laws may inhibit global customers using local suppliers:** global supplier codes of conduct now require non-discrimination on the basis of sexual orientation and/or gender identity. Examples include:

Supplier shall not discriminate against any worker based on age, disability, ethnicity, gender, marital status, national origin, political affiliation, race, religion, **sexual orientation**, or union membership.  
**Apple**<sup>25</sup>

We expect our suppliers to select and place employees on the basis of their qualifications... without regard to their race, religion, national origin, color, gender, **gender identity, sexual orientation**, age and/or physical or mental disability.  
**Caterpillar**<sup>26</sup>

Our sourcing decisions... will reflect and promote the principles of the EY Diversity and Inclusiveness policy... [suppliers should not] discriminate against any employee... due to their sex, **gender reassignment**, marital or civil partnership status, race, ethnic or national origin, disability, religion, **sexual orientation**, age, or part-time status.  
**EY**<sup>27</sup>

IBM Suppliers will not discriminate in hiring and employment practices on grounds of race, religion, age, nationality, social or ethnic origin, **sexual orientation**, gender, **gender identity or expression**, marital status, pregnancy, political affiliation, or disability.

**IBM**<sup>28</sup>

Suppliers shall not engage in discrimination based on race, color, age, gender, **sexual orientation**, ethnicity, disability, religion, political affiliation, union membership or marital status.

**HTC Corporation**<sup>29</sup>

Companies shall not engage in discrimination based on race, color, age, gender, **sexual orientation**, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status

**Sony**<sup>30</sup>

16 BP 'Doing business': [http://www.bp.com/en\\_us/bp-us/doing-business-with-bp.html](http://www.bp.com/en_us/bp-us/doing-business-with-bp.html)

17 BMW (US) 'Diversity': <https://www.bmwusfactory.com/diversity/>

18 BASF 'Supplier diversity': <https://www.basf.com/us/en/company/about-us/diversity/supplier-diversity.html>

19 Chevron 'Supplier diversity': <http://www.chevron.com/productservices/supplierinformation/supplierdiversity/>

20 Cisco 'Diversity Business Practices': <http://www.cisco.com/web/about/ac50/ac142/sbdb/index.html> \ "acc" overview

21 Intel 'Supplier diversity': <https://supplier.intel.com/static/supplierdiversity/>

22 Marriott 'Diversity Fact Sheet': <http://www.marriott.co.uk/Multimedia/PDF/Corporate/DiversityFactSheet.pdf>

23 Shell 'Supplier diversity': <http://www.supplierdiversity.shell.com>

24 SIEMENS 'Supplier diversity': <http://w5.siemens.com/cms/supply-chain-management/en/supplier-at-siemens/basic-information/diversity/pages/diversity.aspx>

25 Apple, 'Supplier Code of Conduct': [https://www.apple.com/supplier-responsibility/pdf/Apple\\_Supplier\\_Code\\_of\\_Conduct.pdf](https://www.apple.com/supplier-responsibility/pdf/Apple_Supplier_Code_of_Conduct.pdf)

26 IBM 'Supplier Conduct Principles': <https://www.ibm.com/ibm/environment/supply/principles.shtml>

27 Caterpillar 'Supplier Conduct': <http://www.caterpillar.com/en/company/suppliers/supplier-conduct.html>

28 EY 'Supplier Code of Conduct': [http://www.ey.com/Publication/vwLUAssets/EY-LLP-Supplier-Code-of-Conduct-August-2013/\\$FILE/EY-LLP-Supplier-Code-of-Conduct-Aug-2013.pdf](http://www.ey.com/Publication/vwLUAssets/EY-LLP-Supplier-Code-of-Conduct-August-2013/$FILE/EY-LLP-Supplier-Code-of-Conduct-Aug-2013.pdf)

29 HTC 'Corporation Supplier Code of Conduct': [https://www.htc.com/assets-desktop/images/about/downloads/HTC\\_Supplier\\_Code\\_of\\_Conduct\\_Dec\\_2012.pdf](https://www.htc.com/assets-desktop/images/about/downloads/HTC_Supplier_Code_of_Conduct_Dec_2012.pdf)

30 Sony 'Supplier Code of Conduct': [http://www.sony.net/SonyInfo/csr\\_report/sourcing/supplychain/supplier.pdf](http://www.sony.net/SonyInfo/csr_report/sourcing/supplychain/supplier.pdf)

## Proposition 6: Brain-drain

### LGB&T discrimination results in a 'brain drain' – the emigration of talented and skilled individuals.

The UN and the OECD report that migration for work has risen by one-third since 2000.<sup>31</sup> This includes a high number of skilled workers: for example, one in nine university graduates from Africa now lives and works in the West. Many will not return: skilled workers are six times more likely to stay away.<sup>32</sup>



There is a lot of anecdotal evidence of people leaving because of harsh LGB&T laws, people leaving for safer and more comfortable places, and taking their skills with them.”

**Ifeanyi Orazulike**, International Centre for Advocacy on the right to Health, NIGERIA



After [the re-criminalization of homosexuality] a lot of software professionals left the country, and this isn't good for the industry, and it isn't good for the country. They are talented individuals in a global working environment, and they have a new set of expectations.”

**Pallav Patankar**, Humsafar Trust, INDIA

**Skilled workers emigrate to more LGB&T inclusive countries:** reports claim that significant emigration as a result of anti-LGB&T environments has taken place in India,<sup>33</sup> Jamaica,<sup>34</sup> Nigeria,<sup>35</sup> Russia<sup>36</sup> and Uganda.<sup>37</sup>



We know that many LGB&T people have emigrated over the years, via asylum systems or through marriage or by finding work; or they move to less hostile Caribbean places like Trinidad and Tobago.”

**Jaevion Nelson**, J-FLAG, JAMAICA

31 OECD (2013), World Migration in Figures

32 World Economic Forum (2014), How to reverse the brain drain

33 The Wall Street Journal India (2014), Homophobia May Cost India's Economy Billions of Dollars

34 The Economist (2009), A vicious intolerance

35 Al Jazeera America (2014), Exiled from home, Nigeria's gay community builds new life in US

36 Mail Online (2014), Putin's great Russian brain-drain: Number of professionals quitting country soars amid Crimea and Ukraine Crisis

37 SciDev Net (2014), Uganda's anti-gay law may threaten its research

## A. Economic performance continued

### Proposition 7: Health

#### LGB&T discrimination leads to negative economic consequences as a result of poor health outcomes.

A healthy population is the bedrock of a healthy economy: individuals that are able to participate productively in the workforce contribute to economic growth.

LGB&T people face poorer health outcomes than the general population in countries that do not support LGB&T inclusion.<sup>38</sup> This is partly because LGB&T people face barriers in accessing health care – including denial of care, inadequate care, or simply a reluctance to seek medical attention due to fear of discrimination or criminal penalties.

The evidence suggests that countries that do not support LGB&T inclusion may face negative economic consequences as a result of poor health outcomes:

**Anti-LGB&T environments create health-related economic inefficiencies:** there is much evidence to suggest that poor health affects LGB&T people's ability to be productive at work, as well as reducing the overall levels of labor force participation.

→ Badgett, M.V.L. (2014), The economic cost of homophobia & the exclusion of LGBT people: a case study of India

**Gay men suffer higher rates of depression and suicidal thoughts:** as a result of discrimination, rates of depression are 6-12 times higher than the population rate, and suicidal thoughts are 7-14 times higher than the population range for developing countries.

→ Badgett, M.V.L. (2014), The economic cost of homophobia & the exclusion of LGBT people: a case study of India

**Anti-LGB&T legislation threatens the fight against HIV/AIDS:** the consensus of medical opinion holds that the prospect of criminal prosecution could dissuade LGB&T individuals from seeking medical help, thus undermining the campaign to reduce HIV transmission and improve treatment access.

→ The Lancet (2014), Criminalising homosexuality threatens the fight against HIV/AIDS

**GDP costs result from health impacts of anti-LGB&T environments:** a World Bank study in India estimated that health disparities due to homophobia cost India's economy as much as 1.2% of its potential GDP in 2012.

→ Badgett, M.V.L. (2014), The economic cost of homophobia & the exclusion of LGBT people: a case study of India

<sup>38</sup> Global Health.Gov (US), 'Lesbian, Gay, Bisexual, and Transgender Health' URL: <http://www.globalhealth.gov/global-health-topics/lgbt/>

## Proposition 8: National reputation

**LGB&T discrimination can shape perceptions on a world stage with a negative impact on tourism, talent attraction and export markets for consumer goods.**

The international reputation of a country has become a significant factor in the global competitiveness of its economy. A strong international reputation underpins trade-building activity and access to global markets. So-called 'country brands' have become an important focus of diplomatic activity for many nations,<sup>39</sup> helping to cultivate a positive climate of opinion, and enabling the exercise of 'soft power'.



Singapore depends on a good international reputation and is sensitive to bad publicity; anything that effects the 'brand' of Singapore could potentially prompt change.”

**Jean Chong**, Sayoni, SINGAPORE

The persecution of minorities such as LGB&T individuals may damage the reputation of a country on the world stage. This places value at risk for countries which may have significant tourism sectors, or which rely upon the export of goods to overseas consumer markets. It may also undermine the ability of domestic businesses to attract skilled employees from overseas and secure foreign investment.



The country brand is so important for a country that depends so much on tourism. It's very competitive. Anything that might damage our reputation is clearly bad news for the economy.”

**Jaevion Nelson**, J-FLAG, JAMAICA

## Proposition 9: National productivity

**LGB&T discrimination leads to lower levels of national productivity.**

“Productivity isn't everything, but in the long run it is almost everything,” wrote the economist Paul Krugman.<sup>40</sup> Productivity is a fundamental source of economic growth and therefore productivity measures are key economic indicators of national economic performance. Productivity raises living standards because it increases people's real income; in other words, people have greater spending power as well as potentially more leisure time.

If productivity is a key objective for policy-makers, then there is a cost to any policy which reduces the productivity of a segment of the population, which will run counter to this objective. Evidence suggests that anti-LGB&T policies reduce the productivity of LGB&T individuals, whilst open and inclusive policies are likely to increase productivity for everyone:

**Anti-LGB&T policies act as a drag on productivity:** research has found that the effects of exclusionary treatment of LGB&T individuals includes lost labor time, underinvestment of human capital, and inefficient allocation of capital through discrimination – all of which reduce economic output.

→ Badgett, M.V.L. (2014), The economic cost of homophobia & the exclusion of LGBT people: a case study of India

**GDP costs result from productivity impacts of anti-LGB&T environments:** a World Bank study in India estimated that labor-related losses due to homophobia cost India's economy as much as \$30.8 billion in 2012.

→ Badgett, M.V.L. (2014), The economic cost of homophobia & the exclusion of LGBT people: a case study of India

<sup>39</sup> Schorr, J. (2013), Co-branding the cooperation of places: Lessons from the first joint German-Sino nation brand initiative

<sup>40</sup> Krugman, P. (1994), The Age of Diminishing Expectations

## B. Company performance

Superior performance, innovation and profitability.

For many leading businesses, it is a strategic imperative to create a culture of inclusion and diversity that extends to LGB&T people: they know that it correlates to greater individual performance and, ultimately, stronger business performance.

Many leading global businesses have shown a high level of commitment to fostering a culture of inclusion and diversity. 89% of Fortune 500 businesses have explicit policies against discrimination based on sexual orientation. Strikingly, of the 20 biggest companies in the U.S.,<sup>41</sup> 14 companies score 100% in the Human Rights Campaign's *Corporate Equality Index (CEI)*, which rates workplaces based on LGB&T equality<sup>42</sup> (see Figure E).

LGB&T inclusion is also strongly correlated to performance in the capital markets: over a ten-year period, data for the shares of companies who score 100% on the CEI shows that they strongly outperform an S&P 500 Index (see Figure F).<sup>43</sup>

The link between business performance and LGB&T inclusion isn't limited to specific sectors: it's across the business world. The top-performing companies in the CEI come from a complete spectrum of sectors – including law firms, banking, manufacturing, mining, transportation, and oil and gas.

For several years, McKinsey has examined the link between business performance and diversity, across a range of industries: the findings show that companies which have greater gender or racial and ethnic diversity are more likely to have higher financial returns,<sup>44</sup> and McKinsey suggests that this link extends to LGB&T diversity.

Research published by the Harvard Business Review shows that companies with greater diversity out-innovate and out-perform others. By correlating diversity in leadership with market outcomes as reported by respondents, the research found that employees at more diverse companies are 45% more likely to report that their firm's market share grew over the previous year and 70% more likely to report that the firm captured a new market.<sup>45</sup>

A new breed of “emerging market multinationals” is also embracing inclusion and diversity. Growing numbers of them have explicit policies in place against discrimination based on sexual orientation. In our analysis of 100 top emerging market multinationals<sup>46</sup>, 19 of them have an obvious non-discrimination policy that includes sexual orientation and/or gender identity (see Section 7C. for details). These include, in no particular order:

- Indian steelmaker **ArcelorMittal**<sup>47</sup>
- Pan-African bank **Ecobank**<sup>48</sup>
- Brazilian aerospace giant **Embraer**<sup>49</sup>
- Chinese computer-maker **Lenovo**<sup>50</sup>
- Indian conglomerates **Tata Group**<sup>51</sup> and **Mahindra**<sup>52</sup>
- Dubai-based global port operator **DP World**<sup>53</sup>
- Mexican bakery products company **Bimbo**<sup>54</sup>
- One of the world's largest seafood producers Thai Union Frozen Products (**TUF**)<sup>55</sup>
- South African energy and chemical company **Sasol**<sup>56</sup>
- Africa's biggest bank **Standard Bank**.<sup>57</sup>

For emerging market multinationals like these, success is competing in the global marketplace. They recognize that cultivating inclusion and diversity is best practice amongst the peer group of successful global companies that they wish to join; and they are aware that many potential export markets expect companies to demonstrate global standards of workplace fairness, which include LGB&T individuals.

### Propositions

#### Proposition 10:

Attracting talent

#### Proposition 11:

Retaining talent

#### Proposition 12:

Innovation

#### Proposition 13:

Collaboration

#### Proposition 14:

Customer orientation

#### Proposition 15:

Brand strength

41 As listed on Fortune1000, which ranks American companies by revenue: <http://www.geolounge.com/fortune-1000-companies-2014-list/>

42 HRC, Corporate Equality Index 2015–rating American workplaces on lesbian, gay, bisexual and transgender equality: <http://www.hrc.org/campaigns/corporate-equality-index>

43 Equality Funds (2014), Performance: <http://www.equalityfunds.com/what-we-offer/performance>

44 McKinsey & Company (2015), Why Diversity Matters

45 Harvard Business Review (2013), How Diversity Can Drive Innovation

46 BCG Global Challengers: Companies on the Move: [https://www.bcgperspectives.com/content/articles/globalization\\_growth\\_meet\\_2014\\_global\\_challengers/](https://www.bcgperspectives.com/content/articles/globalization_growth_meet_2014_global_challengers/)

47 Arcelor Mittal 'Diversity and inclusion': <http://corporate.arcelormittal.com/sustainability/2014-report/people/diversity-and-inclusion>



A new breed of ‘Emerging Market Multinationals’ are embracing inclusion and diversity: Tata Group, DP World, Mahindra, Sasol, Standard Bank, Bimbo, Ecobank, TUF, Lenovo, ArcelorMittal.



	Fortune 1000	2015 CEI Score
Wal-Mart Stores Inc.	1	90
Exxon Mobil Corp.	2	-25
Chevron Corp.	3	100
Phillips 66	4	15
Berkshire Hathaway Inc.	5	0
Apple Inc.	6	100
General Motors Co.	7	100
General Electric Co.	8	100
Valero Energy Corp.	9	15
Ford Motor Co.	10	100
AT&T Inc.	11	100
Federal National Mortgage Association (Fannie Mae)	12	100
CVS Caremark Corp.	13	100
McKesson Corp.	14	100
Hewlett-Packard Co.	15	100
Verizon Communications Inc.	16	90
UnitedHealth Group Inc.	17	100
JPMorgan Chase & Co.	18	100
Cardinal Health Inc.	19	100
International Business Machines Corp. (IBM)	20	100

Figure E: 14 of Top 20 Fortune-ranked companies score 100% in the Human Rights Campaign’s Corporate Equality Index

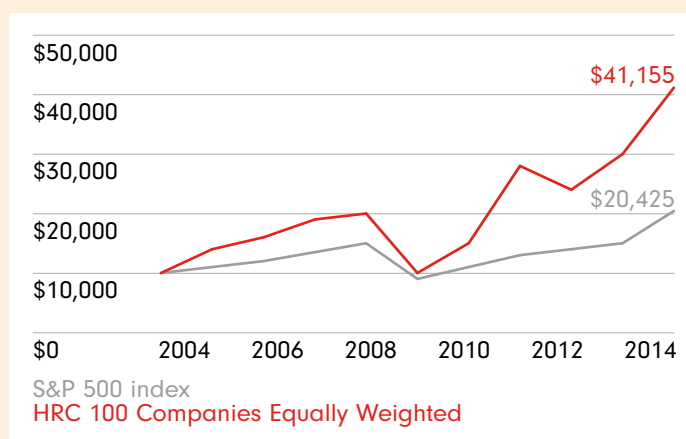


Figure F: Value of \$10,000 invested equally in companies that score 100% for LGB&T equality vs. S&P 500 Index.

48 Ecobank ‘Equal employment opportunity’: <http://www.ecobank.com/equalopportunities.aspx>

49 Embraer ‘Code of Ethics and Conduct’: <http://www.embraer.com/sites/Etica/en-US/CodigoEticaConduta/Pages/default.aspx>

50 Lenovo ‘Code of Conduct’ (2011): Ethics in our New World Company’: [https://www.lenovo.com/social\\_responsibility/us/en/2011\\_Lenovo\\_CodeofBusinessConduct\\_EN.pdf](https://www.lenovo.com/social_responsibility/us/en/2011_Lenovo_CodeofBusinessConduct_EN.pdf)

51 Tata ‘Code of Conduct’ (2013): <http://www.tatasteel.com/corporate/pdf/TCOC.pdf>

52 Mahindra ‘Diversity’: <http://www.mahindra.com/Careers/Life-at-Mahindra/Diversity>

53 DP World ‘Careers’: <http://careers.dpworld.com/careers/dw/dpworld/Page.aspx?PageID=3129>

54 Group Bimbo ‘Code of Ethics’: [http://www.grupobimbo.com/assets/files/Grupo\\_Bimbo\\_Code\\_of\\_Ethics.pdf](http://www.grupobimbo.com/assets/files/Grupo_Bimbo_Code_of_Ethics.pdf)

55 TUF ‘Codes of Conduct’: <http://www.thaiuniongroup.com/en/sustain/sustain-policy/codes-of-conduct.ashx>

56 Sasol ‘Code of Ethics’: [http://www.sasol.com/sites/default/files/content/files/Sasol\\_Code\\_Ethics\\_1341835864434.pdf](http://www.sasol.com/sites/default/files/content/files/Sasol_Code_Ethics_1341835864434.pdf)

57 Standard Bank ‘Living our values’ (2015): <http://community.standardbank.co.za/t5/Blog/Living-our-values/ba-p/3043>

## B. Company performance continued

### Proposition 10: Attracting talent

**Companies that are more diverse and inclusive are better able to compete for talented employees.**

The world is facing a “global skills gap”, which is predicted to worsen before it gets better.<sup>58</sup> This problem is especially acute in the global supply of skilled and expert employees, which has not kept pace with demand. A PwC survey of 1,300 CEOs in 68 countries reveals that business leaders are more concerned than ever about being able to find the right people to fill these roles – 63% of CEOs expressed concern.<sup>59</sup>

Many global companies have found that creating LGB&T inclusive workplaces can play a role in attracting the best talent: it sends a strong signal that the company is progressive and meritocratic. Consequently, LGB&T inclusion is promoted in recruitment campaigns by companies in a range of sectors (e.g. Alcoa,<sup>60</sup> BP,<sup>61</sup> Ford Motor Co,<sup>62</sup> Goldman Sachs).<sup>63</sup>

The so-called “war for talent” is particularly intense in emerging markets: a McKinsey study found ambitious local companies are competing fiercely to hire the best talent,<sup>64</sup> and the PwC survey found that CEOs in Africa (96%), the South East Asian nations (90%) and South Africa (87%) are most concerned about the lack of skills.

**Recruiting the best talent is the top-ranking benefit of diversity:** in a survey of 285 companies with diversity strategies, recruitment was the most mentioned commercial benefit of overall levels of diversity, mentioned by 63.9% of respondents.

→ Tatli, A. and Özbilgin, M. F. (2007), Diversity management as calling: Sorry, it's the wrong number!, Diversity Outlooks

**Recruitment is a major motivation for adopting LGB&T inclusion:** a review of the top 50 Fortune 500 companies found that attracting talent is a major commercial benefit for adopting policies that specifically focus on LGB&T inclusion.

→ The Williams Institute (2011), Economic Motives for Adopting LGBT-Related Workplace Policies

**LGB&T supportive policies are crucial to recruiting LGB&T talent:** 89% of LGB&T employees expect a written non-discrimination policy that covers all aspects of diversity, including sexual orientation.

→ Harris Interactive/Witeck-Combs Communications (2006), 5th Annual Out & Equal Survey, ‘Majority of Americans: Companies not government should decide benefits offered to same-sex employees’ (Press release title)

**LGB&T inclusion signals good “work-life integration”:** talented employees expect to blend their personal and professional lives, in order to make both work better. This is especially true for Millennials: 88% look for work-life integration.

→ The Intelligence Group study reported on in Forbes (2014): ‘What Millennials Want In The Workplace (And Why You Should Start Giving It To Them)’

**LGB&T inclusive policies have a positive impact on recruitment of non-LGB&T employees:** when deciding where to work, 72% of non-LGB&T respondents in the U.K. said it was important that an employer have an LGB&T non-discrimination policy.

→ Harris Interactive/Witeck-Combs Communications (2006), 5th Annual Out & Equal Survey, ‘Majority of Americans: Companies not government should decide benefits offered to same-sex employees’ (Press release title)

58 Hays (2014), Hays Global Skills Index: The Global Changing dynamics of the Global Skills Landscape

59 PwC (2014), Skills gap is hampering businesses’ recruitment efforts

60 Alcoa ‘What’s Our Commitment to Diversity & Inclusion’: [http://www.alcoa.com/global/en/careers/info\\_page/diversity\\_commitment.asp](http://www.alcoa.com/global/en/careers/info_page/diversity_commitment.asp)

61 BP ‘Diversity and inclusion: “Our perspective on diversity and inclusion (D&I) is that it is more than a box-ticking exercise – it is a business essential”’: <http://www.bp.com/en/global/corporate/careers/working-at-bp/diversity-and-inclusion.html>

62 Ford ‘Diversity & Inclusion: Learn more about the importance of diversity and inclusion at Ford’: <https://corporate.ford.com/careers/diversity.html>

63 Goldman Sachs, Diversity and Inclusion: <http://www.goldmansachs.com/who-we-are/diversity-and-inclusion/>

64 McKinsey & Company (2012), Preparing for a New Era of Knowledge Work

## Proposition 11: Retaining talent

**Companies that are more diverse and inclusive have higher rates of retention of talented employees.**

Employee retention is a priority in business: unnecessary turnover forces companies to spend a significant amount of money recruiting and training new employees. Studies estimate that the cost of replacing an employee is between 93% and 200% of the departing employee's salary.<sup>65, 66</sup>

LGB&T discrimination results in higher turnover rates, because employees may be forced out as a result of their sexual orientation or gender identity, or they may feel compelled to leave because the work environment is hostile.

**LGB&T discrimination dramatically increases the voluntary turnover level:**

gay men and women leave their employers due to workplace unfairness at twice the rate of straight white males.

→ Level Playing Field Institute (2007), *The Cost of Employee Turnover Due Solely to Unfairness in the Workplace*

**Inclusive environments have lower overall voluntary turnover levels:**

actively managing diversity has been found to correlate to decreased workforce turnover, and is an indicator of a well-run workforce.

→ Armstrong, C. et al. (2010), *The impact of diversity and equality management on firm performance: Beyond high performance work systems*, Human Resource Management

**LGB&T individuals who are out at work are less likely to leave:** 60% of business leaders surveyed believed that employees who are out at work are more loyal to the company.

→ Out On The Street (2014), *Europe LGBT Leadership Summit Learnings Summation*

**Retention is a major motivation for adopting LGB&T inclusion:** a review of the top 50 Fortune 500 companies found that talent retention is one of the most frequently mentioned commercial benefits for adopting LGB&T inclusive policies.

→ The Williams Institute (2011), *Economic Motives for Adopting LGBT-Related Workplace Policies*

<sup>65</sup> Robinson, G. and Dechant, K. (1997), *Building a business case for diversity*, Academy of Management Executive

<sup>66</sup> Centre for Talent Innovation (2011), *The Power of "Out": LGBT in the Workplace*

## B. Company performance continued

### Proposition 12: Innovation

#### Companies that are more diverse and inclusive have higher levels of innovation and creativity.

Innovation is critical to securing and maintaining competitive advantage: it creates new markets and revenues, and it underpins productivity and profitability. It is becoming increasingly difficult to maintain competitive advantage: just 63% of S&P 500 companies a decade ago are still in the index today,<sup>67</sup> and so the imperative to innovate is greater than ever.

Some of the world's most innovative companies consider inclusion and diversity as critical to the success of their business. "It's the future of our company," said Tim Cook, the CEO of Apple, when discussing the company's mantra *Inclusion Inspires Innovation*.<sup>68</sup> The experience and judgment of these companies is echoed in the evidence base on the link between diversity and innovation:

**Inclusion and diversity is correlated with greater perceived innovation:** employees who perceive that their organization is committed to diversity, and who feel included, are 83% more likely to consider that the company "develop[s] innovative solutions".<sup>69</sup>

→ Deloitte and the Victorian Equal Opportunity and Human Rights Commission (2012), Waiter, is that inclusion in my soup?

**Inclusive environments have higher workforce innovation levels:** studies find that actively managing diversity correlates with increased workforce innovation, and this may be a sign that of a workforce that is well-run.

→ Armstrong, C. et al. (2010), The impact of diversity and equality management on firm performance: Beyond high performance work systems, Human Resource Management

**Research and Development teams with greater diversity perform better:** studies of "network heterogeneity" shows that greater diversity appears to improve the productivity of R&D teams within a business.

→ Reagans, R., & Zuckerman, E. (2001). Networks, diversity and productivity: The social capital of corporate R&D teams. Organization Science

**Workplace diversity leads to fresh ideas and better decisions:** academic studies show that diverse groups outperform more homogeneous groups through new perspectives, and because diversity triggers "more careful processing of information".

→ Kellogg Insight (2010), Better Decisions Through Diversity

**Innovative companies have more diverse management teams:** a study of 199 banks found that more innovative banks were managed by teams that were more diverse in respect of their backgrounds and expertise.

→ Bantel, K., & Jackson, S. (1989). Top management and innovations in banking: Does the composition of the team make a difference? Strategic Management Journal

**LGB&T inclusion contributes to innovation through different perspectives:** in a global survey of companies with a turnover of more than \$500 million, 85% agreed that diversity encourages different perspectives that drive innovation.

→ Forbes Insights (2011), Global Diversity and Inclusion: Fostering Innovation Through a Diverse Workforce

**Innovation is a major motivating factor for adopting LGB&T inclusion:** many of the top 50 Fortune 500 companies believe that they are able to generate the better ideas by drawing on a workforce with a wide range of characteristics and experiences.

→ The Williams Institute (2011), Economic Motives for Adopting LGBT-Related Workplace Policies

67 The Financial Times (2014), Why Innovation Matters to Investors

68 Mashable UK (2015), Exclusive: Tim Cook says lack of diversity in tech is 'our fault'

69 Deloitte and the Victorian Equal Opportunity and Human Rights Commission (2012), Waiter, is that inclusion in my soup?

## Proposition 13: Collaboration

**Companies that are more diverse and inclusive create an atmosphere of trust and communication, which is essential to effective teamwork.**

Modern company structures are dynamic and adaptable, and this has led to an increasing reliance on teams: a project-based collaboration of individuals, with a breadth of skills and backgrounds. The effectiveness of teams such as this has become an important determinant of business performance.

Research suggests that increased diversity may introduce the potential for conflict and discomfort within a team, but this is usually outweighed by increased creativity and productivity.<sup>70, 71</sup> In addition, creating a culture of inclusion is essential for trust and communication within a team.

Good rapport between members of a team is essential to team performance. This is clearly seen in surgical teams during an operation, or between pilot and co-pilot during a maneuver. Even in less high-stakes situations, effective teamwork depends upon trust and communication, and evidence shows that this is weaker in discriminatory environments that do not encourage inclusion:

**LGB&T individuals who are out at work have better co-worker relationships:** one detailed academic study found that openness was associated with greater participation with others in the workplace, and 92% of LGB&T business leaders surveyed believed being out at work improves relationships with co-workers.

→ Out On The Street (2014), Europe LGBT Leadership Summit Learnings Summation

→ Ragins, B.R, Singh, R., & Cornwell, J.M. (2007). Making the invisible visible: Fear and disclosure of sexual orientation at work. *Journal of Applied Psychology*

**Inclusion and diversity is correlated with greater collaboration:** employees who perceive that their organization is committed to diversity, and who feel included, are 42% more likely to consider that "my team works collaboratively to achieve our objectives".

→ Deloitte and the Victorian Equal Opportunity and Human Rights Commission (2012), Waiter, is that inclusion in my soup?

<sup>70</sup> Cedric Herring (2009), Does Diversity Pay?: Race, Gender, and the Business Case for Diversity

<sup>71</sup> DiTomaso, N., Post, C., and Parks-Yancy, R. (2007), *Workforce Diversity and Inequality: Power, Status, and Numbers*

## B. Company performance continued

### Proposition 14: Customer orientation

**Companies that are more diverse and inclusive are better able to anticipate customer needs and to access a broader client base.**

Companies with a diverse and inclusive culture can more effectively align themselves with an increasingly heterogeneous customer base; companies that do not embrace diversity in its many forms may lack the agility to anticipate rapidly changing customer needs. This is exacerbated in a globally competitive marketplace: companies that are more diverse and inclusive can access a broader client base in a wider number of markets.

**Inclusion and diversity is correlated with greater perceived customer service:**

employees who perceive that their organization is committed to diversity, and who feel included, are 31% more likely to consider that “we are responsive to the changing needs of our clients/customers”.

→ Deloitte and the Victorian Equal Opportunity and Human Rights Commission (2012), Waiter, is that inclusion in my soup?

**Customer orientation is a top-ranking benefit of diversity:** in a survey of 285 companies with diversity strategies, “improved customer relations” (43.2%) and “improved products and services” (42.6%) were among the most mentioned benefits.

→ Tatli, A. and Özbilgin, M. F. (2007), Diversity management as calling: Sorry, it’s the wrong number!, Diversity Outlooks



Diversity is no longer about race, gender, sexual orientation or disability – or numbers. It’s about broadening the definition and objectives to ensure we create a globally sensitive corporate culture.



**Tony Tenicela**, Global Leader, Workforce Diversity and LGBT Markets, IBM<sup>75</sup>



Encouraging a diverse, inclusive workplace gives you the business advantage of understanding and meeting the needs of diverse customers, clients and shareholders.



**Geri Thomas**, Diversity and Inclusion, Bank of America Corp<sup>74</sup>



We believe that attracting, developing and retaining a base of employees that reflects the diversity of our customers is essential to our success.”

**Johnson & Johnson**, website statement<sup>73</sup>



If you show that you really care about minority groups within your customer base, it shows that you really care about all of your customers.”

**Sara Bennison**, Customer Marketing Director, Barclays<sup>72</sup>

72 Quoted in: Out on the Street (2014), Europe 2014 LGBT Leadership Summit Learnings Summation

73 Johnson & Johnson ‘Our People & Diversity’: <http://www.jnj.com/about-jnj/diversity>

74 HR Magazine (2011), Diversity is a no-brainer says Bank of America

75 Affinity Magazine (2014), IBM celebrates 45 years of valuing supplier diversity

## Proposition 15: Brand strength

**Companies that are more diverse and inclusive have greater brand appeal and loyalty with consumers who want socially responsible brands.**

Today's globally aware consumers are increasingly attuned to the values of the companies they buy from. This is true for a broad base of consumers, not just LGB&T individuals. In addition, there is a large and growing LGB&T consumer marketplace.

### **A new global "Millennial" generation expects brands with shared values:**

there are now 1.8 billion Millennials globally, and PwC research suggests that they share similar values across nations. A study by Boston Consulting Group found Millennials expect brands to "say something about who I am, my values, and where I fit in".

- Millennial Week (2014), Millennial: By the Numbers
- The Boston Consulting Group (2014), How Millennials Are Changing the Face of Marketing Forever
- PwC (2013), Millennials value greater flexibility, appreciation, team collaboration and global opportunities

**LGB&T consumer buying power is large and growing:** 3.5% of U.S. adults identify as LGB and .3% are transgender, and studies estimate that the LGB&T consumer market is estimated to have a buying power of \$844 million - an increase of \$54 million over twelve months.

- Gay Star Business (2015), Study estimates LGBT market in US is worth \$844 billion
- Oakenfull, G.W. (2013), What Matters: Factors Influencing Gay Consumers' Evaluations of 'Gay-Friendly' Corporate Activities, Journal of Public Policy & Marketing

**LGB&T consumers are more brand loyal:** they are 25% more likely than straight and nontransgender consumers to stick with a brand even when its price increases. They are also 33% more likely to ask for brands by name rather than a generic good ("Nike" versus "running shoe").

- Harris Interactive (2010), The Gay, Lesbian, Bisexual, and Transgender (GLBT) Population At-A-Glance
- Harris Interactive/Witeck-Combs Communications (2006), 5th Annual Out & Equal Survey, 'Majority of Americans: Companies not government should decide benefits offered to same-sex employees' (Press release title)



If you are a marketing brand in India then supporting LGBT rights is about positioning yourself as a modern, savvy, progressive brand connected to global culture.”

**Pallav Patankar**, Humsafar Trust, INDIA



# C. Individual performance

Greater employee productivity and contribution.

Ultimately, economic growth and business performance depend upon performance at the employee level, and the evidence suggests that individuals working in open, diverse and inclusive environments tend to perform better. A culture of inclusion and diversity can boost individual performance – for everyone, not just LGB&T individuals.

The crucial link between individual performance and LGB&T inclusion is *employee engagement* – the Holy Grail for today’s business leadership. Creating a culture where employees feel motivated and confident is no longer only the concern of the HR department; increasingly, it’s a key strategic issue for the Chief Executive.

A global survey by Deloitte, *Global Human Capital Trends 2015*, showed that issues of culture and employee engagement have “exploded onto the scene” for business leaders. The study, which covers 106 countries, found that 87% of respondents believe the challenge is “important”, and 50% cite it as “very important”.<sup>76</sup>

For nearly two decades, Gallup has been measuring the link between employee engagement and company performance across all sectors. To date Gallup has surveyed 25 million employees in 195 countries. The findings clearly show that employee engagement drives significantly higher productivity and profitability.<sup>77</sup>

This applies to all kinds of companies, not just to those more obviously “people-based” businesses, such as consultancies, investment banks or advertising agencies; nor is it just “people-focused” industries such as retail or hospitality. Even capital-intensive businesses such as mining, utilities or oil require engaged employees with high-value skills. Ultimately, every business is a “people business”.

Companies that openly embrace LGB&T individuals are sending a clear signal to all of their employees: that all individuals are accepted and valued, that they are free to “be themselves”, and that their contribution is welcome. A business that is good at managing diversity is likely to be good at managing people overall, with all the individual and commercial benefits that flow from this.

As we shall see in the following pages, the evidence suggests that people working in open and inclusive environments are more productive, more resilient, more innovative, and they are more likely to go the extra mile by contributing to the life of the company. As Apple CEO Tim Cook writes, “when people feel valued for who they are, they have the comfort and confidence to do the best work of their lives”.<sup>78</sup>

## Propositions

### Proposition 16:

Authenticity

### Proposition 17:

Motivation

### Proposition 18:

Affinity

### Proposition 19:

Satisfaction

### Proposition 20:

Health

### Proposition 21:

Speaking up

### Proposition 22:

The extra mile

### Proposition 23:

Individual productivity

<sup>76</sup> Deloitte (2015), *Global Human Capital Trends 2015 - Leading in the new world of work*

<sup>77</sup> Gallup (2013) *State Of America’s Workplace Report*

<sup>78</sup> The Wall Street Journal (2013), Tim Cook: “Workplace Equality Is Good for Business”



“

A lot of people are definitely forced to hide their sexual orientation and a lot of people are facing the threat of dismissal when their sexual orientation is known to their co-workers.”

**Anastasia Smirnova**, LGB&T activist, RUSSIA

“

By creating safe spaces in a business you create an atmosphere where people are more likely to be creative, to make a contribution and an impact. If the workplace is a hostile environment for an LGB&T individual then they are less able to make that contribution.”

**Jaevion Nelson**, J-FLAG, JAMAICA

“

In India, coming out as an LGB&T person is an investment in your workplace. Once you've made that effort and you are sure you are understood correctly then you are likely to remain in the company longer, you are likely to be more efficient, and you are likely to give that little bit more.”

**Pallav Patankar**, Humsafar Trust, INDIA

## C. Individual performance continued

### Proposition 16: Authenticity

#### Individuals working in open, diverse, inclusive environments are able to be themselves, instead of concealing important aspects of their identity.

Being comfortable to be yourself, and knowing that you are in a workplace that encourages you to be yourself, is key to employee engagement.

Many people feel the need to conceal important aspects of themselves – a phenomenon known as “covering”. Disguising a personal identity that is stigmatized takes considerable effort and creates stress, and so covering means that individuals divert attention from their core tasks, and waste energy worrying about discovery and its consequences. As a result, these individuals may become less motivated and less productive.

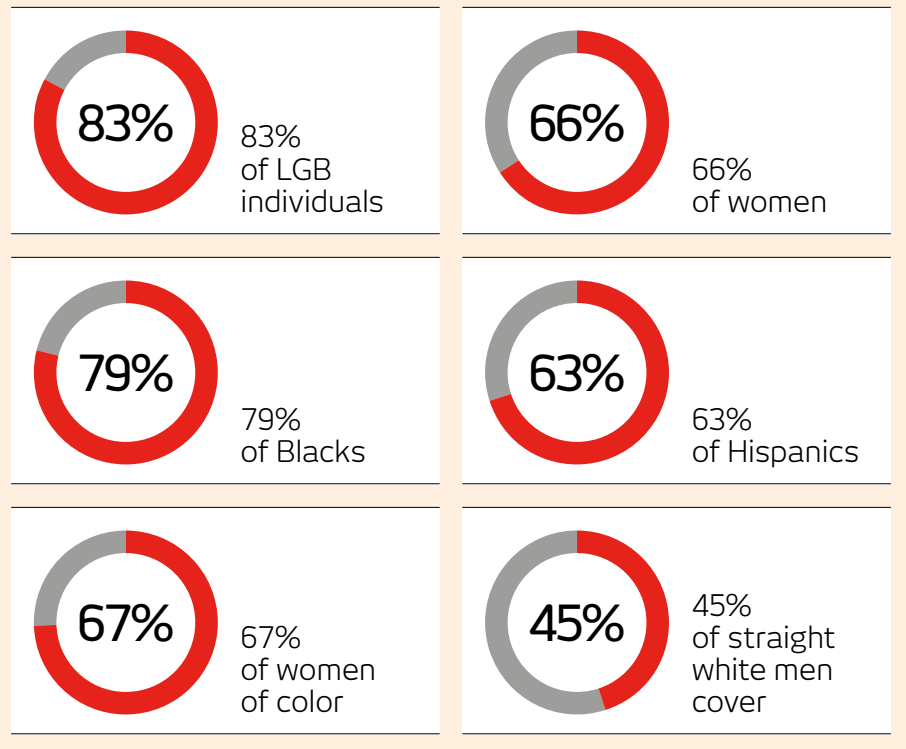
A Deloitte University study found that the pressure to cover is particularly strong for LGB&T individuals – and the study finds that 83% of LGB individuals report covering. Other studies find that roughly half of gay employees hide their sexual orientation from their colleagues: research by the Center for Talent & Innovation,<sup>79</sup> the Human Rights Campaign<sup>80</sup> and the Center for Work-Life Policy<sup>81</sup> find that 51%, 53% and 52% of gay employees are not ‘out’ to most at work. These numbers are likely to be significantly higher in countries with growing anti-gay sentiments.

A study by the Human Rights Campaign confirms the negative impacts on employee engagement: 20% of LGB&T employees report feeling exhausted from expending time and energy hiding their identities, and 30% felt distracted from the job at hand due to negative workplace environments.<sup>83</sup>

Although covering is considerably higher for LGB&T people than for any other group, this applies across the workplace – even straight white men, 45% of whom ‘cover’ some important aspect of themselves that might prevent them fitting into the mainstream.<sup>84</sup> This is not just an LGB&T issue: 61% of people across all ages, races, genders and orientations reported covering.

Leading global businesses are working to cultivate more open and inclusive environments: they know that when employees can be authentic, they are able to make a greater contribution. Inclusive treatment of LGB&T individuals is a clear sign for all employees that they are really able to “bring themselves to work” – and as a result, are likely to become more motivated and more productive.

People report covering across all ages, races, genders and orientations<sup>82</sup>



79 Centre for Talent Innovation (2011), The Power of “Out”: LGBT in the Workplace

80 Human Rights Campaign (2014), The Cost of the Closet and the Rewards of Inclusion

81 Centre for American Progress (2012), The Costly business for Discrimination: The Economic costs of discrimination and the financial benefits of gay and transgender equality in the workplace

82 Deloitte (2013), Uncovering talent: A new model of inclusion

83 Human Rights Campaign (2014), The Cost of the Closet and the Rewards of Inclusion

84 Deloitte (2013), Uncovering talent: A new model of inclusion

## Proposition 17: Motivation

**Individuals working in open, diverse, inclusive environments have higher levels of motivation.**

Better motivated individuals are higher performing. Even in fairly basic roles, researchers found that people with “superior” motivation out-perform those with “standard” motivation by 19%. For highly complex jobs it was 48%.<sup>85</sup>

It has long been established that people are more motivated if they work in an environment in which they are valued for who they are and what they contribute, regardless of attributes such as sexual orientation or gender identity.

**People are more motivated if they feel that they are treated fairly:** in other words, motivation is linked to perceptions of “equity” – how they are treated in comparison with others, and motivation is undermined if they feel they are being treated unfairly.

↳ Adams, J.S. (1965) Injustice in Social Change

**Motivation is reduced in organizations that are not truly open and meritocratic:** research suggests that motivation depends upon a clear “line of sight” between the effort an individual makes and the outcome (some form of recognition or reward).

↳ Porter, L.W. & Lawler, E. E. (1968) Managerial Attitudes & Performance

**People who do not feel acceptance in the workplace are less motivated: “Relatedness” is cited by researchers as a key driver of motivation:** people who can relate to their colleagues in terms of acceptance and understanding are more motivated; those who do not feel acceptance or understanding are less motivated.

↳ Alderfer, C. (1972) Existence, Relatedness and Growth

These factors are true for all employees: they explain why an inclusive culture will lead to a more motivated workforce, and highlight why LGB&T individuals are particularly susceptible to the factors that reduce motivation.

<sup>85</sup> Hunter, J.E.; Schmidt, F.L. & Judiesch, M.K. (1990), Individual Differences in Output Variability as a Function of Job Complexity, Journal of Applied Psychology, Vol. 75, No. 1, 28-42

## C. Individual performance continued

### Proposition 18: Affinity

**Individuals working in open, diverse, inclusive environments have greater affinity with values and culture of the workplace.**

Individuals with a greater affinity to their firm are able to more efficiently and effectively contribute to the organization's performance.<sup>86</sup> Clearly, individuals who feel they are being discriminated against by their employer are unlikely to feel a great deal of affinity.

The evidence suggests that open and inclusive environments allow a greater number of people to feel affinity with their company, and thus contribute to overall improved performance:

**Affinity is linked to feeling part of the "norms" of the company:** people that feel outside of those norms – "the way we do things around here" – are likely to have less ability to help achieve its vision and goals.

→ Lipton, M. (2003), *Guiding Growth: How Vision Keeps Companies on Course*, Harvard University Press

**Research finds that open communication drives affinity:** people have a stronger sense of affinity if they work in an environment that fosters open communications among and between colleagues.

→ Nanus, B. (1996). *Visionary leadership (J-B US non-franchise leadership)*. San Francisco, CA: Jossey-Bass

**In successful companies, employees feel affinity with the values of the business:** analysis of high-growth companies shows that employees commonly feel affinity with the *values* of business: "the key assumptions, attitudes, and beliefs embodied by the organization and represented in the daily flow of activities".

→ Lipton, M. (2003), *Guiding Growth: How Vision Keeps Companies on Course*, Harvard University Press

## Proposition 19: Satisfaction

**Individuals working in open, diverse, inclusive environments have higher levels of satisfaction.**

Many studies show that employee satisfaction is positively correlated to business-level outcomes such as productivity, profit and employee retention, and the evidence base clearly suggests that open and inclusive environments are likely to foster higher levels of satisfaction:

**Diversity increases the levels of satisfaction experienced by minority groups:** studies show that meaningful diversity – beyond mere tokenism – increases satisfaction and other positive attitudes.

→ Enchautegui-de-Jesús, N. et al. (2006), Well-being in the Context of Workplace Diversity, *Journal of Community Psychology*

**Gay employees in a diverse workplace feel greater satisfaction:** research has shown that those working in less diverse environments feel less secure and less positive about their employers.

→ Munoz, C.S. (2005). A multi-level examination of career barriers for sexual minority employees, Unpublished doctoral dissertation

**Perception of “cultural fit” is a driver of satisfaction:** research shows that open and inclusive work environments drive employee satisfaction levels by allowing more individuals to feel a sense of cultural fit.

→ Tiny Pulse (2015), Best Industry Ranking: Employee Engagement & Satisfaction Across Industries

**Having close friends at work is a predictor of satisfaction:** people who are afraid to be open about themselves in the workplace are less likely to form friendships, and are likely to have lower levels of job satisfaction.

→ Gallup Management Journal (2008), What is a great place to work? The twelve key dimensions that describe great workgroups

**Self-esteem in the workplace is linked to satisfaction:** discriminatory environments are likely to undermine the value one places on his/herself, and so undermine job satisfaction.

→ Judge, T. A.; Locke, E. A.; Durham, C.C. (1997). The dispositional causes of job satisfaction: A core evaluations approach. *Research in Organizational Behavior*

**Every business on the Fortune 100 Best Companies To Work For list have non-discrimination policies** in place that include sexual orientation: this list is based on employee surveys, including questions on satisfaction.

→ Fortune (2015), The Best Companies to Work For: <http://fortune.com/best-companies/>

## C. Individual performance continued

### Proposition 20: Health

**Individuals working in open, diverse, inclusive environments are free from discrimination – a cause of poor mental health and physical violence.**

Workplace health underpins performance at an individual level and at the level of the company: there is a large body of literature linking mental and physical health to business indicators such as decreased productivity, decreased customer satisfaction, lower client retention, lower staff satisfaction, higher staff turnover, as well as litigation.<sup>87</sup>

The evidence base shows that open and inclusive environments are also healthier environments, and that employees free of workplace discrimination enjoy better physical and mental health – they are more resilient and have greater stamina:

**LGB&T people working in inclusive workplaces are psychologically healthier:** studies have found that LGB&T people who work in hostile environments have poorer mental health.

- Waldo, C.R. (1999). Working in a majority context: A structural model of heterosexism as minority stress in the workplace. *Journal of Counseling Psychology*
- Driscoll, J.M., Kelley, F.A., and Fassinger, R.E. (1996), Lesbian identity and disclosure in the workplace: Relation to occupational stress and satisfaction. *Journal of Vocational Behavior*

**LGB&T people who are “out” at work are psychologically healthier:** a number of studies support this, providing evidence that employees who are out feel less depression, distraction, anxiety and low self-esteem.

- Jordan, K.M., and Deluty, R.H. (2008), Coming out for lesbian women. *Journal of Homosexuality*
- Smith, N.G., and Ingram, K.M. (2004), Workplace heterosexism and adjustment among lesbian, gay, and bisexual individuals: The role of unsupportive social interactions, *Journal of Counseling Psychology*
- Griffith, K.H., and Hebl, M.R. (2002), The disclosure dilemma for gay men and lesbians: “Coming out” at work. *Journal of Applied Psychology*

**Employees protected by non-discrimination policies are less likely to suffer from depression:** a study found that 26% of employees protected by such a policy were prone to depression, as opposed to 42% among those who were not.

- Human Rights Campaign Foundation (2009), *Degrees of Equality: A National Study Examining Workplace Climate for LGBT Employees*

**Employees protected by non-discrimination policies are less likely to suffer from exhaustion:** a study found that 20% of employees protected by such a policy were prone to exhaustion, as opposed to 25% among those who were not.

- Human Rights Campaign Foundation (2009), *Degrees of Equality: A National Study Examining Workplace Climate for LGBT Employees*

**Employees who fear discrimination have more physical and mental health problems:** those who are less fearful report less negative health attributes.

- American Psychological Association ‘Sexual Orientation and Homosexuality’: <http://www.apa.org/helpcenter/sexual-orientation.aspx>

87 Workplace Health and Wellbeing (2015), ‘Benefits for your Business’: <http://www.workplacehealthandwellbeing.co.uk/business-benefits/>

## Proposition 21: Speaking up

**Individuals working in open, diverse, inclusive environments are more likely to speak up with suggestions to improve performance.**

“Speaking up” is an important component of organization performance across all sectors – from efficiency on a manufacturing production line, to operational safety in a mine, to the free flow of ideas in a creative agency.

Companies that embrace inclusion and diversity are more effective at fostering a communicative culture. This in turn creates an environment where workers are free to speak up when they see a problem, and contribute to problem solving; and it means they can be confident to voice unorthodox approaches and creative solutions.

Companies that do not embrace inclusion and diversity may inhibit an important source of productivity.

**Open, inclusion workplaces encourage speaking up:** researchers at Harvard Business School found that workers are less likely to speak up when they are working in a climate of fear, and when bosses do not appear open and accessible.

→ Harvard Business School (2006), Working Knowledge, Do I Dare Say Something?

**Speaking up is linked to high-performing teams:** research by Deloitte found a strong relationship between feeling confident and safe to speak up (particularly if the view differs from the majority) and performance at the team level.

→ Deloitte and the Victorian Equal Opportunity and Human Rights Commission (2012), Waiter, is that inclusion in my soup?

**LGB&T people are more likely to speak out in inclusive environments:**

employees indicated that having to conceal their sexual orientation at work reduced their levels of creativity and innovation, while being out at work increased their confidence in sharing new ideas.

→ Guasp, A., and Balfour, J. (2008), Peak performance: Gay people and productivity, Stonewall

## C. Individual performance continued

### Proposition 22: The extra mile

**Individuals working in open, diverse, inclusive environments are more likely to go beyond their formal remit and make a contribution to the culture of the company.**

Employees who feel valued in the workplace are more likely to contribute beyond their formal remit – going the extra mile, and thereby enriching the company culture and boosting productivity. These behaviours may include altruism, courtesy, conscientiousness, civic virtue, sportsmanship, peacekeeping, cheerleading, helping, and loyalty, among others.<sup>88</sup>

**LGB&T-supportive policies create more social and altruistic employees:** studies show that gay and lesbian employees who are included in nondiscrimination policies report higher levels of “citizenship” behaviors in the workplace – over and above their job duties.

→ Brenner, B.R., Lyons, H.Z., & Fassinger, R.E. (2010), Can heterosexism harm organizations? Predicting the perceived organizational citizenship behaviors of gay and lesbian employees. *The Career Development Quarterly*

**Non-discrimination policies foster “Good Samaritan” behaviors:**

individuals may strengthen the workplace community by being proactively helpful to co-workers and supervisors, such as offering to ease a colleague’s workload.

→ Organ, D.W., Podsakoff, P.M., and MacKenzie, S.B. (2006), Organizational citizenship behavior: Its nature, antecedents, and consequences

**LGB&T individuals are willing to go the extra mile:** 88% of LGB&T workers said they were “willing to go the extra mile” in an environment which is LGB&T inclusive.

→ Out on the Street (2013), *Thinking Outside the Closet: How Leaders Can Leverage the LGBT Talent Opportunity*

<sup>88</sup> Podsakoff, N.P., et al. (2009), Individual- and organizational level consequences of organizational citizenship behaviors: A meta-analysis, *Journal of Applied Psychology*, 94(1):122-41



## Proposition 23: Individual productivity

**Individuals working in open, diverse, inclusive environments have greater productivity – more efficient work with higher quality outputs.**



When people cannot be open about their sexuality, when they are not included, when they are not comfortable in their work environment, then they are less productive. When people are happier at work they work better.”

**Jaevion Nelson**, J-FLAG, JAMAICA



You're more efficient and more productive at work if you have a proper working understanding with your colleagues, and this is not so easy if you can't be yourself.”

**Pallav Patankar**, Humsafar Trust, INDIA

**LGB&T individuals who are out at work are more productive:** 84% of business leaders surveyed believed that being out at work increases productivity; 35% of LGB employees in a UK report an upswing in productivity after coming out.

→ Centre for Talent Innovation (2013), The Power of “Out” 2.0: LGBT in the Workplace

**LGB&T discrimination also reduces the productivity of non-LGB&T individuals:** controlled experiments have shown that hostile work environments for LGB&T workers can also impact the productivity of non-LGB&T counterparts.

→ Everly, B.A., Shih, M.J., and Ho, G.C. (2012), Don't ask, don't tell? Does disclosure of gay identity affect partner performance? Journal of Experimental Social Psychology

**Inclusive environments have higher productivity:** actively managing diversity has been found to correlate to increased workforce productivity, and may be a predictor of a well-run workforce.

→ Armstrong, C. et al. (2010), The impact of diversity and equality management on firm performance: Beyond high performance work systems, Human Resource Management

**Diverse teams within companies have higher productivity levels:** studies of “network heterogeneity” shows that greater diversity is linked to higher productivity for teams and networks within a business.

→ Reagans, R., and Zuckerman, E. (2001), Networks, diversity and productivity: The social capital of corporate R&D teams, Organization Science

**Hostile environments lose productivity through higher rates of absenteeism:**

a number of studies show that employees who fear discrimination are absent from work more often than those who feel fully included in their workplace.

→ Robinson, G. and Dechant, K. (1997), Building a business case for diversity, Academy of Management Executive

→ Commission for Racial Equality (1995), ‘Racial Equality means Quality’ a standard for racial equality for local government in England and Wales

**Increasing productivity is a major motivation for adopting LGB&T inclusion:**

a review of the top 50 Fortune 500 companies found that productivity is one of the most frequently mentioned commercial benefits for adopting LGB&T inclusive policies.

→ The Williams Institute (2011), Economic Motives for Adopting LGBT-Related Workplace Policies

**LGB&T discrimination costs U.S. businesses \$1.4 billion in lost output each year:**

one study estimates that hostile work environments cost companies \$1.4 billion in lost output each year resulting from a reduction in gay and lesbian workers' productivity.

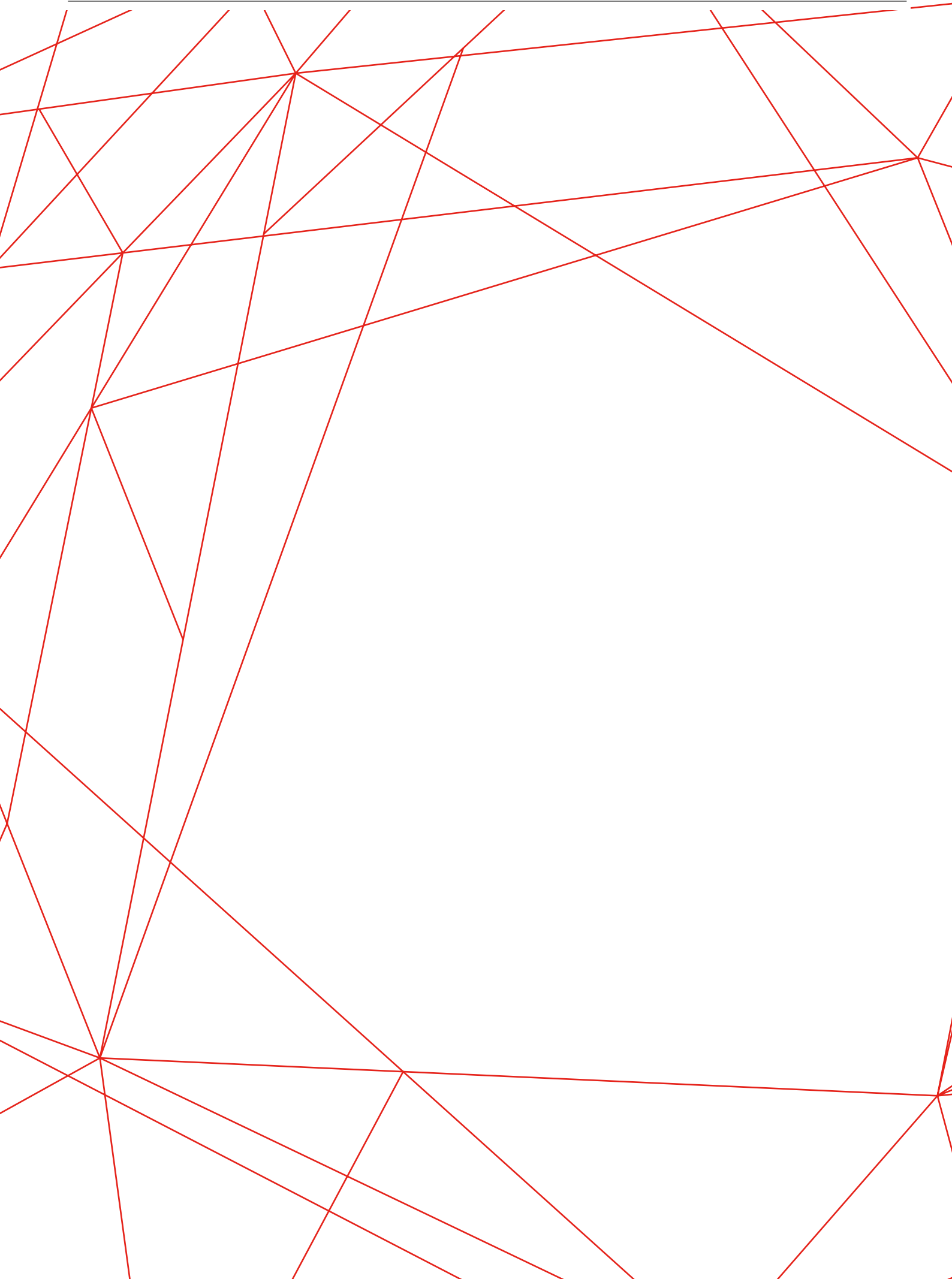
→ American Civil Liberties Union (2007), Working in the Shadows: Ending Employment Discrimination for LGBT Americans

# Business risk

The risks facing companies operating in countries which are hostile to LGB&T individuals exist on three levels – employee safety and security, non-compliance, and brand and reputation – and these are explored in the following 12 scenarios.

A. Employee safety and security risk	60
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# Business risk

The operations of modern businesses have become more and more comprehensively globalized, with supply chains and distribution networks stretching across the world, with an increasingly international and mobile workforce, and with customers and clients in multiple geographies. Against this vast global backdrop, businesses are intensely focused on understanding and controlling risks.

Meanwhile, as described in 'The Global Situation', an increasing number of countries have passed or are considering legislation that discriminates against LGB&T people. In addition, and often associated with this, a populist tide of anti-LGB&T sentiment is rising in many parts of the world.

In order to function effectively and with confidence across national borders, businesses require clear and transparent legal frameworks, and laws that support an open, diverse and inclusive workforce. A number of global companies report having received private assurances from ministers in countries with anti-LGB&T legislation that their employees and operations will not be affected by these laws. However, companies require the certainty that they can operate policies that are globally consistent and transparent.

Global companies are concerned about the risks associated with operating in anti-LGB&T environments. There are three levels of risk under consideration and, in this section, each of these is explored through a series of scenarios:

- A. Employee Safety and Security**
- B. Non-Compliance**
- C. Brand and Reputation**

## Understanding the legal and cultural context

To properly understand the risks facing a business operating in anti-LGB&T environments, it is necessary to consider two dimensions: first, the legal status of same-sex sexual relations, and secondly the cultural context in which LGB&T people live. The legal status can be viewed through the lens of Stonewall's *Global Workplace Equality Index*,<sup>1</sup> which places countries into one of three zones:

- Zone 1:** Countries where same-sex relationships are legal and clear national employment protections exist for lesbian, gay and bisexual people.
- Zone 2:** Countries where same-sex relationships are legal but no clear national employment protections exist to prohibit direct or indirect forms of workplace discrimination on the grounds of sexual orientation.
- Zone 3:** Countries where same-sex relationships are illegal.

An indicator of the cultural context for LGB&T people is given by the *Gallup World Poll*,<sup>2</sup> a survey conducted in 123 nations which contains a question asking whether or not the area in which a person lives is "a good place for gays and lesbians" (see map on p20). These two dimensions must be taken together in order to properly consider business risk. It is, for example, possible that a country may offer legal protections to LGB&T individuals, but the cultural context is very hostile and there are risks to employee safety and security. The table below offers a perspective on this.

<sup>1</sup> Stonewall (2015), Global Workplace Equality Index, available at: <https://www.stonewall.org.uk/get-involved/workplace/workplace-equality-index> (Please note that the index uses 72 countries in its analysis to provide a representative view of each of the three zones)

<sup>2</sup> Gallup World Poll (2013) 'Nearly 3 in 10 Worldwide See Their Areas as Good for Gays' available at: <http://www.gallup.com/poll/175520/nearly-worldwide-areas-good-gays.aspx>

An approach to understanding legal and cultural context, using a number of illustrative countries

### Stonewall Global Workplace Equality Index Zones 1-3

	Zone 1	Zone 2	Zone 3
GALLUP World Poll data – Good place for gay people to live in (0-100%)	Netherlands (83%) Iceland (82%) Canada (80%) Spain (79%) United Kingdom (77%) Ireland (75%) Belgium (74%) Australia (72%) Denmark (70%) New Zealand (69%) Sweden (69%) Argentina (68%) Brazil (68%)	USA (70%)	
	Finland (65%) Italy (63%) Germany (62%) Costa Rica (61%) France (59%) Austria (56%) Mexico (53%) Portugal (53%) Ecuador (52%) Nepal (52%) Colombia (50%) South Africa (49%) Czech Republic (39%) Israel (38%)	Philippines (58%)  Panama (45%) Taiwan (39%) Peru (35%)	
	Hungary (32%) Slovakia (32%) Bulgaria (27%) Estonia (27%) Greece (24%) Poland (21%) Latvia (20%) Croatia (18%)	Cambodia (29%) Japan (28%) Honduras (27%) Thailand (21%) Vietnam (21%) South Korea (18%) China (14%) Russia (12%) Belarus (11%) Ukraine (11%) Madagascar (9%) Rwanda (6%) Gabon (5%) Ivory Coast (4%) Niger (4%) Azerbaijan (3%) Indonesia (2%) Mali (2%)	Dominican Republic (32%) Trinidad and Tobago (27%) India (26%) Bangladesh (19%) Kenya (11%) Jamaica (10%) Malaysia (10%) Tanzania (9%) Sri Lanka (6%) Zimbabwe (5%) Ghana (3%) Uganda (2%) Pakistan (1%) Senegal (1%)

# A. Employee safety and security risk

## Criminal conviction, harassment and violence.

To compete successfully in the global economy, businesses need a global strategy supported by an international talent base.

As well as employees and suppliers in multiple territories, today's companies have a globally mobile workforce consisting of frequent business travel, short-term assignments, and expatriate relocations. The following scenarios bring to life the kinds of risk currently under consideration by global companies.

### Scenario 1:

#### **Criminal Conviction**

**Risk of arrest and/or conviction of LGB&T employees for participating in same-sex sexual activity.**

In many countries, the conviction of LGB&T employees for participating in same-sex sexual activity is a real possibility. This is a straightforward risk for any business – and for heavily regulated sectors there are additional complexities. In financial services, for example, terms of employment may require that criminal conviction must result in a termination of employment.

This leads to a difficult possible scenario: an employee is arrested and charged for same-sex sexual activity, and the company must now choose whether to (a) terminate the employee's contract and thereby, effectively, fire an employee for being gay – with all the reputational repercussions this would entail – or (b) overrule the terms of employment and thereby undermine corporate governance and cause difficulties in local government relations.

### Scenario 2:

#### **Non-Reporting of an LGB&T Individual or Supporter**

**Risk of violating anti-LGB&T laws that require people known to be LGB&T to be reported to the authorities.**

In addition to prohibiting same-sex sexual acts per se, some countries have or are considering laws against the "promotion of homosexuality", and against the failure to report the identities of people known to be lesbian, gay, bisexual, transgender, or even a supporter of the human rights for people who are.

A difficult potential scenario follows from this: a manager knows that an employee is gay, and must decide whether to (a) report the gay employee – which will likely result in his or her arrest – or (b) not report, thereby breaking the law in Country Y. This manager may reasonably seek advice from head office on this decision, which would present the company with a serious dilemma.

### Scenario 3:

#### **Violent Action Against the Company and/or Employee**

**Risk of attack of employees and/or company property through opportunistic violence and/or vigilante activity.**

As populist anti-LGB&T sentiment has increased in some countries, violence towards organizations associated with LGB&T people has also increased. In some cases this is sporadic and opportunistic violence, and in others it is a concerted campaign of violence undertaken by organized vigilante groups – such as attacks on individuals or firebombing of offices.

A company operating in such an environment may face a difficult dilemma: attacks on organizations perceived to "support homosexuality" are increasing, and may not be vigorously investigated by police. In this country, the company supports LGB&T community groups, LGB&T pride, and has an LGB&T employee network. The company must decide whether to (a) withdraw public support for the LGB&T community in this country, or (b) maintain public support and re-double security.

## B. Non-compliance risk

Conflict between global codes of conduct and local laws.

Operating in countries with anti-LGB&T legislation creates serious dissonance for companies: non-discrimination in the workplace is required by internal codes of conduct, it adheres to global standards of best practice, and it resonates with the character and values of modern companies.

This dissonance brings with it significant regulatory risks, where compliance with local legislation directly conflicts with the obligations of companies under the laws of their home countries. The following scenarios bring to life some possible aspects of this risk:

### Scenario 4:

#### Promoting Non-Traditional Sexual Relationships

**Risk of violating laws prohibiting the promotion of “non-traditional” sexual relationships through LGB&T network, or through inclusion and diversity communications.**

Politicians with an anti-LGB&T populist agenda may arouse fear of “homosexual propaganda”, and some countries have explicitly outlawed content that in any way suggests that homosexuality is acceptable, or that can be deemed to promote “non-traditional sexual relationships”. These laws have been used to shut down organizations that focus on LGB&T issues and on human rights.

These laws are broadly framed, and can be liberally interpreted to include any discussion on LGB&T inclusion. This is a concern for companies that have global LGB&T networks, and which seek to cultivate an inclusive workplace. In some cases, companies have mitigated this risk by diverting communications about LGB&T issues to nearby countries, and this may impede the effectiveness of HR operations.

### Scenario 5:

#### Global Mobility of Employees

**Risk of failing to comply with legal requirements to provide safe and secure working conditions to employees overseas.**

Many companies are bound by legislation in their home countries to provide safe and secure working conditions for all employees. For example, all U.S. employers are also bound by Occupational Health and Safety Administration requirements to maintain a safe and secure workplace for employees, including when they travel overseas or reside abroad on a long-term assignment.

This presents a difficult scenario for a company that wants to send an LGB&T individual to an anti-LGB&T country: this person may be best qualified for the job, but the country has seen a recent upsurge of violent attacks and police harassment of LGB&T people. This is the dilemma: sending the employee to such a country is a violation of the legal obligation to ensure a safe and secure working environment for employees. On the other hand, not sending the employee effectively constitutes discrimination on the basis of sexual orientation.

### Scenario 6:

#### Equal Benefits for Employees

**Risk of failing to comply with non-discrimination legislation by not paying full spousal benefits to employees overseas.**

Many companies are bound by non-discrimination legislation to ensure that employees are not subject to discrimination on the basis of sexual orientation. For example, an employee of a U.K. company may make a claim against his or her employer for such discrimination, even if it takes place whilst working on an overseas assignment. In addition, the company is bound its code of conduct and global diversity policy to offer full equal spousal benefits to same-sex couples – including expats and foreign employees.

This presents a dilemma for a company wishing to relocate an employee and same-sex spouse to a country that does not have legal recognition of same-sex marriage.

Many countries do not recognize same-sex domestic partners or spouses as family for the purpose of immigration or temporary stays – and this means that equal benefits aren't legally permitted.



# C. Brand and reputation risk

Negative employee and consumer opinion, and hostile activism.

Companies operating in anti-LGB&T countries face a number of risks to their global brand and reputation.

Brand risk arises from potential misalignment with the attitudes and values of a global consumer and employee base, and reputation risk arises from the potential dissonance between what companies say about their approach to diversity and inclusion, and the positions they may be forced to take in anti-LGB&T environments. These risks are explored through the following scenarios:

## Scenario 7:

### Misaligning with the Global Emerging Middle Class

**Companies operating in anti-LGB&T environments may be forced to take positions inconsistent with the values of the commercially critical global middle class.**

Engaging the global emerging middle class is a commercial priority for many businesses, and research suggests that the values of the new middle classes in emerging economies are converging with the values of publics in advanced countries.<sup>3</sup> Studies show that the attitudes of a middle class consumer base are characterized by recognition of meritocracy, and of the importance of human rights.<sup>4</sup> Companies operating in anti-LGB&T environments may be forced to take positions that are not consistent with the values of the new middle class consumers.

## Scenario 8:

### Alienating Global Millennial Consumers and Employees

**Companies operating in anti-LGB&T environments may be forced to take positions inconsistent with the values of global Millennials.**

Wherever they are in the world, Millennials tend to have similar values: in a global study, EY found that Millennials share a set of attitudes around the world,<sup>5</sup> and studies by consumer research agency YPulse suggest that Millennial individuals have more in common with their international counterparts than any generation before them.<sup>6</sup> Around the world, Millennials share a sense of openness and curiosity, according to research by the global media company Viacom. The study spanned 26 countries, and found that Millennials have an increasingly global mindset, and are interested in other cultures and lifestyles.<sup>7</sup>

Millennials consistently show higher levels of support for LGB&T inclusion than any other generation: an overwhelming majority support legal protection for LGB&T people against discrimination,<sup>8</sup> and Millennials are strong supporters of same-sex marriage.<sup>9</sup> Companies operating in anti-LGB&T environments may be forced to take positions that are not consistent with the values of global Millennial consumers.

## Scenario 9:

### Risks Facing Global Companies Marketing to Consumers in Anti-LGB&T Environments

**Marketing activities in countries with strong anti-LGB&T sentiment may be at odds with the values of the company and the expectations of global consumers.**

The global telecom company Orange was petitioned by more than 77,000 consumers who wanted them to withdraw advertising from Red Pepper – a Ugandan tabloid that was running a sustained anti-LGB&T campaign. The company moved quickly to announce it would pull all advertising from the newspaper.

Similarly, IKEA faced an international consumer backlash after it removed a story about a lesbian couple from its customer lifestyle website in Russia. Following the furore, the company dropped the website altogether, citing fears that “a number of articles could be assessed as propaganda” under the country’s anti-LGB&T laws. These incidents highlight the reputation risks that global companies face in marketing to consumers overseas.

3 Burrows, M. (2015), The Emerging Global Middle Class – So What?, The Washington Quarterly  
4 Pew Research Center (2009), The Global Middle Class: Views on Democracy, Religion, Values, and Life Satisfaction in Emerging Nations

5 EY (2015), Millennials: “Generation Go” infographic  
6 YPulse (2014), Global Millennials: Around the World in Trends  
7 Viacom blog (2012), The Next Normal: An Unprecedented Look At Millennials Worldwide

8 Centre for American Progress (2015), Millennials Overwhelmingly Support Comprehensive LGBT Nondiscrimination Protections  
9 Pew Research Center (2015), Changing Attitudes on Gay Marriage: Public Opinion



**Scenario 10:****Falling out of Step with Corporate Stakeholders**

**Companies not vocally supporting global LGB&T inclusion may become estranged from the communities from which they draw workers, partners and customers.**

In 2014, Brendan Eich, the CEO of Mozilla, was forced to resign after it came to light that he had donated to a U.S. anti-gay campaign. Mozilla is a pioneer of Web software, and its employees, developers and customers all pressured for Eich's resignation. His views, they argued, were out of touch with the values of Mozilla's corporate community. Although this was a domestic U.S. incident, Eich's resignation underscored the risk of businesses finding themselves estranged from the societies from which they draw their workers, partners and customers. As a journalist commented, "even a whiff of homophobia can be bad for business".<sup>10</sup>

**Scenario 11:****Appearance of Hypocrisy and "Pink Washing"**

**Companies not vocal supporting global LGB&T inclusion but promoting their diversity credentials at home may be accused of hypocrisy.**

A number of companies are vocal in their support of LGB&T inclusion in the U.S. and Europe – for example, advocating for fairer laws and supporting LGB&T community events. However, these same companies may find it challenging to take such a clear public position in countries that are hostile to LGB&T rights. This opens them up to charges of hypocrisy and opportunism.

Campaigners are adept at exploiting the appearance of hypocrisy. For example, a number of global companies were embarrassed to find their names on a list published by the organizers of Poland's Equality Parade, naming businesses that were unresponsive to a request for (non-financial) support. The organizers said:

"...these brands are Polish branches of big multinational corporations that are famous for their involvement in the struggle for securing equal rights of LGBT persons. We received an answer to our invitation from... just four of them. All of them negative".<sup>11</sup>

The campaigners contrast this response with the highly visible participation of these companies in similar Pride parades in LGB&T-friendly cities – which, from their perspective, appear to be "pink washing" marketing exercises.

Criticism may also come from inside the business. In the run-up to the Sochi Olympics, some companies found that employees were concerned by the absence of clear public positions on anti-LGB&T laws in Russia, and this threatened to undermine the credibility of global diversity efforts. Companies that support LGB&T inclusion are keen to stress that it is a deep-rooted value. However, failure to act on this in a consistent way around the world risks the appearance of hypocrisy.

**Scenario 12:****Failing to Take a Clear Position on Global LGB&T Inclusion**

**Risk of criticism from the public groups who expect global businesses to take a clear position on LGB&T inclusion overseas as well as at home.**

Global businesses have learnt that it is no longer sufficient to guarantee non-discrimination in the workplace: many consumers now also expect businesses to speak up and advocate for LGB&T rights around the world. For example, corporate sponsors of the 2014 Winter Olympics in Sochi were targeted by consumer activists, frustrated at their silence over the Russian government's anti-LGB&T agenda: Coca-Cola, McDonald's, General Electric, Procter & Gamble, Visa, Samsung and Dow all came under pressure.

The campaign showed that consumers now expect global companies to take a stand for LGB&T inclusion abroad as well as at home. Chad Griffin, president of the Human Rights Campaign, said the Sochi sponsors "have a duty to speak out clearly on LGBT equality in Russia and around the world – a duty not simply to your brands, your employees and your customers, but to LGBT people everywhere".<sup>12</sup>

<sup>10</sup> The Daily Beast (2014), Gay rights fight: Bullies love to play the victim

<sup>11</sup> <http://en.paradarownosci.eu/news/which-companies-do-not-support-equality-in-poland>

<sup>12</sup> The Guardian (2013), Coke's Olympics backlash: the rising bar for corporate action

# Understanding consumer sentiment

For many companies, operating in environments with strong anti-LGB&T sentiment creates a growing tension with the values of their global consumer base – and this represents a risk to their businesses.

Research from the Pew Research Centre shows that public opinion in Europe's major economies is strongly accepting of LGB&T people: 80% or more agree that "gay men and lesbians should be free to live their own lives as they wish" in the Netherlands, Sweden, Denmark, Belgium, the United Kingdom, Norway, France, Ireland, Switzerland, Germany, and Spain<sup>13</sup> (Figure A).

This support even crosses traditional left-right political divides. In the UK, for example, a study by Ipsos MORI ahead of the 2015 UK General Election found that same-sex marriage was supported by 61% of would-be Conservative voters and 54% who intended to vote for the right-leaning UK Independence Party.

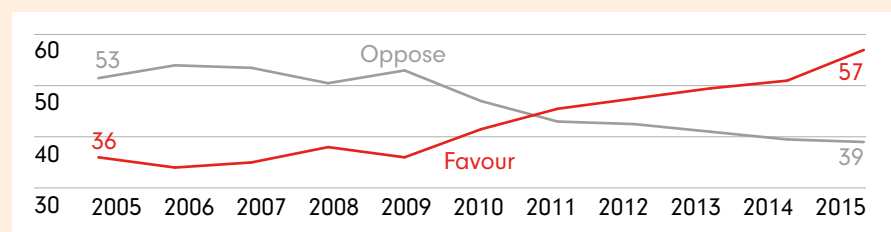
Opinion on same-sex marriage is a leading edge of consumer attitudes towards LGB&T people more broadly. In the U.S., public opinion on the legalization of same-sex marriage has switched dramatically: in May 2015, 57% favored legalization, while 39% opposed. A decade earlier, these percentages were almost exactly reversed, reflecting a strengthening of consumer support for LGB&T rights more broadly (Figure B).

The experience of recent years show increasing public awareness of corporate actions, and so companies operating in anti LGB&T environments can expect growing scrutiny of their positions on global LGB&T equality.

Figure A: Europe's "80% Club": countries with more than 80% of people agreeing: "Gay men and lesbians should be free to live their own lives as they wish."<sup>14</sup>

Country	%
 Netherlands	92%
 Denmark	89%
 Sweden	89%
 Belgium	87%
 United Kingdom	84%
 Norway	83%
 France	82%
 Ireland	82%
 Switzerland	82%
 Germany	81%
 Spain	80%

Figure B: Strengthening U.S. support: % of people in the U.S. who say they \_\_\_\_\_ allowing gays and lesbians to marry legally.<sup>15</sup>



13 Pew Research Centre (2013), Eastern and Western Europe divided over gay marriage, homosexuality

14 Pew Research Centre (2013), Eastern and Western Europe divided over gay marriage, homosexuality

15 Pew Research Centre (2015), Little change in Opinion on Same-sex Marriage, U.S. Politics & Policy

16 Research by Brunswick Insight; N=525 in the US; N=543 in the UK

Businesses are acutely aware that their brand and reputation may suffer if they are perceived to be falling out of step with the values of their global consumer base.

To explore further the specific risks involved, Open For Business commissioned a survey of aptitudes amongst U.S. and U.K. consumers towards companies doing business in countries with anti-LGB&T laws.<sup>16</sup> The results are published for the first time in this report and show the strength of popular consumer support for global LGB&T inclusion:

**Nearly HALF (47.5%) say they would support a boycott of companies that operate in countries with anti-gay laws.**

UK		US	
Likely	Unlikely	Likely	Unlikely
48%	52%	47%	53%

*How likely would you be to boycott a company with commercial operations in a country with anti-gay laws?*

Activist groups have not called for boycotts of companies doing business in anti-LGB&T countries because they understand this may be counter-productive and may harm those it is intended to help. However, it is interesting to note the strength of support that such a campaign would receive from consumers.

**42.5% say they would be UNLIKELY to buy products (e.g. coffee) from a country that has anti-gay laws.**

UK		US	
Likely	Unlikely	Likely	Unlikely
56%	44%	59%	41%

*How likely would you be to buy products (e.g. coffee) from a country with anti-gay laws?*

Companies whose supply chains include countries with anti-gay laws are at risk from consumer activism. For example, a coffee brand whose main source of coffee is Uganda may find itself under pressure to find alternative sources. In this example, Uganda faces the corresponding risk of losing major customers and subsequently reduced access to export markets.

**More than HALF (51%) say they would be UNLIKELY to go on holiday to a country that has anti-gay laws.**

UK		US	
Likely	Unlikely	Likely	Unlikely
49%	51%	49%	51%

*How likely would you be to go on holiday to a country with anti-gay laws?*

Companies in tourism and travel sectors are already aware of safety and security issues for LGB&T customers – but aside from LGB&T travelers, the presence of anti-gay laws may deter a far broader customer base. Aside from the implications for companies, this presents a significant corresponding risk to countries with significant tourist economies.

**More than HALF (52%) say they would be UNLIKELY to work for a company that does business in a country that has anti-gay laws.**

UK		US	
Likely	Unlikely	Likely	Unlikely
47%	53%	49%	51%

*How likely would you be to work for a company does business in a country with anti-gay laws?*

Competition for the most talented employees is more acute than ever, and this research suggests that companies may find it harder to attract talent if they are seen to be doing business in countries with anti-LGB&T legislation.

*In addition to exploring attitudes towards businesses operating in anti-LGB&T environments, the Open For Business research also investigated consumer opinion on international aid going to countries with anti-LGB&T laws:*

**More than HALF (52.5%) say they would be UNLIKELY to support international development aid going to a county that has anti-gay laws.**

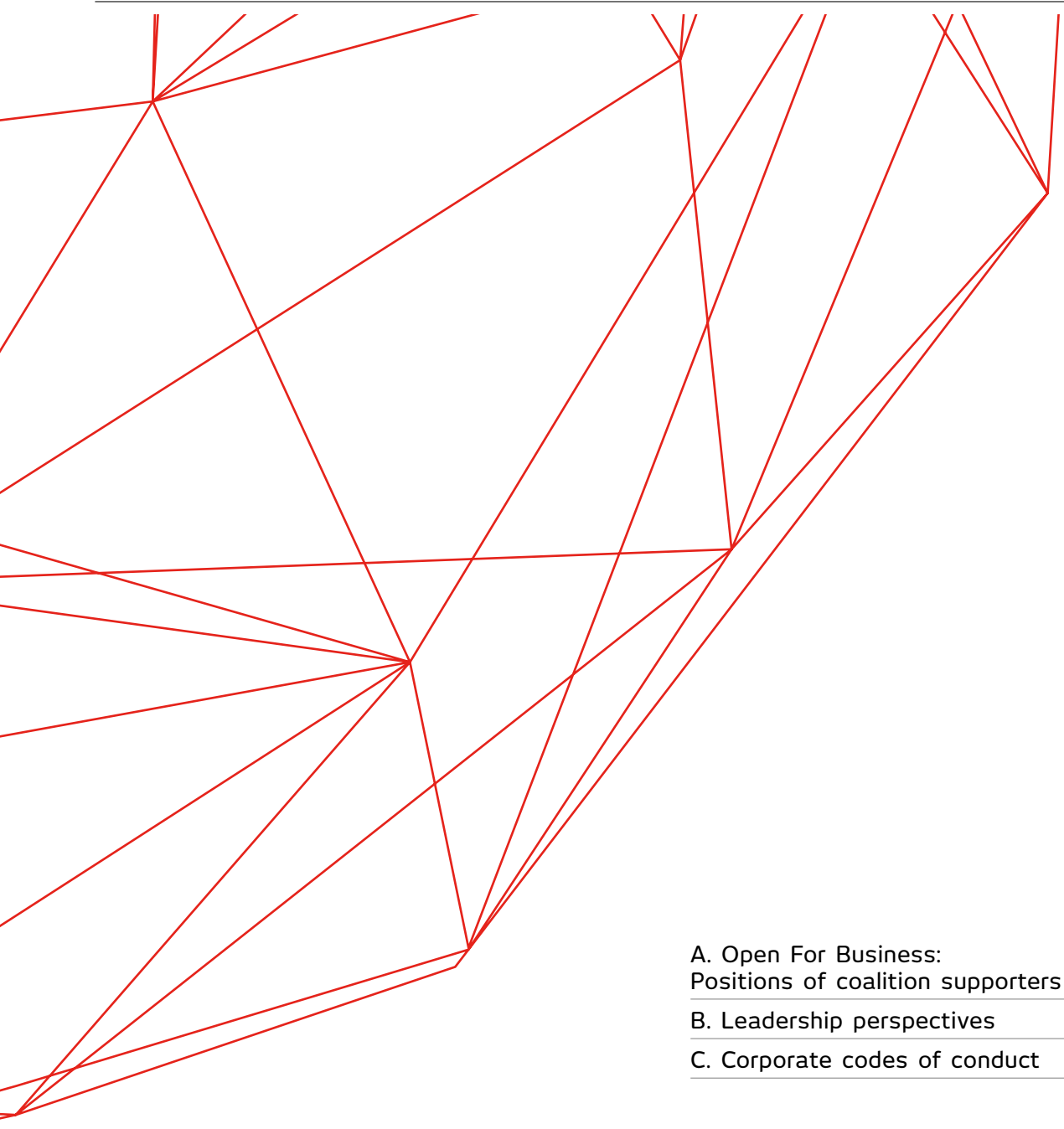
UK		US	
Likely	Unlikely	Likely	Unlikely
46%	54%	49%	51%

*How likely would you be to support international development aid going to a country with anti-gay laws?*

Governments of countries with significant overseas aid programmes find themselves under significant domestic pressure to justify this expenditure, and the presence of anti-LGB&T legislation in a recipient country may exacerbate this difficulty.

An abstract background of thin red lines forming a complex, interconnected network of geometric shapes, primarily triangles and quadrilaterals, filling the upper two-thirds of the page.

# Business Leadership



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# A. Open For Business: Positions of coalition supporters

Each of the companies supporting Open For Business has a deep-rooted position on diversity, and have been vocal supporters of LGB&T inclusion.

## **American Express**

As a global company, it is vital to our success that our employees are as diverse as the customers and communities we serve. American Express has built a diverse workforce and an inclusive workplace, and we foster a culture where differences are valued and expressed freely and all employees have the support they need to take risks, learn, and collaborate. American Express has long been committed to LGBT causes and has scored 100% on the Human Rights Campaign's (HRC) Corporate Equality Index since 2004.

## **AT&T**

Big ambitions, big ideas, big opportunities. AT&T is a place where people from all walks of life and all kinds of backgrounds have the support they need to break down barriers and move our world forward. Each day, more than 280,000 of us bring our unique perspectives, skills and ideas to our work—so that together, we can lead the way toward a brighter future for everyone.

## **Brunswick**

At Brunswick we believe that businesses must deliver social value alongside financial value, and that global businesses are in a position to drive progress – demonstrating how open, diverse and inclusive workplaces are good for business, good for employees and good for the economies in which they operate.

## **EY**

At EY, our diverse, inclusive and borderless teams are key to delivering exceptional client service and meeting our clients' specific needs in their local markets. As a global organization, adding differing voices and viewpoints helps make sure we don't stifle creativity and lose our competitive advantage.

## **Google**

At Google we believe that inclusion and diversity is good business, and so we work hard to ensure we have a culture that welcomes everyone. We oppose

all laws that enable or encourage discrimination and we've been steadfast in our efforts to eliminate discrimination against the LGB&T community.

## **IBM**

IBMers around the world work in an environment where diversity – including diversity of thought – is the norm. Our diversity is reflective of the global marketplace and is integral to our corporate character. We believe it's what we do together that sets us apart.

## **LinkedIn**

At LinkedIn our long-term vision is to create economic opportunity for the global workforce, and inclusion and diversity are key to making this happen. We want to challenge each other to make the world in which we work a more inclusive place.

## **Linklaters**

Creating a diverse and inclusive culture is a key business challenge. Being a global organization means much more than having offices around the world. If we are to be the leading global law firm, we have to have a team that reflects the cultures and values of the communities in which we work.

## **MasterCard**

We believe diversity of thought and talent is the heart of innovation. Our inclusive culture is about more than simply having a diverse workforce. It's about using our employees' diverse experiences and perspectives to drive real business impact and make meaningful contributions to society.

## **RBS**

At RBS, we value the diversity of our employees and are committed to creating an inclusive culture. We prize fairness, want to attract and retain talent and enable employees to reach their full potential. In order to do this we need to embrace people's differences including their sexual orientation. We encourage employees to bring the best of themselves to work, to

be respectful and curious about diversity, and our efforts around this have been recognised externally.

## **Standard Chartered**

Our approach to diversity and inclusion is fundamental to who we are as an organization, and a key aspect of our brand promise, Here for good. As an international bank, we have a naturally diverse workforce. This provides us with a strong competitive advantage, enabling us to understand better the needs of those who bank with us.

## **Thomson Reuters**

Diversity and Inclusion – it's who we are and how we do business. It helps us attract, develop and retain the widest range of talent to meet our clients' ever-evolving needs. Our customers are from a broad range of geographical and cultural backgrounds. To partner with them, develop new ideas and solve their complex challenges, we embrace diversity of thought, style, experience and approach.

## **Virgin Group**

We're committed to ensuring that Virgin is an inclusive place to work, where differences are celebrated and our people can be themselves and feel at "home" at Virgin. We recognise that an inclusive culture that brings together the right group of people who mirror the wonderful diversity of our world and who can promote diversity of thought is good for business. We firmly believe that this is a huge opportunity, not a challenge, and it's great for the communities that we serve. We have the desire to make a positive difference to people's lives through changing business for good, so we create an environment where all people can thrive – because of who they are, not in spite of it.

## B. Leadership perspectives

**Liz Bingham**  
**Managing Partner,**  
**Talent UK & Ireland at EY**



For me, the notion of growth is key: growth for an individual, for a business, or indeed for an economy. That means growth which is driven by innovation, entrepreneurship and risk taking. And for this, we need an environment where people are prepared to speak up and speak out and challenge the status quo: that is what is going to drive better performance. The only way to grow sustainably is serial innovation – and, as the evidence in this report shows, the only way to serially innovate is to have diverse teams led in an inclusive way.

These areas of growth are all linked. If an economy grows, it naturally creates opportunities for businesses and for individuals. Growing businesses create more employment, progression and promotion opportunities. Through that come opportunities for individuals that are less financial or career oriented, such as work which is more stimulating and being stretched personally in day-to-day activities. This leads to improved performance, solving more complex problems – which mean having more fun, feeling a greater sense of self worth and being more productive. That is the aspiration: generating a dynamism and energy that creates a virtuous circle.

Individuals have a greater ability to perform and grow, if they can be themselves in their work environment. That means they're not spending energy *covering*; being fearful of discovery. It means they're not worried about whispering in the corridors or what is going to impact their career prospects negatively. All that fear and anxiety is misplaced energy, and taking it away enables an employee to focus on being the best they can be in the role they occupy in the organization.

Our primary responsibilities, as a company, are to create and deliver a successful and sustainable business and to protect our employees. So operating across different geographies around the world, some of which may have anti-LGBT legislation, there are risks. For our employees, we need to understand the situation locally, and we have to have frameworks and protocols in place for a global business. Our employees, and other stakeholders we engage with, expect us to send a coherent and consistent message. It matters to us to have an authentic voice on these topics, and to collaborate with other organizations and NGOs which share our passion on this agenda.



We need an environment where people are prepared to speak up and speak out and challenge the status quo: that is what is going to drive better performance.”



## B. Leadership perspectives continued

**Claudia Brind-Woody**  
**Vice President & Managing Director**  
**for Global Intellectual Property**  
**Licensing at IBM**



“  
 We’re not a Johnny-come-lately to the inclusion question. Inclusion is in our DNA because we had courageous leadership from the early days.”

IBM has a really long history of non-discrimination going back to Thomas Watson Sr. and Thomas Watson Jr., who were CEOs of IBM. They ‘got it’ right back in 1953, when Watson Jr. wrote a policy letter making it clear that there would be no discrimination in the company. Back then, the words were about race and creed; then they were about gender – because that was the focal point at the time.

This was before the Civil Rights Act in the US. IBM had equal pay for equal work for women before the US government mandated it. We had women Vice Presidents in the 1940s. In the late 50s and early 60s, when two states – North Carolina and Kentucky – still had separate toilets and drinking facilities for blacks and whites, IBM declared that it was not going into those states until the laws changed. And they helped to get the law changed because those states were interested in IBM building manufacturing plants there. The company did that because one of the IBM original values was respect for the individual. So how could we live our corporate values if we didn’t take a stand on that?

Today we have three values: dedication to every client’s success; innovation that matters for IBM and for the world; trust and personal responsibility in all relationships. Diversity falls into all of them. Dedication to every client’s success: our clients are diverse all over the world – their cultures, genders, sexual orientation, age, race – everything is diverse. Innovation that matters for the company and the world: innovation comes from valuing diversity of thought and diversity of people. Trust and personal responsibility in all relationships ties back to that first value; respecting the individual.

One of my favorite quotes comes from one of our top IBM executives in 1984 when it was being discussed whether or not we should add sexual orientation to our non-discriminatory policy. He stopped the debate when he said, ‘We want everybody to be welcome to succeed here.’ Everybody voted unanimously for the addition. When you stop to think about it, it’s just that: enabling everybody, male or female, old or young, black or white, or whatever other attribute, to be welcome.

So we’re not a Johnny-come-lately to the diversity question. Inclusion is in our DNA because we had courageous leadership from the early days. It’s a company I’m very proud to be part of: it makes me a proud IBMer.

All of us, every corporation that does business in a global way today is concerned about the safety of our employees in places where they might be a risk for various reasons. That’s our first obligation to our employees. For example, women in business are still not welcome in some of the countries that are also hard for LGBT people. Or they are marginalized, like others of different cultures or different colors are often not included unless they are in a workplace that values diversity – and values human rights in the broadest sense.

If countries and cities want to have economic development, they have to rise to a level of tolerance that enables them to have the kind of diverse dialog that creates innovation. We can have a dialog about corporate and business development in a country, including with corporations that have strong non-discriminatory policies. That’s why our corporate brands coming together as Open For Business is so important: we have a collective courage as corporates to have open dialogs that can become stepping stones – and will help us open the aperture on tolerance.



**Daniel Danso**  
Diversity Manager at  
Linklaters LLP



As the world and business changes, new Millennial talent is coming in, and they want different things from before: they want a vibrant workplace that is open and diverse. Businesses need to recognize this, or they will never be able to attract, retain and develop, the right talent. They will lose out to businesses that are bolder, that welcome diverse communities, and show them they understand where they are coming from.

At Linklaters we need to attract the best talent, and the best talent is looking for dynamic and diverse environments. The best talent will have a gender, an ethnicity, a sexual orientation, a disability or not – and understanding this is important. The best talent is not just about what school you went to, it is about how you experience life and what you bring to the firm – because our business is made up of people.

Inclusion is a topic that often gets less attention than diversity. But diversity needs to exist in an environment where people are included, valued, recognized and understood. To me, it is about being able to be yourself 100% wherever that is. For some minority groups – and for the less visible aspects of diversity – that is a lot more challenging.

That is why all aspects of health and well-being is something we are really big on. It is about more than resilience and stress: it is about how you experience life and how that has an impact on the job that you do. It is really the interaction that happens every day with my line manager, with my team, those people I spend my time with, that determine how I actually feel working in a business.

You hear people say, 'I don't care if you're black, white, polka-dot, gay, straight, as long as you do the job.' But there is enough research to prove that people *do care* about those things – which is why we do training on *unconscious bias* all across the firm: we want to make sure our decisions are as free from bias as possible.

We recently launched an Allies Network to make sure that colleagues who are extremely supportive of LGB&T rights have ways of being able to show it, that aren't tokenistic. We are highlighting ways in which they can be actively inclusive – as opposed to just passively non-discriminatory.

If I am in a place where I feel recognized I am going to be much more loyal to the company I work for, to have a much more positive outlook to being in that environment. If you get that right as a business, you have people who perform better because they spend their emotional, creative, mental energy on things other than worrying about whether who they are, fundamentally, will prove to be a problem for them, or a challenge to their progression.

“

As the world and business changes, new Millennial talent is coming in, and they want different things from before: they want a vibrant workplace that is open and diverse.”

## B. Leadership perspectives continued

### Joshua Graff

Senior Director, LinkedIn Europe,  
Middle East & Africa at LinkedIn



Our mission at LinkedIn is to connect the world's professionals and make them more productive and successful. Our long-term vision is to create economic opportunity for the world's professionals, and inclusion and diversity are key to making this happen.

We believe that a diverse workforce has a multitude of benefits for a business and for the individuals. So anything that we can do to encourage diversity for our own team, our clients and our members around the globe is entirely in line with what we're looking to accomplish. If you consider diversity specifically in terms of LGB&T rights, that's why we're part of Open For Business.

We believe it helps people build longer lasting, more authentic and trusting relationships with colleagues when they can be open about who they are at work. If there's a lack of transparency, or you don't feel comfortable being your authentic self, it prohibits you from building and maintaining open and trusting professional relationships. My personal view - having been through the process of coming out - is that being comfortable with those around you heightens emotional intelligence. It can help you become a more inclusive and compassionate leader, so the impact is not just on your own productivity but also on the productivity of those around you.

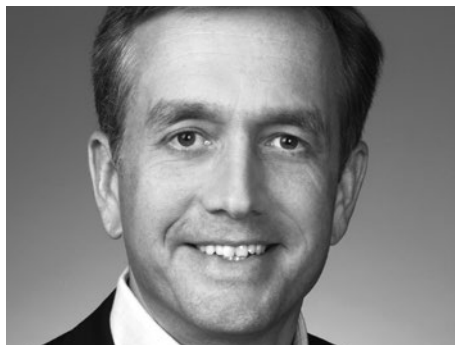
People who work in organizations that support a diverse workforce have a high level of openness and transparency and are more productive as a result. Those individuals are more confident speaking up, they're more confident taking intelligent risks, less afraid of repercussions and more willing to change the status quo.

Most people now recognize that there are business benefits to diversity across the board. As Open For Business shows, there is plenty of evidence to demonstrate this. The conversation needs to move on from there and ask: how do we further encourage it? There's a natural flow that scales up from the individual level to economic performance at a national level. If companies are more productive and profitable, that leads to greater economic performance and output at a country level. Since economic performance is one of the key measures of success of any government, we hope this will be an impetus for countries to further embrace diversity.



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**Tim Murphy**  
**General Counsel and Chief Franchise**  
**Officer at MasterCard**



“Diversity and inclusion has been an essential part of helping the company open up to the wider world.”

When LGBT equality was being debated in the U.S., we spoke clearly and candidly about where we stood on the issue. Our friends, colleagues and partners who are part of our lives all deserve the same treatment, as a matter of human decency. It was central to what we believe to be right and to our commitment to diversity.

MasterCard may have started in the U.S., but our business today is in 210 countries and more than half our revenue is driven outside North America.

We need to have the courage to say what we believe and we're prepared to have that conversation globally. That requires us to recognize that in many parts of the world this is a tough topic; progress will come at different paces in different places. We need to be smart and locally relevant, while understanding that what matters is to keep making progress.

One of the areas we're most proud of at MasterCard is the power of our employee affinity networks, including our LGBT resource group, PRIDE. They started in the U.S. and are now also in the UK, gradually expanding to other markets. We aim to do a great job of making sure that our people feel comfortable and welcome to join PRIDE, to talk about LGBT issues and to self-identify if they so choose, in many more places around the world than they do today.

But, it's not only about what we say publicly. It's how we treat each other as friends and colleagues. Even in those places where the situation is hard for LGBT people, we can help to create a safer community for our own teams. Building a safer place for these issues globally is hugely important and a way for us to play a leading role.

That's why we joined Open For Business. We believe that diversity is not a nice-to-have, it is a business essential that includes creating a welcoming and inclusive environment for our LGBT colleagues.

This is also about performance and competitiveness. Without a diverse leadership team and a diverse workforce, without an environment where people feel comfortable embracing and celebrating differences, you cannot be competitive and you cannot make the richest and most nuanced decisions.

Historically, our culture was more inward-focused. But we've found it's become a strategic imperative to be much more outside-in in our thinking; much more open to the world. That means exposure to thought leadership at the highest levels and engagement in local conversations. Diversity and inclusion have been an essential part of helping the company open up to the wider world.

In the emerging markets, we're part of the foundation to build a modern society; an agent that helps to power economic development in cities. So in our company, there's an urgent business imperative and a social imperative for us to include more people worldwide in the financial system. With two billion people excluded from access to financial services around the world, we've made a commitment, working with the World Bank and the UN, to include 500 million of them. It's a major part of our strategy. Achieving that will be very hard without robust civil societies to work with.

I've no doubt that there's a correlation between strong civil societies and well-functioning institutions and places which embrace LGBT rights. So, I see advances in LGBT rights as a good sign of a strengthening civil society and economic progress.

## B. Leadership perspectives continued

### Patsy Doerr

**Global Head of Corporate  
Responsibility & Inclusion  
at Thomson Reuters**



“  
We need to be  
out there taking  
a clear position  
on this issue.”

One of the things which struck me when I joined Thomson Reuters is that, by the nature of what we do, we are diverse. With a presence in one hundred countries, we're so global in our reach. We're providing information and news daily to so many different types of industries, corporations, governments. So the very nature of what we do involves bringing diversity of experience, skills and thought to the table.

In Thomson Reuters our diversity strategy is broad; it includes gender, race, ethnicity and sexual orientation and in the past few years there's been a strong focus on the LGBT community. For us, it's about creating an environment that allows everybody to be open - speak openly - about who they are and what they represent: we want to provide access to everyone.

At the same time, we need to be out there taking a clear position on this issue. As an organization, we have been bold in this space; we have played a very active role. In the US we supported the marriage equality act a year and a half ago and now it's come through into legislation. On a global basis, we continue to have conversations with our partners around the globe about how to handle risks for the LGBT community.

A few years ago we began to explore the business case of diversity and inclusion. We know from research that we've done over the past few years that when people feel comfortable bringing their whole selves to work - who they are and as they are - their engagement with the organization increases. We know that diversity positively impacts employee engagement and we have seen that when you have employee engagement, retention goes up as a result and similar results come up in recruitment: people want to work with companies that care about diversity and inclusion.

Then there's the question of customer loyalty and the buying power of certain communities. We have done a lot of research on the buying power - and the decision making around buying power - of women on a global basis has increased and will continue to increase dramatically over the coming years. Now we are seeing the same thing with the LGBT community: the economic power of LGBT people is considerable and should not be ignored. This is a community of people who have the means to contribute to economic growth and the growth of cities, which are places which support a properly diverse and inclusive environment.

For any company, this issue leads to the question of how a management team can help to provide that diverse and inclusive environment in the workplace that allows people to be successful in their career. There is a real passion and commitment in Thomson Reuters to get this right. We want to be part of the dialog about the connection between diversity and the bottom line. That is what Open For Business is aiming to achieve, and why are involved: it is a way of bringing organizations together to make progress on inclusion around the world.

**Alison McFadyen**  
**Group Head, US Supervisory  
 Remediation Programme at  
 Standard Chartered**



“  
 We truly believe  
 diversity across  
 all dimensions is  
 important. For us,  
 it's part of our  
 brand promise.”

I have the role of Sponsor for our Global LGBT and Allies Network at Standard Chartered. As a global company, we operate in places which have a vast range of attitudes and approaches to LGBT inclusion and in some of them it is especially hard to create a safe and welcoming environment for members of the LGBT community. That's why I think putting our name to Open For Business is helpful: it's important we support the coalition because it is about building the evidence base for inclusiveness.

At the moment, I'm working in the US where you might think would be an easy place to establish an inclusive environment and for people to be open about their sexual orientation at work. But I remember one instance when I had told my own story at a meeting in the bank and it prompted someone to come out to his colleagues and his boss, telling them he is gay. Everyone around him immediately and spontaneously supported him – and it's made an enormous difference to him, it's given him a massive new energy just knowing that he can bring his whole self to work. At the time, it really surprised me that even in New York somebody could feel that they hadn't been able to do that; had felt they may not be welcome at work. Imagine if you were living in a country where your colleagues don't support you or where the law doesn't support you. For us as a bank, it may be more difficult in those circumstances – but we have to strive towards creating that environment where all individuals can have that experience, at least in their work place.

Places like the UK and the US have seen a dramatic improvement recently – it's now mainstream to the extent that it's common for television dramas to involve LGBT characters, so it is becoming normalised within the culture. But that change is not so evident in other parts of the world – and in some cases the situation is even going in reverse and it's increasingly frightening for LGBT individuals.

Of course, we must be sensitive to, and respectful of, the jurisdictions we're operating in, yet at the same time we also want to make sure that as an employer we are doing all we can to give employees a safe place to work. We're a thoughtfully diverse organisation and an inclusive organisation. We truly believe diversity across all dimensions is important and we want that to be known about us internally and externally. For us, it's part of our brand promise.

Standard Chartered has a history of not shying away from difficult issues. In war zones, at some points we have been the last bank to remain in place when others have left. We played a significant role in HIV education in the early days, and many people recognise that we put ourselves out there to change attitudes and build support for people with HIV. I think this is another difficult area for a lot of places to take on, but it is one Standard Chartered also wants to speak about.

Large, global firms can play a really important role in helping to frame public opinion. We're often large employers in the countries where we operate and that gives us a voice. On a global stage, I think corporations have a social responsibility to stand up for what we believe is right.

## C. Corporate codes of conduct

All of the companies supporting Open For Business have publically available Codes of conduct that explicitly mention commitment to diversity and anti-discrimination. For reference, these are taken from corporate websites and reproduced below.

<b>American Express</b> Code of Conduct (2015)	<p>American Express seeks to develop and retain a diverse workforce. Our Company recognizes that a mix of backgrounds, opinions and talents enriches our Company and helps all of us achieve success. We are therefore committed to equal employment opportunity and fair treatment. We must make all employment decisions based on job-related qualifications and without regard to race, ethnicity, gender, gender identity, disability, religion, sexual orientation, marital status, citizenship, age or any other legally protected status in each of these countries in which we operate. Please see your local, market-specific <i>Individual Treatment Policy</i>, <i>Freedom of Harassment Policy</i> or other similar policies for further information.</p>
<b>AT&amp;T</b> Code of Business Conduct (2015)	<p>When the actions of some cause others to feel intimidated, offended, or to lose dignity, all of us suffer. We must treat each other courteously and professionally. We insist on a positive work environment and speak out if that goal is compromised by anyone.</p> <p>Discrimination and all unlawful harassment (including sexual harassment) in employment is not tolerated. We encourage success based on our individual merits and abilities without regard to race, color, religion, national origin, gender, sexual orientation, gender identity, age, disability, marital status, citizenship status, military status, or veteran status. We support and obey laws that prohibit discrimination everywhere we do business.</p>
<b>Brunswick Group</b> Code of Conduct	<p>Brunswick is committed to a policy of providing equal opportunities for all its employees, eliminating discrimination and encouraging diversity amongst our workforce. We are committed to providing a work environment free from inappropriate behavior and unlawful employment discrimination. Brunswick believes that every employee is entitled to fair treatment and respect irrespective of racial or ethnic background, color, gender, marital status, age, religion, belief, national origin, sexual orientation, disability or any other characteristic protected by law.</p>
<b>EY</b> 'Better Together' Diversity and Inclusiveness statement	<p>We support our LGBT people through both policy and practice, by working together to:</p> <ul style="list-style-type: none"> <li>• Offer top-tier benefits (such as spousal equivalent domestic partner recognition, gender transition coverage, and tax gross up on domestic partner benefits imputed income in the US)</li> <li>• Take leadership in the community by supporting top LGBT organizations through sponsorship, volunteering and board involvement</li> <li>• Provide access to resources and knowledge via a wide array of internal tools</li> <li>• Raise awareness of inequities that our LGBT professionals face in the workplace and in the community</li> </ul>
<b>Google</b> Code of Conduct	<p>We strictly prohibit unlawful discrimination or harassment of any kind, including discrimination or harassment on the basis of race, color, religion, veteran status, national origin, ancestry, pregnancy status, sex, gender identity or expression, age, marital status, mental or physical disability, medical condition, sexual orientation or any other characteristics protected by law.</p>
<b>IBM</b> Policy and Principles: Workforce Diversity (2003)	<p>Business activities such as hiring, promotion, and compensation of employees, are conducted without regard to race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, or age. These business activities and the design and administration of IBM benefit plans comply with all applicable laws, including those dealing with equal opportunity.</p>



<b>LinkedIn</b> Code of Business Conduct and Ethics	LinkedIn is committed to equal employment opportunity for all qualified individuals—regardless of race, color, religion, gender, national origin, age, disability, veteran status, marital status, pregnancy, gender expression or identity, sexual orientation or any other legally protected class. This commitment applies across all of our employment policies and practices, from recruiting and hiring to training and career development. This also means that we absolutely prohibit sexual, racial, religious and all other forms of unlawful discrimination and harassment.
<b>Linklaters</b> Diversity Statement	Once people join us we want to make sure we create an inclusive environment where everyone can excel. We were one of the first law firms to introduce formal flexible working arrangements and we are now looking at initiatives relating to gender, ethnicity and sexual orientation.
<b>MasterCard</b> Global Diversity and Inclusion (2012)	Discrimination, retaliation or attempted retaliation on the basis of sex, gender, creed, ethnicity, race, color, national origin, age, religion, citizenship, familial status, marital status, veteran status, alienage, sexual orientation or disability (or any other classification specified by applicable law as an impermissible criteria for employment decisions) in our hiring or other personnel practices or policies is an unacceptable violation of MasterCard policy and will not be tolerated.
<b>RBS</b> Code of Conduct (2015)	RBS values and promotes diversity in all areas of recruitment and employment. RBS will work towards an environment that is based on meritocracy and inclusion, where all employees can develop their full potential, irrespective of their age, belief, disability, ethnic or national origin, gender, gender identity, marital or civil partnership status, political opinion, race, religion or sexual orientation, or any other characteristic protected by applicable law.
<b>Standard Chartered</b> Sustainability Review (2013)	With 132 nationalities across our global workforce, we strive to create an inclusive environment and improve work-life balance for our people, placing particular emphasis on inclusion, gender identity, sexual orientation, nationality and disability. Our Group's Equal Opportunities Policy applies to our recruitment and employment terms, practices, procedures, processes and decisions. We appoint, train, develop, reward and promote employees and contingent workers on the basis of their merit and capability.
<b>Thomson Reuters</b> Code of Conduct and Ethics (2014)	We are committed to providing equal employment opportunities for all persons regardless of: <ul style="list-style-type: none"> <li>• Race;</li> <li>• Color;</li> <li>• Religion;</li> <li>• Sex/gender, including pregnancy;</li> <li>• Gender identity and expression;</li> <li>• Age;</li> <li>• Marital status;</li> <li>• Sexual orientation;</li> <li>• National origin;</li> <li>• Citizenship status;</li> <li>• Disability;</li> <li>• Veteran status; or</li> <li>• Any other classification protected by applicable federal, state, provincial or local laws or regulations.</li> </ul> Our management is dedicated to ensuring the fulfillment of this policy with respect to hiring, discharge, compensation, promotion, classification, training, apprenticeship, referral for employment, or other terms, conditions and privileges of employment. We comply with applicable laws and regulations governing nondiscrimination in every location in which we have facilities.
<b>Virgin Group</b> Code of Conduct	We're an equal opportunity employer dedicated to ensuring that all of our decisions regarding every aspect of the employment relationship are in line with this philosophy. We don't differentiate or discriminate against our people or potential employees on the basis of gender, ethnic origin or nationality, religion or belief, age, sex, marital status, sexual orientation, veteran status, physical or mental disability, or on the basis of any other status protected by law.

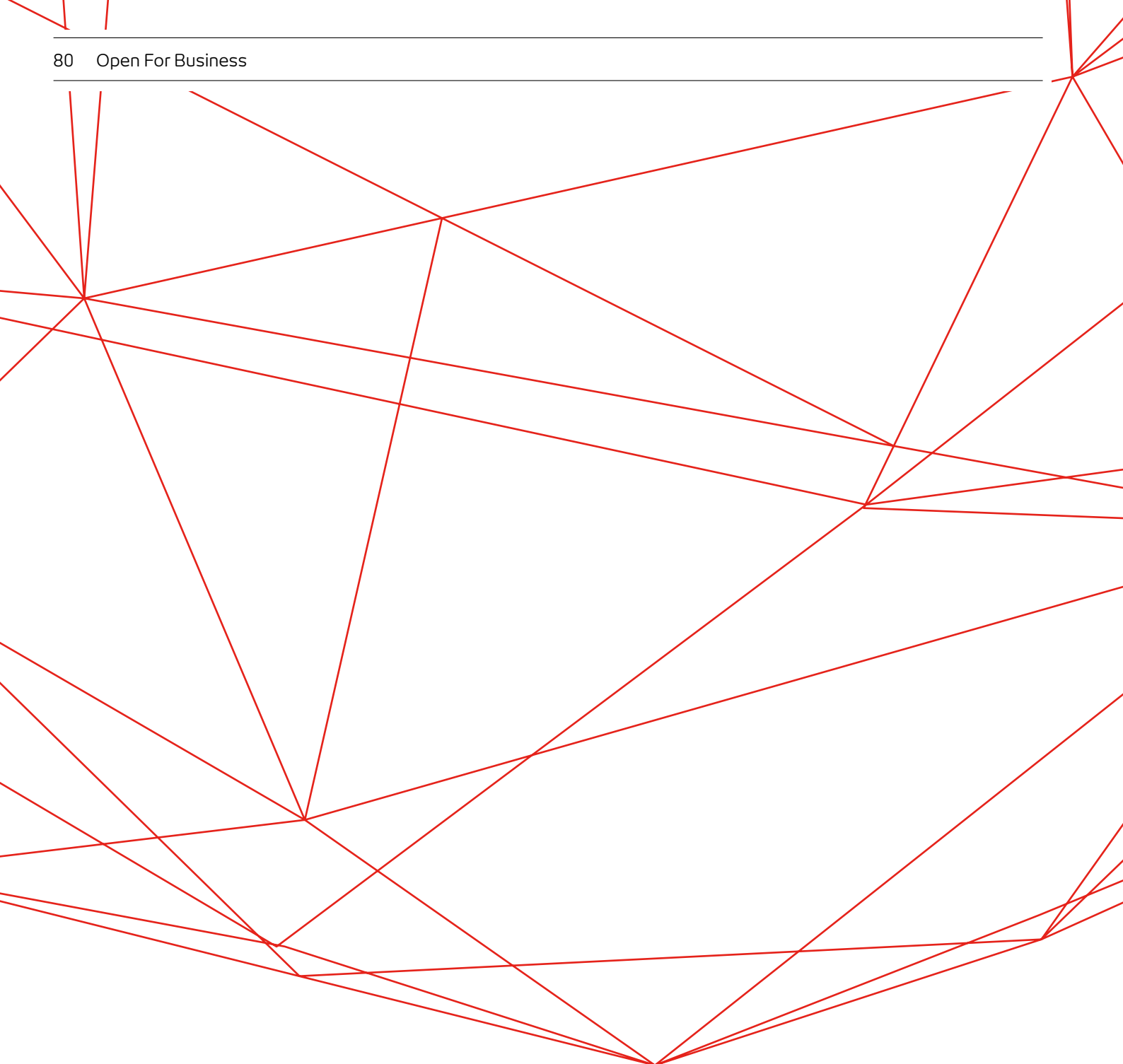
## C. Corporate codes of conduct continued

Open For Business analysed the top 100 emerging market multinationals and found that 19 of them have an obvious non-discrimination policy which includes sexual orientation and/or gender identity. For reference a selection of these are reproduced below.

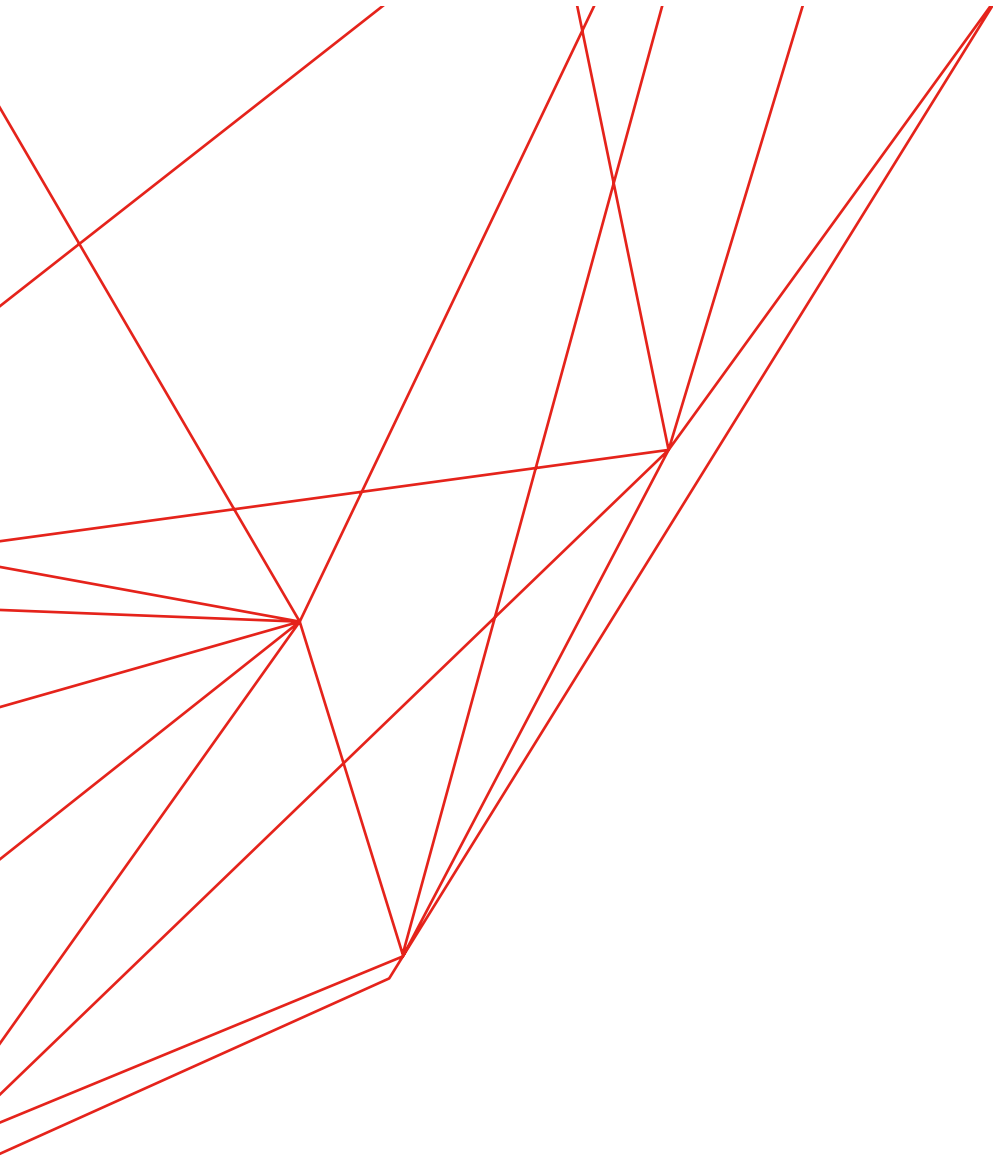
<b>ArcelorMittal</b> Diversity and Inclusion (2013)	We are a truly global company and we want our workforce to reflect this. Our diversity and inclusion policy underpins our commitment to creating a supportive and understanding workplace environment in which all individuals feel welcome, respected and heard, and where they can realise their full potential regardless of their race, colour, gender, sexual orientation, age, religion, ethnic or national origin or disability.
<b>Bimbo</b> Code of Ethics (2013)	We respect Our Associates and do not allow any type of discrimination due to age, religion, sex, race, sexual orientation or any other condition protected by the laws of the communities where we operate. These provisions apply to all employment-related issues including recruitment, selection, promotion, change of position, transfers, termination of employment, compensation, education, training and, in general, all working conditions.
<b>DP World</b> Our Recruitment Process	DP World's objective is to recruit applicants best suited to the positions we seek to fill. In line with our commitment to fair and equal treatment of all applicants and employees, we hire in strict accordance with relevant qualifications, experience, abilities and professional skills. Short listing, interviewing and selection will always be undertaken without regard to gender, sexual orientation, marital status, color, race, nationality, ethnic or national origin, religion or belief.
<b>Ecobank</b> Equal Employment Opportunities (2015)	Ecobank maintains a talent based recruitment and selection system and does not discriminate on the basis of gender, race, sexual orientation, religion, color, age, national origin, marital status, ancestry, physical challenges and/or disability status. The bank affirms in policy and practice to support and promote the concept of equal employment opportunity and affirmative action in line with all applicable laws wherever it maintains presence.
<b>Embraer</b> Code of Ethics and Conduct (2010)	No form of discrimination is tolerated, whether for religion, philosophic or political conviction, nationality, family economic situation, origin, gender, color, ethnic group, disability, age, obstetrical status, sexual preference, biotype, health or marital status.
<b>Lenovo</b> Code of Conduct: Ethics in our New World Company (2011)	<p>We judge all applicants and employees by their qualifications, demonstrated skills and achievements without regard to race, color, gender, sexual orientation, national origin, age, religion, disability, veteran status or marital status.</p> <p>Lenovo will not tolerate discrimination or harassment based on race, color, religion, gender, gender identity or expression, national origin, ethnicity, sexual orientation, sex, age, disability, veteran status or any other characteristic protected by law.</p>



<b>Mahindra</b> Careers: Diversity (2015)	Our commitment to diversity is an important part of who we are, but it's also common sense - by fostering a diverse work environment, we encourage alternative thinking and innovation. That's why we will never discriminate based on gender, race, creed, caste, sexual orientation, political affiliation, or nationality. Whoever you are, wherever you are, if you are prepared to accept no limits and drive positive change, you are welcome at Mahindra.
<b>Sasol</b> Code of Ethics: 3.6 equal opportunities and diversity (2015)	We are committed to ensuring equal opportunity and eradicating discriminatory practices, and have zero tolerance for unfair discrimination on the basis of race, color, religion, gender, age, language, culture, nationality, ethnic or social origin, trade union affiliation, political opinion, sexual orientation or health status (...)  We administer our employee policies, program and practices in a non-discriminatory manner in all aspects of the employment relationship, including recruitment, hiring, work assignment, discipline, promotion, transfer, termination, wage and salary administration, and selection for training.
<b>Standard Bank</b> 'Living our values' (2015)	Standard Bank Group is built on a solid set of values, which includes respecting difference in any form: gender, age, race, skin color, religion, ideology, sexual orientation, or disability. We also value difference in culture, ethnic or national origin, and political and philosophical conviction.  We expect our colleagues in every country to at all times reflect the values of Standard Bank Group.
<b>Tata</b> Code of conduct (2015)	We provide equal opportunities to all our employees and to all eligible applicants for employment in our company. We do not unfairly discriminate on any ground, including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.
<b>Thai Union Frozen Products</b> Code of Conduct concerning Labour Practice (2013)	There shall be no discrimination in recruitment, compensation, access to training and development, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, pregnancy, sexual orientation, membership of worker's association or political affiliation.



# Sources and Acknowledgments



# Sources

This report brings together a broad base of research undertaken from different perspectives and with different geographical foci, and identifies themes that are globally relevant. The report is intended to set out the evidence that will empower those arguing against LGB&T discrimination, wherever it exists in the world.

The evidence base drawn together between January and August 2015 for this report is not a finished product but something that will keep growing and hopefully form the basis of much fruitful discussions around the world. Open For Business would therefore like to encourage anyone that knows of or is producing additional evidence that will help strengthen the case for LGB&T inclusion to get in touch via our website [www.open-for-business.org](http://www.open-for-business.org)

## Research reports and papers

### A. Core LGB&T research

This set of sources relate directly to the economic opportunities associated with LGB&T inclusion and the business risks of operating in countries with anti-LGB&T legislation.

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## Sources continued

## 4. Images permissions and credits (in order of appearance)

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