



Open For Business

Strengthening
the economic case

By Jon Miller and Lucy Parker

About this report

The report is published by Open For Business, a coalition of global companies organized as a charity with the objective of promoting LGBT+ inclusion.

What is the report's purpose?

This report aims to present a comprehensive evidence base for global LGBT+ inclusion, in order to demonstrate that successful businesses thrive in diverse, inclusive societies and the spread of anti-LGBT+ policies runs counter to the interests of business and economic development. This is the second report from Open For Business: it updates and extends the evidence base, and has a special focus on the economic case for LGBT+ inclusion in cities.

What is its scope?

This report sets out the case for inclusion and diversity, with a specific focus on LGBT+. It brings together a broad base of research undertaken from different perspectives and covering different geographies and sectors, and identifies themes that are globally relevant.

Who is it for?

This report is intended to set out the evidence that will empower those making the case against LGBT+ discrimination, wherever it exists in the world.

Who are the authors?

Companies supporting Open For Business contributed their global perspectives, experience and expertise on the business case for LGBT+ inclusion, and they actively participated in shaping the argument throughout the development of this report. The Open For Business team undertook the final analysis and writing of the report, led by Jon Miller and Lucy Parker of the Brunswick Group. Ann-Kathrin Richter led the research on the core evidence base; Ruairidh Macintosh led the research on the cities section of the report; Drew Keller is the Open For Business Program Director. Additional research on Global Challengers was undertaken by Boston Consulting Group.

The Open For Business Research Advisory Board

The work of Open For Business is supported by a Research Advisory Board, which provides ongoing guidance and feedback, and helps to ensure the economic case for LGBT+ inclusion is comprehensive and up to date.

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Contents

Executive Summary	02
Part 1: The Global Situation	06
Business action on LGBT+ inclusion	08
Global challengers	10
Global backlash against LGBT+ inclusion	11
The closing of civil society space	13
A path towards LGBT+ inclusion	14
Part 2: Cities	20
Why cities matter	22
The competitiveness of cities	24
LGBT+ inclusion in cities	26
(i) Innovation	29
(ii) Talent and skills	32
(iii) Quality of Living	33
Open For Business City Ratings	36
City case studies	38
Part 3: The evidence base	50
Strengthening the evidence base	52
A. Economic performance	54
B. Company performance	66
C. Individual performance	75
Part 4: Coalition action	84
Open For Business Programs	86
The voice of global business leaders	88
Coalition Supporters' Codes of Conduct	89
Acknowledgements	92
Appendix	93
Starting a conversation on LGBT+ inclusion	96

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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 advance LGBT+ inclusion globally, by promoting a positive economic and business case for equality of opportunity for everyone, all across the world.

Open For Business is a response to the growing backlash against LGBT+ inclusion in many parts of the world. Our coalition partners share a deep-rooted commitment to diversity and inclusion in their own workplaces, and they are concerned about the spread of anti-LGBT+ policies in many countries in which they operate.

The economic and business case for LGBT+ inclusion is central to the mission of Open For Business. In 2015 the coalition published a report containing the most comprehensive evidence base linking LGBT+ inclusion to better economic and business performance. This report was pivotal to reframing LGBT+ rights as an economic issue, as well as a human rights issue.

This is the second report of the Open For Business coalition, and further strengthens the economic case. It is intended to fuel our Open For Business programs, which exist on two levels:

Our **Local Influencer Program** works with senior business leaders in countries with anti-LGBT+ sentiments, creating advocates for positive change by giving them the evidence and the impetus to use their influence. Already, Open For Business has initiated C-Suite networks in nine countries, working closely with local LGBT+ groups.

Our **Global Influencer Program** harnesses the voice of high profile global business leaders, building a consensus in the international business community around the economic case for LGBT+ inclusion, and raising awareness through top tier global press, social media and events.

Our task is to present the business rationale for global LGBT+ inclusion. The moral case has already been made, and now the economic case continues to grow stronger: successful, enterprising businesses thrive in diverse, inclusive societies and the spread of anti-LGBT+ policies runs counter to the interests of business and economic development.




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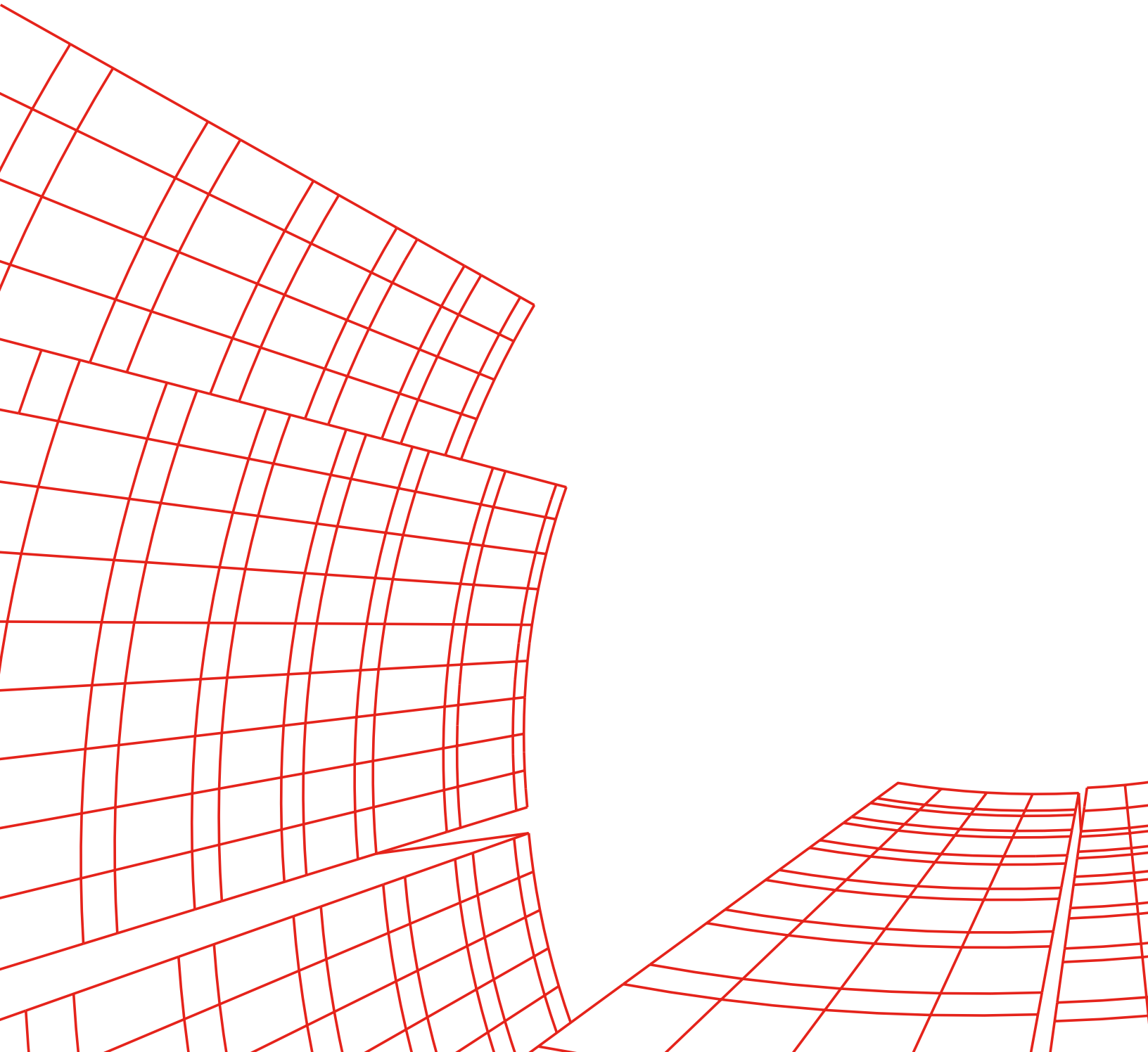
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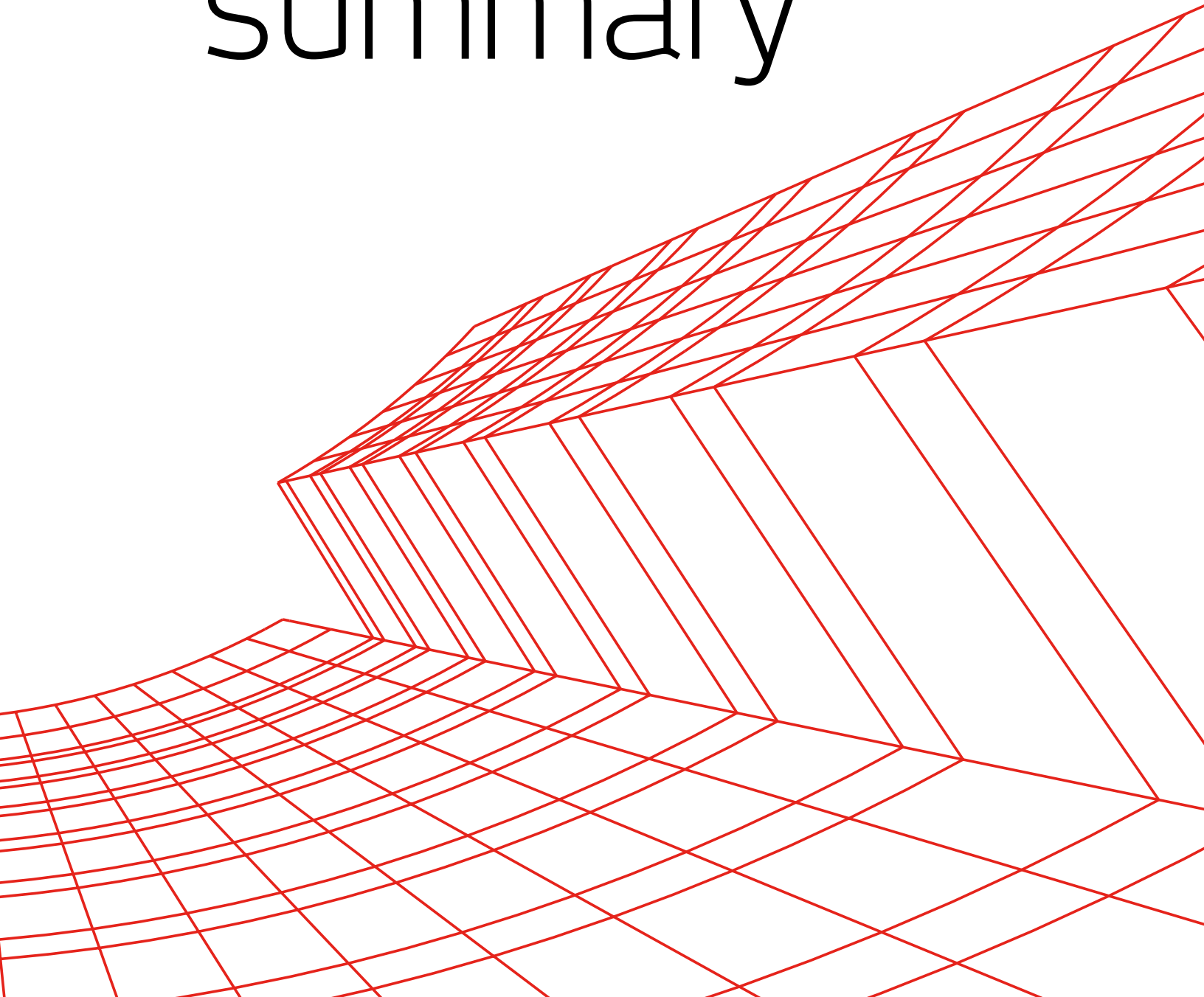


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Executive summary



Executive summary

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-LGBT+ policies runs counter to the interests of business and economic development.

The first Open For Business report synthesized a broad and fragmented evidence base into a clear and comprehensive economic case. It pulled upon the many strands of work that have studied the subject from different angles, including economic growth and development, business performance and productivity, and human resources and talent management. It helped to reframe the global debate on LGBT+ inclusion: as well as a moral imperative, it presented a compelling economic case.

In the two years since the first report was published, we have seen how the economic case for LGBT+ inclusion has the power to catalyze a consensus in the global business community, as well as fueling conversations on-the-ground in countries with anti-LGBT+ policies. This second report aims to build on this momentum. It updates and strengthens the economic case, and it represents the most comprehensive evidence base published to date on LGBT+ inclusion.

The business and economic case for LGBT+ inclusion exists on three levels – economic performance, business performance and individual performance – and the evidence base is presented in the 27 Propositions, outlined opposite.

This report also focuses on a compelling dimension of the economic case: cities. Cities have become a top priority for policymakers and politicians around the world because of their potential to drive economic growth. This report presents the evidence that open and diverse cities are more competitive. LGBT+ inclusion sends a clear signal that a city has a tolerant, dynamic cultural life, and that it is a globally integrated place to do business.

Report structure

Part 1: The Global Situation. The report begins by describing the backlash against LGBT+ inclusion that is taking place in many parts of the world, and shows how this is a concern for many in the global business community. Companies are working to curb discrimination and promote diversity in their workplaces, and this becomes difficult in countries that are hostile to LGBT+ people. In the last couple of years, the actions of many leading businesses show their strong support for LGBT+ inclusion, all over the world.

Part 2: Cities. This presents the economic case for LGBT+ inclusion in cities. Cities that are LGBT+ inclusive are better placed to develop their global competitiveness: evidence shows they have stronger “innovation ecosystems”, greater concentrations of skills and talent, and better quality of life. LGBT+ inclusive cities are more likely to become globally connected hubs for high value businesses. This section introduces the Open For Business City Ratings, which assess to what extent a city is “open for business”.

Part 3: The Evidence Base. This is the most comprehensive presentation of evidence in support of global LGBT+ inclusion, updated based on a review of 166 new pieces of evidence – research papers, reports, articles and presentations. The evidence is presented as 27 propositions on three levels – economic performance, business performance and individual performance. It includes compelling new data connecting LGBT+ inclusion to greater national competitiveness and stronger company financial results.

Part 4: Coalition Action. Together with coalition partners, Open For Business has been working to promote the economic case for global LGBT+ inclusion, and this section presents a summary of activities: at a local level, working with senior business leaders to equip them for conversations with policymakers; at a global level, strengthening the consensus amongst the global business community. This section also presents the position and codes of conduct of all Open For Business coalition partners.

The Open For Business City Ratings

This report introduces the Open For Business City Ratings, which provide a consolidated view of how open for business a city is. It is a guide to which cities are open, progressive and competitive – and which are not. An open for business city is a globally connected, welcoming place for people from all types of backgrounds, including LGBT+ people.

The evidence base

A. Economic performance

The evidence shows that open, inclusive and diverse societies are better for economic growth, and that discrimination on the basis of sexual orientation or gender identity can damage long-term economic prospects.

Proposition 1: Competitiveness

LGBT+ inclusive economies are more competitive.

Proposition 2: Entrepreneurship

LGBT+ inclusion results in higher levels of entrepreneurship, creativity and innovation.

Proposition 3: Corruption

LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.

Proposition 4: Direct Investment

LGBT+ inclusion is associated with higher levels of direct investment.

Proposition 5: Global Markets

LGBT+ discrimination may inhibit local companies from connecting to global markets.

Proposition 6: Brain Drain

LGBT+ discrimination results in a 'brain drain' – the emigration of talented and skilled individuals.

Proposition 7: Public health

LGBT+ discrimination leads to negative economic consequences as a result of poor health outcomes.

Proposition 8: National Reputation

LGBT+ discrimination impacts perceptions on a world stage, which drive tourism, talent attraction and export markets for consumer goods.

Proposition 9: National Productivity

LGBT+ discrimination leads to lower levels of national productivity.

Proposition 10: Urban Economic Development

LGBT+ inclusion signals a diverse and creative environment, which creates the right conditions for urban economic development.

Proposition 11: National Economic Development

LGBT+ inclusive economies have higher levels of economic development.

B. Business performance

Stronger financial performance flows from the increased ability of LGBT+ inclusive companies to attract and retain talent, to innovate, and to build customer loyalty and brand strength.

Proposition 12: Attracting Talent

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

Proposition 13: Retaining Talent

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

Proposition 14: Innovation

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

Proposition 15: Collaboration

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

Proposition 16: Customer Orientation

Companies that are more diverse and inclusive are better able to anticipate the needs of all customers, and to access a broader client base.

Proposition 17: LGBT+ Consumers

Companies that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers

Proposition 18: Brand Strength

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

Proposition 19: Financial Performance

Companies that are LGBT+ inclusive have better share price performance, higher return on equity, higher market valuations and stronger cash flows.

C. Individual performance

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 LGBT+ individuals.

Proposition 20: Authenticity

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

Proposition 21: Motivation

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

Proposition 22: Affinity

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

Proposition 23: Satisfaction

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

Proposition 24: Health

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

Proposition 25: Speaking Up

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

Proposition 26: The Extra Mile

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

Proposition 27: Individual Productivity

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

Foreword

Bill de Blasio
Mayor of New York



There's no doubt that the economic future belongs to places that believe in inclusion. There's no doubt that the economic future belongs to places that are open to connecting with the larger world around them. There's no doubt that the economic future belongs to places that accept and embrace people from all parts of the world, all backgrounds and all ways of life. In short, the economic future belongs to cities.

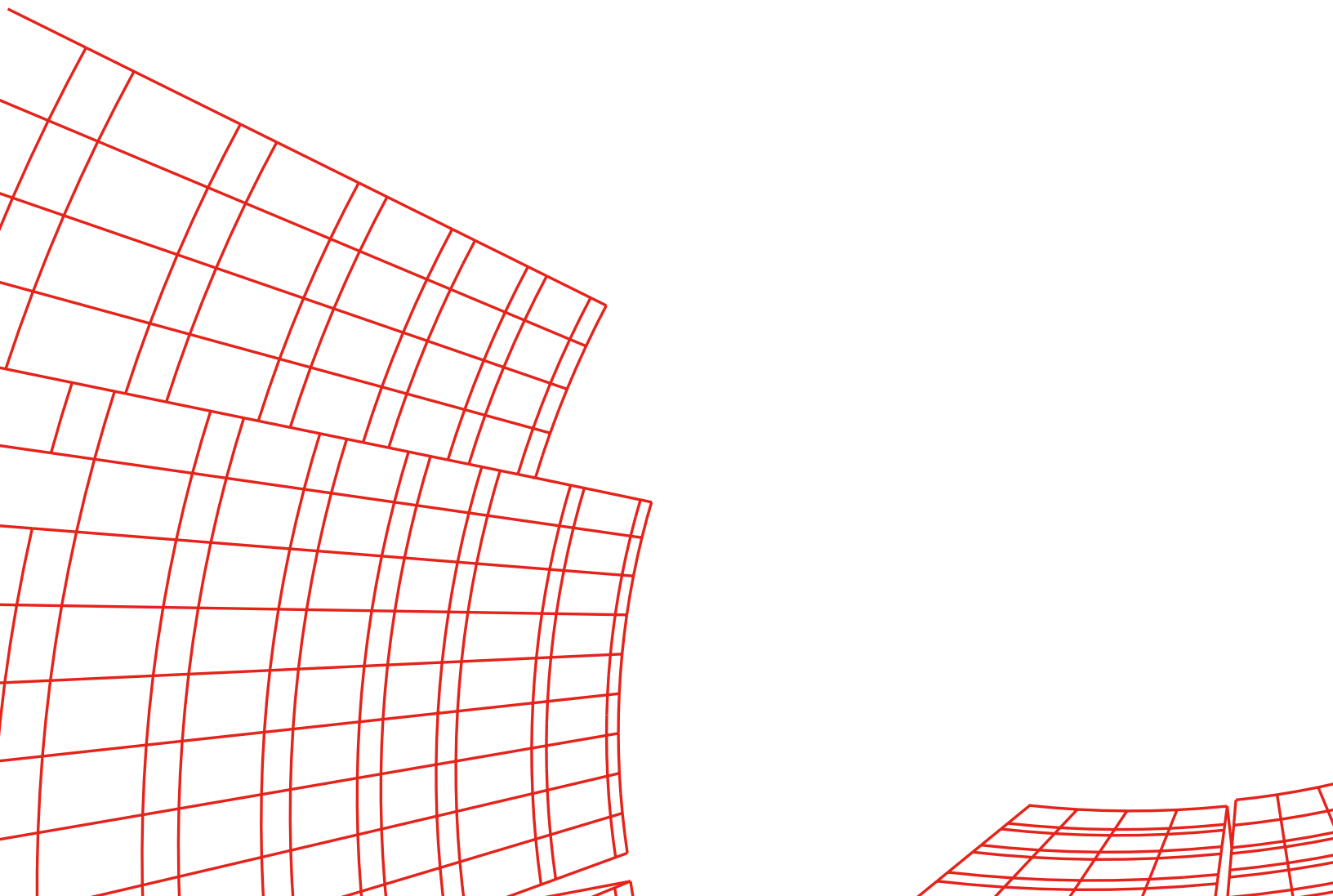
The insights and information in this report confirm and illuminate what New Yorkers have long understood: Inclusion is the not-so-secret formula that makes us great. We're not perfect by any means, but jump on our subway and you'll see all faiths, all ethnicities, all sexual orientations, gender identities, and levels of income jostled together, maybe a little frustrated, but making it work. A New York City subway represents a powerful idea of human unity in action.

We're proud that New York achieved a AAA rating and is the highest scoring city in the Open For Business City Ratings, a reflection of the fact that we are indeed, fully and energetically "open for business." As the birthplace of the modern LGBTQ rights movement and the host city for World Pride 2019, we stand with this report's conclusion that cities that embrace their LGBTQ residents are the world's most competitive - they are more innovative, entrepreneurial and filled with talent.

The struggle for progress is never easy. It certainly hasn't been here, and there's still much more to do. But there's a reason that people from around the world look to New York City and places like it for hope. Our hope is that New York will continue to be an inspiration to others.

A handwritten signature in black ink that reads "Bill de Blasio". The signature is fluid and cursive, with a prominent flourish at the end.

Bill de Blasio
Mayor of New York



Part 1

The global situation

<u>Business action on LGBT+ inclusion</u>	<u>p08</u>
<u>Global challengers</u>	<u>p10</u>
<u>Global backlash against LGBT+ inclusion</u>	<u>p11</u>
<u>The closing of civil society space</u>	<u>p13</u>
<u>A path towards LGBT+ inclusion</u>	<u>p14</u>



Business action on LGBT+ inclusion

The growth of anti-LGBT+ sentiment in some parts of the world is a concern for the global business community. Increasingly, companies are working to curb discrimination and promote diversity in their workplaces, and this becomes difficult in countries that are hostile to LGBT+ people. In the last couple of years, the actions of many leading businesses show their strong support for LGBT+ inclusion, all over the world.

In China, e-commerce company **Alibaba** sent a strong signal that it backs LGBT+ inclusion when it ran a competition to send 10 same-sex couples from China to get married in California. Same-sex marriage is not legal in China, and a spokesperson for Alibaba, said the contest “hopes to evoke respect and understanding of homosexuality and support the realization of dreams... It’s more of a symbolic kind of gesture.”¹

Other tech businesses in China are also promoting LGBT+ acceptance. China’s top search engine **Baidu** has run pro-LGBT+ social media campaigns, and China’s leading restaurant review app, **Dianping**, runs a dedicated website promoting LGBT-friendly establishments.² **Didi Chuxing** is China’s leading car hailing app, with more than 400 million users across over 400 cities³; the company has run advertising campaigns featuring same-sex couples⁴.

BlueD is China’s leading gay dating app, and is actively working to create acceptance for LGBT+ people. “BlueD has a lot of dialogue in China, with officials, and we help educate society about the gay community,” says BlueD CEO and founder Ma Baoli (aka Geng Le). “We push everything forward.”⁵ BlueD now has 27 million users⁶ – that’s more than the global app Grindr, which itself was recently bought by Beijing Kunlun Tech, one of China’s leading games developers.⁷

Global companies based in Japan are taking public pro-LGBT+ positions – including **Sony**, **Panasonic**⁸, **Nomura**⁹, **Japan Airlines**¹⁰ and **SoftBank**. As well as promoting inclusion in the workplace, companies are sponsoring community events such as Toyko Pride. A spokesperson for SoftBank said, “It is important to make our workplace LGBT-friendly if we want to hire people with diverse social backgrounds.”¹¹

In India, companies are backing LGBT+ inclusion despite the country’s anti-LGBT+ laws. **Godrej’s** senior leadership have been vocal in their support. “I would be proud if we create a culture where our LGBT colleagues can be comfortable being ‘out’ at work and every single one of us is inclusive and respectful of it,” Nisaba Godrej, a director at Godrej, wrote in an email to all employees¹².

Tata is in the process of drafting a roadmap to have 25% of its Tata Steel workers from diverse groups by 2020. Of this, 5% will be from the LGBT+ community¹³. “There has certainly been a generational shift in opinion on this subject,” said Harish Bhat, Managing Director and CEO of Tata Global Beverages. “The LGBT lifestyle... is a perfectly natural space that exists in our world”¹⁴.

India’s tech giant **Infosys** has also spoken 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 HR¹⁵. A culture of inclusion is important for Infosys: like many global companies, it has a truly diverse workforce, with more than 200,000 employees¹⁶ representing 129 nationalities in 50 countries¹⁷.

In Singapore, 120 local businesses showed their support for LGBT+ inclusion when the authorities banned global companies from sponsoring the annual Pink Dot event. Pink Dot, a celebration of LGBT+ rights, had previously been supported by global corporates such as **Barclays**, **BP**, **Google** and **Goldman Sachs**. In 2016, only five of 18 sponsors were local¹⁸. In 2017, local businesses rallied around Pink Dot, including local architect practices, design firms, asset managers and tech companies.

In Africa, **Vodacom**, a mobile communications company that operates in over 30 countries, set up an LGBT+ network so that members of the company’s LGBT+ community can “be involved with matters related to the LGBT community as a whole”¹⁹. Sifiso Dabengwa, the former CEO of Africa’s largest cellphone operator **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 orientation²⁰.

Shell set up an LGBT Network for its employees in Africa, in order to provide “a beacon for staff in countries where it’s not easy, or even legal, to be LGBT,” according to a spokesperson. Bonang Mohale, Chairman of Shell South Africa until recently, commented, “when our people feel included and engaged, they leverage the richness of ideas, backgrounds and perspectives to create business value”²¹.

In the U.S., **Starbucks** CEO Howard Shultz famously told an investor “sell your shares” after he complained about the company’s support for LGBT+ 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.”²²

Apple CEO Tim Cook added his voice to the calls for LGBT+ rights in an opinion piece he wrote for the Wall Street Journal, entitled “Workplace Equality is Good for Business”²³. 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”²⁴.

A number of CEOs spoke out when the U.S. State of Indiana passed a law that threatened to limit LGBT+ rights, including bosses from **Dow Chemical** and **Eli Lilly**. Mark Benioff, CEO of **Salesforce**, said of Indiana's lawmakers "they're voting against business... they're creating an anti-business environment"²⁵. Warren Buffett, CEO of **Berkshire Hathaway**, also voiced his concerns about the law²⁶.

A group of major corporates took an unprecedented stand in the debate on marriage equality: **Accenture, American Express, AT&T, Barclays, BCG, EY, GlaxoSmithKline, Google, McKinsey, Microsoft, PwC, and Thomson Reuters**²⁷ were among 370 businesses who signed a successful petition to the U.S. Supreme Court. They were protesting against state laws banning same-sex marriage: the laws contradicted their principles, and were against their business interests²⁸.

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-LGBT+ laws. Why should they go to such lengths to uphold their principles of non-discrimination? Why should they bother? A separate brief to the U.S. Supreme Court, protesting against the Defense of Marriage Act in 2013, 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.”²⁹

Policies that promote anti-LGBT+ legislation would, by force of law, require businesses to rescind that judgment.



Nisaba Godrej,
Director at Godrej

Said "I would be proud if we create a culture where our LGBT colleagues can be comfortable".³⁰



Masayoshi Son,
Founder and CEO of SoftBank,

Which has become known in Japan for its support of LGBT+ employees.³¹



Jack Ma,
Founder and CEO of Alibaba

Which "hopes to evoke respect and understanding of homosexuality".³²



Bonang Mohale,
Former Chairman of Shell in South Africa

"When people feel included, they leverage the richness of perspectives."³³



Ma Baoli (aka Geng Le),
Founder and CEO of China's biggest gay dating app BlueD

"We push everything forward."³⁴



Nandita Gurjar,
Former Group Head of HR at Infosys,

Seeks to create "a safe and harassment free work place irrespective of sexual orientation".³⁵

Global challengers

A new generation of global businesses is embracing equality in the workplace, according to new analysis conducted for this report by the Boston Consulting Group.



Many *Global Challengers* – companies from emerging markets that are achieving rapid growth by connecting to global markets – have explicit policies in place against LGBT+ discrimination. This is the finding of a review of the websites of the top 100 Global Challengers:

29

29 Global Challengers state that they promote equal opportunity employment, specifically mentioning sexual identity and gender orientation

40

A further 40 Global Challengers state that they promote equal opportunity employment, but make no specific mention of sexual orientation or gender identity.

31

Only 31 Global Challengers have no mention of policies supporting equal opportunity employment.

This is despite the fact that many Global Challengers operate in countries that are not LGBT+ inclusive. Three-quarters of them are based in countries that have no legal protections for LGBT+ people, and over a quarter are from countries where homosexuality may be

prosecuted. However, some **Global Challengers are leading the way, with policies that support LGBT+ inclusion** even in defiance of the national context. For example, companies from Egypt, India, Malaysia, Singapore and Turkey have LGBT+ inclusive policies, despite hostility to LGBT people at a national level. This begs the question, why?

These companies recognize that cultivating inclusion and diversity can unlock business performance and boost competitiveness in the global marketplace; and they are aware that many potential export markets expect companies to demonstrate global standards of workplace fairness, which include LGBT+ individuals. Interestingly, the “city effect” is also evident: emerging market companies that support equal opportunity employment are likely to come from LGBT+ inclusive cities: São Paulo, for example, has a greater proportion of LGBT+ inclusive companies than a LGBT+ hostile city such as Doha.

Global Challenges are engines of future global growth: the top companies from emerging markets grew three times faster than their counterparts in mature markets between 2009 and 2014, according to BCG. In many sectors, these companies may set the pace in years to come – and many of them may become leaders on global inclusion and diversity:

A new generation of global businesses supporting LGBT+ inclusion

29 Global Challengers state that they promote equal opportunity employment, specifically mentioning sexual identity and gender orientation.

Automotive	<ul style="list-style-type: none"> Mahindra & Mahindra 	India	Resources & Commodities	<ul style="list-style-type: none"> Braskem S.A. Gerdau Grupo México Indorama Mexichem Petrobras Reliance Votorantim 	<ul style="list-style-type: none"> Brazil Brazil Mexico Singapore Mexico Brazil India Brazil
Consumer Products	<ul style="list-style-type: none"> Brasil Foods Concha y Torro Femsa Gruma Thai Union 	<ul style="list-style-type: none"> Brazil Chile Mexico Mexico Thailand 	Technology, Media & Telecoms	<ul style="list-style-type: none"> Axiata Group Infosys Tech Mahindra Wipro 	<ul style="list-style-type: none"> Malaysia India India India
Industrial Goods	<ul style="list-style-type: none"> Alfa Apollo tyres Bidvest Elsewedy WEG 	<ul style="list-style-type: none"> Mexico India South Africa Egypt Brazil 	Healthcare	<ul style="list-style-type: none"> Dr. Reddy's Lupin Sun Pharma 	<ul style="list-style-type: none"> India India India
			Airline	<ul style="list-style-type: none"> AirAsia LATAM Turkish Airlines 	<ul style="list-style-type: none"> Malaysia Chile Turkey

Global backlash against LGBT+ inclusion

In some parts of the world, there is rising antagonism towards LGBT+ people, who are suffering discrimination at the hands of politicians and lawmakers. It has been described as a “backlash” against the clear long-term arc towards global LGBT+ inclusion³⁶.



Two men were publicly flogged for gay sex in Banda Aceh, Indonesia.
Chaideer Mahyuddin



Tanzania's president, John Magufuli, led a crackdown on LGBT+ rights, saying he believes that “even cows disapprove of” homosexuality.

Same-sex acts are illegal in 71 countries (37% of all UN States); 2.8 billion people live in countries where consensual same-sex acts are a crime³⁷. Even in countries without such laws, LGBT+ people suffer other forms of state-sponsored oppression – including Indonesia, Russia and many Eastern European countries. Inevitably, much of this is beyond the gaze of the international community, but in the two years that have passed since the publication of the first Open For Business report, there have been a growing number of news stories about the disturbing treatment of LGBT+ people in many countries:

In **Azerbaijan**, police in the capital Baku launched a “crackdown” on the city's LGBT+ community, according to activists, with dozens of people arrested and reports of police beatings³⁸. “Hunting season on gays is open!” proclaimed the headline on one discussion site³⁹.

In **Bangladesh**, 27 arrests were made in a raid on a group of gay men at a community center⁴⁰. A leading LGBT+ activist, Xulhaz Mannan, was hacked to death in Dhaka by suspected militants⁴¹.

In **Brazil**, federal courts ruled that homosexuality could be considered a disease, and approved the use of gay conversion therapy⁴². As many as fifty trans persons were reported murdered in the first six months of 2017 alone⁴³.

In **Chechnya**, a semi-autonomous Russian region, more than 100 gay and bisexual men were reported tortured, held in camps, and killed⁴⁴.

In **Egypt**, 75 people were arrested after rainbow flags were flown at a rock concert⁴⁵. At least 20 people have received prison sentences of up to six years, and several men have been subjected to anal examinations. Police have used Grindr to entrap men, according to reports⁴⁶. At least 250 people are said to have been arrested as part of this crackdown⁴⁷.

In **Indonesia**, a “spike” in anti-LGBT+ activity was reported⁴⁸. Police raided LGBT+ clubs in Jakarta⁴⁹, and two gay men were publicly flogged⁵⁰.

In **Nigeria**, police made mass detentions: 53 men were arrested for attending an unofficial same-sex wedding⁵¹, and 42 “suspected homosexuals” were arrested at an HIV awareness event⁵². There are accounts of mob violence against LGBT people⁵³.

In **Malaysia**, a gay festival was blocked as the Deputy Prime Minister said gay people are “not natural”. Immigration bans were placed on “relevant individuals”⁵⁴. A Pride march in the capital Kuala Lumpur was cancelled⁵⁵.

In **Russia**, LGBT+ rights activists have been charged with “gay propaganda”⁵⁶, and in some cases arrested for protests such as flying a rainbow flag in public⁵⁷.

In the **Philippines**, the conservative president Rodrigo Duterte has said he now opposes gay marriage⁵⁸, even as the House of Representatives approved an LGBT anti-discrimination bill⁵⁹.

In **South Korea**, homophobic views were expressed by presidential candidates. “I oppose it,” frontrunner Moon Jae-in said of homosexuality during a televised debate⁶⁰.

Global backlash against LGBT+ inclusion continued

In **Tanzania**, 13 human rights lawyers and activists were arrested for “promoting homosexuality” after holding a meeting to discuss LGBT+ issues. A countrywide closure of HIV clinics is underway. The crackdown on LGBT+ people has followed a condemnation of same-sex relationships by President Magufuli. At least ten men have been arrested and subject to forced anal examinations⁶¹.

In **Tajikistan**, the interior ministry announced it had compiled a registry of “proven” gays and lesbians. The list named 319 men and 48 women, whom Tajik federal prosecutors identified in operations they called “Morality” and “Purge.”⁶²

In **Turkey**, police have been arresting people for making pro-LGBT+ comments on social media⁶³. Authorities have banned public assemblies and violently dispersed peaceful demonstrations⁶⁴. And, most recently, the governor of Ankara banned all public LGBT+ events in the city⁶⁵.

In **Uganda**, authorities forced the cancellation of Pride for the second consecutive year. “No gay gathering and promotion can be allowed in Uganda. We can’t tolerate it at all,” said the state minister of ethics and integrity, Simon Lokodo⁶⁶.

In the **United States**, 50 people were killed by a gunman at a gay nightclub in Orlando, Florida⁶⁷.

In **Zambia**, President Edgar Lungu said, “Those advocating gay rights should go to hell... We cannot allow an individual or institution to bring the happenings of Sodom and Gomorrah here”⁶⁸.



Populist media in Uganda continue an anti-LGBT+ campaign, after the Red Pepper newspaper published names of “top homos” in 2014⁷¹.



“We don’t have any gays,” said the Head of Russia’s Chechen Republic, Ramzan Kadyrov. “To purify our blood, if there are any here, take them”⁷³. www.kremlin.ru



Police in Turkey broke up Pride march in Istanbul for a third year. Water cannon and rubber bullets have been used to disperse crowds⁷². *Kemal Aslan*

Сезон охоты на геев открыт!

Массовые аресты геев в Баку

18 Сентября 2017, 22:29 haqqin.az

Автор: Отдел информации

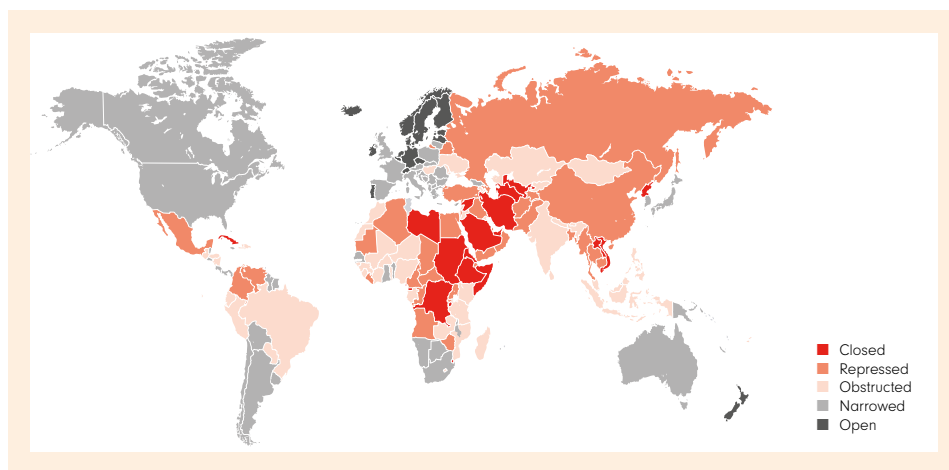
В азербайджанской столице силами полиции проводится массовое задержание представителей секс-меньшинств. Об этом сообщил ряд местных средств массовой информации. Как заявили в пресс-службе, задержания были проведены по многочисленным жалобам на нарушение общественного порядка. Напомним, в последние годы, представители секс-меньшинств в вечерние часы появлялись в центре города.

По информации, в спецоперации принимали участие сотрудники Наримановского управления полиции. Задержаны свыше сотни человек.

“Hunting season on gays is open!” proclaimed the headline on a discussion site in Azerbaijan, as police arrested LGBT+ people in Baku⁷⁴.

The closing of civil society space

Systematic attacks on civil society organizations have been taking place in many countries. Governments are placing legal restrictions on non-governmental organizations and erecting administrative barriers that make it more difficult for them to operate. The space for civil society is now “seriously constrained” in 106 countries, according to Civicus – who describe the situation as a “global civic space emergency”.



Status of civil society space around the world⁷⁵

While many civil society groups are impacted, LGBT+ groups are amongst those at the forefront. LGBT+ activists are subject to increased surveillance, harassment or arrest, and their activities are being driven underground. A number of countries are targeting LGBT+ civil society groups through “propaganda” laws. These include Algeria (2014), Nigeria (2014), Indonesia (2016), Lithuania (2014), and Russia (2013)⁷⁵. In total, 19 countries (10% of UN States) now have legal restrictions of freedom of expression around sexual orientation⁷⁷.

An attack on any civil society group is in effect an attack on the principle of civil society, and is a concern the global business community. The World Economic Forum listed a weakening rule of law and fraying civil society as a leading global risk in 2017⁷⁸.

A role for business in supporting civil society

For businesses operating in countries where LGBT+ civil society organizations are being restricted, Open For Business recommends five areas of activity, based upon a series of roundtables conducted in such countries with businesses and local civil society groups:

1. **A public commitment to global standards of best practice for LGBT+ inclusion in the workplace:** leading by example, companies can show this is a matter of global standards of best practice.
2. **Make the economic case for LGBT+ rights:** use the business’ access to politicians and influencers to put the evidence base that LGBT+ inclusion is good for business and for economic growth.
3. **Partner with local LGBT+ groups:** where those groups have not already been forced underground, offer them administrative and financial support – for example, by commissioning for workplace inclusion projects.
4. **Support legal redress:** even in countries attacking civil society groups, there may still be a rule of law: courts in Botswana, Kenya, South Korea, Tunisia, Zimbabwe have ruled in favour of LGBT groups in the past couple of years.
5. **Work collectively with the local business community:** build a consensus in the local business communities that LGBT+ inclusion matters and that civil society groups need protecting, and present a clear position to government.

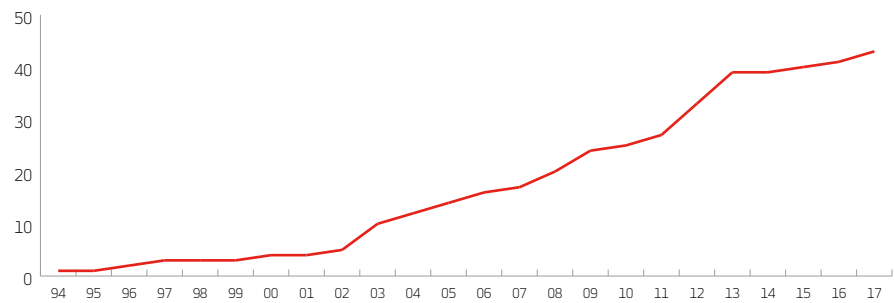
A path towards LGBT+ inclusion

The anti-LGBT+ policies pursued in some countries run counter to the path towards inclusion taken by most of the international community. In many parts of the world, there is a growing culture of respect for LGBT+ individuals, and their ability to fully participate in society is protected by law.

Over the past half-century the majority of nations have passed LGBT+ inclusive laws, and recent years have seen the repeal of criminalizing laws in a number of countries including Belize (2016), Fiji (2010), Naueu (2016), Lesotho (2010), Mozambique (2014) and the Seychelles (2016)⁷⁹. These are the latest instances of a clear long-term trajectory towards global LGBT+ inclusion. To demonstrate this, we present data on the uptake of legislation establishing the protection and recognition of LGBT+ individuals, drawn from the annual study by ILGA, the international lesbian, gay, bisexual, trans and intersex association.

Protections against hate crimes or incitement based on sexual orientation

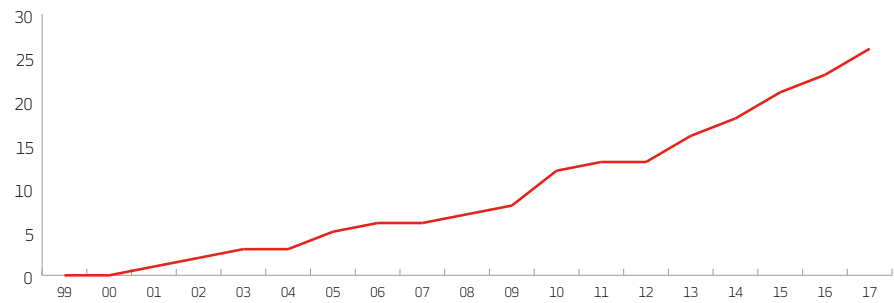
Countries protecting LGBT+ people against hate crime or incitement is growing steadily: 43 and 39 states respectively.



Hate crime: countries criminalizing acts of violence based on sexual orientation

Adoption rights for same-sex couples

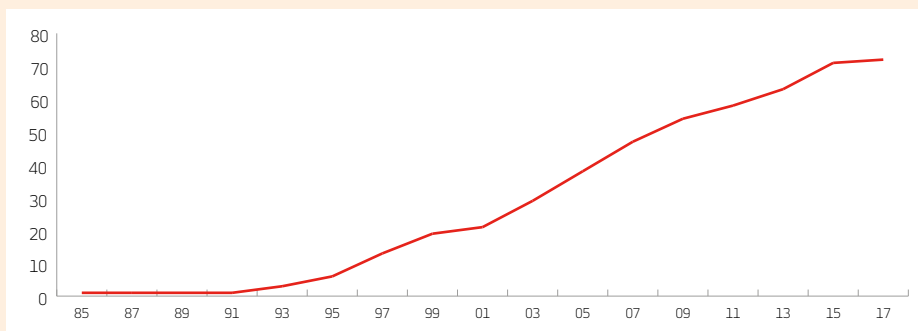
Joint adoption by same-sex couples is now legal in 26 countries. Legalization is supported by the findings of professional organizations such as the American Psychological Association, who have found no evidence that same-sex parenting causes any harm to the child⁸⁰.



Joint adoption by same-sex couples

Employment protections against discrimination

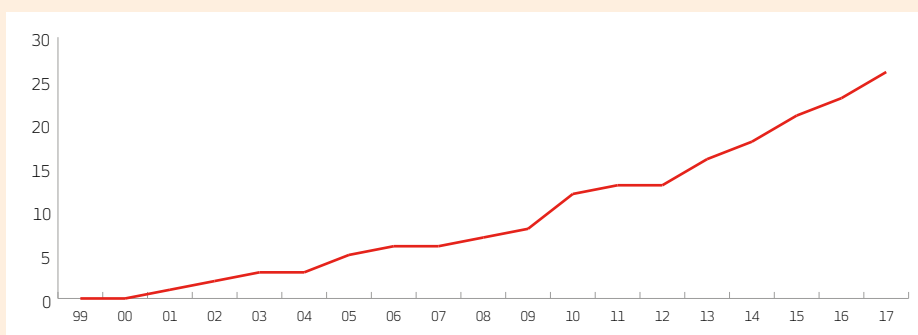
72 countries (37% of UN States) have laws that protect the right to earn a living free from discrimination on the basis of sexual orientation, and this number is growing steadily: since 2010, 16 countries have enacted anti-discrimination legislation. This kind of protection does not in itself guarantee LGBT+ inclusion in the workplace, but it sets an important context and provides the possibility of legal remedy.



Employment: countries prohibiting discrimination based on sexual orientation

Marriage for same-sex couples

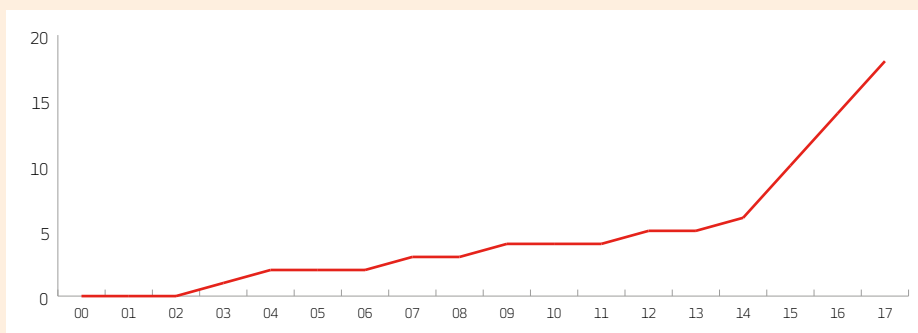
“Marriage equality” is a high-water mark for society’s acceptance and recognition of same-sex couples. The number of countries legalizing same-sex marriage has increased steadily since the Netherlands became the first country to do so in 2001. Australia⁸¹, Finland⁸², Germany⁸³ and Taiwan⁸⁴ are among the most recent countries to take steps toward marriage equality.



Marriage equality: countries recognizing same-sex marriage

Legal recognition of gender identify rights

In most countries the law still recognizes only two traditional gender identities – male and female. Although understanding of non-binary genders is growing, social attitudes and national laws are slow to adapt. However, an increasing number of countries now recognize sex reassignment, permitting individuals to change the legal gender on their birth certificate.



Gender identity: countries recognizing sex reassignment

A path towards LGBT+ inclusion continued

Constitutional protection against discrimination

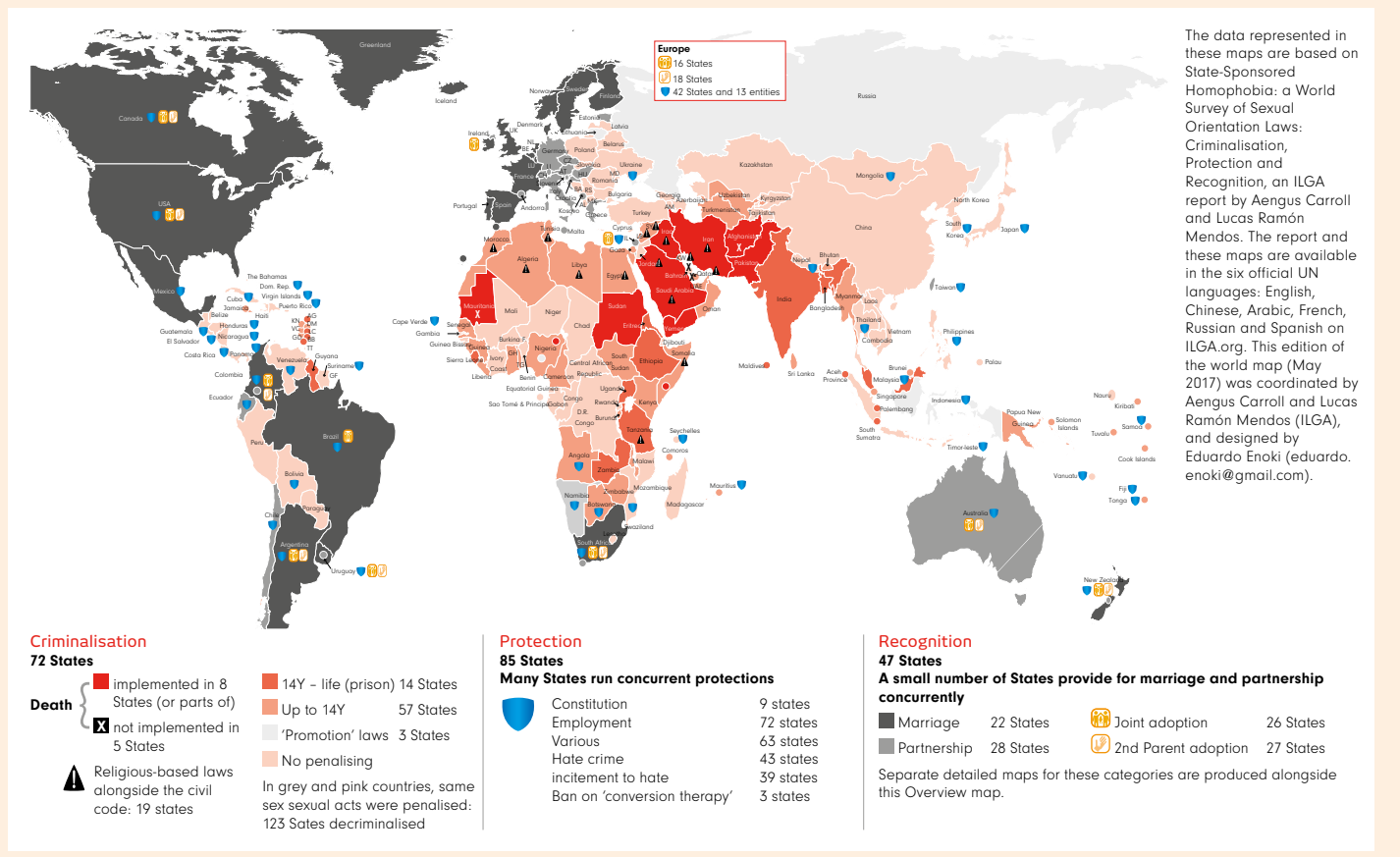
A small but growing number of countries have constitutions that specifically prohibit discrimination based on sexual orientation. South Africa was the first country to do so in 1994⁸⁵, and a comprehensive mapping of 193 constitutions undertaken by the World Policy Analysis Centre shows there are now ten countries incorporating protections into their constitution. Most recently: Fiji (2013), Nepal (2015), Malta (2014), Mexico (2011)⁸⁶.

Arguably as important, the number of written constitutions around the world has increased steadily in recent decades⁸⁷. This has had an overall positive impact for LGBT+ people, since new constitutions are often influenced by global norms, adhere to international practice and are aligned to human rights treaties.

As a result, most constitutions contain generic provisions against discrimination that apply to "all". These provisions may provide the basis for legal challenge of anti-LGBT+ laws, as happened in Belize in 2016 when courts struck down the country's anti-sodomy laws on the basis that they were unconstitutional.

Legal status

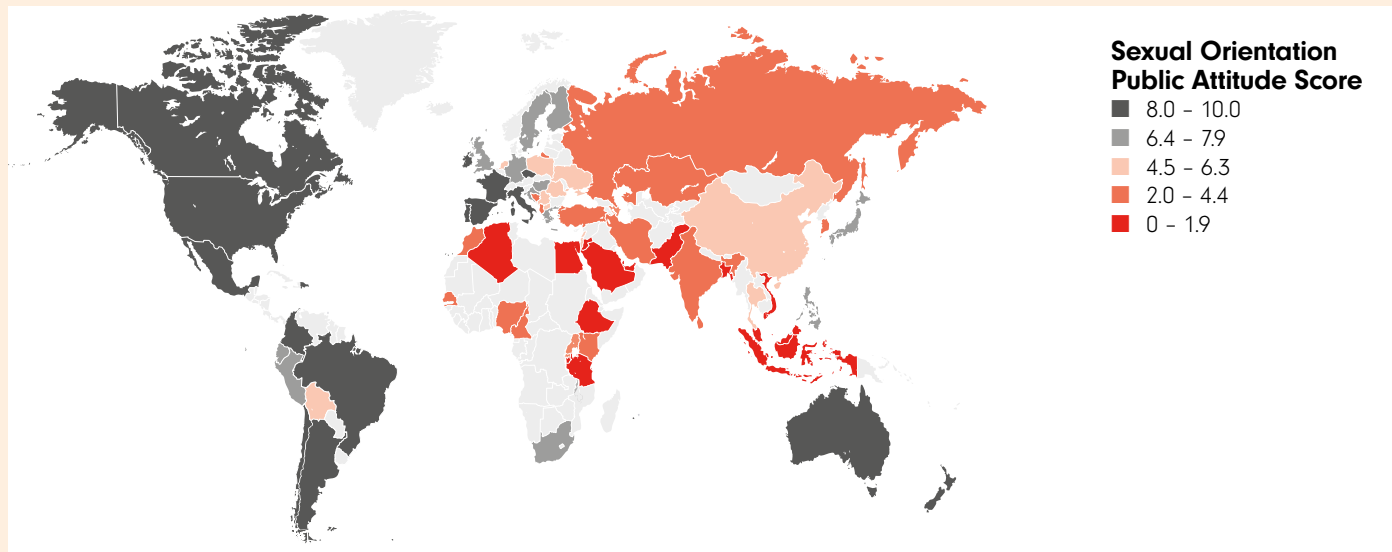
The legal status of LGBT+ people^a



^a Correct as of 2nd September 2017, By Various (Initial version by Silje) [GFDL (<http://www.gnu.org/copyleft/fdl.html>), CC-BY-SA-3.0 (<http://creativecommons.org/licenses/by-sa/3.0/>)] or CC BY-SA 2.5 (<http://creativecommons.org/licenses/by-sa/2.5/>)], via Wikimedia Commons from Wikimedia Commons

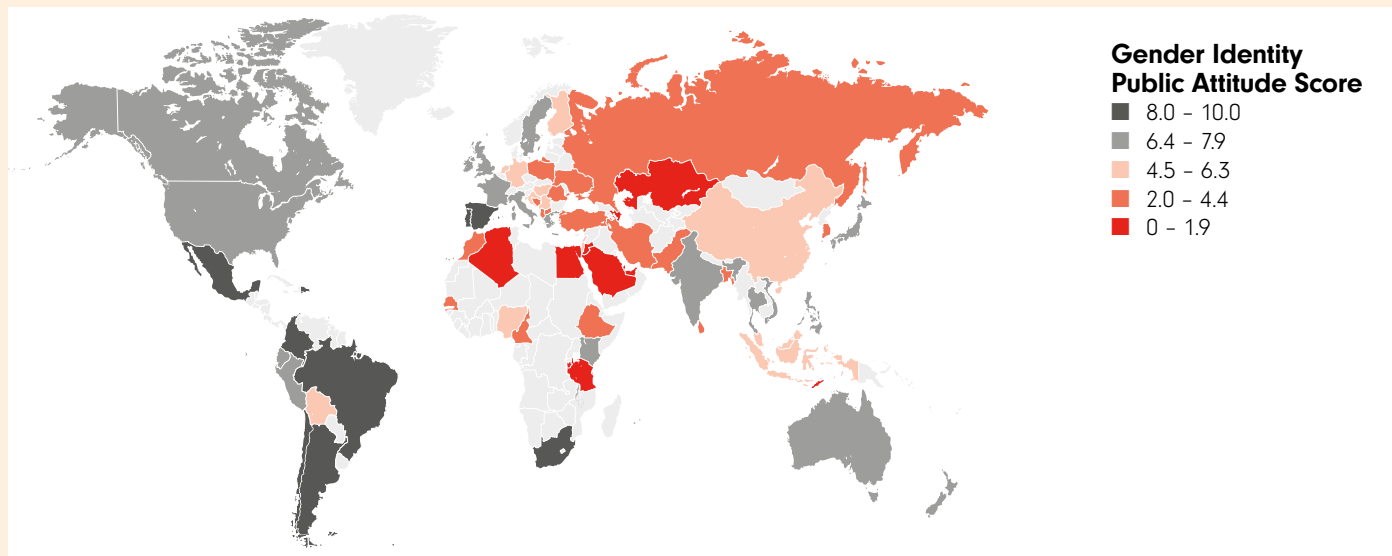
Social attitudes

Sexual Orientation: Social Acceptance by Country



A combined score using data from the 2017 ILGA/RIWI public attitudes survey^b

Gender Identity: Social Acceptance by Country



A combined score using data from the 2017 ILGA/RIWI public attitudes survey^c

b A combined score using data from the 2017 ILGA/RIWI public attitudes survey. The sexual orientation score averages the net positive responses from questions measuring the following:

- How people treat gay/lesbian neighbors
- What portion of people know an openly LGB person
- How many people believe the workplace should be free from discrimination

c A combined score using data from the 2017 ILGA/RIWI public attitudes survey. The gender identity score averages the net positive responses from questions measuring the following:

- How many people believe that LGB people should not be criminalized
- How many people are comfortable socializing with an LGB person.

- How people treat a transgender neighbor
- How many people believe the workplace should be free from discrimination
- How many people believe a person should have legal recognition of their gender identity.

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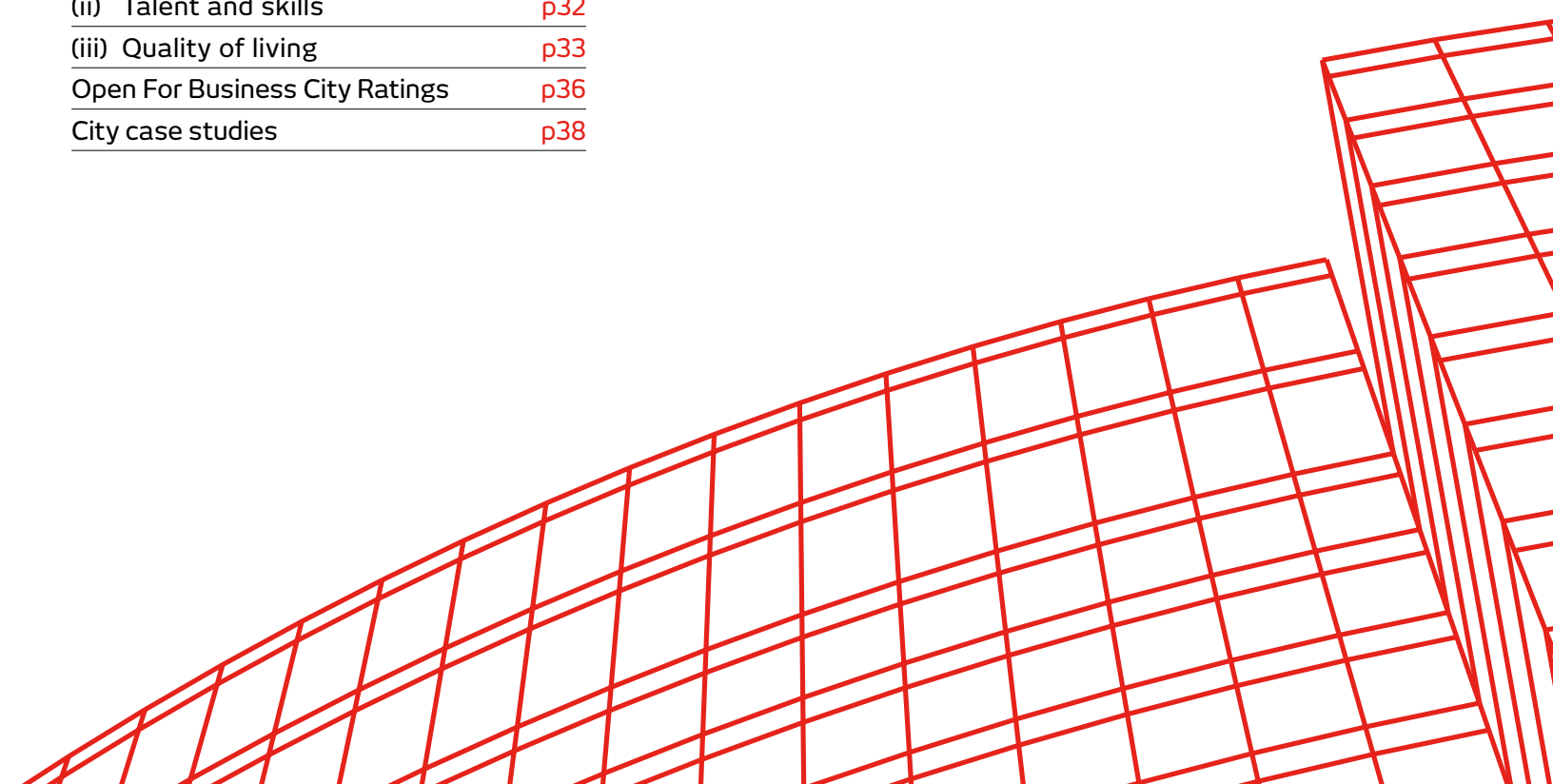
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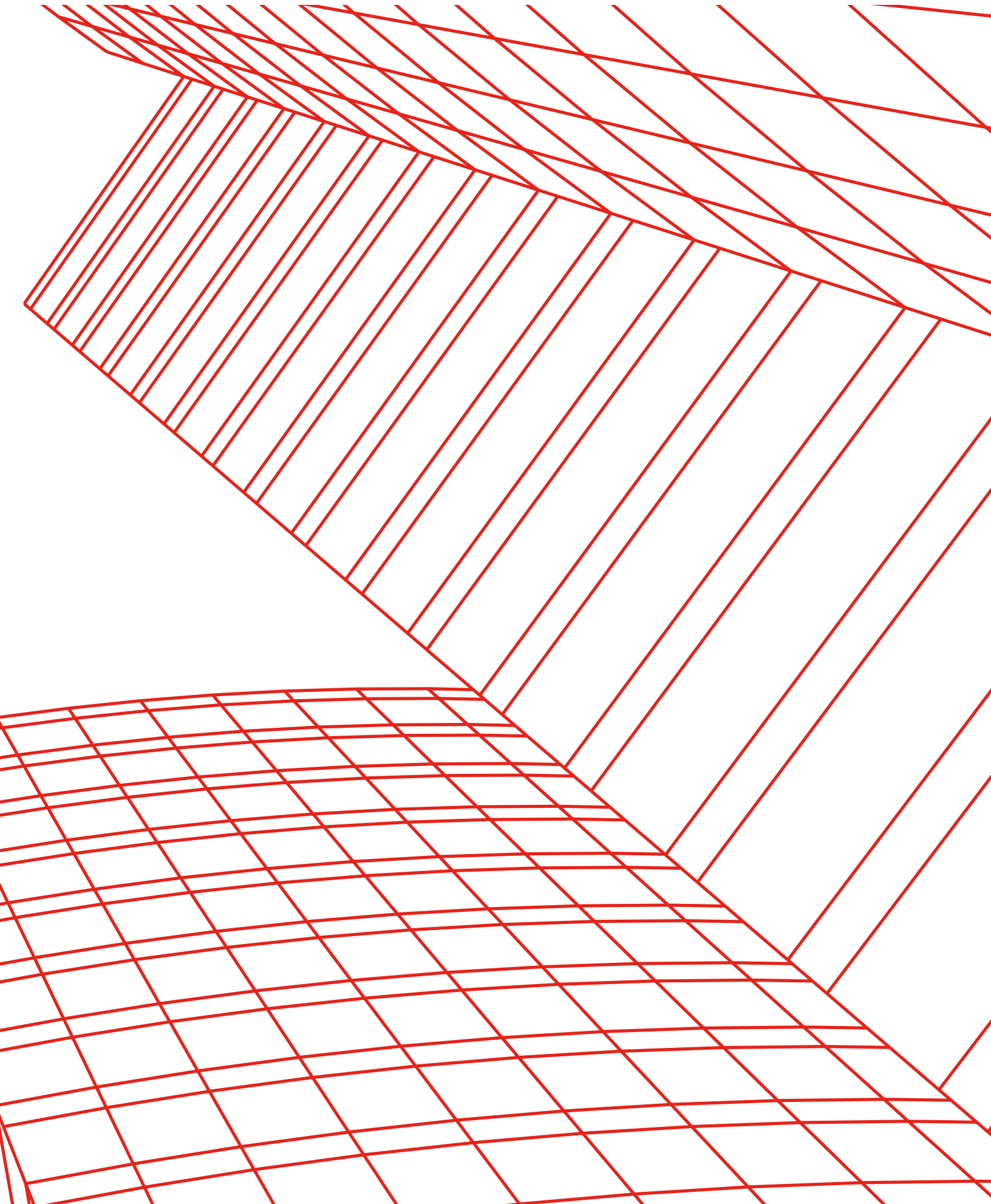
Cities

Cities have become a top priority for policymakers and politicians around the world because of their potential to drive economic growth. But whilst some cities are successful in creating prosperity for their citizens, others struggle to compete on a world stage.

Open and diverse cities are more competitive, according to the evidence. In particular, LGBT+ Inclusive cities have stronger “innovation ecosystems”, greater concentrations of skills and talent, and better quality of life. And they are more likely to become hubs for high-value industries. LGBT+ inclusion sends a clear signal that a city has a tolerant, dynamic cultural life, and that it is a globally integrated place to do business.

Why cities matter	p22
The competitiveness of cities	p24
LGBT+ inclusion in cities	p26
(i) Innovation	p29
(ii) Talent and skills	p32
(iii) Quality of living	p33
Open For Business City Ratings	p36
City case studies	p38





Why cities matter

Cities have been incubators of innovation and growth throughout history, and they will be essential to the future progress of nations and regions. More than 80% of global GDP is generated in cities today¹; they are the lifeblood of the global economy, and increasingly they will determine levels of national prosperity – or poverty.

From midsize cities to megacities, we live in a time of massive and rapid urbanization. Already, more than half the world's population lives in cities – and by 2030, it is projected that 6 in 10 people will be city dwellers². This phenomenon is almost entirely in the Global South: around 94% of those moving to cities will come from emerging markets³.

Successfully managing the growth of cities has become a top priority for policymakers and politicians around the world. They are “the engine-rooms of human development as a whole,” according to UN Habitat, “with dominant roles in economic, political and social life, cities are critical to setting our nations on a more inclusive, productive, creative and sustainable course”⁴.

Urbanization comes with the emergence of a new global urban middle class – which is more likely to be tolerant of different lifestyles. As The Economist put it, “Fast-growing metropolises like Lagos and Manila perform an amazing alchemy by turning poor rural migrants into better-educated [...] urbanites.”⁵

Already cities have shown leadership on LGBT+ issues. Buenos Aires, for example, has a constitution that prohibits discrimination on the

basis of sexual orientation (1996) – even though this doesn't exist at a national level in Argentina. The city recognizes civil unions for same-sex couples (2002); and it has employment protections for LGBT+ people (2015)⁶.

City politicians have shown they are able to take action on LGBT+ issues even in the face of opposition from national politicians. In 2004, the San Francisco mayor issued an executive order that permitted same-sex couples to legally marry – even though this was in defiance of state law⁷. As a result, the federal courts were asked to rule on the constitutionality of same-sex marriage – which began the path towards the 2015 Supreme Court decision effectively legalizing same-sex marriage.

Support for inclusion from city governments should not be a surprise: they have direct experience of economic case for global LGBT+ inclusion. They understand that an open and diverse city is more economically vibrant, more innovative, more culturally dynamic, and more likely to become a globally integrated hub for high value businesses. This report aims to provide the evidence that supports these assertions.



Cities from space: Beijing, Langfang and Tianjing in China.

City mayors leading the way on LGBT+ inclusion:

The following quotes are public statements of support for LGBT+ inclusion from city mayors in different parts of the world^a.

“

We have taken a step forward in fostering understanding and tolerance, as well as in eliminating prejudices and stereotypes. We have also given a good example to cities trying to improve the position of LGBT people.”⁸

Mayor Sandra Pantelic, Belgrade, Serbia

“

LGBT+ inclusion is a political manifestation of Lisbon’s affirmation as a free, open and tolerant city, and it is an essential mark of our political project, especially when the world is witnessing a setback in the area of social rights.”¹⁰

Mayor Fernando Medina, Lisbon, Portugal

“

Today this is a city proud to embrace sexual and gender diversity. There is substantial progress in the fight against discrimination. We all can fit.”¹²

Mayor Miguel Ángel Mancera Espinosa, Mexico City, Mexico

“

As mayor, I have a responsibility to all the individuals of Kingston. There are individuals who are minorities who have been struggling in terms of their identity and finding their own space. It is important for us to provide safe spaces for them.”⁹

Mayor Angela Brown-Burke, Kingston, Jamaica

“

It’s about time that we should recognize LGBT+ people. They have already been recognized wholly by other countries. It’s about time that we give due recognition and respect for them.”¹¹

Mayor Joseph Estrada, Manila, Philippines

“

Welcome to all our guests from abroad to the gay-friendliest city in the world. We’ve been through a lot: in 17 years, we’ve achieved a different reality in this city.”¹³

Mayor Ron Huldai, Tel Aviv, Israel



Mexico City, Mexico.

^a There are legitimate concerns that some governments make statements supportive of the LGBT+ community to “pinkwash” problematic aspects of domestic affairs. The fact remains that that these comments were made, and this is important. They constitute a public commitment to LGBT+ inclusion and that should be embraced and used as leverage for LGBT+ communities around the world.

The competitiveness of cities

Whilst some cities are successful in creating investment-friendly environments that attract talent and create prosperity for their citizens, others have struggled to establish their competitiveness on a world stage.

Cities are powerful drivers of national economic growth.

Economic data for 750 of the world's largest cities shows that 72% of these outperformed their national economies in terms of GDP growth, since the early 2000s¹⁴. In China, Tangshan and Dongguan outperform national productivity by around seven times. City competitiveness is a priority for national governments seeking long-term economic growth and job creation.

Business is the main source of economic growth in cities.

Analysis of global data on growth of cities between 2002 and 2012 shows that the private sector accounts for 75% of job creation and 80% of Gross Value Added (GVA – the total value of goods or services produced in a city)¹⁵. In most cities, local small and medium enterprises (SMEs) are usually the largest employers, but global businesses are also critical: they provide entry into global value chains for smaller domestic businesses.

Cities that fail to connect to global markets are getting left behind.

The increased mobility in the global economy means that business and jobs may move to more attractive locations, according to UN Habitat, “leaving cities with low growth prospects, struggling to attract investment and create jobs in the formal economy. Many secondary cities in developing countries have failed to tie up global or even national linkages and are struggling to accommodate growing populations.”¹⁶

Attracting global businesses is a priority for cities.

Analysis of how companies make location decisions reveals the basic factors that make a city attractive to global business. These factors include the quality of public infrastructure¹⁷, human capital¹⁸, robust institutions and stable government¹⁹, and the absence of corruption²⁰. These factors are necessary for a business to consider locating in a city, but they are not sufficient. From these studies, and from discussions with coalition partners, Open For Business has identified three categories of factors that make a city attractive to business: those factors necessary for *consideration*, competitive *advantage* and finally *preference*:

Consideration Factors	Advantage Factors	Preference Factors
Necessary for a city to qualify for consideration	Necessary for a city to make it onto a shortlist	Necessary for the “final mile” to close the deal
<ul style="list-style-type: none"> • Access to major markets • Natural Resources • Infrastructure • Institutional environment • Corruption risk 	<ul style="list-style-type: none"> • Talent and skills • Innovation ecosystem • Global integration • Financial/non-financial incentives 	<ul style="list-style-type: none"> • Quality of life and livability • Relations with city governments • Social and culture factors • City image and reputation

Connectivity is key to city competitiveness.

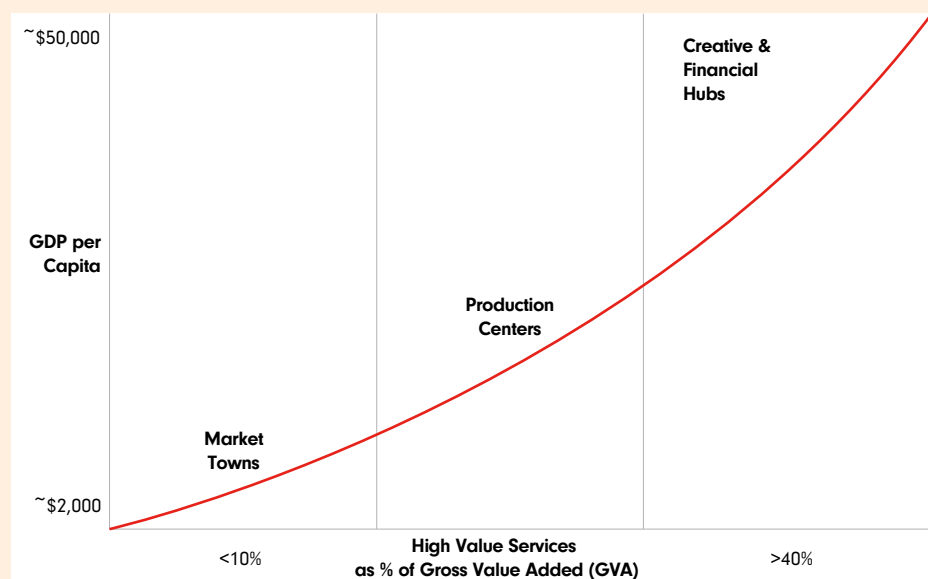
A report by the World Economic Forum on *The Competitiveness of Cities* finds that connectivity is key to a city's competitiveness. The report draws a distinction between *hard* and *soft connectivity*. The former refers to a city's core physical infrastructure; soft connectivity, "the city's social capital, is as important as hard connectivity in the 21st century's knowledge economy. While soft and hard connectivity are mutually reinforcing, soft connectivity is also about supporting an open society in the city, which spurs ideas, entrepreneurship, innovation and growth."²¹ Cities seeking to enhance their competitiveness need to employ strategies that build social capital and support an open society – and in the following sections we will demonstrate why these strategies should incorporate LGBT+ inclusion.

High-value sectors boost city wealth creation.

The ability of cities to generate wealth for their inhabitants depends upon their mix of economic sectors. The World Bank has identified three categories of cities: **Market Towns**, production centres, and creative and financial hubs. We can think of these as points on a "City Wealth Creation Curve", beginning with Market Towns – local trading centres, with predominantly retail and recreational businesses; these begin the process of industrialisation and develop into **Production Centres** – which may have a mix of manufacturing, construction and mining; finally, economic activity shifts into high-value service sectors, and cities join the global knowledge economy to become **Creative And Financial Hubs**.

Data from 750 cities around the world shows this is a typical progression, and that GDP per capita increases along the curve²²: There are 150 Market Towns in the dataset with GDP per capita of \$2,500 or less; there are 405 Production Centres with GDP per capita between \$2,500 and \$20,000; and there are 195 Creative And Financial Hubs with GDP per capita of above \$20,000. Clearly, cities seeking to generate wealth should consider long-term strategies for moving up this income curve by attracting higher value sectors – and as the following pages will show, LGBT+ inclusion may be an important component of such strategies.

Figure 1: The City Wealth Creation Curve:
an illustration of the relationship between high value services and GDP per capita



LGBT+ inclusion in cities

Cities that are LGBT+ inclusive are better placed to develop their global competitiveness: evidence shows they have stronger “innovation ecosystems”, greater concentrations of skills and talent, and better quality of life. LGBT+ inclusive cities may be more likely to become globally integrated hubs for high value businesses.

Of course, this report does not claim that LGBT+ inclusion directly causes cities to prosper; but the evidence shows that competitive advantage will go to those cities that are open to new ideas, welcoming to people of different backgrounds, and provide an environment that encourages the free flow of innovation. LGBT+ inclusion sends a clear signal that a city is open for business.

Plenty of data exists to support the economic case for LGBT+ inclusion in cities, covering many dimensions of city performance and productivity. This report analyses this data and presents in a coherent and compelling overall structure.

Global data on LGBT+ inclusion in cities

This report uses a number of correlations to illustrate the relationship between LGBT+ inclusion and city competitiveness. Although no direct causal relationship can be concluded from this data, we can clearly see that LGBT+ inclusion goes hand-in-hand with economic performance and productivity in cities. This report uses three datasets to test the hypothesis that LGBT+ cities are more competitive:

First, we use the annual review of **Sexual Orientation Laws In The World** published by the International LGBTI Association (ILGA), a federation of 1,200 member organizations in 132 countries. Although this is national-level data, it provides a clear backdrop of the legal status of LGBT+ people in cities^b. In the evidence base that follows, we look at LGBT+ relationship legislation as a proxy for a society's LGBT+ acceptance.

Second, we use the **Best LGBT Cities Index**, a ranking of 100 cities based on over 2,500 respondents from each city^c. This provides a city-level score that combines lifestyle factors for LGBT+ people (such as LGBT+ dating and nightlife) with other factors (such as safety).

Third, we have developed our own **City LGBT+ Inclusion Score**, based on a detailed analysis and categorization of travel advice for LGBT+ travellers^d. Whilst aimed at visitors to a city, the travel advice gives a clear sense of how open and welcoming a city is to LGBT+ people.

Each of these datasets provides a guide, but is not the complete picture: even in countries with anti-LGBT+ laws and hostile social attitudes, small but strong LGBT+ communities may exist. Conversely, even in cities with the highest possible scores for LGBT+ inclusion, LGBT+ people may suffer hate crimes and harassment. But these datasets do provide a basis from which to evaluate the connection between LGBT+ inclusion and competitiveness in cities.

City LGBT+ Inclusion Score

A full description of the different levels of the City LGBT+ Inclusion Score is given below, together with example cities. There are few surprises here: cities in Europe and North America are more likely to be LGBT+ inclusive, cities in emerging markets in Asia are more likely to be tolerant but not LGBT+ inclusive, and cities in the Middle East and Africa are more likely to be hostile or dangerous for LGBT+ people.

Score	Description	Characteristics	Example cities
5	LGBT+ inclusive	The city is open and inclusive: <ul style="list-style-type: none"> • Whole city is open and inclusive, not just one particular area • A clearly open and visible LGBT+ community • Few, if any, concerns about public stigma • Public displays of same-sex affection are not singled out for approbation • A wide range of open and visible LGBT+ organisations and events 	Berlin, Germany; Buenos Aires, Argentina; Sydney, Australia; New York, U.S.
4	Part LGBT+ inclusive	The city is not hostile, but only parts of the city are open and inclusive <ul style="list-style-type: none"> • A publicly visible LGBT+ community, but it is not as visible as in the most inclusive cities • An ‘LGBT+ neighbourhood’ that is seen as the primary open and inclusive part of the city • Few, if any, concerns about public stigma • Public displays of same-sex affection are not singled out for approbation 	Atlanta, U.S.; Guadalajara, Mexico; Osaka, Japan; Santiago, Chile
3	Tolerance, not inclusion	The city is not open, but a strong LGBT+ community exists privately and, at time, publicly. <ul style="list-style-type: none"> • Limited public visibility of the LGBT+ population • A strong private LGBT+ community, with little hindrance of private relationships or social apps • Public displays of same-sex affection may attract a degree of approbation • There may be a significant portion of public opinion against the LGBT+ population 	Bangkok, Thailand; Shanghai, China; Singapore, Singapore
2	Hostile	The city is hostile, with limitations on the private lives of the LGBT+ community <ul style="list-style-type: none"> • Concerns about violence against the LGBT+ population • Substantial negative public attitudes towards LGBT+ people • Public displays of same-sex affection are likely to attract significant approbation • Very little public visibility of the LGBT+ community, with caution advised around attending LGBT+ events, clubs, etc 	Ankara, Turkey; Caracas, Venezuela; Chennai, India
1	Dangerous	Concerns about violence against the LGBT+ population <ul style="list-style-type: none"> • LGBT+ individuals and groups are targeted for harassment • Severe public hostility, including towards public displays of same-sex affection • Restrictions on private relationships, such as bans on social apps, clubs, etc • No, or almost no, public visibility of the LGBT+ community 	Accra, Ghana; Lagos, Nigeria; Riyadh, Saudi Arabia

^b ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State_Sponsored_Homophobia_2017_WEB.pdf

^c Nestpick (2017), Best LGBT Cities 2017, available at: <https://www.nestpick.com/best-lgbt-cities/>

^d Open For Business analysis and categorization of travel advice to LGBT+ people is based on descriptions given by Lonely Planet in the “Lesbian & Gay Travel” section of their guides. More than 200 cities are covered. Lonely Planet is the world's largest travel guide and has been providing advice to LGBT+ travelers for many years.

LGBT+ inclusion is correlated with city GDP per capita

Using the City LGBT+ Inclusion Score we can explore the connection between inclusion and the economic performance of a city. A clear relationship becomes evident: more inclusive cities tend to have higher GDP per capita. The regression line suggests a stronger uplift in the move from very low to medium inclusion scores (i.e., from *dangerous or hostile*, to *tolerance not inclusion*). An outlier in this graph is the city with high GDP per capita but a medium inclusion score: this is Singapore (see the section *Singapore: the exception that proves the rule* p35).

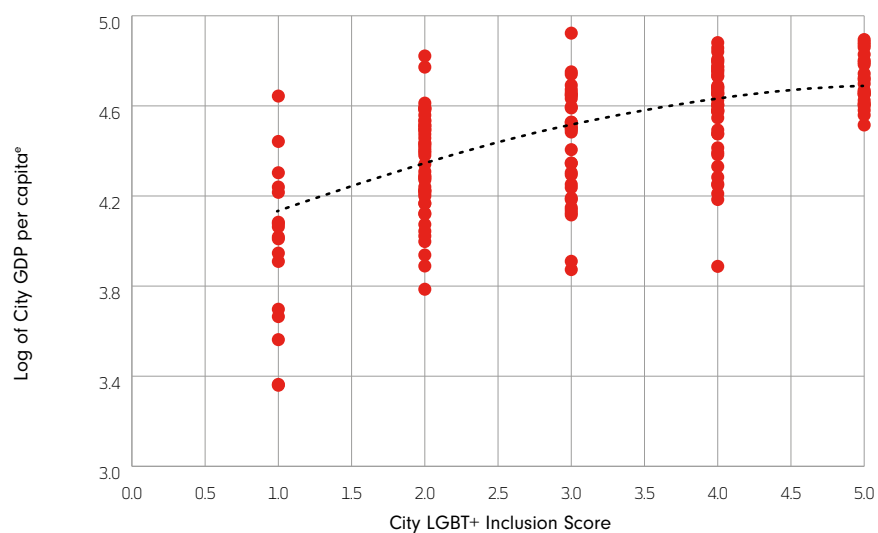


Figure 2: City LGBT+ Inclusion and GDP per capita^f

Why do LGBT+ inclusive cities have better economic performance?

Our analysis shows that LGBT+ inclusion can boost competitive advantage in cities in three main areas, each of which is explored in detail over the following pages:

(i) Innovation

The capacity to foster innovation is a key driver of city competitiveness. This is particularly true at a time of global disruptive technological change, when a city's industrial and economic orientation may quickly change. The evidence shows that innovation in cities and LGBT+ inclusion go hand-in-hand.

(ii) Talent and skills

Cities with advanced education and high-level skills are better able to compete in today's global economy, and attracting talented and skilled professionals is a priority for cities. The evidence shows that LGBT+ inclusive cities have higher concentrations of talented individuals.

(iii) Quality of Living

Providing a good quality of living is essential for cities seeking to compete on a world stage. The evidence shows that quality of living goes hand-in-hand with LGBT+ inclusion, and the presence of a visible LGBT+ community may be taken as a signal that a city will be a attractive place to live.

e McKinsey Global Institute (2015), McKinsey Urban World iPhone app

f To ensure comparison of like-with-like we have removed cities which extractive intensive economies from this correlation.

LGBT+ inclusion in cities continued

A new strategy for extractives-based cities

For many cities, wealth has been generated by export-dominated extractive economies, and their future competitiveness will depend upon re-orientating their economies towards a global marketplace of ideas, and not just commodities. Indeed, this is the economic strategy expressed by many extractive-based cities, including Abu Dhabi²³ and Dubai²⁴ in the U.A.E., Doha²⁵ in Qatar, Oslo²⁶ in Norway and Muscat²⁷ in Oman.

All of these cities want to develop high value service sectors, and have aspirations to become regional or global hubs for tech businesses, creative industries and financial services. We can expect some of these cities will be more successful than others. As the economist Edward Glaeser puts it,

“

Some places will be left behind. Not every city will succeed, because not every city has been adept at adapting to the age of information, in which ideas are the ultimate creator of wealth.”²⁸

The evidence suggests that those cities which are not LGBT+ inclusive will find it harder to adapt to this new age of ideas, and they will be less likely to find new sources of wealth creation for their citizens; they will fail to attract high-skilled talent, and indeed will fail even to hold onto their best and brightest young people.



The future competitiveness of cities like Doha, Qatar, will depend upon re-orientating their economies towards a global marketplace of ideas, and not just commodities.

(i) Innovation

The capacity to foster innovation is a key driver of city competitiveness. This is particularly true at a time of global disruptive technological change, when a city's industrial and economic orientation may quickly change. The evidence shows that innovation in cities and LGBT+ inclusion go hand-in-hand.

Innovation drives city competitiveness and productivity

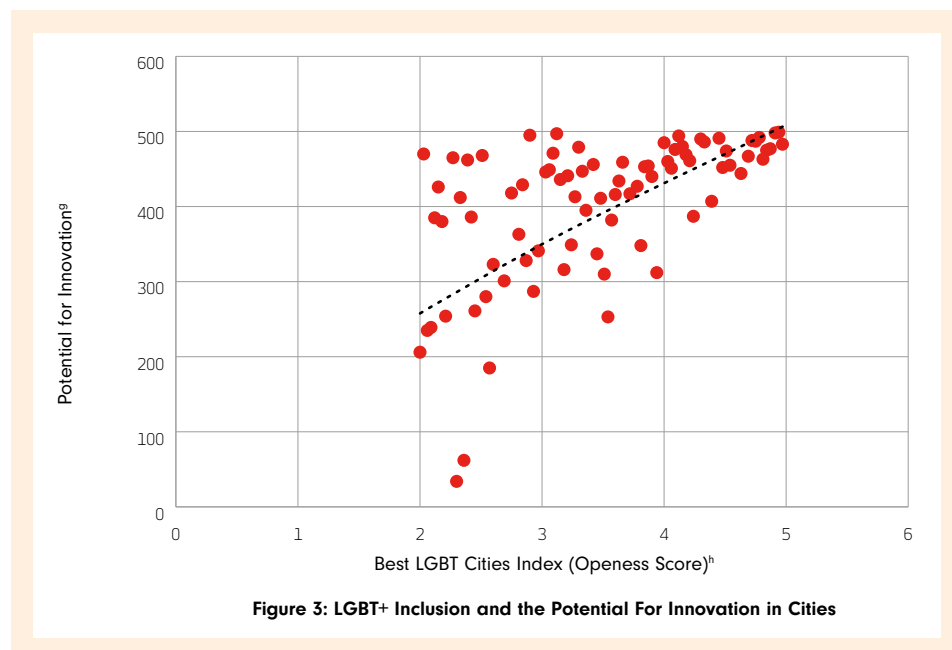
A review of the literature on city competitiveness shows a clear consensus that the capacity for innovation is a critical factor in boosting a city's competitiveness. These include reports from the following organizations: **Brookings Institution**²⁹, **Centre for Cities**³⁰, the **Cities Alliance**³¹, the **McKinsey Global Institute**³², the **OECD**³³, the **World Bank**³⁴ and the **World Economic Forum**³⁵. There is also consensus that innovation underpins a city's productivity. The Centre for Cities finds that: "cities need to be able to facilitate innovation and the creation of new ideas via their knowledge networks to increase long-run productivity"³⁶.

The Brookings Institution similarly finds that:

"To manage technological change and reap the productivity gains that will improve living standards, cities must cultivate innovation systems"³⁷.

LGBT+ Inclusive cities are more innovative

Data from 100 major cities around the world shows that LGBT+ inclusion is a predictor of the potential for innovation in a city: the stronger the performance on LGBT+ inclusion, the more likely a city is to provide an enabling environment for innovation. The outliers in this analysis include Beijing and Shanghai (towards the top left of the cluster); both have high potential for innovation and lower performance on LGBT+ inclusion – but the data shows that cities like these are exceptions to a clear global pattern.



g Data for Potential for Innovation is taken from the 2ThinkNow Innovation Cities Index, available at: <http://www.innovation-cities.com/innovation-cities-index-2016-2017-global/9774>. 2ThinkNow is a data innovation agency

h Data for LGBT+ Inclusion is taken from Nestpick (2017), Best LGBT Cities 2017, available at: <https://www.nestpick.com/best-lgbt-cities/>. Nestpick is a global property metasearch engine

LGBT+ inclusion in cities continued

Highly innovative cities are more LGBT+ inclusive

A global ranking of 500 cities around the world based on analysis of their potential as an innovation economy shows that the world's most innovative cities tend to be more LGBT+ inclusive.

	City Innovation Potential	LGBT+ Inclusion Score	LGBT+ Status in law ⁱ
1	London, UK	5	Relationship recognition
2	New York, U.S.	5	Relationship recognition
3	Tokyo, Japan	4	Some protection
4	San Francisco, U.S.	5	Relationship recognition
5	Boston, U.S.	5	Relationship recognition
6	Los Angeles, U.S.	5	Relationship recognition
7	Singapore, Singapore	3	Criminalized
8	Toronto, Canada	5	Relationship recognition
9	Paris, France	5	Relationship recognition
10	Vienna, Austria	4	Relationship recognition

The world's least innovative cities are not LGBT+ inclusive

Conversely, the cities in the ranking with the lowest potential for innovation also perform badly on LGBT+ inclusion. Of the ten cities at the bottom of the list, same-sex activity is illegal in four of them: cities in Ethiopia, Nigeria, Cameroon, Angola and Sudan. In the other cities, life for LGBT+ people can be tough, even if same-sex activity isn't illegal. Ukraine decriminalised same-sex activity in 1991 and amended the Labor Code in 2015 to prohibit discrimination on the basis of sexual orientation or gender identity, but still social attitudes are hostile to LGBT+ people³⁸.

	City Innovation Potential	LGBT+ Status in law ⁱ
491	Zaporozhye, Ukraine	Some protection
492	Simferopol, Ukraine	Some protection
493	Dushanbe, Tajikistan	Not criminalized
494	Addis Ababa, Ethiopia	Criminalized
495	Havana, Cuba	Some protection
496	Port Harcourt, Nigeria	Criminalized
497	Douala, Cameroon	Criminalized
498	Luanda, Angola	Criminalized
499	Khartoum, Sudan	Criminalized
500	Kinshasa, DRC	Not Criminalized

LGBT+ inclusive cities have higher rates of entrepreneurialism

Research has found that there are higher levels of new firm creation in cities with a greater proportion of gay residents – particularly in higher value service sectors. This may be because more diverse cities have low barriers of entry for highly skilled workers, and these workers are more likely to create innovative new businesses³⁹.

LGBT+ inclusive cities register more patents

An indicator that a city provides an enabling environment for innovation is the number of patents registered. Cities can be ranked using data for 108 cities from the OECD's REGPAT database on patent registration⁴⁰. Those cities ranking highest are almost all known to be LGBT+ friendly. Five U.S. cities appear in the top ten (San Jose, San Diego, San Francisco, Boston, Minneapolis). Outside of the U.S., the ranking is dominated by cities which are inclusive of LGBT+ people, and all in countries which recognise LGBT+ relationships.

	Patents per 1000 inhabitants ^j	LGBT+ Inclusion Score	LGBT+ Status in law ⁱ
1	Stuttgart, Germany	3.01	4 Relationship recognition
2	Shenzhen, China	2.99	2 Not criminalized
3	Stockholm, Sweden	2.62	5 Relationship recognition
4	Tokyo, Japan	2.49	4 Some protection
5	Karlsruhe, Germany	2.12	4 Relationship recognition
6	Copenhagen, Denmark	2.06	5 Relationship recognition
7	Munich, Germany	1.89	4 Relationship recognition
8	Nagoya, Japan	1.84	3 Some protection
9	Osaka, Japan	1.67	4 Some protection
10	Zurich, Switzerland	1.51	4 Relationship recognition

i ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State_Sponsored_Homophobia_2017_WEB.pdf

j Data from the OECD REGPAT database, quoted by Brookings Institution. Brookings Institution (2016), Redefining Global Cities, available at: <https://www.brookings.edu/research/defining-global-cities/>

Why are LGBT+ inclusive cities more innovative?

LGBT+ inclusive cities have stronger innovation ecosystems

The “innovation systems” referred to by the Brookings Institution and others consist of the interconnection of universities, research institutions and businesses. These ecosystems must be globally integrated and supported by a favourable regulatory environment. When these factors are present the free flow of ideas is possible, which facilitates the development of new products and processes.

Since the presence of a strong university research sector is an important part of a city innovation system, we look at data on university research impact for 106 cities around the world⁴¹. Many of the highest ranked cities in the dataset are from the U.S., and all cities known to be LGBT+ friendly: San Jose, San Francisco, Boston, Seattle, San Diego, Los Angeles and New York are all in the top ten. Outside of the U.S., LGBT+ friendly cities continue to dominate the ranking, as the following table shows:

	University Research Impact City Scores (non-U.S.) ^k	LGBT+ Inclusion Score	LGB+ Status in law ^l
1	Zurich, Switzerland	● 4	● Relationship recognition
2	London, U.K.	● 5	● Relationship recognition
3	Amsterdam, Netherlands	● 5	● Relationship recognition
4	Munich, Germany	● 4	● Relationship recognition
5	Paris, France	● 5	● Relationship recognition
6	Birmingham, U.K.	● 4	● Relationship recognition
7	Brussels, Belgium	● 4	● Relationship recognition
8	Cape Town, South Africa	● 4	● Relationship recognition
9	Hamburg, Germany	● 4	● Relationship recognition
10	Toronto, Canada	● 5	● Relationship recognition

For many of the most LGBT+ hostile cities in the world there is no data available on university research impact, and we can reasonably conclude that impact is likely to be low in these cities. The lowest ranking cities in the dataset include cities in China, India, Mexico, Turkey and Poland – all countries with potential to improve their performance on LGBT+ inclusion.

Cities with non-discrimination laws are more innovative

Companies based in US states with laws prohibiting discrimination on the basis of sexual orientation or gender identity have greater levels of innovation: they register 8% more patents, and receive 11% more patent citations (an indicator of the impact of those patents) – according to a study of 60,000 U.S. corporations⁴². The study controls for factors that might confound this result, such as the overall economic performance of the state, talent levels and political orientations.

The free flow of ideas and information

The urban theorist Jane Jacobs famously proposed that cities spur innovation by bringing together talented people from diverse backgrounds into new combinations and recombinations⁴³. A recent build on this proposition was presented in 2017 by researchers studying the nature of patent registration in urban areas: they find that dense and diverse cities are better at producing “unconventional ideas” that may lead to genuinely breakthrough innovations⁴⁴.

The free flow of ideas and information between people with different backgrounds and sectors can lead to greater innovation potential within a city. Urban theorists talk of “collision density” between different kinds of thinkers, and the World Bank has proposed metrics of “collisionable hours per year” or “collisionable hours per square foot.”⁴⁵ It is an intuitive notion: “When artists, designers, technologists, investors, community activists, engineers, and entrepreneurs mix together, more innovative ideas are likely to emerge,” writes Professor Boyd Cohen⁴⁶.

This free intermingling of people and ideas is characteristic of cities with vibrant LGBT+ communities, and is not typical of the anti-LGBT+ cultures. A culture of true openness is an essential ingredient in an ecosystem of innovation:



It is not just about technological innovation, but innovation in the broad sense. And, it concerns an atmosphere of tolerance, free expression and cosmopolitanism, all characteristics of ... the “open society”. Today, they are highly conducive to the generation and dissemination of ideas, and to entrepreneurship, innovation and economic growth”

World Economic Forum⁴⁷



Innovation ecosystems need to be understood as a community or combination of communities, where the social dimension is critical.”

World Bank⁴⁸

k Data from the Centre for Science and Technology Studies (CWTS) at Leiden University quoted by Brookings Institution. Brookings Institution (2016), Redefining Global Cities, available at: <https://www.brookings.edu/research/redefining-global-cities/>

l ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State_Sponsored_Homophobia_2017_WEB.pdf

LGBT+ inclusion in cities continued

(ii) Talent and skills

People are a top resource for cities. Cities with advanced education and high-level skills are better able to compete in today's global economy, and attracting talented and skilled professionals is a priority for cities. The evidence shows that LGBT+ inclusive cities have higher concentrations of talented individuals.

Talent and skills drive city competitiveness and productivity

Successive studies show that a key driver of city competitiveness is its inhabitants – referred to variously as human capital, citizens, people, skills-base, and talent. The Nobel Prize winning economist Robert Lucas found that the driving force of growth in cities is the clustering of talented people – what he called “human capital externalities”⁴⁹.

A survey of tech entrepreneurs in the U.S. showed that a talent pool of high-skilled workers is the most important business resource that a city can offer⁵⁰. This is a pattern replicated worldwide, according to the World Economic Forum: “human capital endowment... can be a more important determinant of long-term success than virtually any other resource”⁵¹.

Diversity enhances a city's productivity by enabling the combination of different skills, ideas and perspectives, resulting in greater productivity, according to a U.S. study⁵². Looking at diversity in terms of people born in different countries, the study finds that a one-standard-deviation rise in a city's immigrant diversity is associated with a 5.8% increase in productivity.

LGBT+ inclusive cities have stronger talent and skills

The proportion of individuals that have attained a higher education qualification can give an indication of the skill level in a city. Data from 123 cities gives us a ranking of cities according to higher education attainment: all of the cities can be described as LGBT+ friendly, with the exception of Singapore, which tops the chart (see the section *Singapore: the exception that proves the rule* p35).

	Higher Education Attainment (%) ^m	LGBT+ Inclusion Score	LGB+ Status in law ⁿ	
1	Singapore, Singapore	51.5	3	● Criminalized
2	London, U.K.	49.5	5	● Relationship recognition
3	Washington DC, U.S.	47.8	5	● Relationship recognition
4	San Jose, U.S.	47.4	5	● Relationship recognition
5	Madrid, Spain	47.3	5	● Relationship recognition
6	San Francisco, U.S.	46.7	5	● Relationship recognition
7	Boston, U.S.	45.7	5	● Relationship recognition
8	Tokyo, Japan	45.6	4	● Some protection
9	Paris, France	44.0	5	● Relationship recognition
10	Brussels, Belgium	43.7	4	● Relationship recognition

Tolerance attracts highly skilled workers

Attitudes of tolerance towards same-sex partnerships and also immigration attracts highly skilled workers to a city, according to a study which compared data across a ten year period to determine a causal link⁵³. The study, which focused on Switzerland, finds that “the tolerance index for same-sex partnerships has a strong significant influence” on the decisions of highly skilled workers to live in a city.

Diversity feeds a “clustering effect” for young talent

A diverse talent base is self-reinforcing, according to research into location decisions amongst young people by the economist Enrico Moretti: “It's a type of growth that feeds on itself – the more young workers you have, the more companies are interested in locating their operations in that area and the more young people are going to move there.”⁵⁴

Cities that are not LGBT+ inclusive suffer “brain drain”

For cities suffering brain drain, it is a serious problem: a study of global emigration in high-skilled workers showed that the top professions are scientists, engineers, IT, doctors and academics.⁵⁵ Many factors account for brain drain, and LGBT+ inclusion is not likely to be a primary driver for many emigrants; however, there are clear indications that emigration is likely to take place from anti-LGBT+ countries to open and inclusive countries.

A review of recent media coverage on brain drain shows that it is commonly reported in countries with anti-LGBT+ policies or cultural attitudes:

- More than half of graduates from cities such as **Accra, Kampala, Lagos** or **Nairobi** are likely to emigrate, according to an OECD study⁵⁶.
- A report in the **Moscow Times** stated that levels of brain drain in **Moscow** are “worse than previously believed” and emigrants were mainly “upwardly mobile, ambitious youth”⁵⁷.
- Young people are emigrating from **Istanbul**, according to a report titled “Escaping disillusion: The skilled youth quitting Turkey”⁵⁸.
- A report titled “Azerbaijan is losing its brains” describes how educated young people are leaving cities such as **Baku** and moving to the West⁵⁹.
- Malaysia “will continue to be a net exporter of talent,” according to a report which shows skilled workers are leaving cities like **Kuala Lumpur**⁶⁰.
- A World Bank report finds that the highest rates of emigration of high-skilled workers take place in the Caribbean, Central America and Eastern Europe⁶¹ – regions often associated with a lack of LGBT+ inclusion.

LGBT+ inclusion is a signaller of openness, diversity and culture

A survey of skilled workers who had moved to one of 13 cities found that motivating factors included “hard factors” (transport, connectivity, etc) and “soft factors” (openness, diversity and culture)⁶². The survey found that “gay/lesbian friendliness” was a factor considered by skilled workers. Although it may not be a deciding factor for non-LGBT+ employees, this is likely to send a clear signal about the culture of the city – the crucial “icing on the cake”, according to the study.

m Brookings Institution (2016), Redefining Global Cities, available at: <https://www.brookings.edu/research/redefining-global-cities/>

n ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State-Sponsored_Homophobia_2017_WEB.pdf

(iii) Quality of Living

Providing a good quality of living is essential for cities seeking to compete on a world stage. The evidence shows that quality of living goes hand-in-hand with LGBT+ inclusion, and the presence of a visible LGBT+ community may be taken as a signal that a city will be an attractive place to live.

Quality of living is a driver of city competitiveness

According to the Economist Intelligence Unit, “the quality of a city’s workforce depends on its ability to attract people from outside the country”.⁶³ A report on competitiveness in cities by the World Economic Forum finds that quality of life has been an important factor in cities which have notably increased their competitiveness, and the report cites as examples the cities of Ahmedabad, India; Buenos Aires, Argentina; Leipzig, Germany; Nantes, France; Pittsburgh, U.S.; Santiago, Chile⁶⁴. A report by the World Bank into decision factors for global companies seeking new locations finds that quality of living can “tip the balance between competing locations” and describes it as an important component in “the final mile of such decisions”⁶⁵.

LGBT+ inclusive cities have a better quality of living

Mercer, a global HR consultancy, publishes an annual Quality of Living Index, based on data from 450 cities across the world⁶⁶. The result is a ranking of 231 cities, taking into account the following metrics that indicate the quality of living in a city:

- Political and social environment (political stability, crime, law enforcement)
- Economic environment (currency-exchange regulations, banking services)
- Socio-cultural environment (media availability and censorship, limitations on personal freedom)
- Medical and health considerations (medical supplies and services, infectious diseases, sewage, waste disposal, air pollution)
- Schools and education (standards and availability of international schools)
- Public services and transportation (electricity, water, public transportation, traffic congestion)
- Recreation (restaurants, theatres, cinemas, sports and leisure)
- Consumer goods (availability of food/daily consumption items, cars)
- Housing (rental housing, household appliances, furniture, maintenance services)
- Natural environment (climate, record of natural disasters)

The cities that rank top of this index are all LGBT+ inclusive environments; conversely, the cities with the lowest quality of living are all LGBT+ unfriendly environments. The extremes at the top and bottom of the list dramatize the global pattern:

	Quality of Living Ranking ^o	LGBT+ Inclusion Score	LGB+ Status in law ^p
1	Vienna, Austria	4	Relationship recognition
2	Zurich, Switzerland	4	Relationship recognition
3	Auckland, New Zealand	4	Relationship recognition
4	Munich, Germany	4	Relationship recognition
5	Vancouver, Canada	5	Relationship recognition
6	Dusseldorf, Germany	4	Relationship recognition
7	Frankfurt, Germany	4	Relationship recognition
8	Geneva, Switzerland	4	Relationship recognition
9	Copenhagen, Denmark	5	Relationship recognition
10	Sydney, Australia	5	Relationship recognition

	Quality of Living Ranking ^q	LGBT+ Inclusion Score ^r	LGB+ Status in law ^s
222	Conakry, Guinea	1	Criminalized
223	Kinshasa, DRC	1	Not criminalized
224	Brazzaville, Congo	1	Not criminalized
225	Damascus, Syria	1	Criminalized
226	N'Djamena, Chad	1	Criminalized
227	Khartoum, Sudan	1	Criminalized
228	Port au Prince, Haiti	1	Not criminalized
229	Sana'a, Yemen	1	Criminalized
230	Bangui, Cen. African Rep.	1	Not criminalized
231	Baghdad, Iraq	1	Criminalized

o Mercer (2017), Quality of Living City Rankings, available at: <https://mobilityexchange.mercer.com/Insights/quality-of-living-rankings>

p ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State_Sponsored_Homophobia_2017_WEB.pdf

q Mercer (2017), Quality of Living City Rankings, available at: <https://mobilityexchange.mercer.com/Insights/quality-of-living-rankings>

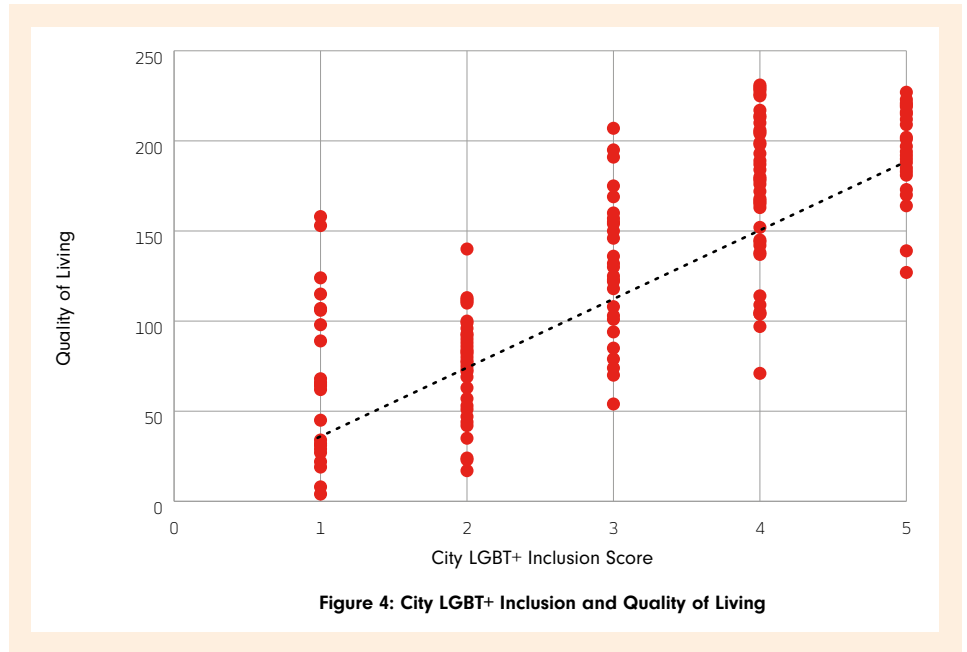
r No LGBT+ travel advisory information is available for these cities, and so the LGBT+ scores have been estimated

s ILGA (2017), State-Sponsored Homophobia, 12th Edition, available at: http://ilga.org/downloads/2017/ILGA_State_Sponsored_Homophobia_2017_WEB.pdf

LGBT+ inclusion in cities continued

LGBT+ inclusion is a predictor of quality of living in a city

Mercer's Quality of Living index correlates strongly with our LGBT+ Inclusion Score, with a high correlation value of 0.76, meaning that LGBT+ inclusion in a city is strongly related to quality of living.



A rich cultural environment: Summer Night Concert Schönbrunn 2016, in Vienna.

Singapore: the exception that proves the rule



Singapore, one of the greatest economic success stories in history, is losing its competitiveness”

The Straits Times, June 2017⁶⁷

Singapore has been a model city for competitiveness, achieving rapid growth and connecting to global markets. It ranks highly on measures such as “ease of doing business”, and its high standards of corporate governance make it an attractive location for global businesses.

And yet Singapore is not an LGBT+ inclusive city: same-sex activity is illegal, and LGBT+ people have no legal protections. Same-sex marriages are not recognised – a problem for gay professionals seeking to move to the city: same-sex partners are not granted a dependent’s visa. Singapore scores 3 on our City LGBT+ Inclusion Score: Tolerance, Not Inclusion. It is a dual reality: some LGBT+ visitors to the city can enjoy a robust nightlife⁶⁸, even though LGBT+ residents enjoy no legal protections. The situation reflects a deeper tension between conservative values and the need to connect to a modern global community.

This dissonance may yet cause problems for Singapore’s competitiveness: already there are signs of structural problems for the economy. The warning signs are in four areas.

- First, growth has slowed: Singapore is now being outpaced by competing regional economies⁶⁸.
- Second, productivity has stagnated: wage costs are rising, and value-added-per-worker in decline⁶⁹.
- Third, brain drain is an increasing concern. Studies show that 30% of post-graduate students want to leave Singapore⁷⁰, and that 68% of 18-34 year olds would be willing to emigrate (the total global average is 50%)⁷¹. The Economist writes, “younger people now... resent the restrictions on their freedom”⁷².
- Finally, Singapore has one of the world’s most rapidly aging populations, a so-called “silver tsunami” that threatens deplete the country’s tax base, undermine its economic vitality and lead to increased healthcare costs⁷³.

Singapore’s strategic location has given it an extraordinary advantage: 40% of maritime trade passes through the narrow Malacca Strait⁷⁴. In the future, it may take more to maintain competitiveness. Like other cities, Singapore may well find that openness and inclusion are important factors.

Singaporean businesses seem to agree: when authorities banned foreign companies from sponsoring Pink Dot (Singapore’s largest LGBT+ community event) local businesses stepped in and showed their support, with 120 Singaporean companies sponsoring the event.



A maritime economy: 40% of maritime trade passes through the narrow Malacca Strait.

Open For Business City Ratings

What does it mean for a city to be open for business?

It means a number of things: to start with, it means a city is easy to operate in, with low barriers to setting up and running business; and it has a transparent system of governance with a low risk of corruption. It also has a strong digital infrastructure; it's a hub for skills and talent, and has a healthy "innovation ecosystem". It has a good quality of life and a dynamic cultural environment. Finally, an open for business city is globally connected, a welcoming place for people from all types of backgrounds, including LGBT+ people.

There are dozens of reports, data, indices and rankings that compare these various attributes of cities around the world. This report has analysed many of them in the preceding section on City Competitiveness, to show that LGBT+ inclusive cities are more competitive, more productive, and ultimately more prosperous. So why does the world need another ranking?

Although there is a wealth of data on the many different perspectives on city performance, this has never before been pulled together to provide a consolidated view of how open for business a city is. To do this, we synthesize this data into the Open For Business City Ratings. They are intended to present a guide to which cities are open, progressive and competitive – and which are not. And it aims to be a useful tool for the following groups of people:

For policymakers seeking to boost the economic performance of their city, the ratings can help them to benchmark their performance against competing cities.

For businesses considering possible new locations for offices or operations, the ratings can help evaluate opportunities and risks presented by different cities.

For high-skilled individuals thinking about relocating to another city, the ratings can help them to think about what they are looking for and how they might fit in.

The Open For Business City Ratings applies a tiered system similar to that used by credit ratings agencies: it ranges from cities that are "fully open for business" (tiers AAA to A) through cities that are "partially open for business" (tiers BBB to C) and finally those cities whose lack of openness presents political, social or personal risks (tiers DDD to E). The ratings were created by combining 23 different metrics to provide the basis for the assessment of cities (see table on p46-47).

The Open For Business City Ratings model consists of four pillars which include 23 indicators of competitiveness and inclusion.



See full details on 'How cities are rated' on p46 and 47.

How open for business is your city?

The ratings for 121 cities around the world are presented below. Some of these cities are open for business and are more likely to remain and become globally competitive – and some are not. New York City is the highest scoring city in our model.

City is fully open for business	AAA	Amsterdam Berlin Chicago	Dublin London New York City	San Francisco Stockholm	Toronto Washington DC
	AA	Boston Helsinki Los Angeles	Madrid Melbourne Minneapolis	Montreal Paris	Sydney Vancouver
	A	Atlanta Auckland Barcelona Birmingham, UK	Calgary Dallas Edinburgh Frankfurt	Glasgow Hamburg Houston Munich	Ottawa Stuttgart Wellington
City is partially open for business	BBB	Adelaide Belfast Brisbane	Lisbon Lyon	Perth Singapore	Tel Aviv Tokyo
	BB	Buenos Aires Hong Kong	Osaka Santiago	São Paulo	Yokohama
	B	Bangalore Cape Town Guadalajara	Medellín Mexico City Milan	Nagoya Rio de Janeiro Rome	Seoul Warsaw
	CCC	Athens Bogota Bucharest	Budapest Busan	Durban Ho Chi Minh City	Wroclaw Zagreb
	CC	Bangkok Belgrade Brasilia	Johannesburg Lima	Manila Monterrey	Mumbai New Delhi
	C	Abu Dhabi Beijing Chennai	Dubai Hyderabad	Kuala Lumpur Santo Domingo	Shanghai Tirana
City is not open for business	DDD	Guangzhou Hanoi	Istanbul Kiev	Kingston La Paz	Quito Skopje
	DD	Amman Chongqing	Colombo Jakarta	Moscow Port of Spain	Sarajevo
	D	Almaty Casablanca	Dakar Dhaka	Nairobi	Rabat
	E	Addis Ababa Algiers Baku	Cairo Dar Es Salaam Douala	Jeddah Karachi Lagos	Lahore Riyadh Tehran

KEY:

AAA Global Beacon
AA Prime
A High

BBB Upper Medium
BB Medium
B Lower Medium

CCC Low
CC Low
C Low

DDD Medium Risk
DD Substantial Risk
D High Risk
E Closed

Case study

Medellín

The transformation of a city.

Medellín was named Most Innovative City by the Wall Street Journal⁷⁵; it rates B on our Open For Business Cities Ratings, but 20 years ago this rating would have been considerably lower. There was a time when anti-gay groups called for “cleansing” in the city⁷⁶; and before 1981 homosexuality was illegal in and punishable by up to 15 years in prison.

Today, Colombian law has legal protections for LGBT+ people and the country’s Constitutional Court has ruled in favour of same-sex marriages⁷⁸, paving the way for cities to focus on LGBT+ inclusion. Medellín has an increasingly vibrant LGBT+ community, and its main nightlife area, la zona rosa, now has several “gay, gay-friendly” bars and clubs⁷⁷.

Progress for LGBT+ people in Medellín is part of a broader transformation for the city. It is the second largest urban area in Colombia, and today it accounts for nearly a tenth of the country’s GDP⁷⁸. As well as thriving steel and textiles industries, the city now serves as headquarters for many national and multinational companies. Fashion has become an important part of the economy and culture of the city, which hosts Latin America’s biggest fashion show, *Colombiamoda*.

This success story has its roots in deep crisis. At one point, Medellín was considered the most dangerous city on earth. From 1990 to 1993, more than 6,000 people were murdered annually. Today, the city is seen as a model for urban innovation and economic transformation:

- Its murder rate is down 80% from 1991.⁷⁹
- Its unemployment rate is down from 15% in 2004 to 10% in 2016.⁸⁰
- The poverty rate is down from 36.5% in 2004 to 14.1% in 2016.⁸¹
- Its Gini coefficient (a measure of inequality) dropped from 54.2 in 2008 to 46.3 in 2016.⁸²

These improvements are largely connected to the start of Social Urbanism, a policy enacted by Sergio Fajardo, mayor of Medellín in 2004. Urban development projects typically target infrastructure solutions to physical problems. Medellín opted for a different strategy, using architecture and culture as tools for social inclusion: projects such as the España Library Park and the city’s elevated Metrocable are designed to connect together different parts of Medellín society⁸³.

LGBT+ inclusion has become an important part of this strategy. In 2008, the mayor opened the Center for Sexual and Gender Diversity, which focuses on challenging stereotypes about LGBT+ people, providing employment opportunities, and reducing discrimination. It also hosts sexual diversity roundtables, which allows LGBT+ people to discuss discrimination in the city⁸⁴.

The proactive inclusion of the LGBT+ community is an acknowledgment of the contribution it can make to the cultural life of the city. Luis Bernard Velez, the Center’s director, says, “Medellín is a city that has understood diversity,” and that the Center “was born out of a recognition of the diversity in the city and participation of this community.”⁸⁵

It should be noted that LGBT+ inclusion is not perfect in Medellín. According to Colombia Diversa, there is still a higher-than-average rate of homicides of LGBT+ people, particularly gay men and transgender individuals. There are also issues of forced displacement as a result of threats of violence⁸⁶. This presents an opportunity for Medellín to continue proactively including the LGBT+ community in its continued growth.

Achieving this opportunity is possible, and Medellín is positioned to do it. As a report by the World Economic Forum the importance of this inclusive approach to the transformation of the city: “Medellín has changed in the past 10 years, not just in its spatial dynamics but also in the mentality and perception of its inhabitants who now see culture as an important tool for development.”⁸⁷

⁷⁵ As reported in the ILGA report State-Sponsored Homophobia, 12th Edition – Although the Congress has yet to follow this ruling with legislation.

“

The proactive inclusion of the LGBT+ community is part of the transformation of Medellín.”



Pride march in Medellín
Andrés Hernández

Case study

Bangalore

Competing on a world stage.

Bangalore (or Bengaluru, as it is now officially known) is the world's 4th largest tech cluster⁸⁸, and on track to become the world's largest by 2020, according to the local government.⁸⁹ It is the hub for India's \$150 billion tech sector⁹⁰, which accounts for nearly 10% of the country's GDP⁹¹. It is also home to the largest number of tech start-ups in the country, and the third largest globally⁹², earning it the designation *Silicon Plateau* – India's Silicon Valley.

Top businesses and top talent from around the world are attracted to Bangalore: immigrants make up an estimated 70% of the population⁹³ and almost 50% of migrants to Bangalore are university graduates and post-graduates⁹⁴. More than 400 multinational corporations have located operations in the city⁹⁵ – including Accenture, Bosch, Hitachi, IBM, KPMG, Microsoft, Samsung, and Siemens, alongside native IT giants such as Infosys, Wipro and Tata Consulting Services.

Bangalore is a diverse city that successfully integrates people from many backgrounds and cultures. It has a vibrant LGBT+ community – even though the national context is not inclusive of LGBT+ people. The Bangalore Queer Film Festival has been running for 9 years, showcasing LGBT+ movies and films from all over the world⁹⁶. Bangalore Pride, or Bengaluru Pride & Karnataka Queer Habba, is one of the largest LGBT+ celebrations in India and has been running since 2008⁹⁷ – Karnataka Queer Habba (2017), "About Namma Pride," available at: <http://nammaprider.lgbtq.co.in/about/>. The city's first LGBT+ community group, GoodAsYou, started in 1994⁹⁷. There are no dedicated gay bars in India, but straight bars in Bangalore have weekly LGBT+ parties for the community⁹⁸.

An environment of inclusion and tolerance is part of what the World Economic Forum calls the "soft connectivity" of an urban area⁹⁹, and it is an important element of a city's innovation ecosystem. Here, too, Bangalore excels: it is home to over 200 engineering colleges and has over 400 R&D centers¹⁰⁰. Many of the operation are of significant scale: GE, for example, has its largest integrated multidisciplinary R&D center in Bangalore, where over 5,300 engineers have filed more than 2,250 patents.¹⁰¹

Bangalore's innovation ecosystem is very broad-based, stretching from aerospace to biotech. In aerospace, India's National Aerospace Laboratories and the Indian Space Research Organization are both Bangalore-based, and Boeing, Airbus, and Honeywell also have operations in the city. In biotech, Bangalore has a number of world-class biotech research centers, including the National Centre for Biological Sciences, and the Institute of Bioinformatics and Applied Biotechnology – fuelling biotech entrepreneurial activity.

Bangalore has become a model for how a diverse and tolerant city can compete on a world stage and attract high-value economic activity. Income growth has been high, even by emerging economy standards: from 2007 to 2012 Bangalore's annual real GDP growth rate was 8.1%, higher than the rest of the country (6.8%)¹⁰². The city's population has doubled in the past 15 years, to around 12 million¹⁰³.

This rapid growth comes with significant challenges: Bangalore's infrastructure is struggling to cope with the city's success, and Mercer's 2017 Quality of Living Index ranked the city a low 146. A study by the Indian Institute of Science study says went as far as suggesting the city will be uninhabitable by 2025¹⁰⁴. These are the challenges of rapid growth – and Bangalore shows no signs of slowing down: it took the number one spot in JLL's 2017 City Momentum Index.¹⁰⁵

“

The LGBT community has had a presence in Bangalore longer than the tech sector.”

Vinay Chandran, Bangalore LGBT+ Activist



Pride march in Bangalore
Aijaz Rahi

Case study

Guadalajara

Transition to a high-value economy.

Guadalajara is a classic example of an urban economy evolving from a market town into a production center, and then transforming into a hub for high value industries. The city became established in the 18th century as the agricultural center for the region of Jalisco, but the real engine of economic growth was manufacturing in the twentieth century. Today, the city has a diversified economy, based mainly on commerce and services, and it is transforming into a hub for tech and creative businesses.

The government has a strategy to develop “a high capacity ecosystem to generate high value public innovation and high impact companies”¹⁰⁶. It is doing this by fostering an environment of openness and collaboration in the city, and facilitating communities such as *Hacker Garage* and *Social Valley*. This strategy is accompanied by recognition of the value of diversity: in 2017 Aristóteles Sandoval, the governor of Jalisco, joined the Guadalajara Pride march, to make clear the city’s support for LGBT+ inclusion:

“I’m here today to show how important it is for us to create a modern, tolerant, inclusive and respectful society.... Ours is a diverse society, so we must respect and promote a culture of tolerance and recognize everyone’s rights”¹⁰⁷.

LGBT+ people enjoy increasing recognition and acceptance in Guadalajara, which is known as the “gay capital of Mexico”. Today, there are more than 50 establishments are accredited for “gay tourism” – more than anywhere else in Mexico¹⁰⁸. The legal status of LGBT+ people is improving, too: there is no federal law on marriage equality in Mexico, but in 2013 the state of Jalisco passed a law recognizing same-sex marriage¹⁰⁹. LGBT+ people considering moving to Guadalajara can be reassured that Mexico does have legal protections, provided by a 2011 amendment to the constitution¹¹⁰.

Progress on creating an inclusive society goes hand-in-hand with the transition to a high-value economy. Already, Jalisco exports \$21bn in tech products and services per year¹¹¹ and hosts facilities for international tech companies including Cisco, HP, IBM, Gameloft, Intel, Oracle, and Toshiba. Guadalajara is putting itself on the map for tech: in 2015 it hosted the first “Smart Cities” conference, a global initiative of the Institute of Electrical and Electronics Engineers¹¹²; and in 2017, the city hosted the “Digital Economy Show”, focusing on the fourth industrial revolution.

Guadalajara has also become a hub for Mexico’s creative sector: the country has become one of the world’s top-20 exporters of creative industry products and services.. A major project is underway to build a cluster of creative professionals and companies, called the Creative Digital City (Ciudad Creativa Digital, CCD). It is set to generate \$15B in investment, 550 new “audiovisual, digital and interactive production” businesses, and employing around 30,000 people.¹¹³

This economic activity is fueled by a young, well educated population: 25% of the people who live there are under 25¹¹⁴, and Jalisco has 12 universities, including the prestigious Tecnológico de Monterrey, creating an IT funnel of 85,000 graduates a year¹¹⁵. UN Habitat expects the city’s population to increase from around 3 million in 1990 to around 5 million in 2025¹¹⁶; unlike cities such as Singapore, Guadalajara doesn’t seem to have a problem holding on to its graduates

Sandoval, Jalisco’s governor, is keen to position Guadalajara as an open, welcoming city. When U.S. President Donald Trump signed executive orders to limit H-1B visas, making it harder for U.S. tech companies to bring in high skilled workers from overseas, Sandoval declared Guadalajara a “sanctuary for high-skilled workers”. Tech

Mahindra, one of India’s largest IT companies, immediately announced it would double its operations in Mexico if the US makes it more difficult for Indians to get skilled visas¹¹⁷. Sandoval penned an open letter to Silicon Valley companies, promoting Guadalajara’s inclusiveness:

“Jalisco’s population boasts a range of cultures, religions, ethnicities, and spoken languages. [The city] offers an enviable quality of life, in a community that is made even more rich thanks to the diversity of our people.”¹¹⁸

“

Progress on creating an inclusive society goes hand-in-hand with the transition to a high-value economy.”



Pride march in Guadalajara, opened by the Governor
@adn40mx

Case study

Ho Chi Minh City:

Rising up the value chain.

Ho Chi Minh City is forecast to become Asia's second fastest-growing economy over the next five years¹¹⁹, and this growth is already well underway. In the first six months of 2017 the economy expanded 7.76%; the city registered 18,000 enterprises with capital totaling US\$10 billion; and Foreign Direct Investment registered at \$2.15 billion – double the figure for the preceding year¹²⁰. Ho Chi Minh City Ranks 15th on Mastercard's Global Destination Cities index, with foreign arrivals growing at 11.1% annually since 2009¹²¹.

Thirty years ago Vietnam was one of the poorest nations on earth. In 1986 the average annual income was around US \$100. This figure is now almost \$2,000 – and double that in Ho Chi Minh City¹²². The city is showing all the signs of transition into a modern, globally connected hub for higher-value businesses. Already the service sector is the biggest part to the economy, contributing 57.8%¹²³. International technology companies have located advanced production facilities in the city, including Samsung, Intel and Foxconn. Intel's general manager for Vietnam told the media in 2015, "We see the broader technology ecosystem in Vietnam steadily rising up the value chain."¹²⁴

This steady ascent up the value chain has progressed hand-in-hand with increasing acceptance of LGBT+ people. In 2001, homosexuality was taken off Vietnam's official list of mental illnesses, although state-run media still referred to it as a "social evil". Since then a genuine dialogue has been taking place in Vietnam, and the journey towards greater acceptance for LGBT+ people is well begun:

- In 2012, Vietnam's Justice Minister became the first member of the government to speak out in favor of LGBT+ rights, saying it is "unacceptable to create social prejudice against the

homosexual community"¹²⁵. The first Viet Pride parade took place – this has grown into an annual event attended by tens of thousands of people.

- In 2013, a campaign for Marriage Equality, Tôì Đông Ý, reached millions of people and gained the backing of prominent Vietnamese celebrities and influencers¹²⁶.
- In 2014, a law was passed decriminalizing same-sex marriages, although the law does not offer recognition or protection to unions between people of the same sex¹²⁷.
- In 2015, sex reassignment surgery was legalized and the right to legal gender recognition for transgender people was introduced – a "small, but significant step toward recognizing transgender people's rights", according to Human Rights Watch¹²⁸.
- In 2016, Vietnam was one of the only Asian countries to vote in favour of a United Nations resolution on protection for LGBT+ people.

Local activists describe Ho Chi Minh City as "the paradise for LGBT+ in Vietnam"¹²⁹, and the city has more LGBT+ friendly bars than most other Asian cities.¹³⁰ This sends a clear signal that it has a tolerant, dynamic cultural life. Young high-skilled workers want to move to diverse, progressive cities where they can fit in and do well – whether or not they are LGBT+. The growth of LGBT+ inclusion in Ho Chi Minh indicates that it is an open, inclusive city, rapidly becoming a globally integrated place to do business.

Continuing to appeal to a global talent-base of high skilled workers will be crucial if Ho Chi Minh City is to meet its projected rate of growth. In IT, for example, Vietnam will need 400,000 skilled workers by late 2018, but there are only 250,000 engineers in the field at present¹³¹. But many expect the growth trajectory to continue: Ho Chi

Minh City ranks number two in JLL's 2017 City Momentum Index.¹³² Progress on LGBT+ inclusion may continue to play a part in the changing fortunes of Ho Chi Minh City, which Forbes magazine has called "the quiet economic success story of Asia"¹³³.

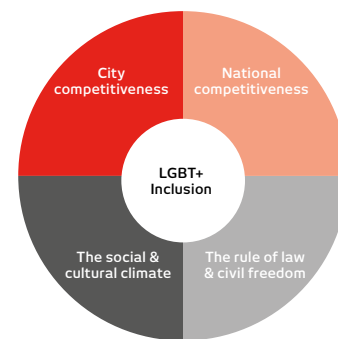
“

Looking at the open environment that Ho Chi Minh City offers for LGBT people compared to other areas, we understand why people, especially young and talented ones, usually choose this land.”

Ngo Le Phuong Linh, Program Officer, Work with Pride, Vietnam.



Gay Pride Parade in Vietnam
VietPride



How cities are rated

The Open For Business City Ratings are determined by a combination of 23 metrics that covering a range of social, economic and legal factors, looking at different aspects of city competitiveness, national competitiveness, cultural attitudes, governance and rule of law. These metrics are described in the table below. These are then evaluated in the context of relevant information not captured in the datasets, in consultation with local civil society groups as appropriate.

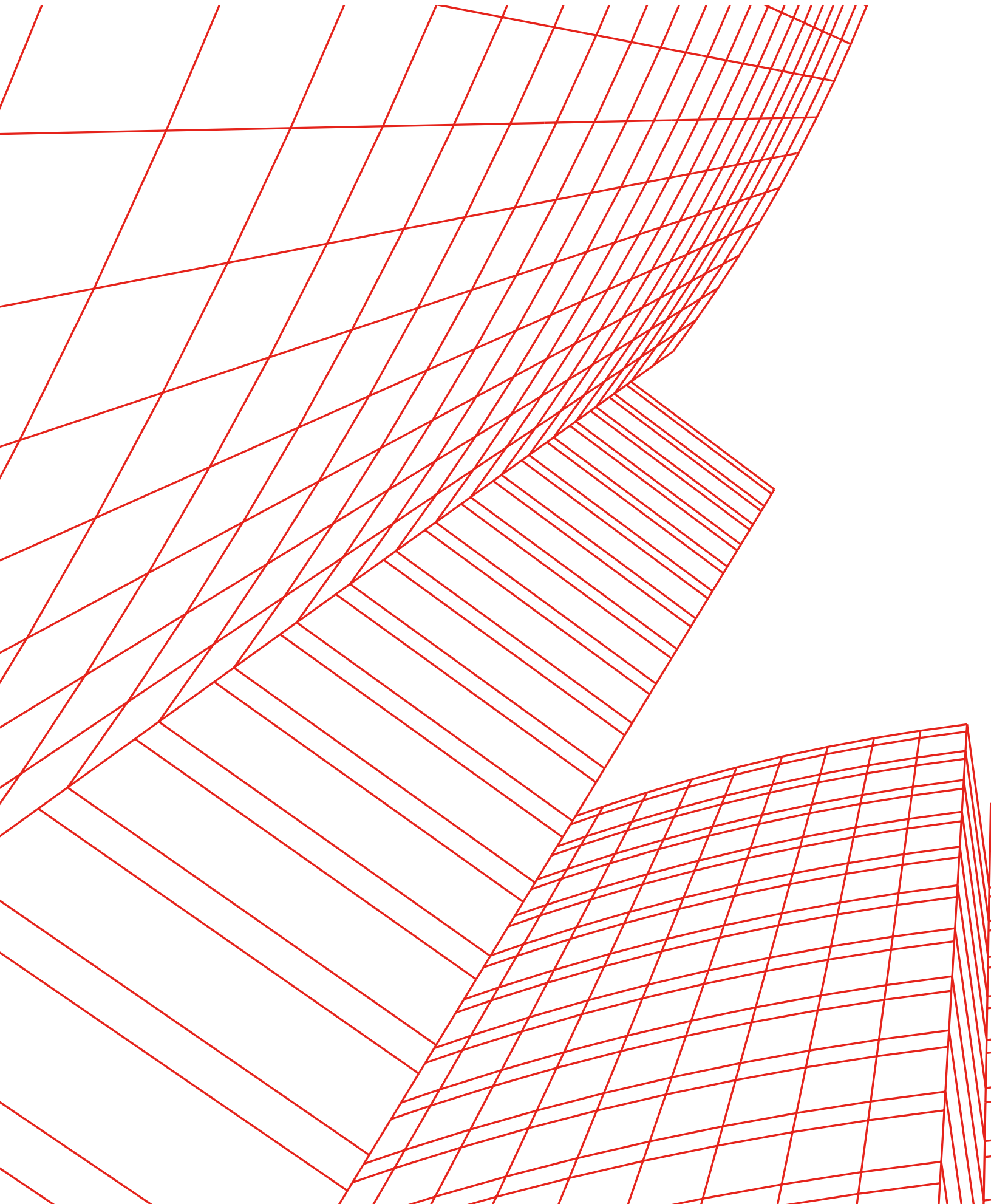
	Metric	Source	Year	Description
City competitiveness				
Economy	City GDP Per Capita	McKinsey Global Institute	2015	Data from the McKinsey Urban World app, an extrapolation of the data presented in McKinsey Urban World. Data for India and China came from MGI's models for city-level GDP. Data for the US, Canada, Western Europe, Northeast Asia, and a large part of Latin America came from national statistic offices. Data for the rest of the world came from third-party data providers or econometric estimations carried out by MGI.
	City GDP Per Capita Growth	McKinsey Global Institute	2015 to 2030	Data from the McKinsey Urban World app, an extrapolation of the data presented in McKinsey Urban World. Rates are projected for each city by adjusting the national growth rate upward or downward proportionally based on past relative GDP per capita performance. More detail is available in the aforementioned report.
	Number of companies headquartered	Crunchbase	2017	Crunchbase is a knowledge platform for investors, companies, researchers, and journalists. It compiles a database of companies that are based in each city around the world, drawn from input from 3400 global investment firms and a large community of executives, entrepreneurs, and investors.
Innovation	Innovation potential	2thinknow	2016	A measure of a city's potential for innovation, as determined by 2thinknow's Innovation Cities Index. There are 500 cities analyzed and ranked. The index uses 162 quantitative and qualitative indicators.
Connectivity	Number of international conferences	International Congress and Convention Association	2016	The measure provides a proxy to determine how globally connected and welcoming to a diverse population a city is. The ICCA measures the number of international conventions that occur in each city around the world. They analyzed 12,212 rotating international association meetings which took place in 2016. To be included, a meeting must be held on a regular basis, have at least 50 delegates, and rotate between at least three countries.
	Population density	Demographia	2017	The Demographia World Urban Areas report provides population density for all 1,040 urban areas with a population greater than 500,000. Demographia uses a variety of sources to provide the most updated population and land areas statistics, including national census authorities, the United Nations, Africapolis statistics, and satellite imagery.
Quality of Living	Quality of living	Mercer	2017	The Mercer Quality of Living Survey evaluates quality of living based on data from 231 cities on 39 factors including political, economic, environmental, personal safety, health, education, transportation and other public services.
National competitiveness				
Economy	Global competitiveness	World Economic Forum	2017	The WEF Global Competitiveness Index combines 114 indicators that capture concepts that matter for productivity and long-term prosperity. The result is an index of 137 economies, ranked by their competitiveness on the global stage.
	National GDP growth	World Bank	2015 to 2016	The 2016 annual GDP growth rate, based on data from the World Bank's database.
Innovation	Innovation potential	INSEAD/World Intellectual Property Organization/ Cornell University	2017	The Global Innovation Index combines 81 indicators exploring a broad vision of innovation, including political environment, education, infrastructure and business sophistication.

	Metric	Source	Year	Description
National competitiveness				
Connectivity	Networked readiness	World Economic Forum	2016	The WEF Networked Readiness Index measures each country's "preparedness to reap the benefits of emerging technologies and capitalize on the opportunities presented by the digital transformation and beyond." The index combines 53 individual indicators across regulatory and market environment, infrastructure, affordability, usage, and social and economic impact.
	Trade to GDP ratio	World Bank	2016	The total amount of inbound and outbound trade a country does, compared to its GDP in 2016. Serves as a measure of how connected a country is to the global economy.
Business-friendly	Ease of doing business	World Bank	2017	Countries are ranked on their ease of doing business, from 1-190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.
Skills	Net inflow of university students	UNESCO	2016	The total net inflow of students attending university in a certain country. This indicates the openness of a country to foreigners and the quality of a country's higher education institutions.
The social & cultural climate				
Popular attitudes	Attitudes toward sexual orientation	ILGA	2017	A combined score using data from the 2017 ILGA/RIWI public attitudes survey. The sexual orientation score averages the net positive responses from questions measuring the following: <ul style="list-style-type: none"> • how people treat gay/lesbian neighbors • what portion of people know an openly LGB person • how many people believe the workplace should be free from discrimination • how many people believe that LGB people should not be criminalized • how many people are comfortable socializing with an LGB person.
	Attitudes towards gender identity	ILGA	2017	A combined score using data from the 2017 ILGA/RIWI public attitudes survey. The gender identity score averages the net positive responses from questions measuring the following: <ul style="list-style-type: none"> • how people treat a transgender neighbor • how many people believe the workplace should be free from discrimination • how many people believe a person should have legal recognition of their gender identity.
City inclusiveness	City LGBT+ Inclusion Score	Lonely Planet/Open For Business analysis	Various	Lonely Planet Travel Guides publish a description of how welcoming a city is to LGBT+ tourists. This provides a proxy to determine how open a city is for LGBT+ people. For further methodology, please see the main body of the report.
	Political supportiveness from city officials	Municipality websites, media outlets	Various (data pulled October 2017)	A measure of how supportive the city government is of the LGBT+ community. The score incorporates the following measures <ul style="list-style-type: none"> • LGBT+ resources are available on a city's website • City LGBT+ advisory committee • Positive public statement from city official • Pride parade that takes place without government restriction.
The rule of law & civil freedom				
Rule of Law	Rule of law	World Bank	2016	According to the World Bank, "Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence."
	Perception of corruption	Transparency International	2016	The Corruption Perceptions Index "scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of reputable institutions."
Civic freedom	Civil liberty	Freedom House	2017	The Freedom in the World report scores each country according to the strength of political rights and civil liberties.
	Press freedom	Reporters without Borders (RSF)	2017	The World Press Freedom Index is determined by analyzing responses of experts to a questionnaire devised by RSF. This is combined with reports of abuse against the press to create a holistic score.
LGBT+ Legal Situation	Status in law	Equaldex, ILGA, other sources	Various (data pulled October 2017).	A combined score looking at the status of the following LGBT+ specific laws: Same-sex activity, same-sex marriage, same-sex adoption, general LGBT+ discrimination protections, LGBT+ discrimination protections in employment, conversion therapy, and the right to change one's legal gender.

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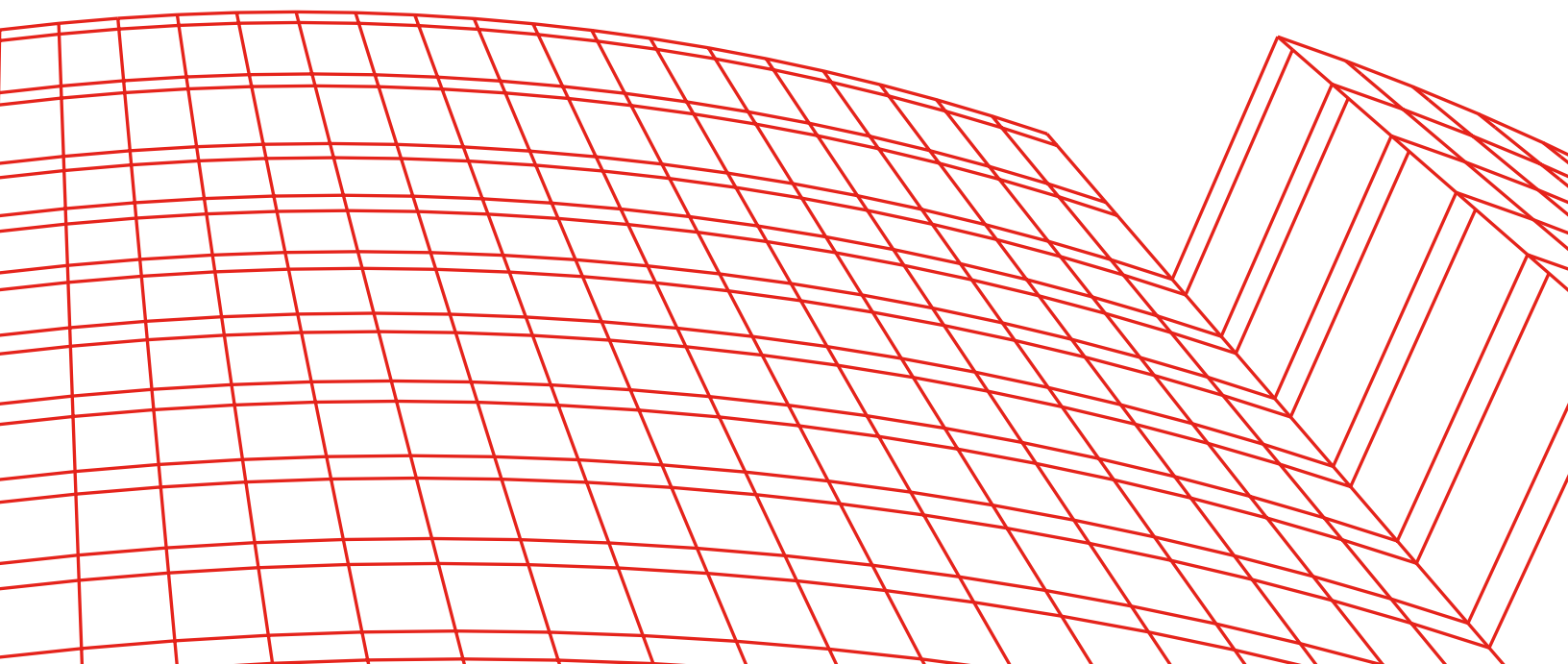
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- 131 The Hanoi Times (2017), "Vietnam needs more highly-skilled IT workforce," available at: <http://hanoitimes.com.vn/science-tech/2017/07/31e0b425/vietnam-needs-more-highly-skilled-it-workforce/>
- 132 JLL (2017), "City Momentum Index 2017," available at: <http://www.jll.com/research/189/jll-city-momentum-index-2017>
- 133 See source 121



Part 3

The evidence base

Strengthening the evidence base	p52
A. Economic performance	p54
B. Business performance	p66
C. Individual performance	p75



Strengthening the evidence base

Businesses thrive in tolerant societies, and the spread of anti-LGBT+ policies runs counter to the interests of business and economic development. This section presents the evidence base that supports this: it demonstrates that open, inclusive and diverse societies are better for business and better for economic growth.

Since the publication of the first Open For Business report in 2015, there has been a growing body of research on LGBT+ inclusion: the updated evidence base presented in this section is based on a review of *166 new pieces of evidence* – studies, reports, articles and presentations. These include many strands of work that study the subject from different angles, including economic growth and development, business performance and productivity, and human resources and talent management.

This section aims to synthesize a broad and fragmented evidence base into a clear and comprehensive economic case. The two years since the publication of the first report have shown that the economic case has the power to catalyze a consensus in the global business community, as well as fuelling conversations on-the-ground in countries with anti-LGBT+ policies. The new evidence presented in this section aims to build on this momentum: it represents an ever-stronger economic case for LGBT+ inclusion.

What's new?

The business and economic case for LGBT+ inclusion exists has been updated and strengthened with new evidence. Alongside the comprehensive evidence presented in the first Open For Business report, this report presents compelling new data. Highlights include:

- **National Competitiveness:** new evidence shows that LGBT+ inclusion is strongly linked to national economic competitiveness – which underpins the ability of countries to sustainably grow the prosperity of their citizens. *See Proposition 1.*
- **Corruption:** new data shows LGBT+ discrimination is associated with corrupt practices and a lack of openness: LGBT+ inclusion may signal a country is a good place to do business. *See Proposition 3.*
- **Innovation:** new research indicates companies that are more diverse and inclusive have higher levels of innovation and creativity, and they are better able to foster a culture of innovation. *See Proposition 14.*
- **LGBT+ Consumer Power:** the spending power of the global LGBT+ community is greater than the GDP of Germany, UK, India or Brazil. Several new studies illustrate the large, growing, global spending power of LGBT+ consumers. *See Proposition 17.*
- **Brand Strength:** new evidence demonstrates that LGBT+ inclusion attracts non-LGBT+ consumers too – inclusive and diverse companies have greater brand appeal and loyalty with a broad range of consumers. *See Proposition 18.*
- **Employee Engagement:** new studies find that employees at inclusive companies are more likely to say they are proud to work for their employer, and are significantly more likely to “go the extra mile” for their company’s success. *See Propositions 22 and 26.*
- **Financial Performance:** several studies show improved financial results for LGBT+ inclusive companies: they have better share price performance, higher return on equity, higher market valuations and stronger cash flows. *See Proposition 19.*

The business and economic case for LGBT+ inclusion exists on three levels – economic performance, business performance and individual performance – and the evidence base is presented in the 27 Propositions, outlined opposite.

A. Economic performance

The evidence shows that open, inclusive and diverse societies are better for economic growth, and that discrimination on the basis of sexual orientation or gender identity can damage long-term economic prospects.

Proposition 1: Competitiveness

LGBT+ inclusive economies are more competitive.

Proposition 2: Entrepreneurship

LGBT+ inclusion results in higher levels of entrepreneurship, creativity and innovation.

Proposition 3: Corruption

LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.

Proposition 4: Direct Investment

LGBT+ inclusion is associated with higher levels of direct investment.

Proposition 5: Global Markets

LGBT+ discrimination may inhibit local companies from connecting to global markets.

Proposition 6: Brain Drain

LGBT+ discrimination results in a 'brain drain' – the emigration of talented and skilled individuals.

Proposition 7: Public health

LGBT+ discrimination leads to negative economic consequences as a result of poor health outcomes.

Proposition 8: National Reputation

LGBT+ discrimination impacts perceptions on a world stage, which drive tourism, talent attraction and export markets for consumer goods.

Proposition 9: National Productivity

LGBT+ discrimination leads to lower levels of national productivity.

Proposition 10: Urban Economic Development

LGBT+ inclusion signals a diverse and creative environment, which creates the right conditions for urban economic development.

Proposition 11: National Economic Development

LGBT+ inclusive economies have higher levels of economic development.

B. Business performance

Stronger financial performance flows from the increased ability of LGBT+ inclusive companies to attract and retain talent, to innovate, and to build customer loyalty and brand strength.

Proposition 12: Attracting Talent

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

Proposition 13: Retaining Talent

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

Proposition 14: Innovation

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

Proposition 15: Collaboration

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

Proposition 16: Customer Orientation

Companies that are more diverse and inclusive are better able to anticipate the needs of all customers, and to access a broader client base.

Proposition 17: LGBT+ Consumers

Companies that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers

Proposition 18: Brand Strength

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

Proposition 19: Financial Performance

Companies that are LGBT+ inclusive have better share price performance, higher return on equity, higher market valuations and stronger cash flows.

C. Individual performance

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 LGBT+ individuals.

Proposition 20: Authenticity

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

Proposition 21: Motivation

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

Proposition 22: Affinity

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

Proposition 23: Satisfaction

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

Proposition 24: Health

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

Proposition 25: Speaking Up

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

Proposition 26: The Extra Mile

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

Proposition 27: Individual Productivity

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

A. Economic performance

Stronger growth and higher levels of entrepreneurialism.

The evidence shows that open, inclusive and diverse societies are better for economic growth, and that discrimination on the basis of sexual orientation or gender identity can damage long-term economic prospects.

The following pages show the evidence that LGBT+ inclusion can boost economic growth, improving a country's ability to connect to global markets and attract investment, whilst anti-LGBT+ policies can act as a drag on a country's productivity. LGBT+ inclusion is associated with higher levels of entrepreneurship; by contrast, entrepreneurs are likely to leave places with LGBT+ discrimination, which may suffer from a "brain drain" of skilled workers.

The research also indicates that LGBT+ discrimination often goes hand-in-hand with a culture of corrupt practices and a lack of openness; for the leaders of global businesses, LGBT+ inclusion is a signal that a country may be a good place to do business in.

This report presents new data showing a clear association between LGBT+ inclusion and economic competitiveness at a national level: LGBT+ inclusive countries are more likely to have the institutions, policies and infrastructure that allow them to grow sustainable economic prosperity.

Propositions

Proposition 1: Competitiveness

LGBT+ inclusive economies are more competitive.

Proposition 2: Entrepreneurship

LGBT+ inclusion results in higher levels of entrepreneurship, creativity and innovation.

Proposition 3: Corruption

LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.

Proposition 4: Direct Investment

LGBT+ inclusion is associated with higher levels of direct investment.

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LGBT+ discrimination may inhibit local companies from connecting to global markets.

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Proposition 9: National Productivity

LGBT+ discrimination leads to lower levels of national productivity.

Proposition 10: Urban Economic Development

LGBT+ inclusion signals a diverse and creative environment, which creates the right conditions for urban economic growth.

Proposition 11: National Economic Development

LGBT+ inclusive economies have higher levels of growth in Gross Domestic Product.

Proposition 1: Competitiveness

LGBT+ inclusive countries are more likely to have the institutions, policies and infrastructure that allow them to grow sustainable economic prosperity.

The ability of countries to sustainably grow the prosperity of their citizens depends upon the competitiveness of their economies. Aside from a stable macroeconomic framework, competitive economies are characterised by strong institutions, appropriate infrastructure and public services, and policies directed at promoting efficient markets and ease-of-doing business. The evidence shows a clear association between LGBT+ inclusion and economic competitiveness at a national level.

The evidence shows that, on a number of measures, LGBT+ inclusive countries are more competitive. This is demonstrated using data on the net approval of same-sex relationships (the margin between those who believe people should be allowed to have same-sex relationships and those who don't) from the International LGBTI Association (ILGA)^a:

LGBT+ inclusive countries are more competitive. The annual World Economic Forum Competitiveness Index gives a comprehensive assessment of the competitiveness of national economies around the world. Net approval of same-sex relationships is a clear predictor of competitiveness.

→ World Economic Forum (2017) The Global Competitiveness Report 2017-2018

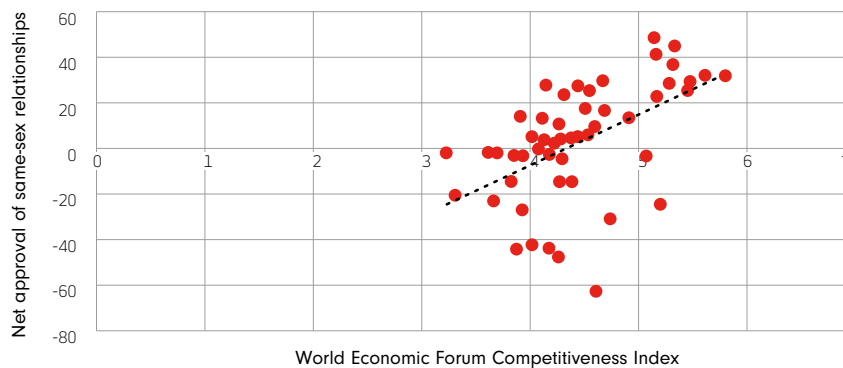


Figure 1: LGBT+ Inclusion and Competitiveness

Ease of doing business is higher in LGBT+ inclusive countries. The World Bank publishes annual data on how easy it is to do business in countries around the world. Net approval of same-sex relationships is a clear predictor of how easy it is to do business in a country.

→ World Bank (2017) Doing Business 2018: Measuring Business Regulations

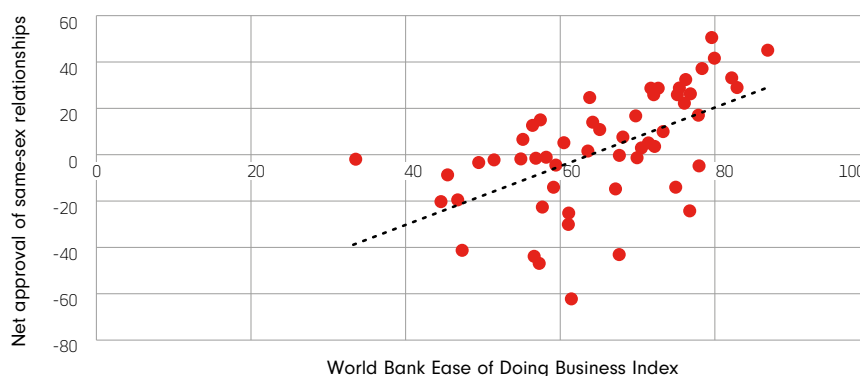


Figure 2: LGBT+ Inclusion and Ease of doing business

^a ILGA (2017) Minorities Report 2017: attitudes to sexual and gender minorities around the world http://ilga.org/downloads/ILGA_RIWI_Minorities_Report_2017_Attitudes_to_sexual_and_gender_minorities.pdf

A. Economic performance continued

Proposition 1: Competitiveness continued

LGBT+ inclusion is closely correlated to economic development: data on LGBT+ tolerance in 160 countries from Gallup World Poll correlates with economic output per person - the basic measure of economic development. The correlation is high (.72) which is strikingly clear when visualized (Figure 3).

→ Florida, R. (2014), The Global Map of Homophobia



Figure 3: LGBT+ Inclusion and talent competitiveness

LGBT+ inclusive countries are more innovative. The Global Innovation Index measures country innovation through metrics on “innovation inputs” (e.g. R&D spend, IT infrastructure, education) and “innovation outputs” (knowledge creation and impact). The index correlates strongly with net approval of same-sex relationships, with a value of 0.74. The correlation is visualised in Figure 4.

→ Cornell INSEAD WIPO (2017) The Global Innovation Index

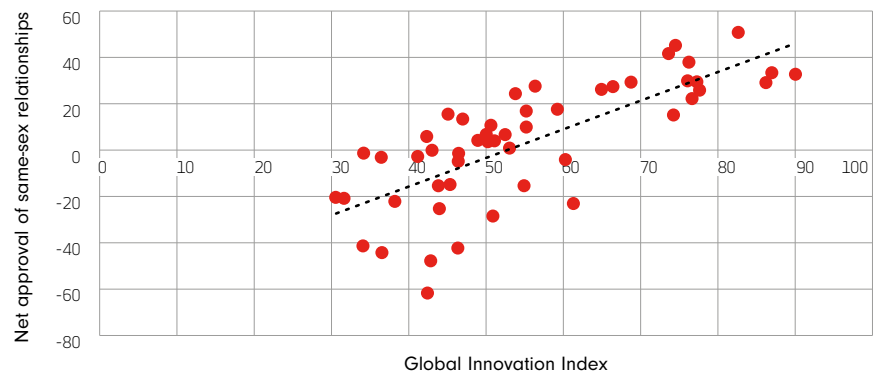


Figure 4: LGBT+ Inclusion and innovation

Proposition 2: Entrepreneurship

LGBT+ 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 economies¹.

An extensive two-year United Nations study found that global development is entering a phase when entrepreneurship will play a more important role than ever². The findings of historians, economists and management scientists all support the view that entrepreneurship can stimulate economic growth, job creation and material wellbeing³, 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

LGBT+ 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.

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

States with anti-LGBT+ policies lose entrepreneurs - and jobs: more than 1 million jobs created by LGBT+ entrepreneurs left discriminatory states in favor of inclusive states, between 2005 and 2014. Of those, 78% moved to California, New York and Illinois.

- StartOut (2016), The State of LGBT Entrepreneurship in the U.S.



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, POLAND

A. Economic performance continued

Proposition 3: Corruption

LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.

LGBT+ inclusion has been described as “the canary in the mine” of business-friendly countries⁴: the abuse of LGBT+ rights is usually associated with a general lack of openness and transparency, and is often part of an atmosphere of favoritism and nepotism. Lack of transparency may favour discrimination against LGBT+ people and so LGBT+ inclusion may indicate that a country is a transparent 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* 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*⁵.

LGBT+ 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 (2017)
Interactive Maps:
<https://www.maplecroft.com/>

Anti-LGBT+ countries often resist anti-corruption efforts: of the 15 states that have not ratified the UN Convention on Corruption, same-sex sexual relations are illegal in 9 of them, and LGBT+ people face legal challenges in the remaining 6 countries.

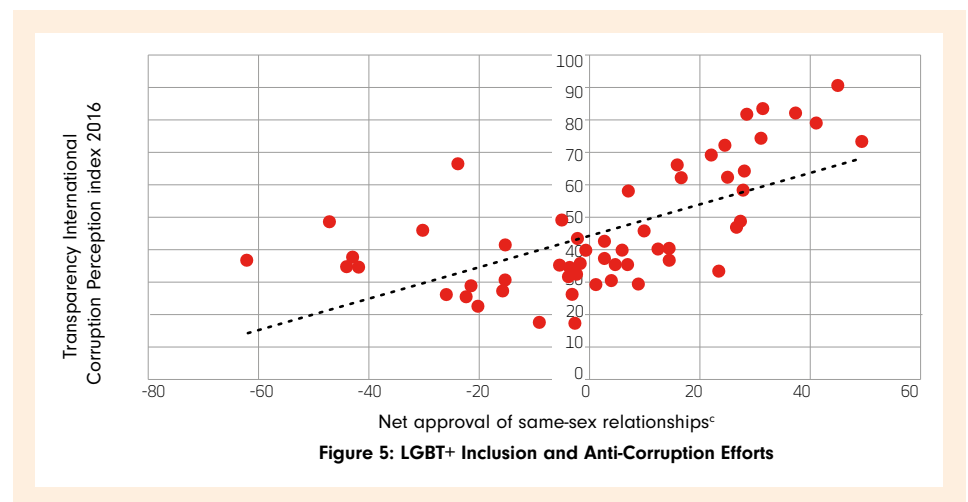
UNODC ‘United Nations Convention against Corruption Signature and Ratification Status as of 1 April 2017’

ILGA (2017), *State-Sponsored Homophobia – A World Survey of Laws: criminalization, protection and recognition of same-sex love*

Hostility to LGBT+ groups signals a broader lack of openness: governments that shut down NGOs focusing on LGBT+ 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 LGBT+ inclusion is a signal that a country may have a lower risk of corruption, we would expect to see a correlation between levels of corruption and measures of attitudes towards LGBT+ people. To test this, we used Transparency International’s *Corruption Perception Index*⁶, an annual ranking of countries “by their perceived levels of corruption, as determined by expert assessments and opinion surveys.”^b This was compared to data on attitudes to same-sex relationships, and showed a strong correlation with a value of 0.63 (see Figure 5). As ever, this does not imply any direct causal link between corruption and LGBT+ inclusion; but it does strengthen the proposition that LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.



b 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: <https://www.transparency.org/research/cpi/overview>

c ILGA (2017) *Minorities Report 2017: attitudes to sexual and gender minorities around the world* http://ilga.org/downloads/ILGA_RIWI_Minorities_Report_2017_Attitudes_to_sexual_and_gender_minorities.pdf

Proposition 4: Direct Investment

LGBT+ inclusion is associated with higher levels of 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 helps 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 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

Anti-LGBT+ policies deter Direct Investment: U.S. companies have demonstrated readiness to cancel investment plans in states passing anti-LGBT+ legislation. For example, CoStar Realty, Deutsche Bank, Google Ventures, PayPal pulled investment from North Carolina following the passing of an anti-LGBT+ bill.

→ Forbes (2016), North Carolina’s Bathroom Bill Flushes Away \$630 Million In Lost Business

A. Economic performance continued

Proposition 5: Global Markets

LGBT+ 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 companies and organisations trading in this global marketplace tend to be those who have implemented global standards of best practice with regard to diversity and inclusion – and they expect the same of those they do business with. Therefore, local 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 LGBT+ people. Examples include BP⁷, BMW⁸, BASF⁹, Chevron¹⁰, Cisco¹¹, Intel¹², Marriott¹³, Shell¹⁴ and Siemens¹⁵.

Anti-LGBT+ 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.

Apple¹⁶

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.

Caterpillar¹⁷

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.

EY¹⁸

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.

IBM¹⁹

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 Corporation²⁰

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.

Sony²¹

Proposition 6: Brain Drain

LGBT+ 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 2000²². 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 away²³.

Skilled workers emigrate to more LGBT+ inclusive countries: reports claim that significant emigration as a result of anti-LGBT+ environments has taken place in India²⁴, Jamaica²⁵, Nigeria²⁶, Russia²⁷, and Uganda²⁸.

“

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

“

We know that many LGBT 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, JFLAG, JAMAICA

“

There is a lot of anecdotal evidence of people leaving because of harsh LGBT+ 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

A. Economic performance continued

Proposition 7: Public Health

LGBT+ 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. Conversely, poor health is a drag on the economy in terms of lost productivity and increased health related expenditure.

LGBT+ people face poorer health outcomes than the general population worldwide and are more vulnerable to health disparities in countries that do not support LGBT+ inclusion²⁹. This is partly because LGBT+ people face barriers in accessing health care - including denial of care, inadequate care, or simply a reluctance to seek medical attention due to previous experience of or fear of discrimination or criminal penalties.

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

Anti-LGBT+ environments create health-related economic inefficiencies: there is much evidence to suggest that poor health affects LGBT+ 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 stigma and the exclusion of LGBT people: a case study of India

LGBT+ people suffer higher rates of depression and suicidal thoughts: numerous studies have established that a higher burden of poor health exists among LGBT+ people compared to the general population and that the mental health of transgender people is an acute concern³⁰. As a result of discrimination, rates of depression among gay men, 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 stigma and the exclusion of LGBT people: a case study of India

→ OutRight Action International (2017), Agenda 2030 for LGBTI Health and Well-Being

Prejudice leads to poor health outcomes for LGBT+ individuals: anti-LGBT+ prejudice, stigma, and discrimination, expose LGBT+ individuals to excess stress, which, in turn, causes adverse health outcomes, resulting in health disparities for LGBT+ compared with heterosexuals.

→ Meyer, I. H. (2003), Prejudice, Social Stress, and Mental Health in Lesbian, Gay, and Bisexual Populations: Conceptual Issues and Research Evidence, *Psychol Bull.* 2003 Sep; 129(5): 674-697

Anti-LGBT+ legislation threatens the fight against HIV/AIDS: the consensus of medical opinion holds that the prospect of criminal prosecution could dissuade, gay and bisexual men and trans women who worldwide are disproportionately burdened by HIV, 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-LGBT+ 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 stigma and the exclusion of LGBT people: a case study of India

Proposition 8: National Reputation

LGBT+ discrimination impacts perceptions on a world stage, which drive 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 nations³¹, helping to cultivate a positive climate of opinion, and enabling the exercise of 'soft power'.

The persecution of minorities such as LGBT+ 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, JFLAG, JAMAICA

“

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

Proposition 9: National Productivity

LGBT+ 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 Krugman³². 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-LGBT+ policies reduce the productivity of LGBT+ individuals, whilst open and inclusive policies are likely to increase productivity for everyone:

Anti-LGBT+ policies act as a drag on productivity: research has found that the effects of exclusionary treatment of LGBT+ 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 stigma and the exclusion of LGBT people: a case study of India

Reduced GDP results from productivity impacts of anti-LGBT+ environments: Studies for the World Bank and the Williams Institute led by Professor Lee Badgett have estimated that labor-related losses due to homophobia cost the economy as much as \$30.8 billion in India in 2012, and \$12 billion in Indonesia in 2015.

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

→ Badgett, M.V.L., Hasenbush, A. & Ekaprasetia Luhur, W. (2017), LGBT Exclusion in Indonesia and Its Economic Effects

Anti-LGBT+ policies reduce the skill level in the workforce: evidence from Indonesia shows that LGBT+ individuals are held back from developing their skills and are therefore unable to make their full contribution to economic productivity.

→ Badgett, M.V.L., Hasenbush, A. & Ekaprasetia Luhur, W. (2017), LGBT Exclusion in Indonesia and Its Economic Effects

A. Economic performance continued

Proposition 10: Urban Economic Development

LGBT+ inclusion signals a diverse and creative environment, which creates the right conditions for urban economic development.

This proposition is explored in depth in Section 3 of this report, page 20.

Why do LGBT+ inclusive cities have better economic performance?

Our analysis shows that LGBT+ inclusion can boost competitive advantage in cities in three main areas, each of which is explored in detail over the following pages:

(i) Innovation

The capacity to foster innovation is a key driver of city competitiveness. This is particularly true at a time of global disruptive technological change, when a city's industrial and economic orientation may quickly change. The evidence shows that innovation in cities and LGBT+ inclusion go hand-in-hand.

(ii) Talent and skills

Cities with advanced education and high-level skills are better able to compete in today's global economy, and attracting talented and skilled professionals is a priority for cities. The evidence shows that LGBT+ inclusive cities have higher concentrations of talented individuals.

(iii) Quality of Living

Providing a good quality of living is essential for cities seeking to compete on a world stage. The evidence shows that quality of living goes hand-in-hand with LGBT+ inclusion, and the presence of a visible LGBT+ community may be taken as a signal that a city will be a attractive place to live.

Proposition 11: National Economic Development

LGBT+ inclusive economies have higher levels of economic development

Economic growth is usually a central policy objective for politicians and governments: it is frequently associated with overall increases in quality of life and can be the main driver of alleviating poverty. It is conventionally measured as the growth in Gross Domestic Product (GDP), adjusted for inflation (to allow meaningful comparison over time), and often expressed in terms of purchasing power parity (to allow meaningful comparison across countries).

LGBT+ inclusion is closely correlated to economic development: data on LGBT+ tolerance in 43 countries measuring the degree of support for same-sex relationships published by ILGA correlates (0.61) with the historic absolute rise in GDP per capita between 1980 and 2016. Countries selected based on availability of LGBT inclusion data and overlap with economic development data from the International Monetary Fund (IMF). There is a similarly strong correlation (0.59) between the data on LGBT+ tolerance and the IMF's prediction of the rise in GDP per capita between 2016 and 2022.

→ IMF (2017), World Economic Outlook Database: Gross Domestic Product per capita, PPP, International Dollars

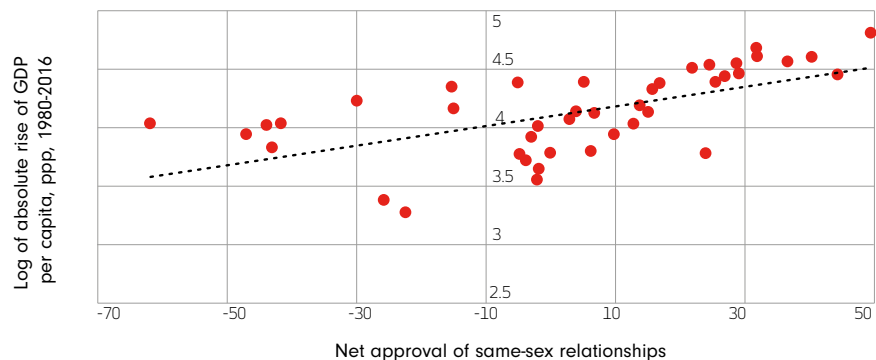
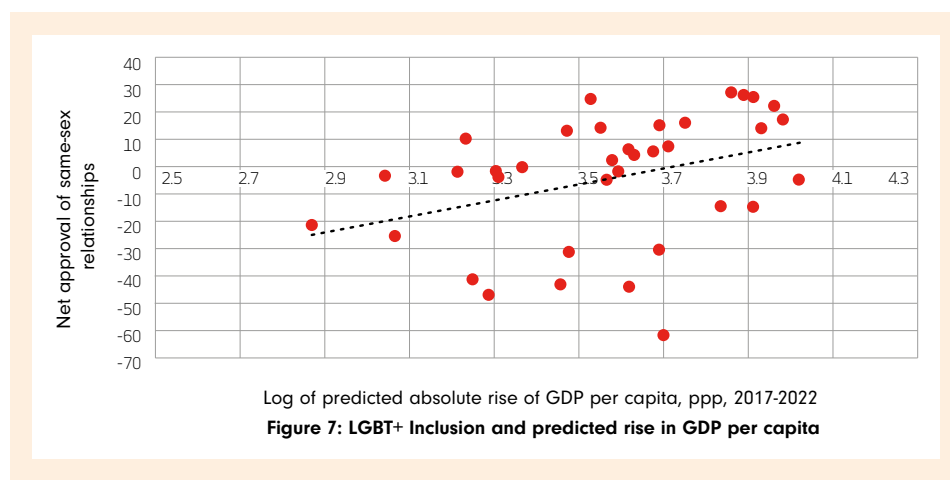
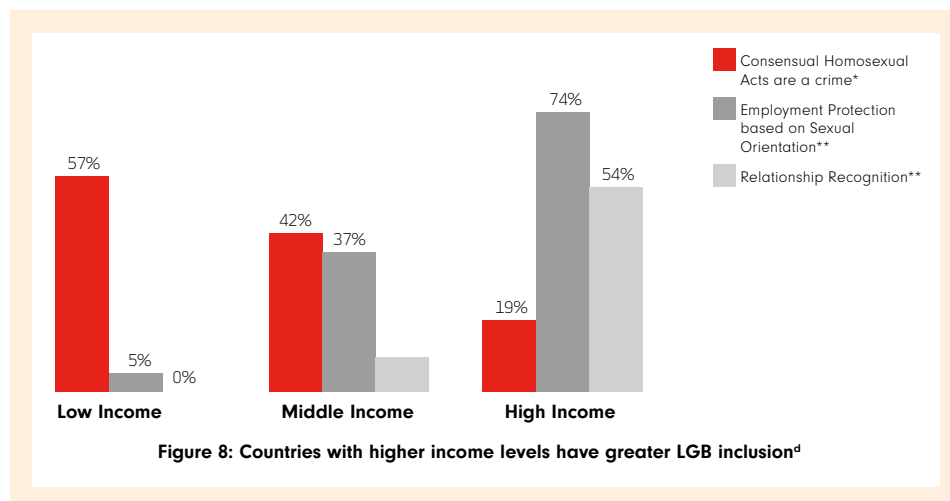


Figure 6: LGBT+ Inclusion and rise in GDP per capita



Anti-LGBT+ countries are more likely to be low-income economies: figure [XXX] shows that high-income countries are more likely 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.

→ Badgett, M.V.L., et al. (2014), The Relationship Between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies



Each additional LGBT+ right is associated with \$300 more per capita GDP: Using data going back to the 1960s, Dr. Kees Waaldijk developed the Global Index on Legal Recognition of Homosexual Orientation (GILRHO). By correlating this Index with GDP data, a study led by Professor Lee Badgett found that one additional right is associated with \$300 more in per capita GDP.

→ Badgett, M.V.L. et al., (2014), The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies

^d Country level income is measured as Gross National income per capita: low income is $\geq \$1,035$; Middle income is $\$1,036$ - $\$12,616$; High income is $\geq \$12,616$

B. Company performance

Superior performance, innovation and profitability.

Stronger financial performance flows from the increased ability of LGBT+ inclusive companies to attract and retain talent, to innovate, and to build customer loyalty and brand strength. This is shown by the data presented in the following pages.

As a result, for many leading businesses it is a strategic imperative to create a culture of inclusion and diversity that extends to LGBT+ people: they know that it correlates to greater individual performance and, ultimately, stronger business performance.

Many leading global businesses now show a high level of commitment to fostering a culture of inclusion and diversity. The vast majority (89%) of Fortune magazine's 500 largest publicly-traded companies have explicit policies against discrimination based on sexual orientation; and 66% of Fortune 500 companies prohibit discrimination based on gender identity, compared to just three in 2000³³.

The evidence shows that companies that are LGBT+ inclusive ultimately have superior financial performance: better share price performance, higher return on equity, higher market valuations and stronger cash flows.

The link between business performance and LGBT+ inclusion isn't limited to specific sectors: it's across the business world. The top-performing companies covered by the evidence base come from a complete spectrum of sectors – including law firms, banking, manufacturing, mining, transportation, and oil and gas.

Propositions

Proposition 12: Attracting Talent

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

Proposition 13: Retaining Talent

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

Proposition 14: Innovation

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

Proposition 15: Collaboration

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

Proposition 16: Customer Orientation

Companies that are more diverse and inclusive are better able to anticipate the needs of all customers, and to access a broader client base.

Proposition 17: LGBT+ Consumers

Companies that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers

Proposition 18: Brand Strength

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

Proposition 19: Financial Performance

Companies that are LGBT+ inclusive have better share price performance, higher return on equity, higher market valuations and stronger cash flows.

Proposition 12: 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 better³⁴. 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 concern³⁵.

Many global companies have found that creating LGBT+ inclusive workplaces can play a role in attracting the best talent: it sends a strong signal that the company is progressive and meritocratic. Consequently, LGBT+ inclusion is promoted in recruitment campaigns by companies in a range of sectors (e.g., Alcoa³⁶, BP³⁷, Ford Motor Co³⁸, Goldman Sachs³⁹). Evidence shows that this can attract all talent, not just LGBT+ individuals.

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 talent⁴⁰, and the 2014 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 LGBT+ inclusion: a review of the top 50 Fortune 500 companies found that attracting talent is seen a major commercial benefit for adopting policies that specifically focus on LGBT+ inclusion.

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

LGBT+ inclusion attracts non-LGBT+ talent, too: 72% of allies^e across multiple markets say they are more likely to accept a job at a company that's supportive of LGBT+ employees.

→ Centre for Talent Innovation (2016), Out in the World: Securing LGBT Rights in the Global Marketplace

LGBT+ supportive policies are crucial to recruiting LGBT+ talent: 89% of LGBT+ employees expect a written non-discrimination policy that covers all aspects of diversity, including sexual orientation. A recent survey of Hong Kong residents found that 80% of LGB people surveyed said that they are more likely to work for an LGB-friendly organisation.

→ 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)

→ Suen, S.T. et al. (2016), Study on Hong Kong Public and LGB People's Attitudes towards LGB-friendly Business Organizations

LGBT+ 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)'

LGBT+ inclusive policies have a positive impact on recruitment of non-LGBT+ employees: when deciding where to work, 72% of non-LGBT respondents in the U.S. said it was important that an employer have an LGBT+ 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)

Senior executives are more attracted to LGBT+ inclusive companies: more than one in two claims to want to work for a company that is an advocate of LGBT+ rights, while two out of three agree that companies need to do more to protect LGBT+ employees in countries that have anti-LGBT+ legislation in place.

→ Economist Intelligence Unit (2017), Pride and Prejudice: Agents of change

^e In this context allies refers to people who are not part of the LGBT+ community but who support LGBT+ inclusion.

B. Company performance continued

Proposition 13: 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, and this applies strongly to highly skilled employees.^{41,42,43}

LGBT+ 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. A 2017 study of leavers in the tech sector showed that the cost of employees leaving due to "unfairness" is \$16 billion⁴⁴.

LGBT+ 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. 22% of LGBT+ people in Hong Kong have left or considered leaving a job due to discrimination; in Hungary this is 12%.

- Level Playing Field Institute (2007), The Cost of Employee Turnover Due Solely to Unfairness in the Workplace
- Community Business (2012), Hong Kong LGBT Climate Study 2011-2012: Attitudes to and experiences of lesbian, gay, bisexual and transgender employees
- Háttér Society (2016), They can be anything: Employment and workplace discrimination against LGBTQI people in Hungary

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

LGBT+ 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 LGBT+ 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 LGBT+ inclusive policies.

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

Proposition 14: 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 per cent of S&P 500 companies a decade ago are still in the index today⁴⁵, 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 Inc, when discussing the company's mantra Inclusion Inspires Innovation⁴⁶. The experience and judgment of these companies is echoed in the evidence base on the link between diversity and innovation:

LGBT+ inclusive companies have more innovative cultures: At companies with a supportive attitude towards LGBT+ employees 62% of LGBT+ employees say their team is not afraid to fail. Meanwhile, at companies with a negative attitude towards LGBT+ employees 47% of LGBT+ employees say their team is not afraid to fail.

→ Centre for Talent Innovation (2016), Out in the World: Securing LGBT Rights in the Global Marketplace

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"⁴⁷.

→ 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: a study in the US found that the adoption of employee non-discrimination legislation led to an 8% increase in the number of patents and an 11% increase in the number of patent citations, relative to firms headquartered in states that did not pass such a law.

→ Gao, H. and Zhang, W. (2015), Employment Non-discrimination Acts and Corporate Innovation, Management Science, Volume 63, Issue 9.

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

LGBT+ 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 motivation adopting LGBT+ 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

B. Company performance continued

Proposition 15: 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^{48,49}. 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 manoeuvre. 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:

LGBT+ 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 LGBT+ business leaders surveyed believed being out at work improves relationships with co-workers.

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

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

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?

Proposition 16: Customer Orientation

Companies that are more diverse and inclusive are better able to anticipate the needs of all customers, 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?

Customers believe that diversity leads to improved customer service: Nearly three in four Americans (73%) report it is important for brands/businesses to employ a diverse team of people to best serve customers.

→ Ogilvy & Mather (2017), LGBT Inclusive Advertising (survey)

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*

“

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 statement⁵⁰

“

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.⁵¹

“

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, IBM⁵²

Proposition 17: LGBT+ Consumers

Companies that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers.

Alongside their role as potentially productive actors in the economy, LGBT+ individuals are of course also consumers, and businesses that are aligned with the interests of the LGBT+ community will be better placed to benefit from their spending.

LGBT+ consumer spending power is large: 3.5% of U.S. adults identify as LGB and 0.3% are transgender, and studies estimate that the LGBT+ consumer market is estimated to have a buying power of \$917 billion - an increase of \$73 billion over twelve months.

- Oakenfull, G.W. (2013), What Matters: Factors Influencing Gay Consumers' Evaluations of 'Gay-Friendly' Corporate Activities, Journal of Public Policy & Marketing
- Witeck Communications (2016), "America's LGBT 2015 Buying Power Estimated at \$917 Billion"

LGBT+ consumer spending power is global:

Various studies have been done to quantify the spending power of various LGBT+ communities. The 'Pink Rand' was estimated at R56 billion in 2016, the 'Pink Yuan' at \$300 billion in 2016, and the U.S. 'Pink Dollar' at \$917 billion in 2015.

- The Guardian (2017), "The pink yuan: how Chinese business is embracing the LGBT market"
- Huffington Post South Africa (2017) "Empowering Sexual Minorities Empowers Everybody And Boosts The Economy"
- Witeck Communications (2016), "America's LGBT 2015 Buying Power Estimated at \$917 Billion"

LGBT+ consumer spending power is growing:

The purchasing power of LGBT+ consumers in United States approaches \$917 billion in 2016, and represents an increasingly significant addressable audience for businesses.

- Witeck Communications (2016), "America's LGBT 2015 Buying Power Estimated at \$917 Billion"

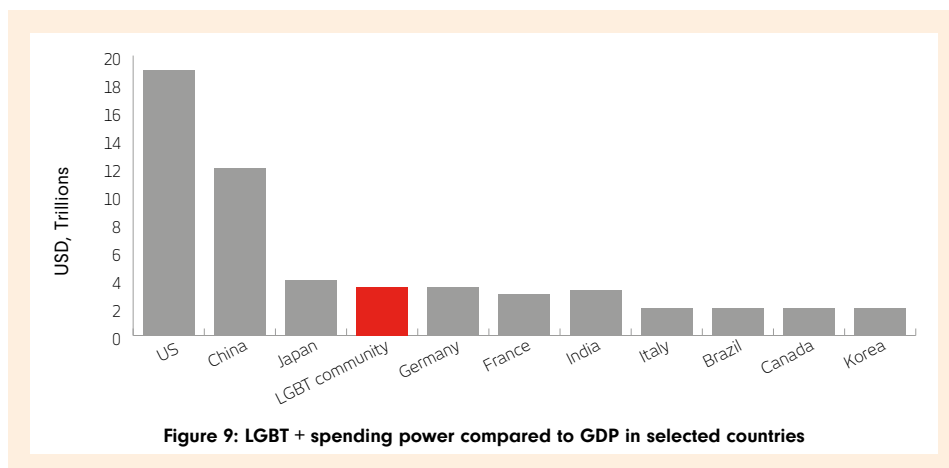
Global LGBT+ Household Wealth is significant: combining global Household Wealth data with LGBT+ metrics yields an estimated total of \$16 billion of wealth held by LGBT+ households, according to LGBT Capital.

→ LGBT Capital (2016) LGBT Household Wealth - May 2016

Country/Region	Estimated LGBT Population share of total Household Wealth ^f
China PRC	US\$1,483 billion
Hong Kong	US\$70 billion
India	US\$224 billion
Japan	US\$1,289 billion
Singapore	US\$71 billion
Thailand	US\$24 billion
France	US\$825 billion
Germany	US\$776 billion
Ireland	US\$45 billion
Italy	US\$652 billion
Spain	US\$273 billion
United Kingdom	US\$1,014 billion
Canada	US\$447 billion
US	US\$5,584 billion
Global	US\$16 trillion

Global LGBT+ spending power is greater than Germany: using LGBT Capital estimates of LGBT+ purchasing power in a number of countries (Global LGBT community estimate USD 3.7 trillion) together with World Bank data, Credit Suisse dramatized the spending power in the global LGBT+ community in Figure 9: the spending power of the global LGBT+ community is greater than the GDP of Germany, UK, India or Brazil.

- Credit Suisse (2016), LGBT: the value of diversity, Credit Suisse Environmental, Social and Governance Research



^f Sources: Global and National Household Wealth estimates from the Credit Suisse Research Institute publications "Global Wealth Report 2015" and "Global Wealth Databook 2015". Estimates from LGBT Capital, available at: [http://www.lgbt-capital.com/docs/Estimated_LGBT_Wealth_\(table\)_-_May_2016.pdf](http://www.lgbt-capital.com/docs/Estimated_LGBT_Wealth_(table)_-_May_2016.pdf)

B. Company performance continued

Proposition 18: 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 LGBT+ individuals.

The global "Millennial" generation expects brands with shared values: there are 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
- PwC (2013), Millennials value greater flexibility, appreciation, team collaboration and global opportunities
- The Boston Consulting Group (2014), How Millennials Are Changing the Face of Marketing Forever

LGBT+ inclusion attracts non-LGBT+ consumers, too: 82% of allies across multiple markets said they are more likely to purchase from a company that supports LGBT+ equality.

- Centre for Talent Innovation (2016), Out in the World: Securing LGBT Rights in the Global Marketplace

Consumers believe that LGBT+ inclusive brands are good for the economy: nearly two-thirds of consumers (65%) believe that LGBT+ inclusive brands are good for the economy and similarly (64%) believe that these initiatives reflect the country's diversity.

- Ogilvy & Mather (2017), LGBT Inclusive Advertising

A majority of consumers will stop buying homophobic brands: in Poland, a study of consumers found that 80% would stop buying a brand that is revealed to be homophobic, and 68% agreed that it's important for a brand to be seen as LGBT+ friendly.

- LGBT Business Forum (2015), LGBTQ Market and Workplace Report

LGBT+ consumers are more brand loyal: they are 25% more likely than straight and non-transgender 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 / Witeck-Combs Communications (2006), 5th Annual Out & Equal Survey, 'Majority of Americans: Companies not government should decide benefits offered to same-sex employees'
- Harris Interactive (2010), The Gay, Lesbian, Bisexual, and Transgender (GLBT) Population At-A-Glance



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

Proposition 19: Financial Performance

Companies that are LGBT+ inclusive have better share price performance, higher return on equity, higher market valuations and stronger cash flows.

The financial performance of any business is a primary objective for its management: the ability to use the assets at its disposal to generate revenues, and to do so in an efficient way that allows profits to be taken from these revenues. The expectation that a company may deliver profits in the future drives the share price and market valuation of the company. Additional measures, such as cash flow, may provide an indication of the financial health of a company. Evidence shows that many of these measures are positively associated with LGBT+ inclusion:

LGBT+ inclusive companies have stronger share price performance: a basket of 275 companies with openly LGBT+ management, companies voted in a recent survey as a leading LGBT+ company, or companies whose employees are openly members of local LGBT+ business networks, outperformed global stocks and benchmarks, according to a Credit Suisse study. The spread of sectors in the LGBT+ basket is fairly balanced, with good representation from tech, financials, consumer staples and healthcare; energy and materials have the lowest weightings in the study.

→ Credit Suisse (2016), LGBT: the value of diversity, Credit Suisse Environmental, Social and Governance Research

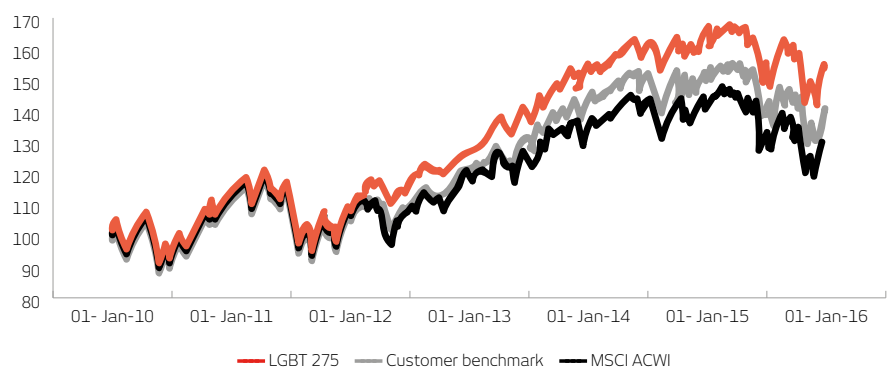


Figure 10: Share price performance of LGBT 275 basket vs benchmark

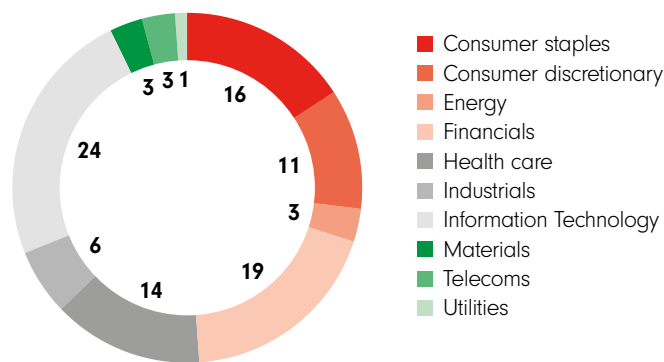


Figure 11: Sector weighting in the LGBT 275 basket (%)

B. Company performance continued

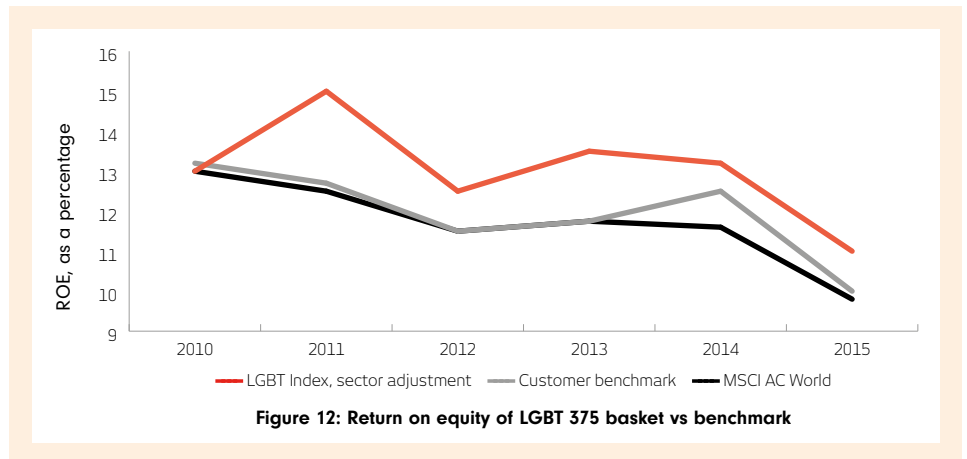
Proposition 19: Financial Performance continued

LGBT+ inclusive companies have higher stock returns and higher market valuation: using a four-year longitudinal dataset of public firms in the U.S., a study shows that firms with a higher degree of “corporate sexual equality” have higher stock returns and higher market valuation.

→ Liwei Shan, Shihe Fu, Lu Zheng (2017) Corporate sexual equality and firm performance, Strategic Management, Volume 38, Issue 9 September 2017, pp. 1812-1826

LGBT+ inclusive companies have stronger return on equity (ROE): profitability as measured by return on equity is more volatile for LGBT+ inclusive companies but over the period of the study overall ROE is up to 13% higher than global stocks and benchmarks, according to a Credit Suisse study.

→ Credit Suisse (2016), LGBT: the value of diversity, Credit Suisse Environmental, Social and Governance Research

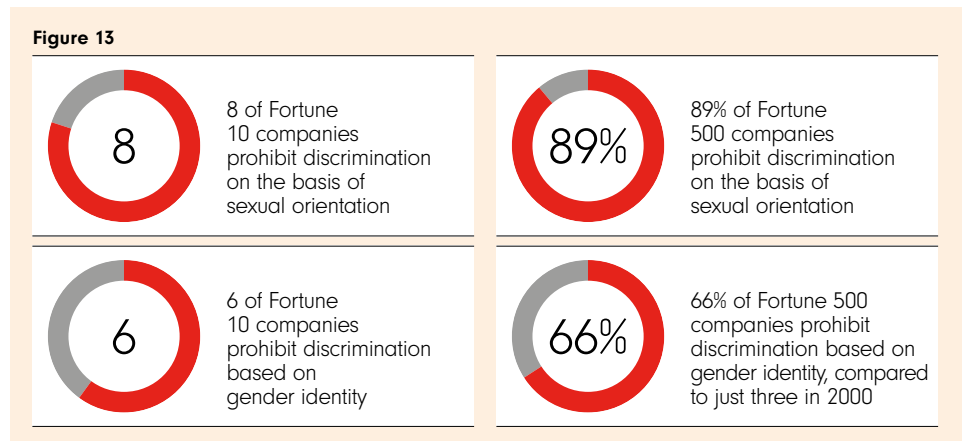


LGBT+ inclusive companies have higher cash flow: a study of 450 global companies (with revenues above \$750M) shows that inclusive companies had 2.3 times higher cash flow per employee over a three-year period. The effect is even greater for smaller companies, which had 13 times higher mean cash flow from operations.

→ Bersin, J. (2015) Why Diversity And Inclusion Will Be A Top Priority For 2016, published by Forbes

High performing companies are more likely to be LGBT+ friendly: Many of Fortune magazine’s 500 largest publicly-traded companies have LGBT+ inclusion policies in place, according to analysis by the Human Rights Campaign.

→ Human Rights Campaign (2017) LGBTQ Equality at the Fortune 500



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 LGBT+ individuals.

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 LGBT+ 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”.⁵⁴

Propositions

Proposition 20: Authenticity

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

Proposition 21: Motivation

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

Proposition 22: Affinity

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

Proposition 23: Satisfaction

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

Proposition 24: Health

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

Proposition 25: Speaking Up

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

Proposition 26: The Extra Mile

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

Proposition 27: Individual Productivity

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

B. Company performance continued

Proposition 20: Authenticity

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

Being comfortable to be yourself, and knowing that you are in a workplace that encourages you to be yourself, is key to employee engagement. Yet many LGBT+ people suffer discrimination in the workplace and are not comfortable to be themselves.

In India

40%

of LGBT+ people in India report they have been harassed in the workplace⁵⁵.

In China only

5%

of LGBT+ people are "out" at work – and over half of all LGBT+ persons have experienced discrimination at work⁵⁶.

In the U.S.

80%

of the trans people experienced harassment or mistreatment at work⁵⁷.

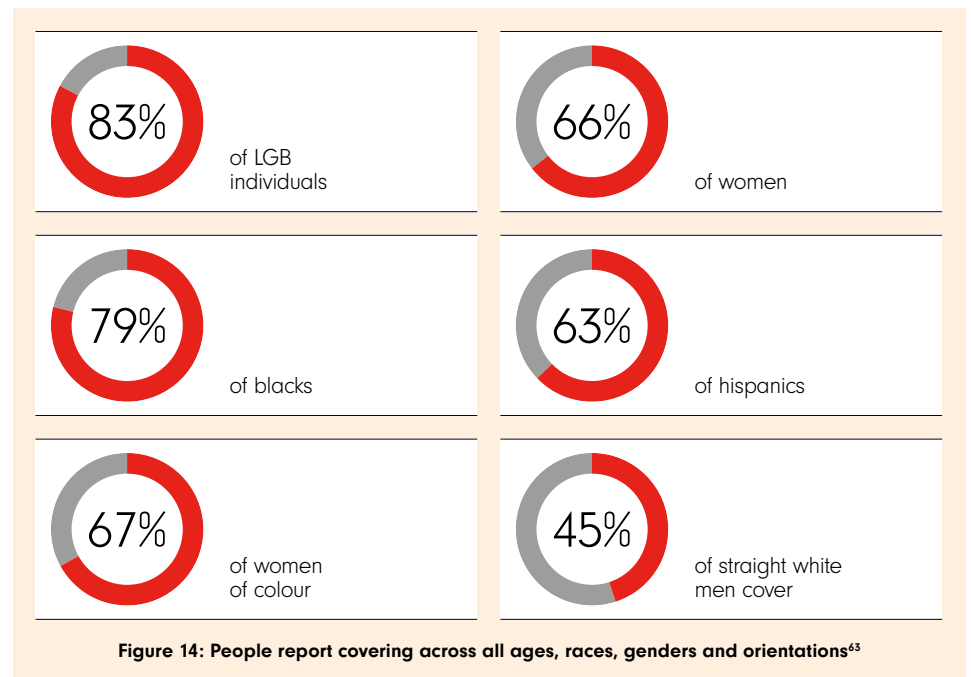
In Brazil

40%

of LGBT+ professionals have experienced homophobia in the workplace⁵⁸.

Many people feel the need to conceal important aspects of themselves – a phenomenon described as "covering" by legal scholar⁵⁹. 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 study by Kenji Yoshino for Deloitte University found that the pressure to cover is particularly strong for LGBT+ 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 & Innovation⁶⁰, the Human Rights Campaign⁶¹ and the Center for Work-Life Policy⁶² find that above 50% of LGB employees are not 'out' to most at work. These numbers are likely to be significantly higher in countries with growing anti-LGB sentiments.



A study by the Human Rights Campaign confirms the negative impacts on employee engagement: 20% of LGBT+ 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 environments⁶⁴.

Although covering is considerably higher for LGBT+ people than for any other group, this applies across the workplace (see Figure 14) – even straight white men, 45% of whom ‘cover’ some important aspect of themselves that might prevent them fitting into the mainstream⁶⁵. This is not just an LGBT+ issue: 61% of people across all ages, races, genders and orientations reported covering.

Leading global businesses are working to cultivating more open and inclusive environments: they know that when employees can be authentic, they are able to make a greater contribution. Inclusive treatment of LGBT+ 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.

“

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

Anastasia Sminova, a Russian LGBT+ activist

“

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 and LGBT+ individual then they are less able to make that contribution.”

Jaevion Nelson, an LGBT+ activist in Jamaica

“

In India, coming out as an LGBT+ 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, a director at India’s Humsafar Trust

C. Individual performance continued

Proposition 21: 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%⁶⁶.

It has long been known 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 LGBT+ individuals are particularly susceptible to the factors that reduce motivation.

Proposition 22: 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 performance⁶⁷. 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:

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

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

Employees in LGBT+ inclusive companies are more likely to feel proud of their employer: LGBT+ and ally employees at inclusive companies are significantly more likely to say they are proud to work for their employer (84% versus 68%) than those at companies that have a negative attitude toward LGBT+ employees.

→ Centre for Talent Innovation (2016), *Out in the World: Securing LGBT Rights in the Global Marketplace*

Research finds that open communication drive 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: Creating a Compelling Sense of Direction for Your Organization* (J-B US non-franchise leadership), San Francisco, CA: Jossey-Bass

Proposition 23: 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 – and this applies to all workers in an inclusive environment, not just LGBT+ individuals:

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

Employees feel greater satisfaction in companies with protections for LGBT+ people: in Poland, people who work at places with anti-discrimination policies for LGBT+ people, are more satisfied with their job than those working in places without such policies or where employees do not know about them.

→ LGBT Business Forum (2015), *LGBTQ Market and Workplace Report*

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 Fortune’s 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. The Best Companies list first hit the non-discrimination policy milestone in 2012.

→ Fortune (2017), *100 Best Companies to Work For*: <http://fortune.com/bestcompanies/>

→ CNN (2012), *‘Best Companies list hits gay rights milestone’*

C. Individual performance continued

Proposition 24: Employee 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.

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:

LGBT+ people working in inclusive workplaces are psychologically healthier:

studies have found that LGBT+ people who work in hostile environments have poorer mental health.

- 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*
- Waldo, C.R. (1999), Working in a majority context: A structural model of heterosexism as minority stress in the workplace, *Journal of Counseling Psychology*

LGBT+ 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%.

- 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%.

- 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 (2016), *Stress in America: The impact of discrimination*

Proposition 25: 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?

LGBT+ 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

Proposition 26: The Extra Mile

Individuals working in open, diverse, inclusive environments are more likely to go beyond duties and make a contribution to the life and 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 others⁶⁸.

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

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

Non-discrimination policies foster “Good Samaritan” behaviours: individuals may strengthen the workplace community by being proactively helpful to coworkers 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

LGBT+ and ally individuals are willing to go the extra mile: LGBT+ and ally employees at inclusive companies are significantly more likely to “go the extra mile” for company success (84% versus 73%) than those at companies that have a negative attitude toward LGBT+ employees

→ Centre for Talent Innovation (2016), Out in the World: Securing LGBT Rights in the Global Marketplace

C. Individual performance continued

Proposition 27: Individual Productivity

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

LGBT+ 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

LGBT+ discrimination also reduces the productivity of non-LGBT+ individuals: controlled experiments have shown that hostile work environments for LGBT+ workers can also impact the productivity of non-LGBT+ 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 LGBT+ inclusion: a review of the top 50 Fortune 500 companies found that productivity is one of the most frequently mentioned commercial benefits for adopting LGBT+ inclusive policies.

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

“

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, LGBT+ activist in 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, a director at India’s Humsafar Trust

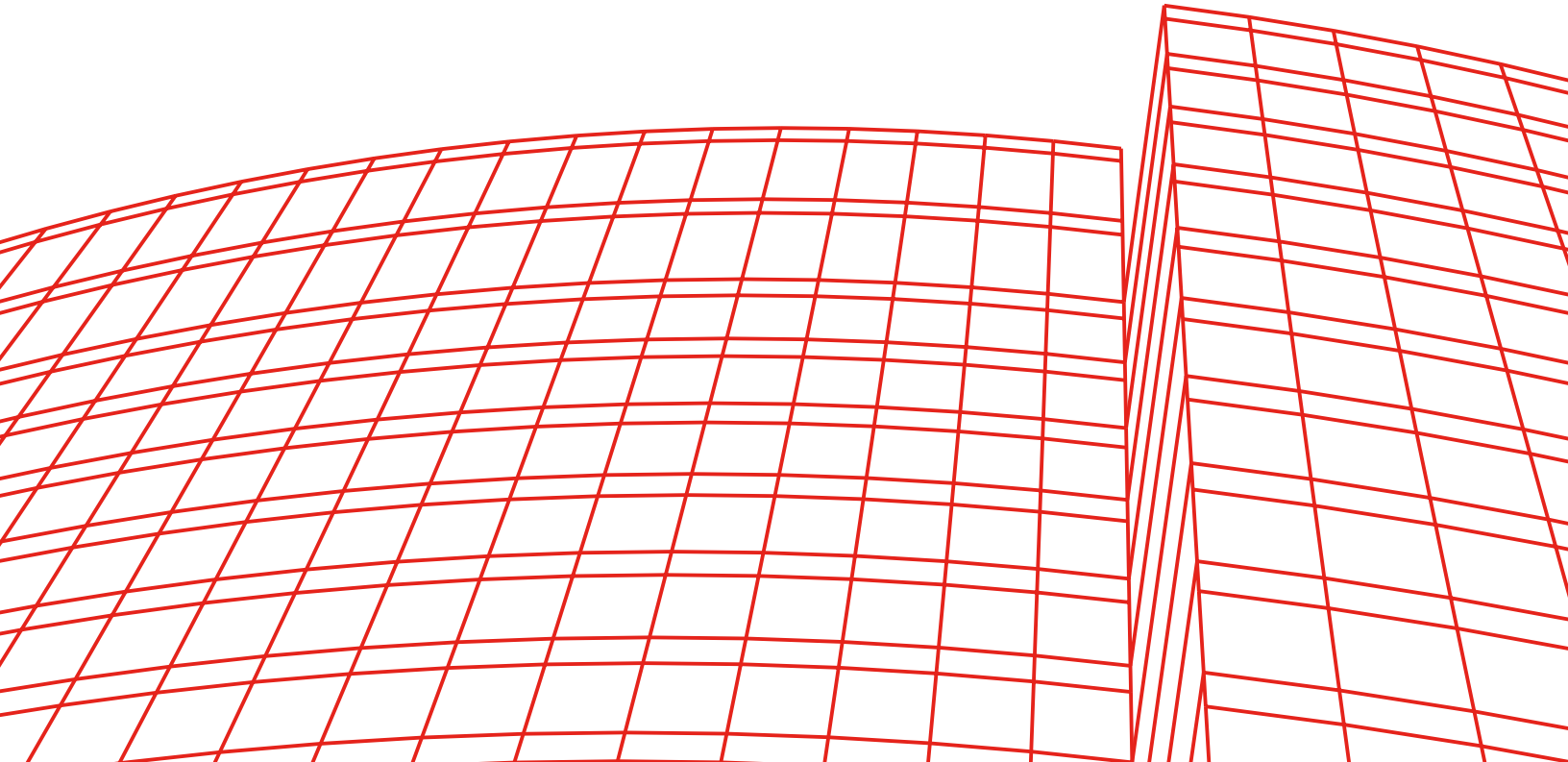
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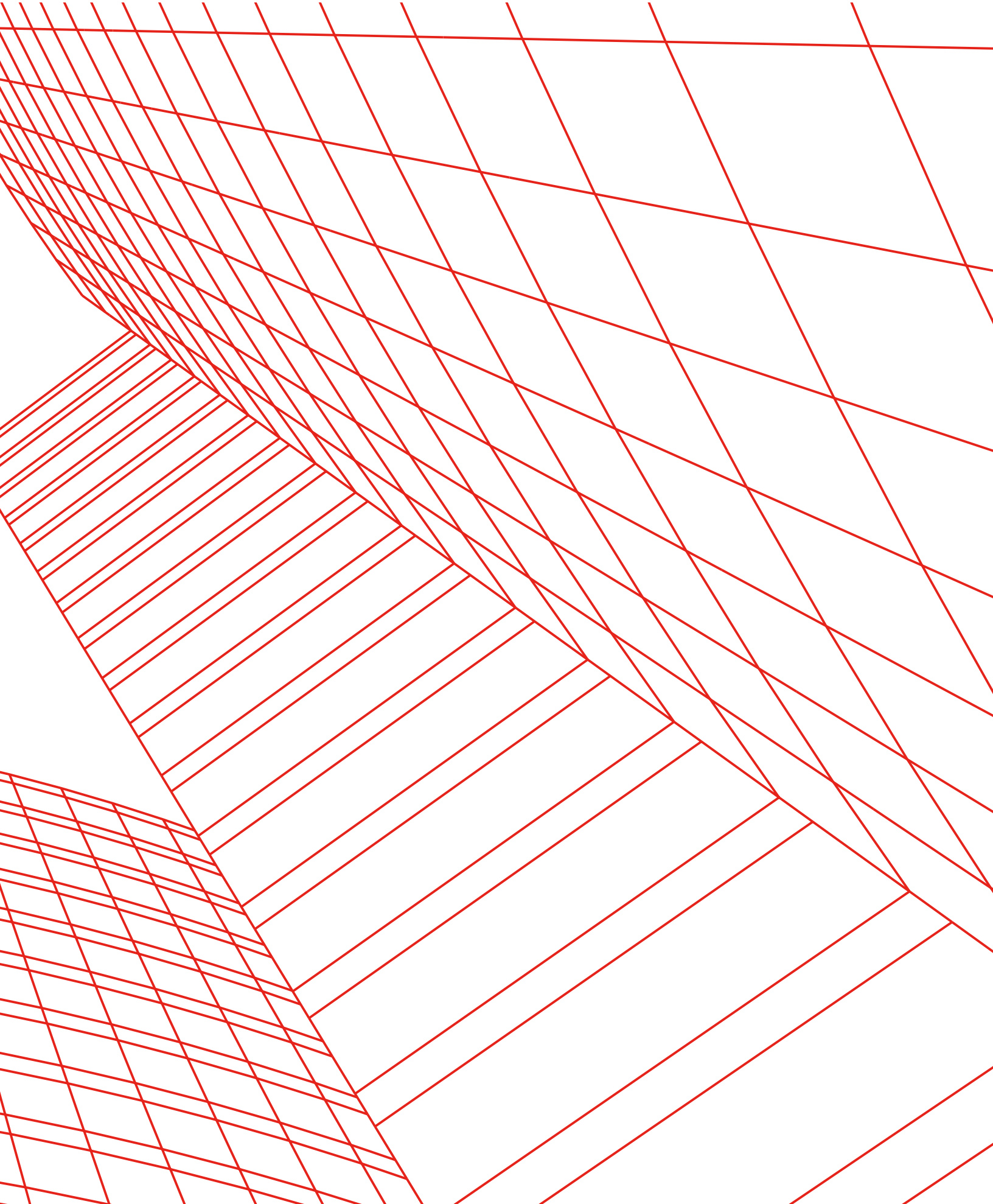
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Part 4

Coalition action

Open For Business Programs	p86
The voice of global business leaders	p88
Coalition Supporters' Codes of Conduct	p89





Open For Business Programs

The purpose of Open For Business is to advance LGBT+ rights globally.

The coalition seeks to impact policies in countries that are hostile to LGBT+ people and to encourage the business community to voice support for LGBT+ inclusive societies. We seek to harness the influence of business, globally and locally, to influence politicians, policymakers, and society at large.

We are doing this in two ways. At an international level, we are building a consensus amongst the business community that anti-LGBT+ policies run counter to the interests of business and economic development. At a local level, we are creating advocates in the local business communities, strengthening local business voices by providing them with evidence and fact-based arguments. Two main programs follow from this:

Our **Global Influencer Program** aims to harness the voice of high profile global business leaders, building a consensus in the international business community around the economic case for LGBT+ inclusion, and raising awareness through top tier global press, social media and events.

Ultimately it is difficult to directly track this impact; change may happen in ways we are not aware of – for example, a private conversation between a business leader and a politician. However, we can report on the observable impacts of Open For Business activities against our two objectives:

- We reached over 1.6 million people on social media (Twitter and LinkedIn) when the first Open For Business report was published. Encouragingly, the most engaged countries on social media included India, Nigeria, Malaysia, Singapore, and the UAE – all countries where LGBT+ rights are an issue.
- Open For Business has reached influential audiences through top-tier global media, including broadcast, press, blogs and podcast – including the BBC, The Economist, the Financial Times, the Huffington Post and others.



Open For Business launch event hosted by Burberry (2016) and World Economic Forum in Davos (2017)

- The content of the Open For Business report created the springboard to *engage global leaders on high-profile platforms* – highlights include the World Economic Forum Annual Meeting at Davos, the Milken Global Conference, The Economist’s Pride & Prejudice, and the UN Business & Human Rights Forum.

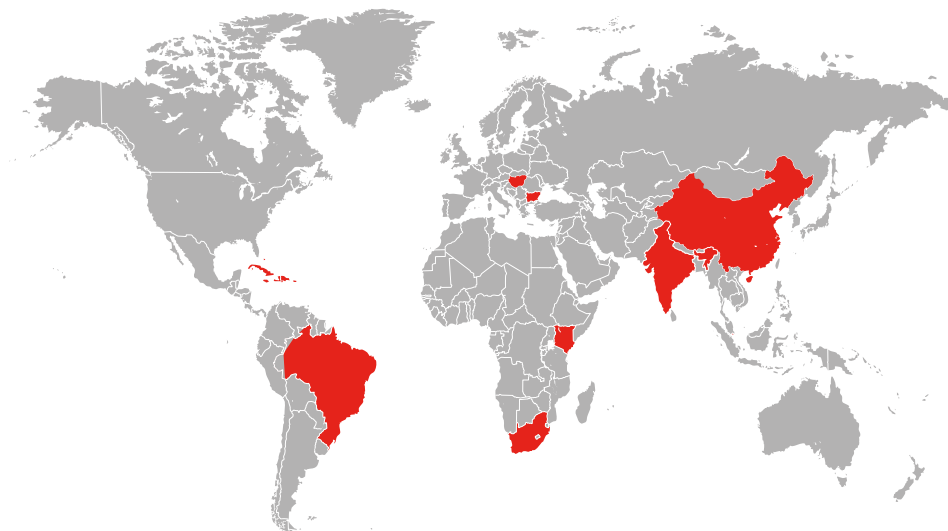
Our **Local Influencer Program** works with senior business leaders in countries with anti-LGBT+ sentiments, giving them the evidence and the impetus to use their influence. Already, Open For Business has initiated C-Suite advocacy networks in nine countries, working closely with local LGBT+ groups. To date, local advocacy networks have been initiated in the following nine locations: *Brazil, Bulgaria, the Caribbean, China, Hungary, India, Kenya, Singapore and South Africa.*

Participation in the program is very senior: *C-Suite executives comprise more than one-third of attendees* at events. The program targets leaders from the core of the business: so far only 20% of participants have been HR and D&I professionals. In many cases the advocacy of senior local leaders may be most effective as quiet diplomacy, and participants understand that their comments in roundtables are not attributable. Here are some highlights:

- In Kenya, a senior vice president said, “We are huge taxpayers collectively. This allows us to have a separate economic and business discussion to engage government. We can get laws shifted.”
- In China, a managing director of a large bank said, “It’s a compelling argument to say that you have this opportunity to attract talent and to be a progressive international finance center. That would resonate well with the policymakers.”
- In India, the CEO of a large multinational bank said, “Let’s present this research [to the government] and use it to prove this is why we believe LGBT inclusion is important.”



Working with senior business leaders in countries where LGBT+ inclusion is a challenge



The voice of global business leaders



Sander van 't Noordende,
Group CEO, Products,
Accenture

"The business case for LGBT+ inclusion is backed by a broad base of evidence. We know that inclusion can bring economic benefits such as the ability to attract the best talent, greater innovation, improved workplace relationships and greater retention and engagement among employees."



Rich Lesser,
President and CEO,
Boston Consulting Group

"We need to work as leaders in the business communities to share that perspective on LGBT+ inclusion. There's a strong case on what's right to do, but there's also a strong case on the economics. There's so much research that says when people can be themselves, they contribute at a higher level, you get more creativity, you get better teamwork, you get more impact."



Susan Gilchrist,
Group Chief Executive,
Brunswick

"In many parts of the world, we're literally going in the wrong direction. And that's difficult, not just from a personal point of view or moral point of view, but actually from a business point of view. What's fascinating is that society expects business to have a point of view on these things, and business is one place that can actually take a stand."



Mark Weinberger,
Global Chairman and CEO,
EY

"One of the really important things Open For Business is doing is bringing together organizations to build a comprehensive business case for LGBT+ inclusion, backed by solid evidence. If other big businesses do the same thing, together we really can make a difference in communities around the world."



Arjan Dijk,
VP of Growth Marketing,
Google

"At Google, we believe that embracing diversity is not just about putting a Pride sticker on your laptop. It's the small things, the conversations you have with your peers and how you create an environment that is inclusive and helps everyone bring their whole selves to work."



Pablo Isla
Chairman and CEO,
Inditex

"Open for Business has clearly demonstrated the value of diversity and the importance of working together to create a truly inclusive society. At Inditex, we encourage everyone to live their passion for fashion with freedom and respect."



Vivian Hunt,
Managing Partner,
UK and Ireland,
McKinsey & Co.

"The evidence shows that diverse teams perform better. But the absence of diversity also is correlated with negative performance. Being 'Open For Business' has to be grounded in your core business objectives. I don't think about it as branding, PR or CSR. I think about it more as part of your license to operate."



Bill Winters,
Group Chief Executive,
Standard Chartered Bank

"We all operate in parts of the world where the LGBT+ community is not as welcome or, in some cases, not welcome at all. I think leadership is always about taking some bolder and occasionally controversial decisions. Open For Business, for us, is a great way to make a very clear statement."



Gideon Moore,
Firmwide Managing Partner,
Linklaters

"If you look at the Fortune 100, those at the top also have good scores for how they look at diversity from a business perspective. If you're able to promote diversity and inclusion by reference to the fact that it's better for business, better for society, better for the economy, that's also able to push the argument to a different level."



Jim Smith,
President and CEO,
Thomson Reuters

"I don't think there's any question that diverse organizations perform better. I know for a fact that a diversity of perspectives and opinions enlivens dialogue and always comes up with a better answer. Collectively, we're able to move the ball further than we could do individually."



Richard Branson,
Founder,
Virgin Group

"It's sad that this subject should even have to be discussed in this day and age. It should go without saying that everyone should be treated equally and properly. Business leaders can take the lead to put pressure on governments to change some of these ghastly laws that still exist. The power of a collective business voice is extraordinarily strong."

Coalition Supporters' Codes of Conduct

The companies supporting Open For Business all have publicly available Codes of Conduct that promote equal opportunity employment and prohibit discrimination based on sexual orientation or gender identity. For reference these are given below.

Accenture	<p>Acting with integrity has always been, and always will be, fundamental to how we operate at Accenture. It's not only the right thing to do, it protects our people, our company and our clients, improves our business performance and differentiates us in the marketplace.</p> <p>The following is an excerpt of our recently amended Code of Business Ethics, available on Accenture.com.</p> <ul style="list-style-type: none"> We value diversity and do not discriminate. Accenture is a global company. We value different cultures, strive to have a diverse and inclusive workforce and meet legal hiring mandates where required. We believe that no one should be discriminated against because of their differences, such as age, disability, ethnicity, gender, gender identity and expression, religion or sexual orientation. Many local laws around the world prohibit discrimination against people on the basis of these and other characteristics. We expect our people to comply with such laws against discrimination, but Accenture's ethical values go beyond legal requirements: we each have a responsibility to support and promote our principle of meritocracy to maintain a fair, positive and inclusive work environment. We treat each other with respect. Disrespectful behavior or harassment of any kind are not tolerated by Accenture. Disrespectful behavior takes many forms. It consists of behaviors that interfere with work performance, or any other treatment of a person that creates an intimidating, hostile or offensive work environment—whether it be something said in person or remotely by email, a posting on social media, a text or instant message. We have zero tolerance for retaliation. Accenture has zero tolerance for retaliation against anyone who speaks up in good faith. Retaliation means any kind of unfair treatment, whether subtle or overt. There are serious consequences for retaliation, up to and including dismissal.
American Express	<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 Individual Treatment Policy, Freedom of Harassment Policy or other similar policies for further information.</p>
AT&T	<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>
Barclays	<p>Barclays will not tolerate:</p> <ul style="list-style-type: none"> Any form of discrimination based on race, religion or belief, sex, sexual orientation, disability, age, pregnancy or maternity, marriage or civil partnership, gender reassignment or other characteristic protected by relevant law Any action, conduct or behaviour of a sexual, racial, religious or other form of harassing nature, that is intimidating, hostile, degrading, humiliating or offensive to, or unwanted by, any other person. <p>Barclays will treat allegations of discrimination, bullying or harassment in a serious and sensitive manner, and seek to resolve issues as quickly as possible.</p>
BCG	<p>We are committed to making BCG a company in which all individuals have an opportunity to flourish and succeed, regardless of their background, race, ethnicity, religion, gender, gender identity, or sexual orientation.</p>
Brunswick	<p>Brunswick is committed to a policy of providing equal opportunities for all its employees, eliminating discrimination and encouraging diversity amongst our workforce. Brunswick believes that every employee is entitled to fair treatment and respect irrespective of racial or ethnic background, colour, gender, marital status, age, religion, belief, national origin, sexual orientation, disability or any other characteristic protected by law. Brunswick is opposed to all forms of unlawful and unfair discrimination. Every employee is entitled to a working environment that promotes dignity and respect to all. No form of intimidation, bullying or harassment will be tolerated. This Diversity and Equality Policy applies to all terms and conditions of employment including, but not limited to, recruitment and selection, promotion, remuneration, termination, training and development of employees.</p> <p>In addition the Company is committed to ensuring that all professional dealings with employees, partners, clients or other third parties will be similarly free from discriminatory behaviour.</p>
Burberry	<p>There shall be no discrimination in hiring, compensation, access to training, promotion, termination or retirement base on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p>

Coalition Supporters' Codes of Conduct continued

EY	<p>We build relationships with each other based on a shared trust and confidence that each of us has a personal and professional commitment to do the right thing.</p> <ul style="list-style-type: none"> • We are committed to communicating openly and honestly. • We are committed to working in diverse teams and are personally accountable to other team members for the contribution we make. • We rely upon each other to deliver quality service to our clients and for our individual development. • We nurture integrity, respect and teaming. • We consult with each other and value the perspectives of those who are different from us, as well as those who challenge our own point of view. • We embrace multicultural experience and diversity as strengths of our global organization. As such, we respect one another and strive for an inclusive environment free from discrimination, intimidation and harassment. • We encourage and support the professional development of our colleagues and promote individual achievement and continuous learning. • We expect and deliver feedback regularly, candidly and constructively, and positively recognize success.
GSK	<p>All employees at GSK must ensure an equitable and inclusive culture free of discrimination and encourage respectful and inclusive behaviour. Equality means affording all employees equal treatment regardless of actual or perceived race; colour; ethnic or national origin; age; gender; sexual orientation; marriage and civil partnership; gender identity and/or expression; religion or belief; physical ability/ disability and/or chronic health conditions (such as HIV/AIDS status); genetic make-up; or other protected characteristics as relevant in a country.</p> <p>Being inclusive means valuing everyone for the unique knowledge, perspectives, experiences and style that they bring to the workplace.</p> <p>We do not tolerate any behaviour that constitutes discrimination or harassment or which demeans fellow workers. This includes but is not limited to: exclusion; intimidation; use of offensive words or actions; inappropriate or unwanted physical contact; inappropriate gossip, jokes or banter whether written or spoken; and bullying.</p>
Google	<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>
IBM	<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>
Inditex	<p>No Inditex employee shall be discriminated against on grounds of race, disability, illness, religion, sexual orientation, political views, age, nationality or gender. Inditex prohibits any form of physical, sexual, psychological or verbal harassment or abuse of employees and any other conduct that could create an intimidating, offensive or hostile work environment.</p>
KPMG	<p>We are committed to fostering an environment of inclusion for all our people. Our success depends on maintaining a diversity of talents, languages, cultures, and management styles. By valuing our similarities and differences, we build upon our strengths and enhance our work environment. You should embrace the diversity of our people, their professional insights, and individual perspectives, and treat others with respect and dignity.</p> <ul style="list-style-type: none"> • Recruit, hire, train, and promote individuals regardless of: race, color, creed, religion, age, sex/ gender, national origin, ancestry, citizenship status, marital status, sexual orientation, gender identity or expression, disability, pregnancy, veteran status, genetic information, or other legally protected status • Make employment decisions based on an individual's knowledge, experience, and abilities, evaluating performance and promoting qualified individuals in a manner consistent with the firm's strategic priorities • Work together to encourage your colleagues, creating respectful, strong, and successful relationships • Support our diversity networks and engage others in the KPMG community • Increase your self-awareness by participating in upward feedback surveys
LinkedIn	<p>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.</p>
Linklaters	<p>The firm's commitment to promoting equal opportunities for staff extends to all aspects of their work including: recruitment, selection, training, promotion, and terms and conditions of employment, in all the circumstances outlined above. Our principles of diversity and equality underpin all of the work we do within the firm and for our clients. These principles ensure that we are able to recruit and retain the best talent regardless of their background.</p>
Mastercard	<p>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.</p>
McKinsey & Company	<p>It is McKinsey's policy that all recruiting, hiring, and promoting decisions for all job classifications shall be based solely on valid requirements, and all other personnel actions—such as compensation, benefits, transfers, separations, firm-sponsored training, tuition assistance, and social and recreational programs—will be administered in an impartial manner without regard to an individual's race, color, religion, disability, veteran status, sex, gender identity or expression, sexual orientation, age, or national origin.</p>

Microsoft	Microsoft is committed to a policy of providing equal employment opportunity to all qualified employees and applicants. This commitment is reflected in all aspects of our daily operations. We do not discriminate on the basis of race, color, sex, sexual orientation, gender identity or expression, religion, national origin, marital status, age, disability, veteran status, or genetic information in any personnel practice, including recruitment, hiring, training, compensation, promotion, and discipline. We do not discriminate based on any other characteristic protected by applicable state or local law where a particular employee works.
PwC	We do not tolerate harassment, discrimination, bullying, or disrespectful behaviour.* These behaviours undermine the integrity of our relationships. *This applies whether based on an individual's race, ethnicity, colour, age, gender, gender identity or expression, sexual orientation, political beliefs, citizenship, national origin, language, religion, disability, parental status, economic/class status, veteran status, or other inappropriate basis.
RELX	We are an equal opportunity employer. We are committed to treating all employees and applicants for employment with respect and dignity, and we prohibit discrimination. We recruit, hire, develop, promote, discipline and provide conditions of employment without regard to race, colour, religion, national origin, gender, sexual orientation, marital status, age, disability, or any other category protected by law.
Standard Chartered	Treating colleagues fairly and with respect is a core part of our Group Code of Conduct and all employees are asked to recommit to this every year. We are committed to providing equality of opportunity and fair treatment in employment. We do not accept unlawful discrimination in our recruitment and employment on the grounds of race; colour; nationality; national or ethnic origins; gender; parental status; marital or civil partner status; sexual orientation; gender identity, expression or reassignment; HIV or AIDS status; employment status; flexibility of working arrangements; disability; age; religion; or belief. We appoint, train, develop, reward and promote employees based on their merit and ability.
Tesco	<p>We aim to employ people who reflect the diverse nature of society and we value the contribution made by every colleague, irrespective of age, sex, disability, sexual orientation, race, colour, religion, ethnic origin or political belief. At our stores, in our distribution centres and in our offices, we make employment decisions solely on the basis of job-related skills, achievements and performance, using clearly defined and fair criteria.</p> <p>We do not tolerate abuse or unacceptable behaviour in the workplace in any form, whether towards our customers, other colleagues, suppliers or anyone else. We all share in the responsibility for making sure that Tesco offers a safe and open environment for colleagues to work.</p>
Thomson Reuters	<p>We are committed to providing equal employment opportunities for all persons regardless of:</p> <ul style="list-style-type: none"> • Race; • Color; • Religion; • Sex/gender, including pregnancy; • Gender identity and expression; • Age; • Marital status; • Sexual orientation; • National origin; • Citizenship status; • Disability; • Veteran status; or • Any other classification protected by applicable federal, state, provincial or local laws or regulations. <p>Our management is dedicated to ensuring the fulfilment 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 non-discrimination in every location in which we have facilities.</p>
Virgin	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.

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To ensure this initiative is useful for those working for LGBT+ inclusion we have sought the guidance of **LGBT+ advocates around the world**. Thank you to Pallav Patankar, Frank Mugisha, Bisi Alimi, Pamela Adie, Jaevion Nelson, Ifeanyi Orzulike, Jean Chong, Anastasia Sminova, Jej Perfekcyjnos, Vinay Chandran, Ngô Lê Phương Linh, and Lieu Anh Vu.

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- **Nandita Gurjar**, former Group Head of HR at Infosys: Infosys website
- **Pablo Isla** Chairman and CEO, Inditex: Wikipedia Commons, CC BY-SA 4.0 (Carlos Ventura)
- Two men were publicly flogged for gay sex in Banda Aceh, Indonesia: Chaideer Mahyuddin
- President John Pembe Magufuli of Tanzania: GovernmentZA (Photo: GCIS)
- Red Pepper tabloid – Red Pepper newspaper
- Police in Turkey broke up Pride march in Istanbul: Kemal Aslan
- Head of Russia’s Chechen Republic, Ramzan Kadyrov: Wikipedia commons, CC 4.0 International (www.kremlin.ru)

Cities

- Pride march in Medellín: Andrés Hernández
- Pride march in Bangalore: Aijaz Rahi
- Pride march in Guadalajara, opened by the Governor: @adn40mx
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Coalition action

- Open For Business launch event hosted by Burberry: Burberry
- World Economic Forum in Davos: Jon Miller and Drew Keller
- **Sander van't Noordende**, Group CEO, Products, Accenture: Accenture.com
- **Rich Lesser** – President and CEO, Boston Consulting Group: BCG
- **Susan Gilchrist** – Group Chief Executive, Brunswick: Brunswick Group
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- **Gideon Moore** – Firmwide Managing Partner, Linklaters: Linklaters
- **Vivian Hunt** – Managing Partner, UK and Ireland, McKinsey & Company: McKinsey & Company
- **Bill Winters** – Group Chief Executive, Standard Chartered Bank: Standard Chartered Bank
- **Jim Smith** – President and CEO, Thomson Reuters: Thomson Reuters
- **Richard Branson** – Founder, Virgin Group: INMA/Jarle Naustvik

Appendix

A note on terminology

Open For Business acknowledges the significance of terminology: inappropriate use of words can be disempowering or confusing. In this arena, terminology is often contested, and any discourse about people in relation to their sexual orientation or gender identity inevitably makes broad statements about a very heterogeneous group.

In writing this report it was of course necessary to make decisions about the use of terms. For clarity, below is a note on the decisions taken, and a description of our use of these terms.

LGBT+

The acronym LGB became established in the 1980s to replace the term “gay”; to include the transgender community, this was superseded in the 1990s by the acronym LGBT. In recent years the acronym has been extended further to further include other groups, often adding Q (queer) and/or I (intersex). The term LGBTQQIA has gained currency (lesbian, gay, bisexual, transgender, queer, questioning, intersex, asexual) and there is also LGBTQQIP2SAA, which includes, pansexual, two-spirit (a First Nations tradition), asexual and allies.

Previously, Open For Business used the acronym LGB&T, in order to acknowledge that a person can be both trans and lesbian, gay or bisexual. Open For Business has now adopted LGBT+ in order to acknowledge that LGBT is not a complete descriptor, whilst ensuring that the text is clear and accessible to a broad range of audiences.

Trans

Rather than the specific term “transgender”, this report mostly uses the term trans when referring to people whose gender is in some sense different from the sex they were assigned at birth. This umbrella term also covers a range of other descriptors, including Transgender, Transsexual, Gender-queer (GQ), Gender-fluid, Non-binary, Gender-variant, Genderless, Nongender and Third gender.

Sexual orientation

A person’s inherent emotional, romantic, or sexual attraction to other people.

Gender identity

A person’s inner sense of being male, female, a blend of both, or neither. Gender identity, biological sex, and sexual orientation are not necessarily linked.

Diversity

Diversity is the similarities and differences that people have. A discourse on diversity primarily refers to demographic variables. Some are visible, such as race, color, age and gender. But many are invisible, meaning they’re traits you can’t tell just by looking at a person, like religion, nationality, sexual orientation, education and skills. Figure 1 categorizes variables that are typically part of discussion on diversity in the corporate sphere.

Inclusion

Inclusion is not a passive quality like tolerance; it means actively recognizing traditionally excluded individuals and/or groups and bringing them fully into processes, activities and decision making. For individuals, inclusion is a sense of acceptance and belonging. Diversity advocate Vernā Myers is quoted as saying, “Diversity is being invited to the party. Inclusion is being asked to dance.”

A note on the data used in this report

The evidence presented is intended to include the full range of sexual and gender minority populations, and we use the term LGBT+ to capture this breadth. We recognise that, at a global level, the data is not consistently strong across all of these populations. In particular, there may be solid data in many areas pertaining to gay men, but there is often a lack of data on the experience of trans and intersex people outside of the U.S.. Our approach is to identify the specific population discussed in the data where the findings are specific to that population, and to apply the term LGBT+ where the findings may apply more broadly.

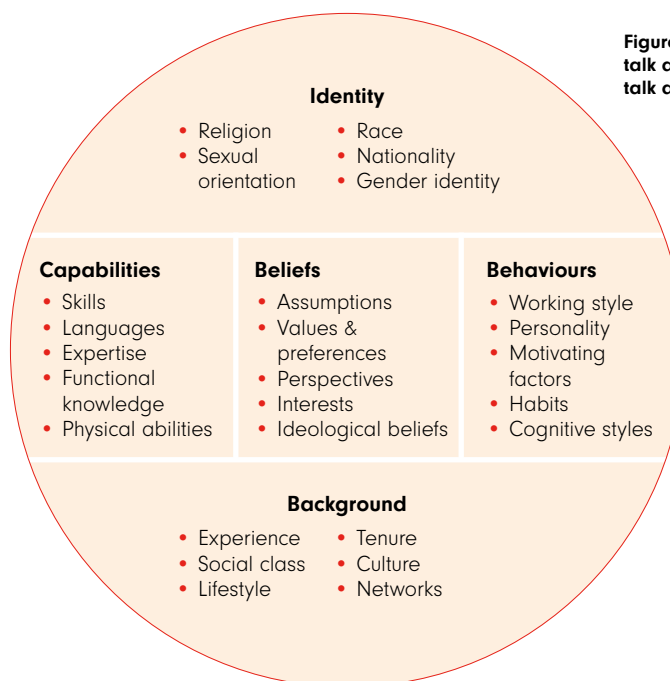


Figure 1: What we talk about when we talk about diversity

Methodologies

The Open For Business City Ratings

Open, inclusive, diverse cities are more competitive: they encourage innovation, they attract high-skilled workers, and they are better at growing high-value businesses. LGBT+ inclusion sends a clear signal that a city is an open, progressive and dynamic place to do business.

This report presents a broad base of data that supports these assertions. It covers a wide range of questions about cities: how easy is to do business? How “network ready” is the city? Is it corruption-free? Is there a healthy “innovation ecosystem”? What is the quality of living like? Are LGBT+ people welcome, and what is their legal status?

We have synthesised this data into the Open For Business City Ratings. It combines 32 individual indicators from 16 well-respected data sources to produce a picture of which cities are open, progressive and competitive – and which are not. It is intended as a useful tool for the following groups of people:

- **For high-skilled individuals** thinking about relocating to another city, the index can help them to think about what they are looking for and how they might fit in.
- **For businesses** considering possible new locations for offices or operations, the index can help evaluate differences between cities
- **For policymakers** seeking to boost the economic performance of their city, the index can help them to benchmark their performance against competing cities.

Methodology

The following steps were followed to create the Open For Business City Rankings:

- 1. Select data sources:** The first step was to determine which data sources to use for the ratings. The purpose of the ratings is to combine economic factors with elements that measure inclusion of the LGBT+ community in a city. The ratings model is split into four pillars: City Competitiveness, National Competitiveness, Social & Cultural Factors, and Governance & Rule of Law.
 - a. City Competitiveness:* This pillar measures a city’s economic competitiveness. It includes 7 individual indicators, which create a picture of a city’s economic and business activity, its innovation, and its quality of life.
 - b. National Competitiveness:* This pillar is similar to the City Competitiveness pillar, but on a national level. It includes 7 individual indicators, which measure a country’s readiness for innovation and economic growth, connection to the global economy, and talent attraction.
 - c. The Social & Cultural Climate:* This pillar was the most difficult to find robust data sources for, as the LGBT+ community is not visible or measured in many parts of the world. However, we found several reliable proxy indicators, which collectively provide a picture of how accepting a city is of the LGBT+ community. This pillar includes 13 individual indicators, measuring a wide range of national attitudes toward people with different sexual orientations or gender identities, city level acceptance of LGBT+ tourists, and the level of support given by the city government.
 - d. The Rule of Law & Civil Freedom:* This pillar scores a city based on its legal situation – both in terms of policies that are LGBT+-friendly and in terms of rule of law in general. The pillar includes 5 individual indicators looking at LGBT+-inclusive laws, corruption, civic and press freedom, and rule of law.

All sources used come from reputable sources and cover a global set of cities. This ensures credible scoring and a globally representative set of cities.

- 2. Finalize cities to include:** Once data was collected, the team created the list of cities that would be included in the ratings. The ILGA social attitudes, Mercer Quality of Life, and 2thinknow Innovation Index were the narrowest data sets and determined the cities that were included. There arose a preliminary list of cities that are present on the Mercer and 2thinknow indexes and are in the 77 countries included in the ILGA data. To avoid skewing the index in favor of any one geography, we only include a maximum of 5 cities per country. The exception is the United States, which includes 10 cities. This is due to the size of the US economy and population.

- 3. Standardize data sources** to a scale of 1 to 10 to create a comprehensive output to compare each city. The following equation normalizes each individual indicator in which it was better to have a high score:

$$\text{Observed outcome rescaled LGBT+} = \left(\frac{\text{Observed outcome} - \text{Lowest outcome}}{\text{Highest outcome} - \text{Lowest outcome}} \right) \times 10$$

And for each individual indicator in which it was better to have a low score, the following equation is used:

$$\text{Observed outcome rescaled} = \left\{ 1 - \left(\frac{\text{Observed outcome} - \text{Lowest outcome}}{\text{Highest outcome} - \text{Lowest outcome}} \right) \right\} \times 10$$

This normalization methodology was adopted from Opportunity Nation’s 2016 Opportunity Index.^(a)

Once the data was normalized to a 10 point scale, the arithmetic mean of the scores across all included cities was calculated. If the mean was below 3.0, the “Highest Outcome” variable above was substituted with the 90th percentile value. All cities with values higher than the 90th percentile received a “10” for that metric. If the mean was above 7.0, the “Lowest Outcome” variable above was substituted with the 10th percentile value. All cities with values lower than the 10th percentile received a “0” for that metric. This was to ensure sufficient variation in values to differentiate cities on each individual indicator.

(a) Opportunity Nation (2016), Opportunity Index 2016, available at: <http://opportunityindex.org/wp-content/uploads/2016/12/Methodology-Report-2016-FINAL-12.13.pdf>

4. Weight the individual indicators: Each of the four pillars are equally weighted as 25% of the overall score. Within each pillar, the individual indicators are weighted as shown below:

Pillar	Individual indicator	Weight	Year	Source
City Competitiveness	City GDP per capita	5%	2015	McKinsey Global Institute
	City GDP per capita growth	10%	2015 to 2030	McKinsey Global Institute
	Number of companies headquartered	20%	2017	Crunchbase
	Innovation potential	20%	2016	2thinknow
	Number of international association meetings	10%	2016	International Congress and Convention Association
	Population density	15%	2017	Demographia
	Quality of living	20%	2017	Mercer
National Competitiveness	Global competitiveness	20%	2017	World Economic Forum
	National GDP growth	20%	2015 to 2016	World Bank
	Innovation potential	20%	2017	INSEAD/World Intellectual Property Organization/Cornell University
	Networked readiness	10%	2016	World Economic Forum
	Trade to GDP ratio	10%	2016	World Bank
	Ease of doing business	10%	2017	World Bank
	Net inflow of university students	10%	2016	UNESCO
The Social & Cultural Climate	Attitudes to sexual orientation	20%	2017	ILGA
	Attitudes to gender identity	20%	2017	ILGA
	City LGBT+ Inclusion Score	40%	Various	Lonely Planet/Open For Business analysis
	Political supportiveness from city officials	20%	Various (data pulled October 2017)	Municipality websites, media outlets
The Rule of Law & Civil Freedom	LGBT+ legal rights	20%	Various (data pulled October 2017)	Equaldex, ILGA
	Rule of law	20%	2016	World Bank
	Corruption perception	20%	2016	Transparency International
	Civil liberty	20%	2017	Freedom House
	Press freedom	20%	2017	Reporters without Borders (RSF)

5. Rate the cities: Once each city had a composite 10-point score (10 being best, 0 the worst), it was awarded a rating, similar to a credit rating. The purpose of rating cities instead of ranking them is to not dictate a definitive ranking on each city. We understand that there is no one-size-fits-all approach to city competitiveness. Additionally, we want the ratings to start a conversation on the various components that make a city a good place to do inclusive business – something that will be easier to do without focusing on the minutiae of weightings and scores.

Bringing together and updating the evidence base

Initial research was carried out between January-August 2015:

- 1. Collected evidence** (reports, data sets, 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 LGBT+ inclusion and exclusion.
- 3. Re-visited the evidence base** to identify the most robust and up-to-date evidence and data for each proposition.
- 4. Interviewed a set of activists on the front-line of LGBT+ discrimination** to ensure propositions are grounded in local country realities, including Jamaica, India, Malaysia, Singapore, Nigeria, Russia and Poland.

A review of the evidence base was carried out between May – November 2017 by revisiting steps 1. to 4. of the methodology. Beyond that:

- 5. The Open For Business Research Advisory Group was established** and provided an overall sense check of the argument and guidance on existing and upcoming data to be published.
- 6. Boston Consulting Group carried out secondary research** on the basis of it's annual 'Global Challengers' report looking at SOGI inclusiveness (2017 data p.10)

Starting a conversation on LGBT+ inclusion

Since launch, Open For Business has had conversations about LGBT+ inclusion with hundreds of senior leaders from around the world – executives from global companies as well as local businesses. We have encountered a number myths and misconceptions. We share these below, together with possible responses.

Key

What we've heard

Open For Business responses



It's not safe to encourage people to come out.”

In LGBT+ hostile countries, coming out is always a risk. The question isn't whether to encourage employees to come out or not, but how to provide a safe and supportive environment for LGBT+ people – whether they have decided to come out or not. This begins with a clear statement that LGBT+ people are welcome in the workplace and fostering a culture of inclusion; it can also include measures such as giving people the ability to connect anonymously to online employee LGBT+ networks, or working with local LGBT+ community groups. Finally, it can include working in the public sphere to put the economic and business case for LGBT+ inclusive societies.



It's against the culture. We must respect cultural differences.”

This isn't relevant. There is a clear economic and business case for inclusion, and this applies globally, irrespective of cultural context: open and diverse societies are better at creating prosperity for their inhabitants, and the evidence shows this is true across the world. Often, this isn't even true: the current hostility to LGBT+ people in many of the countries does not have deep cultural roots. For example, in many parts of the Commonwealth, anti-LGBT+ laws were imported during British rule. In many countries, anti-LGBT+ sentiment has been enflamed in recent years for national political purposes.



Our consumers / customers / clients won't like it.”

Some customers won't like it – but the experience of Open For Business coalition partners is that most customers and clients approve of companies that support LGBT+ inclusion – and this applies globally. Evidence presented in this report shows that LGBT+ inclusion can be a source of competitive advantage and brand preference; and inclusion can lead to improved “customer orientation” and better client service.



We want to include everyone, not just LGBT+ people.”

That's great. But generic statements about inclusion and non-discrimination are not enough. LGBT+ people are often amongst the most marginalized people in a community: invisible, afraid to “come out” – and so many LGBT+ people may feel generic statements do not apply to them. Instead, LGBT+ people must be explicitly and proactively included.



We don't get involved in politics.”

This isn't a political issue, this is a business issue. Looking after the welfare of employees is the business issue; creating an inclusive culture that can foster performance and innovation is a business issue; operating in an open, globally connected economy is a business issue.



We don't want to impose our Western values.”

This isn't about Western values, this is about global standards of best practice in business: an open, inclusive and meritocratic workplace will yield better performance. From a moral point of view, the rights of LGBT+ people are universal, and not distinctly Western values.



We don't have any gays.”

Many LGBT+ people feel the need to hide their sexual orientation or gender identity, particularly in environments that don't feel accepting or safe. This phenomenon is known as “covering”, and studies show that this still occurs even in highly LGBT+ inclusive countries. If there is nobody in an organization identifying as LGBT+, the most likely explanation is that people are concealing their identities.



It's against the law. We must respect the laws of the countries in which we operate.”

Although many countries have laws that prohibit same-sex activity, it is not actually illegal to actually be gay anywhere in the world. A few countries have “propaganda laws” prohibiting so-called “promotion” of homosexuality. In the majority of countries, supporting LGBT+ inclusion in the workplace is not violating any law.

DISCLAIMER

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