

RESEARCH SERIES

New Global Champions

Why fast-growing companies from emerging markets are embracing LGBT+ inclusion



Open
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Business

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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 the economic and business case for equality of opportunity for everyone, all across the world.

Open For Business 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. In order to promote open and inclusive societies where business can flourish, the coalition presents the data that demonstrates inclusion is better for business and better for economic growth.

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About this report

What is the purpose of this report?

This report aims to further strengthen the business case for LGBT+ inclusion, with a focus on emerging markets – where support for LGBT+ inclusion is often most needed. Many of the fastest growing companies based in emerging markets are embracing LGBT+ inclusion. This report presents a qualitative evaluation of this trend, and explores the underlying drivers.

What is its scope?

This report presents a comprehensive evidence base linking LGBT+ inclusion with the business performance of a group of the fastest growing companies headquartered in emerging markets. Building upon the global evidence base developed by Open For Business, it also includes the internal and external actions that businesses can take to promote LGBT+ inclusive societies.

Who is this report for?

For **companies** headquartered in emerging markets, this report provides a strong business rationale for LGBT+ inclusion.

For **civil society organisations** seeking to work with businesses in emerging markets, this report provides compelling arguments to secure more corporate support.

For **policymakers** in emerging markets, this report shows how LGBT+ inclusion can boost the competitiveness of fast-growing companies. This report shows why LGBT+ inclusion is a business and economic issue.

Who are the authors?

Boston Consulting Group, led by **Elliot Vaughn**, **Pavlos Papaefstathiou** and **Joanna Green**, undertook the core research. Additional research, final analysis and writing of the report was undertaken by the Open For Business team, led by **Drew Keller** in Washington DC, alongside **Tisha Cromwell** and **CJ Lin** as well as **Yvonne Muthoni** in Nairobi, Kenya. Contributing authors include **Ann-Kathrin Richter**, **Ruairidh Macintosh**, **James Moss** and **Monica Rivero** of the **Brunswick Group**. **Godrej, Natura** and **Wipro** contributed their perspectives on and experience in promoting LGBT+ inclusive societies in their home countries. **Jon Miller** is the executive editor of Open For Business.

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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Executive summary

Many of the fastest growing companies based in emerging markets are embracing LGBT+ inclusion. This report presents a qualitative evaluation of this trend, and explores the underlying drivers. The sample of selected companies for this research represent 96 of the fastest growing companies headquartered in emerging markets. They are poised to become the world's next global firms and are quickly improving on global best practices to secure this position. One of these best practices the companies are beginning to adopt and improve upon is LGBT+ inclusion, even though many are based in countries or cities that are dangerous or hostile for the LGBT+ community.

Since 2015, support for LGBT+ inclusion has doubled among fast-growing companies in emerging markets

This report examines how support for LGBT+ inclusion has grown over recent years by comparing the latest results with data from Open For Business reports published in 2015¹ and 2018.² In that time, the number of companies that have public policies against LGBT+ discrimination has doubled: from 19 in 2015 to 37 in 2019.

This is impressive, given that many of these companies are based in countries with a mixed record on LGBT+ inclusion. Seven countries have laws that can lead to the arrest of LGBT+ people, 12 do not have workplace protections, and 14 do not recognise marriage equality.³

In this report, we categorise the companies into three Tiers according to whether they have public statements against LGBT+ discrimination (Tier 1), public statements against general discrimination (Tier 2) or no public statements (Tier 3). The results show that only a minority of companies (22%) have no public statements at all.

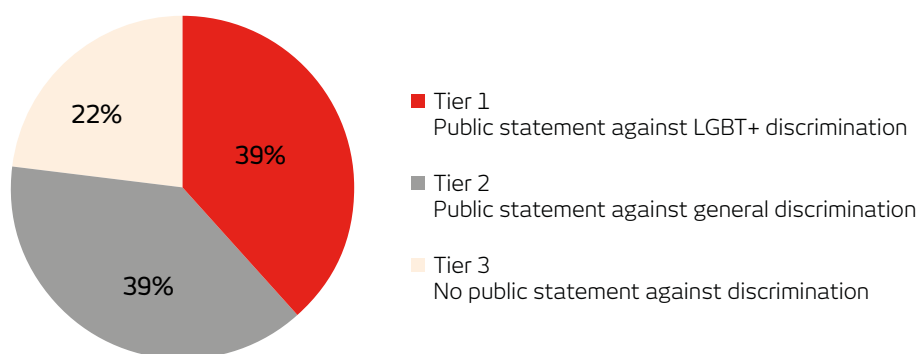


Figure 1: 39% of companies explicitly prohibit discrimination based on sexual orientation and/or gender identity.

LGBT+ inclusion allows high-potential emerging-market companies to more effectively connect with global markets and supply chains, without seeing any negative financial impacts.

An analysis of financial indicators finds that the companies which openly support LGBT+ inclusion **suffer no negative impact on revenue growth or earnings before interest and taxes (EBIT) margins**. This finding holds when industry and region are controlled for.* This finding empirically shows that fears of reputational and revenue damage from supporting LGBT+ inclusion, which are common in anti-LGBT+ markets, are likely overstated.

The analysis found a direct relationship between a company's support for LGBT+ inclusion and its ability to more effectively connect with global markets and supply chains: companies who are in Tier 1 see **20 percentage point higher proportion of revenue come from international sources** than those that are in Tier 3. This finding holds when industry and region are controlled for.**

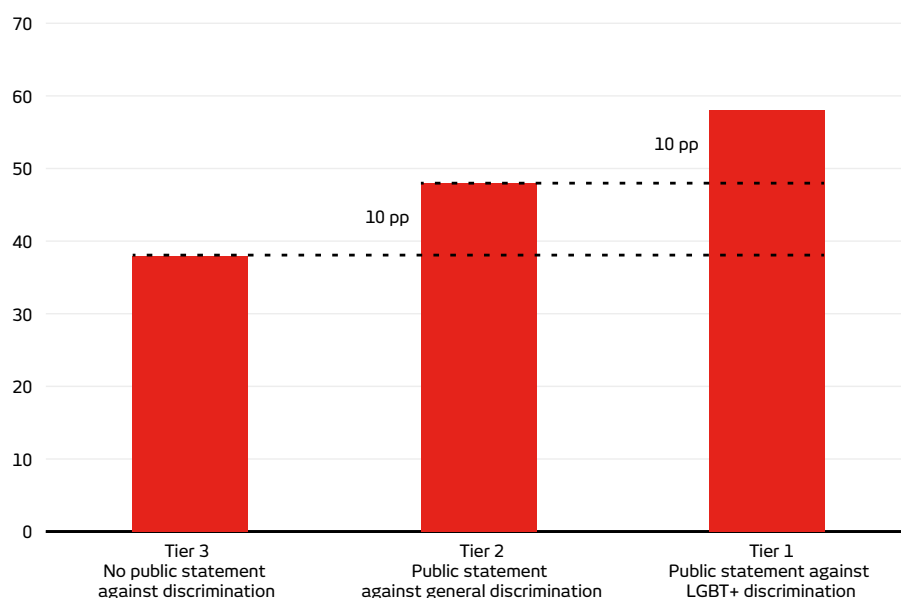


Figure 2: A Tier 1 company that is located in the same region and operates in the same industry as a Tier 3 company can expect to see 20 percentage points more revenue come from international sources.***

* Industries included in the analysis are industrial goods, consumer goods, TMT (tech, media, telecommunications), financial institutions and insurance. Regions included are Africa/Middle East, Asia Pacific, Europe and Latin America. Please see Appendix A for more details.

** Please see Appendix A for more details on the regression results.

*** For the example in the chart, we assume the Tier 1, Tier 2 and Tier 3 companies are based in the Africa/Middle East region and operate in the energy industry.

There are a number of connections between LGBT+ inclusion and business performance in high-potential emerging-market companies.

This report explores the links between LGBT+ inclusion and the performance of high potential emerging market companies through an analysis of financial data and a series of interviews with leaders of the companies in this cohort. This quantitative and qualitative review yields six dimensions in which LGBT+ inclusion is linked to aspects of business performance:

1. Financial performance	High-potential emerging-market companies which openly support LGBT+ inclusion suffer no negative impact on revenue growth or earnings before interest and taxes (EBIT).	See p25
2. Global markets & supply chains	LGBT+ inclusive companies have a higher proportion of international revenues, indicating they can more effectively tap into global markets and supply chains.	See p25
3. Talent acquisition & retention	High-potential emerging-market companies which openly support LGBT+ inclusion are better able to attract and retain talent.	See p27
4. Brand strength & customer orientation	High-potential emerging-market companies which openly support LGBT+ inclusion see stronger brands & better customer orientation.	See p27
5. Corporate governance	LGBT+ inclusive policies can be taken as an indicator of stronger corporate governance.	See p28
6. LGBT+ inclusive cities	LGBT+ inclusive cities can provide a supportive environment to help boost the competitiveness of high-potential emerging-market companies.	See p29

Forewords

Parmesh Shahani

Author and Founder,
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There is a growing body of evidence that shows diverse and inclusive societies foster an environment that enables businesses to thrive and economies to prosper. By bringing together different groups of people, societies cultivate an ecosystem where ideas are exchanged, creativity flows and value is unlocked through innovation. Diversity comes in various forms and there remains significant progress to be made for one particular group – the LGBT+ community.

As economies around the world continue to grow, it is encouraging to see that many are changing their laws to be inclusive of the LGBT+ community – India, together with Angola, Belize, Bhutan, Botswana, Lesotho, Mozambique, Nauru, Palau, Seychelles as well as Trinidad and Tobago, have decriminalised same-sex acts in the last five years. However, many countries remain unfriendly for LGBT+ people, which creates growing tension for companies headquartered there that are looking to adopt best practices on LGBT+ inclusion as they grow and expand across borders.

One of the most common concerns emerging-market companies have on becoming more LGBT+ inclusive is the potential negative impacts on their reputation and financial performance. Companies are worried that open support for LGBT+ inclusion could trigger a backlash from their customers. The findings from this report show otherwise. An analysis of the high-potential emerging-market companies found that LGBT+ inclusion enables these companies to tap into global markets and supply chains more effectively, without seeing any negative financial impacts.

Against today's backdrop of intense competition, diversity and inclusion are now essential if companies and societies want to foster sustainable growth. This is especially true for emerging-market companies as they continue to grow beyond their home markets and compete with their global competitors. Furthermore, consumer and employee expectations of businesses are changing and a narrow focus on serving just shareholders is no longer enough. Businesses are increasingly seen as having a responsibility to the societies and communities in which they operate.

Similar to how our 2018 Godrej white paper on transgender inclusion serves as a public resource for other companies to use, this report presents compelling evidence for emerging-market companies to initiate or continue their LGBT+ inclusion journeys.

More importantly, this report sends a strong message to businesses headquartered in emerging markets. Each of them has a role to play in creating a more diverse and inclusive workforce, and this will foster the environment needed for businesses to thrive. Businesses need to take a stand and engage with their stakeholders, especially civil society organisations and policymakers, to work together because LGBT+ inclusion will ultimately benefit everyone, not only the LGBT+ community.

Elliot Vaughn

Global Pride@BCG Leader,
Managing Director & Partner,
Boston Consulting Group



Looking across the globe, I see tremendous progress towards LGBT+ inclusion by the corporate sector, with 261 companies now signed up to the United Nations' global standards for business to tackle discrimination against LGBT+ people. But while big global brands in mature markets have received much attention, multinationals in emerging markets have been left out of the discussion. This study changes all that.

In our ground-breaking research, we have looked at almost 100 leading multinationals in emerging markets, how LGBT+ inclusive they are, and how that feeds into their business success and their ability to expand internationally. What we have found is positive: some 40% of the high-potential emerging-market companies explicitly prohibit discrimination based on sexual orientation and/or gender identity, with 38 of the companies stating that they promote equal opportunity employment, specifically mentioning sexual orientation and/or gender identity, and 36 stating that they promote equal opportunity employment, although without making specific mention of sexual orientation or gender identity.

Case studies underline the progress companies are making. Brazil's Natura, for example, introduced its diversity and inclusion policy in 2014. In India, Wipro last year announced that it would add LGBT+ to its long-standing diversity and inclusion policy. And Godrej, which has long supported LGBT+ rights, in 2011 funded and housed the India Culture Lab, a public platform that fosters a wide range of conversations on contemporary India, including LGBT issues. What these and other companies demonstrate is that LGBT+ inclusion is far from limited to western brands.

Importantly, our research also shows that these companies, headquartered in emerging markets, incur no economic penalty for being LGBT+ inclusive – in fact, they are more likely to grow faster on the world stage. The global economic and business case for LGBT+ inclusion has been well documented in previous Open For Business reports. What our new report shows is that high-potential emerging-market companies can also benefit, enabling them to tap into international markets and supply chains.

More broadly, recent research by Open for Business has found a correlation between GDP growth and LGBT+ inclusion. These findings are important. Evidence of links between the friendliness of countries towards the LGBT+ community and economic success provides powerful arguments about the benefits of openness, helping promote change in greater numbers of markets. As attention moves to emerging-market companies, LGBT+ inclusion is creating a stage on which they can step forward and show the world how they want to position themselves for the future.

Introduction

Companies headquartered in emerging economies are increasingly taking action to advance LGBT+ inclusion – even when they are based in countries that are hostile towards LGBT+ people. These actions may include measures to promote LGBT+ inclusive workplaces, as well as taking action outside the business, as advocates in the public sphere.

A number of Brazilian companies have taken an increasingly public stance on LGBT+ inclusion – in spite of, or perhaps because of, the increasingly hostile environment for LGBT+ people in Brazil:

Cosmetics company **Natura** has actively implemented advertisement campaigns to promote LGBT+ rights in Brazil. For National Kiss Day in 2019, the company promoted its new Love Collection products through advertisements that featured three lesbian couples kissing.⁴

Gol Airlines, a Brazilian airline and cargo transportation provider, has presented market data and shared best practices for marketing to LGBT+ travellers at Fórum de Turismo LGBT do Brasil.⁵

Braskem, Brazil's leading petrochemical company, was the first major company to sign the Forum on Companies and LGBT Rights initiative. Fernando Musa, president of Braskem, reaffirmed Braskem's responsibility to strengthen LGBT+ rights. He said, "we are all potential agents of social transformation."⁶

Same-sex acts have been decriminalized in India, but the LGBT+ community still faces a long road to equality: many LGBT+ people still suffer stigmatization and discrimination. Increasingly, Indian companies are publicly supporting LGBT+ inclusion:

Mahindra Group, a multinational conglomerate headquartered in Mumbai, made a clear statement by firing an employee that made homophobic comments.¹² Mahindra Group chairman, Anand Mahindra, Tweeted, "I can categorically assure you that we celebrate diversity in our workplace. Our Code of Conduct is explicit on this subject. Fairness & dignity of the individual is enshrined in our core values."¹³

In India, **The LaLiT Suri Hospitality Group**, a leading privately-owned hospitality company, has hosted Pride parade parties and invited famous drag artists to perform.¹⁴ The company also supported decriminalisation in India by joining a petition* that challenged Section 377 of the Indian Penal Code that criminalises same-sex consensual relationships.**

Cyberbullying, blackmailing and extortion is common in India for people using gay dating apps. Taking a stand on this, **BlueD**, China's leading gay dating application, launched India's first anti-cyberbullying campaign for the LGBT+ community to raise awareness and offer assistance to users.¹⁵

Tata Steel, now a global company with operations in more than 100 countries and over 660,000 employees,¹⁶ was one of the early supporters of LGBT+ inclusion in India, prohibiting discrimination, offering same-sex partner benefits and launching an LGBT+ employee resource group – all when same-sex acts were criminalised in India.¹⁷

Chinese global businesses are also working to promote LGBT+ acceptance across their platforms:

e-commerce company **Alibaba** partnered with **BlueD** to send 10 same-sex couples from China to get married in California. An Alibaba's spokesperson said that the company hopes their actions will "raise awareness and respect and understanding of gay people."⁷ Alibaba was the first major Chinese company to publicly support marriage equality and more broadly, the LGBT+ community in China.⁸

Challenging social norms in China, **BlueD** also launched an overseas surrogacy service for gay men to help them become parents.⁹

Didi Chuxing, China's leading ride hailing application, has promoted video advertisements that featured a gay couple holding hands in the back of a taxi.¹⁰

Cathay Pacific also ran an advertisement depicting a same-sex couple on a beach, as part of the airline's effort to highlight its attitude towards diversity.¹¹

The public support for LGBT+ inclusion from companies such as these is encouraging. To explore this further, Open For Business worked with Boston Consulting Group (BCG), a coalition partner. BCG regularly analyses the performance of companies headquartered in emerging markets, with a particular focus on the most rapidly growing companies. Together, in this report we analyse LGBT+ inclusion in a group of companies who are amongst the most high-potential companies in the world.

* Petitioners include Navtej Singh Johar, Sunil Mehra, Ritu Dalmia, Aman Nath, Keshav Suri and Ayesha Kapur.

** On September 6, 2018, the Apex Court Bench decriminalised consensual adult same-sex intercourse ("What is Section 377 of IPC?" 2018).

Support for LGBT+ inclusion from business leaders in emerging economies



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"Being inclusive is not just the morally right thing to do, but it has a lot of benefits. You think more creatively; you see things from varied perspectives."¹⁸

Peter Arvai
Co-founder and CEO of Prezi



Keshav Suri by Cosmopolitan India

"Inclusion has economic benefits as well, and people should see that. By including members of the LGBTQ+ community in society, by giving them respect, we stand to enhance productivity, reduce mental health issues, and see a higher contribution to the GDP."²¹

Keshav Suri
Executive Director of The LaLiT Suri Hospitality Group



Marianna Moraes at the EXAME Diversity Forum (Flávio Santana/Biofoto/EXAME)

"When diversity becomes part of everyday life, we eliminate any kind of barrier between people. Everyone is capable and encouraged to do their best."¹⁹

Marianna Moraes
Director of Perfumery of Natura Brasil



Marcelo Arantes by Portal dos Journalistas

"By fostering relationships that are collaborative and free from discrimination, we create a working environment where people can be themselves, thus contributing to their engagement and satisfaction."²⁰

Marcelo Arantes
Vice President for People, Communications, Marketing and Sustainable Development of Braskem

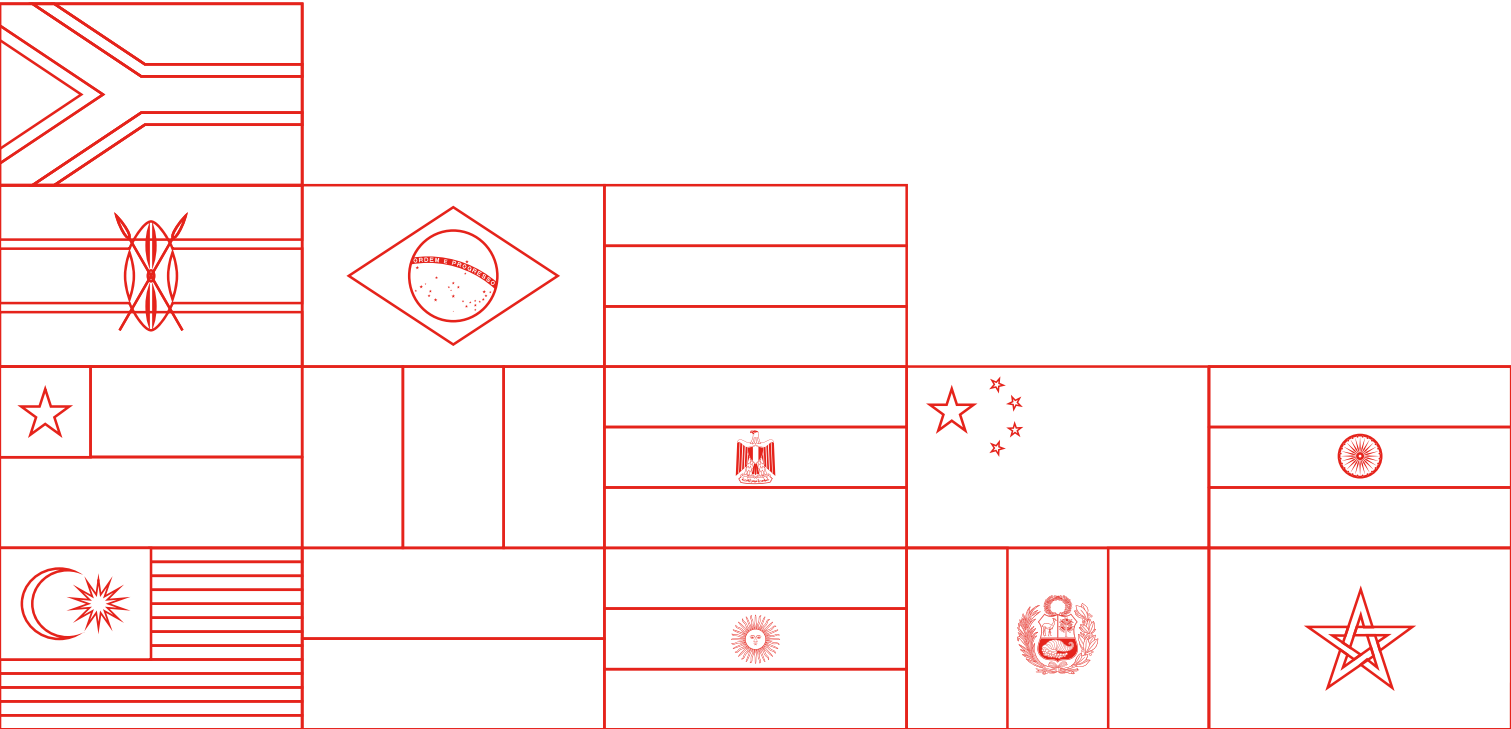
What is an “emerging market”?

While it is understood that the term “emerging markets” refers to economies that are on track to becoming developed nations based on the assessment of a range of socio-economic factors, there isn’t an agreed-upon list of countries that are categorised as “emerging markets.”²² In fact, there are a few widely accepted classifications of “emerging markets” – the International Monetary Fund (IMF), Morgan Stanley Capital International, Standard and Poor’s, and Dow Jones each have their own lists of countries they consider to be “emerging markets.”

For the purpose of this report, we have adopted the IMF’s classification of “emerging markets” which is based on three criteria:²³

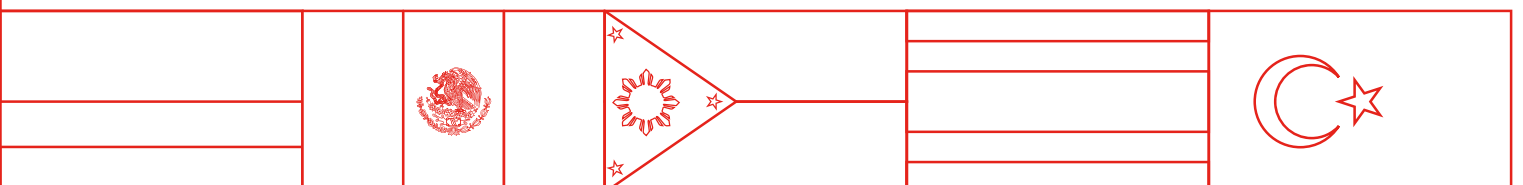
- Per capita income level
- Export diversification
- Degree of integration into the global financial system

The IMF qualifies that the above criteria “are not the only factors considered in deciding the classification of countries.” The IMF further notes that the World Economic Outlook Statistical Appendix states, “This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. The objective is to facilitate analysis by providing a reasonably meaningful method of organising data.”²⁴



Section 1

LGBT+ inclusion in high-potential
emerging-market companies



LGBT+ inclusion in high-potential emerging-market companies

High-potential emerging-market companies are the next frontier in global growth – and LGBT+ inclusion.

Emerging-market companies have grown faster than companies in developed markets in most industries over the past decade. BCG, an Open For Business coalition partner, regularly looks at the most rapidly growing companies headquartered in emerging markets and, together, we have identified a select group of 96 companies who are amongst the most high-potential companies in the world.*

These companies were chosen based on a combination of quantitative and qualitative criteria: they each have at least \$1 billion in annual revenue, at least \$500 million or 10% of revenue coming from international sales, over 1,000 employees, and see growth rates that outpace their home market's GDP and their industry's average growth. Exceptions were made for fast-growing, high-impact companies that are rapidly approaching these thresholds.

The rapid growth of these companies reflects the rapid growth of emerging markets as a whole. According to the World Bank's 2018 Global Economic Prospects report, emerging markets are expected to grow at 4.7% in 2019, compared to just 2% growth in developed markets.²⁵ Credit Suisse expects emerging markets to account

for 27% of global wealth by 2023, up from 24% in 2018.²⁶ As the economic centre of gravity moves further East, attention will increasingly focus on these companies.

The high-potential emerging-market companies included in this report are poised to become the world's next great global corporations and many companies which would previously have been considered high-potential companies based on similar criteria are now among the largest companies in the world, with truly global presences: companies such as Alibaba, Tata Consultancy Services and Tencent.

This group of high-potential emerging-market companies operates across 169 countries, reaching 99% of the world's population. They are headquartered in 19 countries, home to approximately 4.3 billion people. The top five locations, which represent approximately 67% of the companies in the group, are included in the following graph. Other locations where the companies are headquartered include Argentina, Chile, Colombia, Egypt, Indonesia, Kenya, Malaysia, Morocco, Nigeria, Peru, the Philippines, South Africa and Thailand.

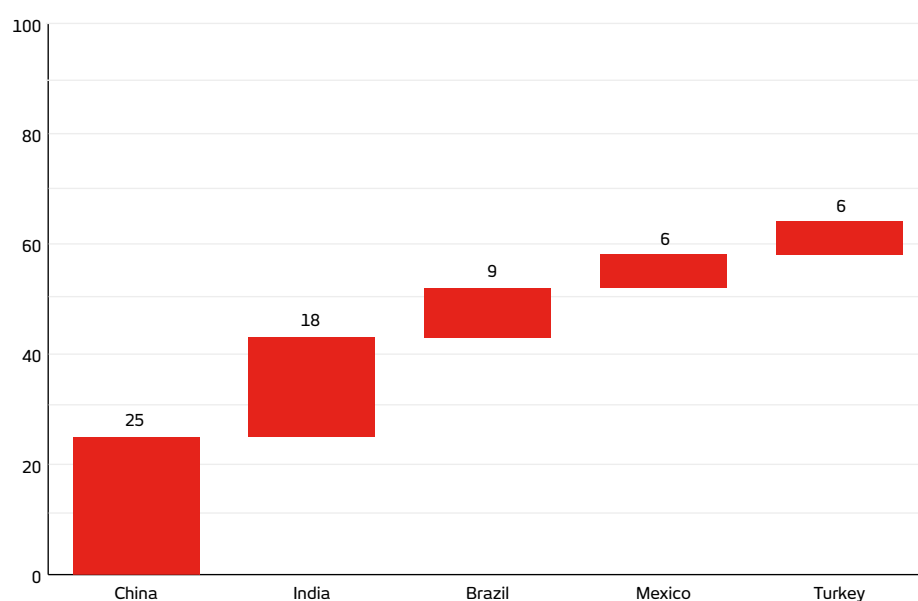


Figure 3: Top 5 countries represent approximately 67% of the companies in the group.

* Not all emerging markets are represented in the study.

As the high-potential emerging-market companies grow and globalise, they begin to adopt global business best practices, including LGBT+ inclusion, to accelerate their growth.

The countries that these companies call home have a mixed record on LGBT+ inclusion. Seven countries have laws that can lead to the arrest of LGBT+ people, 12 do not have workplace protections, and 14 do not recognise marriage equality.³¹ Even countries with the most robust legal protections face challenges with social integration. For example, there are high levels of

anti-LGBT+ violence in South Africa and Brazil is currently experiencing homophobic and transphobic political rhetoric. As this report will show, this creates a challenging situation for the high-potential emerging-market companies that are focused on LGBT+ inclusion as a policy to boost their global competitiveness.

According to BCG's 2018 Global Challengers report, which highlights the importance of fast-growing companies in emerging markets, these companies have been leapfrogging their developed world counterparts by being the "driving force behind the global digital revolution".²⁷ They are learning from and greatly improving upon global best practices set by multinational firms. And this is true outside of digital innovation as well. An increasing number of global challengers are also beginning to adopt and improve upon best practices in LGBT+ inclusion.

The global economic and business case for LGBT+ inclusion has been well documented in previous Open For Business reports published in 2015²⁸ and 2018.²⁹ The largest and most competitive companies in the world understand and internalise this

evidence. In fact, 91% of Fortune 500 companies have policies that prohibit discrimination on the basis of sexual orientation. 83% prohibit discrimination based on gender identity, up from 25% in 2008.³⁰ These companies continue to increase their dedication to inclusion and diversity by signing on to global standards like the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people, joining coalitions like Open For Business, and participating in indices, such as those run by the Human Rights Campaign, Stonewall, Community Business and others.

While the majority of companies focused on LGBT+ inclusion have traditionally been based in developed markets, a growing number of companies in emerging markets are implementing LGBT+ inclusive policies. Analysis conducted on the 96 companies included in this report found that:

- **39%** of the companies state that they promote equal opportunity employment, *specifically mentioning sexual orientation and/or gender identity*. We refer to these companies as Tier 1.
- **39%** of the companies state that they promote equal opportunity employment, although they make no specific mention of sexual orientation or gender identity. We refer to these companies as Tier 2.
- The remaining **22%** companies have no evidence of publicly available non-discrimination policies. We refer to these companies as Tier 3.

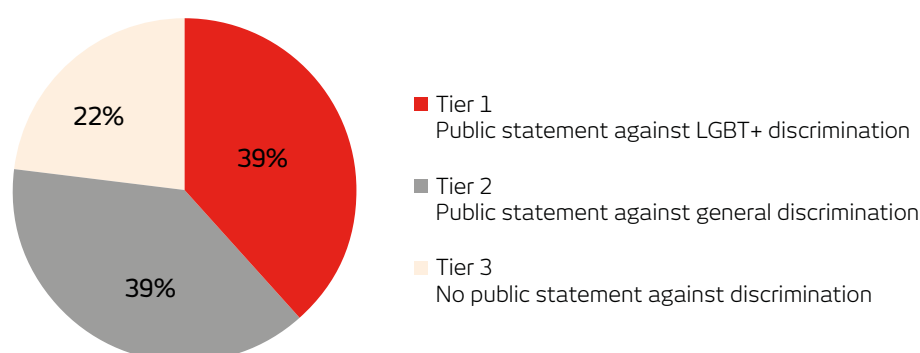


Figure 4: 39% of companies explicitly prohibit discrimination based on sexual orientation and/or gender identity.

Airlines	LATAM	Chile	Engineered products and infrastructure	Alfa	Mexico
	Turkish Airlines	Turkey		Elsewedy	Egypt
	<i>Anonymous</i>	Malaysia		Votorantim	Brazil
Automotive	Apollo Tyres	India		WEG	Brazil
	Mahindra & Mahindra	India	Finance & Insurance	Cielo	Brazil
Consumer	Alpargatas	Brazil	Healthcare	Dr. Reddy's	India
	Arca Continental	Mexico		Lupin	India
	Brasil Foods	Brazil		Sun Pharma	India
	Concha y Torro	Chile	Processing, metals & mining	Gerdau	Brazil
	Falabella	Chile		Grupo México	Mexico
	Femsa	Mexico		Indorama Ventures	Thailand
	Godrej	India		Orbia*	Mexico
	Gruma	Mexico		Tata Steel	India
	LC Waikiki	Turkey	Technology, Media & Telecommunication	Infosys	India
	Mercadolibre	Argentina		Safaricom	Kenya
	Natura	Brazil		Tech Mahindra	India
	Thai Union Frozen Food	Thailand		Wipro	India
				<i>Anonymous</i>	Malaysia
Energy	PTT	Thailand			
	Reliance Industries	India			

Note: Two companies in the above analysis, both headquartered in Malaysia, have been anonymised to protect employee safety, given LGBT+ attitudes in the country.

Table 1: A new generation of successful businesses based in emerging markets are supporting LGBT+ inclusion.

Why LGBT+ inclusion? Why is "general" inclusion not enough?

This report highlights companies that are supporting LGBT+ inclusion. Whilst increasing numbers of companies are making public statements against general discrimination, the evidence shows that this isn't enough: sexual orientation and/or gender identity must be explicitly mentioned in order for a company to be truly LGBT+ inclusive. There are a number of reasons for this.

In many of the countries included in this report, LGBT+ people suffer a high degree of marginalisation, social exclusion and even criminalisation. General statements of inclusion don't reach such marginalised individuals: even if a company states that its equal opportunities policies include "everyone", LGBT+ people will assume "everyone" doesn't include them.

While all aspects of inclusion are necessary for a company to truly thrive, LGBT+ inclusion is the frontier for inclusion and diversity. Companies that support LGBT+ inclusion clearly signal that they are leaders in diversity and inclusion, which in turn sends a clear message that everybody is welcome.

* Until September 2019, Orbia was known as Mexichem.

Supporting LGBT+ inclusion is a growing trend among high-performing companies in emerging markets

Open For Business analysed a similar cohort of companies in reports published in 2015³² and 2018³³, and comparing these results shows that there is growing support for LGBT+ inclusion among high-performing companies in emerging markets. In that time, the number of Tier 1 companies has nearly doubled: from 19 in 2015 to 37 in 2019.

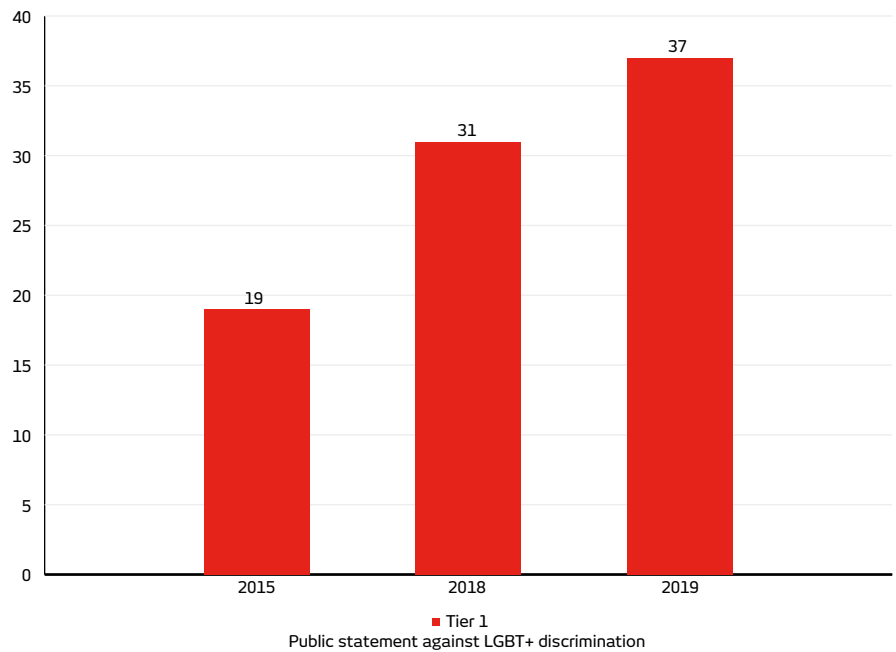


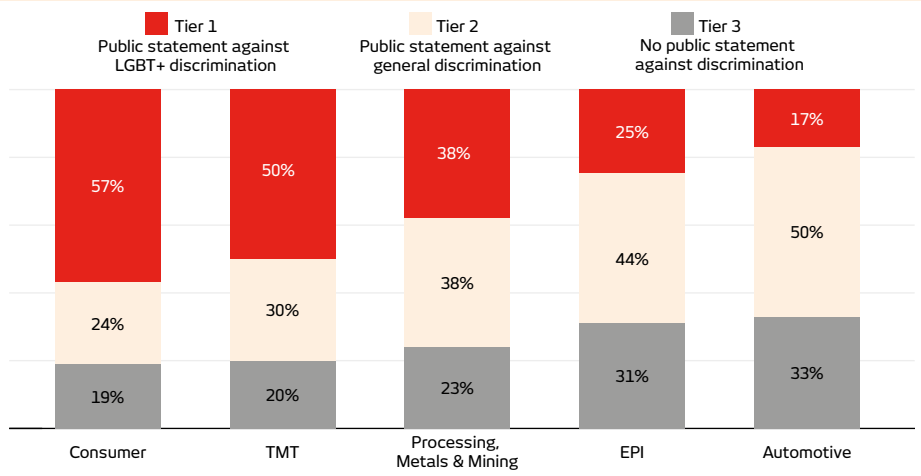
Figure 5: The number of Tier 1 companies has nearly doubled from 2015 to 2019.

Special Focus

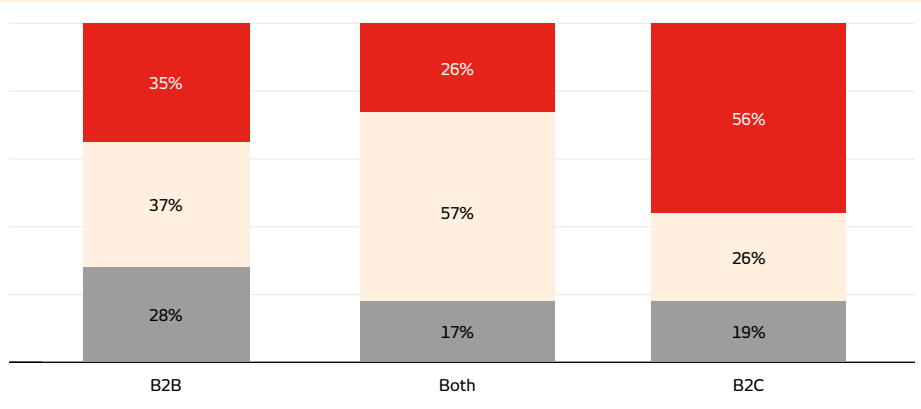
LGBT+ inclusion differs across industry and company ownership

When the high-potential emerging-market companies are analysed based on industry, type of business and company ownership, interesting patterns arise which show that certain types of companies are more likely to be LGBT+ inclusive. Our analysis found that the following companies are most likely to be inclusive:

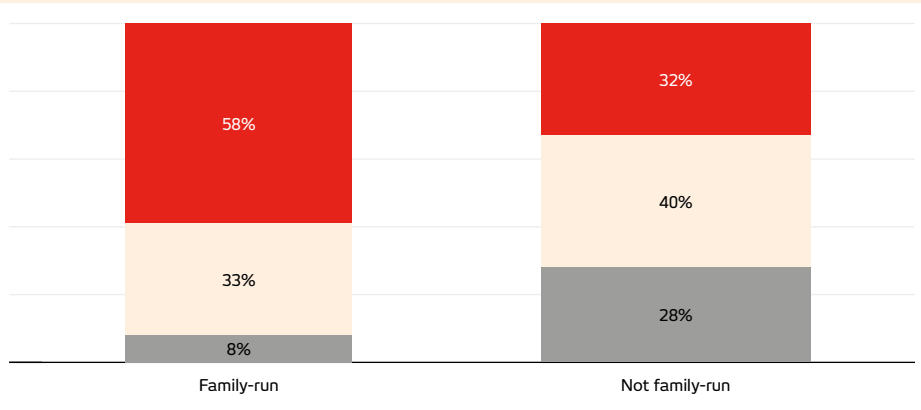
Companies which belong to the Consumer and TMT* industries, with 57% and 50% categorised as Tier 1, respectively. The industry least likely to support LGBT+ inclusion is automotive, with only 17% of companies categorised as Tier 1.



Companies which operate primarily as business-to-consumer (B2C), with 56% categorised as Tier 1.



Companies which are family-run, with 58% categorised as Tier 1. Family-run companies are 1.8 times more likely to support LGBT+ inclusion than non-family-run companies.



Interestingly, these trends show that companies which are consumer-facing are the most LGBT+ inclusive. This may seem counterintuitive to some, since public opinion in many emerging markets is not so supportive of LGBT+ inclusion or may be actively hostile. However, many of these companies market to a global audience of consumers and so develop a more inclusive outlook. As this report will show, LGBT+ inclusive companies have greater customer orientation and are better at generating brand preference, and LGBT+ inclusion brings a broad range of business benefits that help high-potential emerging market companies outperform their competition.

* Technology, Media and Telecommunications.

High-potential emerging-market companies which openly support LGBT+ inclusion suffer no negative impact on revenue growth or EBIT margins.

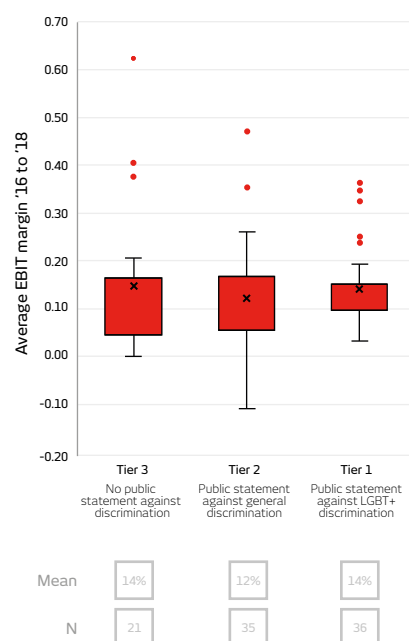
The growing number of emerging-market companies supporting LGBT+ inclusion runs counter to conventional wisdom that such support would damage a company's reputation and brand, leading to worse financial performance. Open For Business has found that this assumption is deeply held by many business leaders in emerging markets.

However, until now there has not been any quantitative evaluation of the financial impact of LGBT+ inclusion in emerging markets. We analysed the relationship between support for LGBT+ inclusion and three aspects of a company's financial performance: Revenue growth, EBIT margin and proportion of revenue from international sources. The analysis used multivariate regression to account for differences in region and industry to more accurately assess the relationship with LGBT+ inclusion.

The results show companies which openly support LGBT+ inclusion **suffer no obvious negative impact on revenue growth or EBIT margins**.^{*} This suggests that fears surrounding support of LGBT+ inclusion may be overblown. At the very least, the first attempt to quantify them can find no evidence to support them.

This is consistent with a growing evidence base of global, mainly developed-market companies, which shows that LGBT+ inclusion is connected to higher share price performance, higher return on equity and stronger free cash flow.

LGBT+ inclusive companies within the sample group have an EBIT margin in line with peers



LGBT+ inclusive companies within the sample group show revenue growth in line with peers

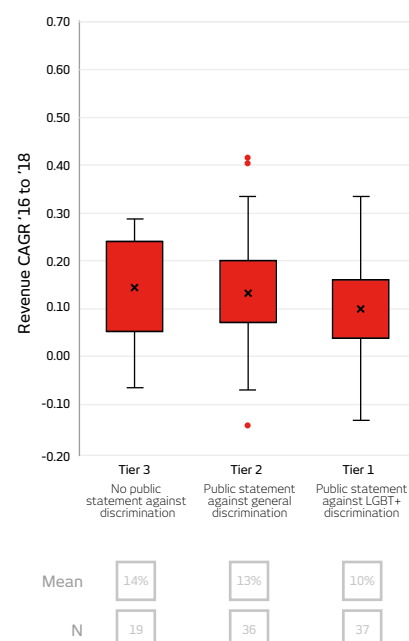
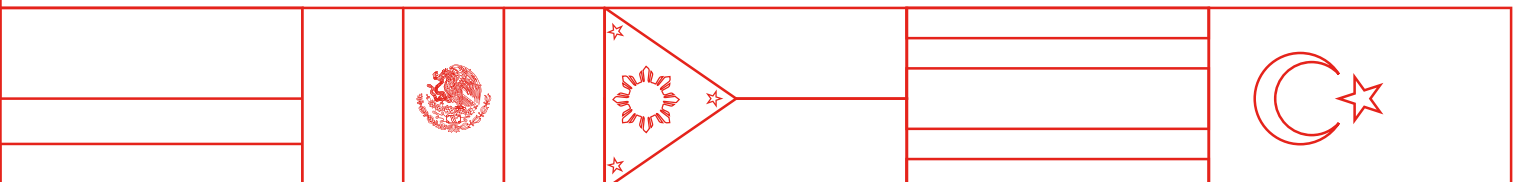


Figure 6: Multivariate regression shows that Tier 1 companies suffer no obvious negative impact on revenue growth and EBIT margins.

^{*} There were very slight differences in mean EBIT margins and revenue growth, but none of the differences were statistically significant.

Section 2

Links between LGBT+ inclusion and business performance



Links between LGBT+ inclusion and business performance

Links between LGBT+ inclusion and business performance

This report explores the links between LGBT+ inclusion and the performance of high potential emerging market companies through an analysis of financial data and a series of interviews with leaders of the companies in this cohort. This quantitative and qualitative review yields six dimensions in which LGBT+ inclusion is linked to aspects of business performance:

1. Financial performance	High-potential emerging-market companies which openly support LGBT+ inclusion suffer no negative impact on revenue growth or earnings before interest and taxes (EBIT).	See p25
2. Global markets & supply chains	LGBT+ inclusive companies have a higher proportion of international revenues, indicating they can more effectively tap into global markets and supply chains.	See p25
3. Talent acquisition & retention	High-potential emerging-market companies which openly support LGBT+ inclusion are better able to attract and retain talent.	See p27
4. Brand strength & customer orientation	High-potential emerging-market companies which openly support LGBT+ inclusion see stronger brands & better customer orientation.	See p27
5. Corporate governance	LGBT+ inclusive policies can be taken as an indicator of stronger corporate governance.	See p28
6. LGBT+ inclusive cities	LGBT+ inclusive cities can provide a supportive environment to help boost the competitiveness of high-potential emerging-market companies.	See p29

1. Financial performance

High-potential emerging-market companies which openly support LGBT+ inclusion suffer no negative impact on revenue growth or EBIT.

As illustrated in the previous section, our analysis found that the high-potential emerging-market companies which openly support LGBT+ inclusion suffer no negative impact on revenue growth or EBIT margins, even when their industry and region are taken into account.

There is, therefore, no evidence that public support of LGBT+ inclusion harms a company's reputation and financial performance. In fact, there is a growing evidence base that shows diversity positively correlates with better financial performance:

- A study in Kenya found that the top 24 ethnically diverse companies listed on the Nairobi Securities Exchange achieved a 5-year absolute return of 1.8% compared with the bottom 23 companies, which saw a 5-year absolute loss of 12.9%.³⁴
- A study in Zambia analyzing 22 firms listed on the Lusaka Stock Exchange found a positive correlation between the proportion of women on the board and return on assets and return on equity.³⁵
- A global study by Credit Suisse of 3,000 companies in 56 countries found that firms where over 20% of top managers are female had stronger share price performance.³⁶

2. Global markets & supply chains

LGBT+ inclusion allows high-potential emerging-market companies to more effectively tap into global markets and supply chains.

In addition to the revenue growth and EBIT margin regressions described above, we also analysed how a company's proportion of revenue that comes from international sources is related to support for LGBT+ inclusion.

The results show that companies that openly support LGBT+ inclusion (Tier 1) see a **20 percentage point higher proportion of revenue come from international sources** than those that are in Tier 3. Importantly, these results control for the effects that industry and region have on proportion of international revenue. In other words, for two companies in the same region and industry, one that explicitly supports LGBT+ inclusion is expected to see a higher proportion of revenue come from international sources.

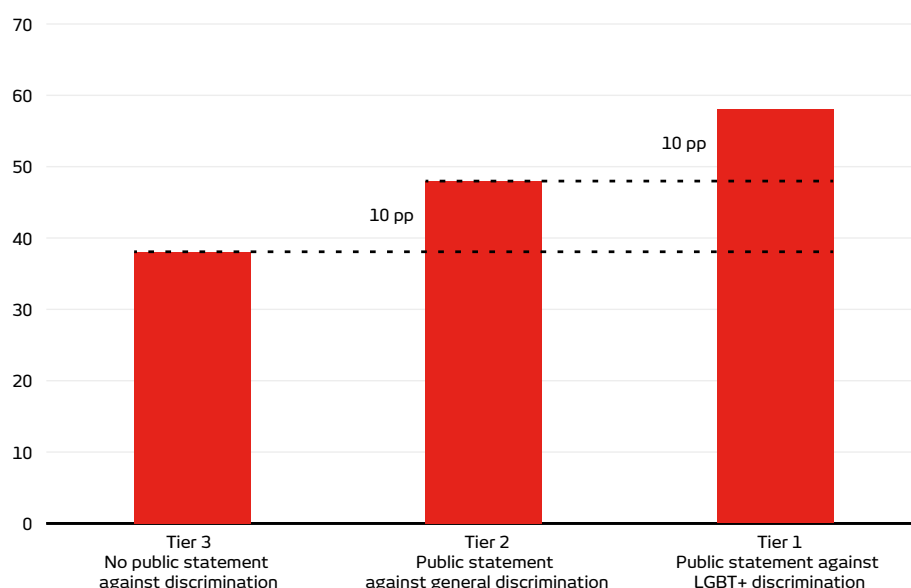


Figure 7: A Tier 1 company that is located in the same region and operates in the same industry as a Tier 3 company can expect to see 20 percentage points more revenue come from international sources.*

* For the example in the chart, we assume the Tier 1, Tier 2 and Tier 3 companies are based in the Africa/Middle East region and operate in the energy industry.

Furthermore, amongst the top 10 high-potential emerging-market companies ranked by the proportion of revenue coming from international sources, 7 explicitly do not tolerate LGBT+ discrimination. In the bottom 10, only one protects against LGBT+ discrimination.

Ranking	Company
1	Infosys
2	Tech Mahindra Limited
3	Inodrama Ventures
4	Anonymous
5	Wipro
8	Thai Union Frozen Foods
10	LATAM Airlines

Table 2: 7 of the top 10 companies ranked by proportion of international revenue that support LGBT+ inclusion.

This analysis shows a strong relationship, but it does not confirm if LGBT+ inclusion or greater levels of international revenue happens first. Some of these companies might have first adopted LGBT+ inclusive policies, which then paved the way for their high levels of international revenue. However, other companies might have had strong international revenues before adopting LGBT+ inclusive policies. These firms might have had to adopt these policies to continue attracting talent and consumers in more inclusive markets. Regardless of the causal direction, though, it becomes clear that LGBT+ inclusive policies and international revenues go hand-in-hand. It also fits in with a larger body of evidence which shows that inclusive companies are more effective at tapping into global markets and supply chains.

The companies and organisations trading in the global marketplace tend to be those which have implemented global standards of best practice with regard to LGBT+ inclusion – and they expect the same of those they do business with. Therefore, emerging market companies that foster a culture of diversity and inclusion may find it easier to engage with global markets.

An increasing number of global companies are beginning to incorporate LGBT+ inclusion into their supplier codes of conduct, and these companies are insisting on working with suppliers that are LGBT+ inclusive. Companies that prohibit LGBT+ discrimination in their supply chain include Diageo³⁷, Dow Chemical³⁸, EY³⁹, Google⁴⁰, GSK⁴¹, IBM⁴², Inditex⁴³, KPMG⁴⁴, LinkedIn⁴⁵, Mastercard⁴⁶ and Microsoft.⁴⁷

3. Talent acquisition & retention

High-potential emerging-market companies which openly support LGBT+ inclusion are better able to attract and retain talent.

As companies begin to globalise, they compete with global companies for the best talent. LGBT+ inclusion is a key factor that top talent look for when selecting a place to work. Additionally, as companies increase M&A activity in LGBT+ inclusive countries, they need to adopt LGBT+ inclusive policies to avoid losing talent.

Top talent around the world are looking for inclusive places to work. For instance:

- In a global study of allies who support LGBT+ inclusion, 72% said that they would be more likely to accept a job at a company that is more supportive of LGBT+ employees.⁴⁸
- Another study focused on Hong Kong found that 80% of LGB people are more likely to accept a job in a company that is LGBT+ inclusive.⁴⁹

- A survey of the US population found that 72% of non-LGBT+ people expect a company to have a policy prohibiting discrimination based on sexual orientation or gender identity when looking for a place to work.⁵⁰

In addition, emerging market companies are acquiring developed market companies at a fast-growing rate. From 2000 to 2013, growth in emerging to developed deals grew at double digits on an annual basis.⁵¹ The two main reasons behind these deals are to access new knowledge or technology and to access new markets and customers. Many developed market firms that are acquired likely have LGBT+ inclusive policies in place, and these new employees will expect the acquiring company to be LGBT+ inclusive as well, even though it is headquartered in an LGBT+ unfriendly country.

4. Brand strength & customer orientation

High-potential emerging-market companies which openly support LGBT+ inclusion see stronger brands and better customer orientation.

LGBT+ inclusive companies can position themselves as global and progressive companies, which improves their brands, at home and around the world. 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 research suggests that they share similar values across nations.⁵² A study by Boston Consulting Group found millennials expect brands to "say something about who I am, my values, and where I fit in".⁵³
- In several studies around the world, the majority of the populations surveyed believe that LGBT+ people should not be discriminated against in the workplace. For example, 58% of people in India, 63% in Kenya, 65%

in Mexico, 56% in Nigeria, and 62% in the Philippines agree or strongly agree that LGBT+ people should be protected at work.⁵⁴

In many countries, companies focused on diversity and inclusion are reporting stronger brands and public image.

- 88% of respondents to a survey amongst Kenyan business leaders reported that their organisation has an improved public image as a result of being more diverse and inclusive.
- Sodexo found that an organisation's brand image strengthens by 5 percentage points when there is an optimal gender balance within the organisation.⁵⁵
- 88% of US marketers agreed in a survey that the use of diverse images helps a brand's reputation.⁵⁶
- A survey conducted by Accenture found that millennials are more likely to choose one brand over another if that brand demonstrates diversity and inclusion in terms of its promotions and offers, its in-store experience, its product range and its environmental awareness.⁵⁷

5. Corporate governance

LGBT+ inclusive policies can be taken as an indicator of stronger corporate governance.

Good corporate governance is essential for companies seeking to access global markets, to broaden their investor base, to avoid risks of fraud and corruption, and to generally make good strategic decisions. Consequently, corporate governance has been a growing focus for companies around the world.

Mounting evidence shows that LGBT+ inclusive policies are a signal of stronger corporate governance. This has been picked up by established institutional investors, which are increasingly focusing on diversity and inclusion issues within investee companies, and particularly at the board level. Many of the world's biggest asset owners and managers are focusing on board diversity, including public pension funds and institutional investors such as BlackRock, Vanguard, and State Street. BlackRock, the world's biggest institutional investor, argues that "one of the most important means of improving governance is through board diversity".⁵⁸ They recognise that diverse boards are more effective than 'identikit' teams: in particular, they deliver better decision-making, and firms with better gender balance at board and management levels outperform their peers on a variety of financial measures.⁵⁹

A growing body of evidence shows that corporate governance is improved by diverse board composition. This applies in emerging economies too:

- A study of 244 firms listed on six stock markets in the Arabian Gulf found that board gender diversity is positively associated with robust corporate social responsibility reporting in Bahrain and Kuwait, something that is becoming increasingly valued by institutional investors.⁶⁰
- This shows that a focus on diversity and inclusion could set emerging market companies apart from their competitors when it comes to attracting investment.

6. LGBT+ inclusive cities

LGBT+ inclusive cities can provide a supportive environment to help boost the competitiveness of high-potential emerging-market companies.

In Open For Business's 2018 report *Strengthening the Economic Case*, the economic case for LGBT+ inclusive cities was introduced. The report found that cities which are LGBT+ inclusive are more economically competitive because they are more innovative, have higher concentrations of talented individuals and have a higher quality of life. The Open For Business City Ratings rated 121 cities based on how LGBT+

inclusive and economically competitive they are. For both the cities and the companies they host, LGBT+ inclusion is mutually reinforcing: this report finds that companies headquartered in cities which receive higher Open For Business City Ratings are more likely to support LGBT+ inclusion.* This suggests that there is a virtuous cycle that takes place in inclusive cities. These cities, which are already more economically competitive, enable their star companies to support LGBT+ inclusion and tap into global markets, further building on their competitiveness.

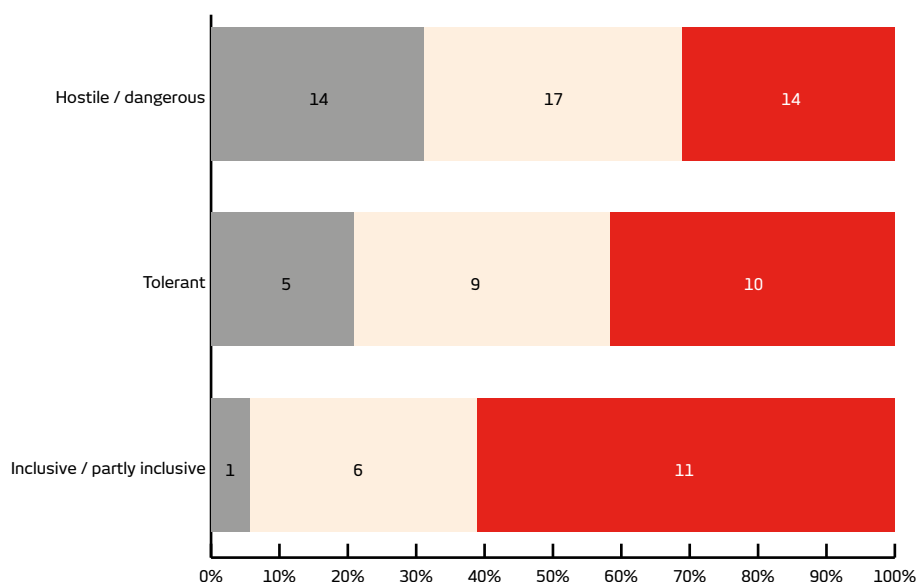


Figure 8: Companies headquartered in cities which receive higher Open For Business City Ratings are more likely to support LGBT+ inclusion.

* Note: HQ LGBT+ City attitude data not available for all companies

However, while this may be the trend, it is also true that the high-potential emerging-market companies can implement LGBT+ inclusive policies in cities that are hostile or dangerous for the LGBT+ community.

As an example, many of the high-potential emerging-market companies that explicitly protect LGBT+ employees against discrimination are based in India, which only de-criminalised homosexuality in September 2018:

High-potential emerging-market companies	HQ Country	HQ City
Infosys	India	Bangalore
Wipro	India	Bangalore
Dr. Reddy's	India	Hyderabad
Tech Mahindra Limited	India	Mumbai
Lupin	India	Mumbai
Sun Pharmaceuticals	India	Mumbai
Reliance Industries	India	Mumbai
Godrej Consumer Products	India	Mumbai
Mahindra & Mahindra	India	Mumbai

Table 3: Many of the high-potential emerging-market companies that explicitly protect LGBT+ employees against discrimination are based in India.*

Now that same-sex acts are legal in India and many transgender inclusive laws exist, there is a strong interest in the business community to implement policies that protect LGBT+ people from discrimination. However, these companies have already taken the first steps to get their inclusion initiatives underway, enabling them to appear more authentic about their commitment to LGBT+ inclusion. Additionally, the fact that LGBT+ inclusive Indian high-potential companies are able to

globalise more effectively and are aided by supportive city policies provides a compelling case for city and national governments that want to provide a competitive environment for their indigenous companies.

Although the majority of companies protecting LGBT+ employees in the most challenging cities exist in India, there are many others that exist in this cohort.

High-potential emerging-market companies	HQ Country	HQ City
Esewedy	Egypt	Cairo
Safaricom	Kenya	Nairobi
Turkish Airlines	Turkey	Istanbul
LC Waikiki	Turkey	Istanbul

Table 4: Companies outside of India that protect LGBT+ employees in the most challenging cities.

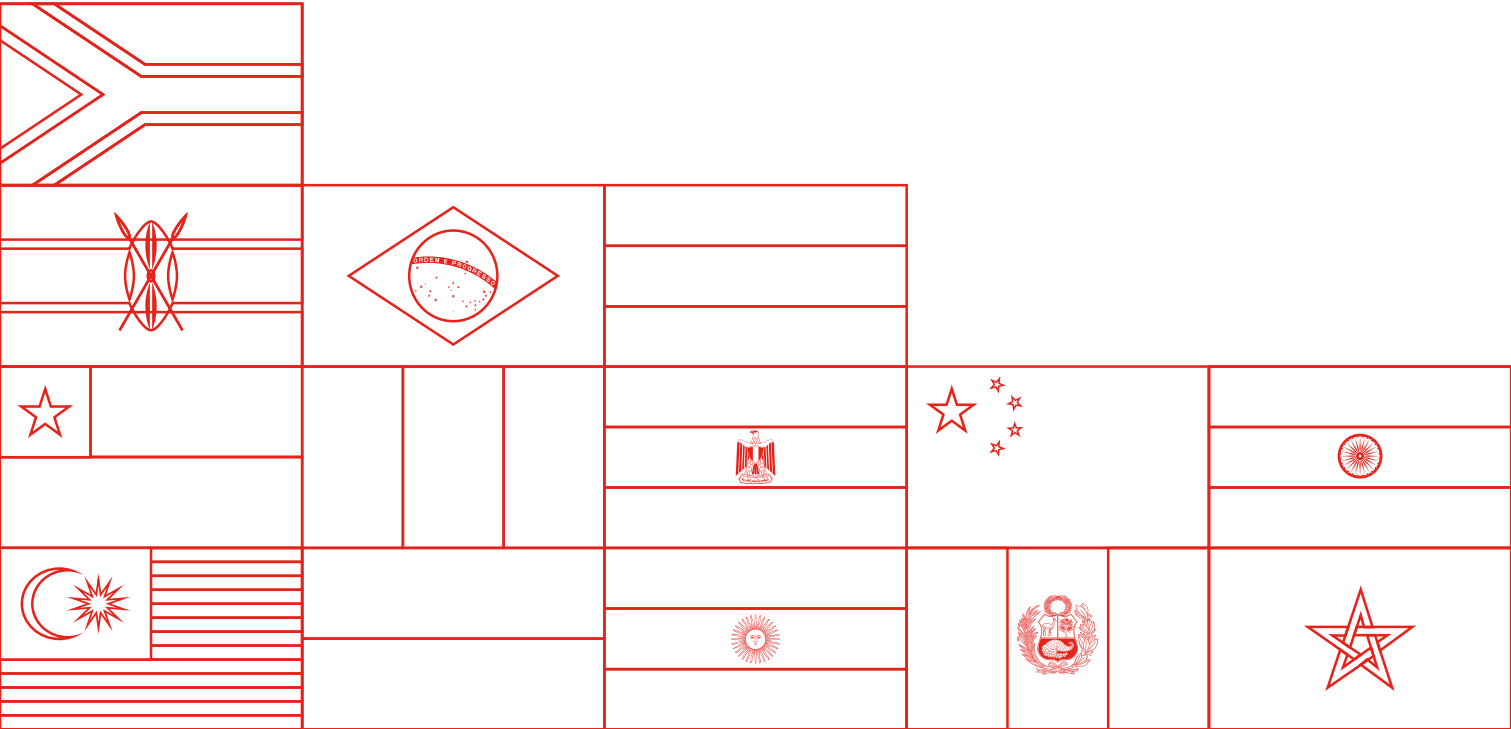
* These companies supported LGBT+ inclusion while same-sex acts were still criminalised in India..

The important role of cities in emerging markets and how LGBT+ inclusion enables emerging-market cities to be more competitive.

More than half of the world's population has been living in urban areas since 2007 and this is projected to rise to 60% by 2030.⁶¹ As the engines of economic growth, cities contribute about 60% of global GDP⁶² and accounted for 67% of global GDP growth.⁶³ More crucially, emerging-market cities are the main driver of economic growth, accounting for 80% of the top 60 best-performing metropolitan areas ranked by economic performance.⁶⁴

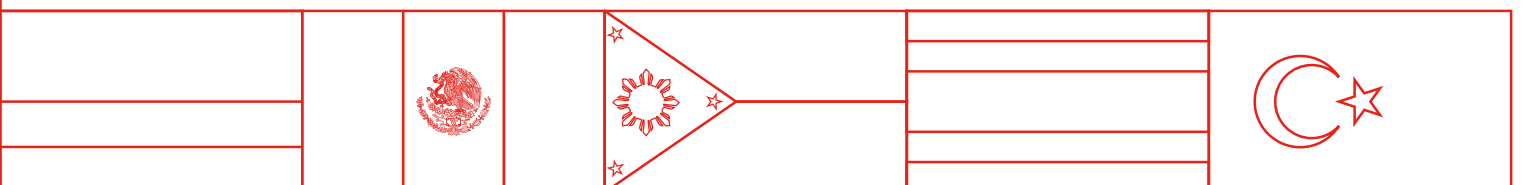
Emerging-market countries that are looking to maintain their economic prosperity would need to continually enhance their competitiveness. LGBT+ inclusion can play an important role in this. In a report published in 2018,⁶⁵ Open For Business's analysis showed that LGBT+ inclusion boosts cities' competitive edge in three main areas:

- i. **Innovation:** The capacity to foster innovation is a key driver of a city's competitiveness, and evidence shows innovation 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 the global economy, and 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 in the global economy, and evidence shows that quality of living goes hand-in-hand with LGBT+ inclusion.



Section 3

Actions that
high-potential emerging-market
companies are taking on LGBT+ inclusion



Actions that high-potential emerging-market companies are taking on LGBT+ inclusion

The most progressive emerging-market companies are doing more than simply having policies that prohibit discrimination based on sexual orientation and/or gender identity: they are taking action to make their workplaces, as well as the communities they operate in, more inclusive for everyone. Many global companies, including coalition partners of Open For Business, have been working on these issues for a number of years. Our research finds that high-potential emerging-market companies are on their own journeys towards LGBT+ inclusion, re-creating many global best practices for their local business context. This section will identify practices from across these companies that make them more inclusive and competitive.

There are five themes that arise from actions the high-potential emerging-market companies have taken on LGBT+ inclusion.

Interviews with the LGBT+ inclusive companies and desk research identified five key themes that companies employ to show their commitment to LGBT+ inclusion. These themes range from having strong internal policies and processes to taking external actions

to promote LGBT+ inclusion in the communities companies operate in. Companies excelled at specific themes depending on their geographic and corporate context, many of them relying on other core competencies.

1. Company policies and processes

Policies and processes form the base from which a company's workplace and culture is formed, and they can establish the moral compass that steers the actions of employees in the workplace. The leaders presented in this report have examined their corporate policies and processes to ensure they are inclusive and supportive of the LGBT+ community. This allows companies to make the case for progressive initiatives and provides an opportunity for employees to flag any issues that contravene policies.

Companies in this report that are leading on LGBT+ inclusion all have non-discrimination policies that protect LGBT+ people in the workplace. Many of these companies have gone further than this, focusing on implementing

gender-neutral language in all corporate materials, introducing equitable benefits for same-sex couples and requesting that all suppliers and business partners don't discriminate based on sexual orientation or gender identity.

Examples:

- Godrej and Natura updated their policies to include anti-discrimination, equitable benefits for same-sex couples and gender reassignment provisions for employees. In addition to updating its Code of Business Conduct and Supplier Code of Conduct to prohibit discrimination based on sexual orientation, gender identity and expression, Wipro introduced gender-neutral language on restroom signage.

2. Recruitment

Many other leading companies have begun to refocus their recruitment efforts to ensure that they are actively attracting and hiring LGBT+ talent. This helps to build a diverse workforce and enhances a company's competitiveness, forming a virtuous cycle in which more diverse talent are attracted to join the company.

Companies have begun ensuring all interviewers have undergone LGBT+ sensitisation training and application forms are using gender-neutral language. Many have also begun participating in or holding LGBT+ focused recruitment events to better target and engage with the LGBT+ community.

Examples:

- Reaching Out MBA (ROMBA), a non-profit established in 1998 to educate, inspire and connect the LGBT+ MBA community, held its first international event in Brazil in 2015.⁶⁶
- WorkForLGBT, a non-profit founded in 2015 devoted to advocating the welfare of LGBT+ employees in China,⁶⁷ organises the Annual China LGBT Talent Job Fair in Shanghai.⁶⁸
- Pride Circle, an organisation established in 2017 to promote LGBT+ inclusion in the workforce in India, organised the country's first ever LGBT+ job fair in 2019.⁶⁹
- Wipro uses gender-neutral language in application forms.

3. Affiliation

Several companies that are leaders on LGBT+ inclusion have also taken steps to ensure LGBT+ employees feel included in the workplace. This affiliation creates a platform that brings LGBT+ employees together, making them feel welcomed, supported and connected within their companies. These networks can provide formal and informal career support, professional development and mentorship for LGBT+ employees.

One of the more common initiatives includes launching an Employee Resource Group (ERG) that represents LGBT+ employees and has the support of a senior executive, as well as providing it with a budget to organise events aimed at connecting and supporting LGBT+ employees. Many of the best ERGs welcome non-LGBT+ ally employees to join the network to demonstrate firm-wide support for the LGBT+ community.

Examples:

- Infosys Gays Lesbians and You (IGLU) is the firm's LGBT+ ERG that facilitates dialogue on processes and policies that affect LGBT+ employees.⁷⁰
- Wipro has a global LGBT+ network called "Wipro Pride" which grew from 24 initial members to more than 250 within the first year of establishment.
- Tata Steel launched Wings, its LGBT+ ERG, in 2018.⁷¹

4. Cultural mindset

While the above initiatives contribute towards a pro-LGBT+ workplace environment, many companies do more to build an overall mindset of inclusion. Inclusive companies regularly host LGBT+ sensitisation trainings and sexual orientation and gender identity workshops for employees. More crucially, senior management plays a big role in setting the tone and moulding their organisation's culture. The actions that senior executives could undertake ranges from engagement with and participation in LGBT+ ERG networks, being role models by being out LGBT+ individuals themselves and making statements of support for LGBT+ inclusion. There are many companies who have created a special Diversity and Inclusion Officer position to focus full-time on building and maintaining an inclusive workplace.

Examples:

- A number of companies, including Dr. Reddy's⁷², Femsa⁷³, Godrej⁷⁴, Infosys⁷⁵, Mahindra & Mahindra⁷⁶, Mercadolibre⁷⁷, MTN⁷⁸, Natura⁷⁹, Reliance Industries⁸⁰, Sasol⁸¹, Tata Steel⁸², Tech Mahindra⁸³ and Wipro⁸⁴, have appointed specific employees focused on diversity and inclusion.
- Keshav Suri, the executive director of The Lalit Suri Hospitality Group who identifies as part of the LGBT+ community, is a well-known LGBT+ activist in India. He filed a petition with the Indian Supreme Court challenging Section 377⁸⁵ and he regularly speaks out on LGBT+ issues.
- Wipro's management tracks LGBT+ inclusion and trains employees by including LGBT framed questions in their monthly unconscious bias quiz.

5. External engagement

Increasingly, companies have started to look beyond their four walls to take external actions that promote LGBT+ inclusion in the communities they operate in. These actions can be challenging and complex, but often change the nature of the conversation surrounding LGBT+ inclusion in society. A handful of companies in this report have signed the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people to signal their support to stakeholders. Additionally, Open For Business published a report in March 2019 titled “Channels of Influence: How Companies can Promote LGBT+ Inclusive Societies”, which outlines in detail the five channels through which companies can use their influence to promote LGBT+ inclusion.

Examples:

- Godrej established the India Culture Lab, a space to cross-pollinate ideas, encourage dialogue and challenge the notions of traditional culture, including LGBT+ issues. The company also collaborated with the United Nations (UN) to host the India launch of the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people and they produced a white paper on transgender inclusion at Indian companies which serves as a public resource for other companies to use.
- MTN’s former CEO Sifiso Dabengwa responded to the anti-gay rhetoric and proposed policies of the Ugandan government, setting out a clear position when he told the media that the company would respect the laws of the countries in which it operates, but would not discriminate against employees on the basis of sexual orientation.⁸⁶
- Along with many other multinational companies in India, Flipkart, Godrej, Infosys, Swiggy and Zomato changed their social media handles to Pride colours or released public statements of support to celebrate the overruling of Section 377 in India in 2018.⁸⁷
- In addition to signing on to the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people and inviting the United Nations to host a forum discussion on LGBT+ issues, Natura also launched a training programme for homeless transgender individuals to qualify as make-up artists.

New Global Champions

Wipro



Wipro staff participating in London Pride 2019

In February 2018, Wipro announced in a firm-wide email they were adding sexual orientation and gender identity to their long-standing diversity and inclusion policy.

Alex Beal, who initiated the LGBT+ dialogue at Wipro and is their global LGBT+ lead, described how the Diversity and Inclusion council, a senior leadership team that reports directly to the CEO, supported his suggestion to introduce an LGBT+ inclusion programme, and suggested it became a core pillar of the firm's diversity programme.

It began when Wipro was updating their global code of business conduct and supplier conduct to include protection of sexual orientation, gender identity and gender expression. Already, their operations in the US provided equal opportunities for same-sex couples, and so next they are working through each country's policy.

Simultaneously, they launched a global ERG, Wipro Pride, which has grown from 24 initial members to more than 250 within the first year. Announcing the launch of Wipro Pride, Sunitha Cherian, Senior Vice-President, Human Resources, said, "The goal here is to create an inclusive workplace where LGBT+ employees are treated with equal respect and acceptance, and not subjected to unfair or unintentional discrimination and bias."

In Wipro offices around the world, the company introduced gender-neutral restroom signage and gender-neutral language in recruitment. The management is tracking LGBT+ inclusion and training employees by including LGBT+ framed questions in their monthly unconscious bias quiz. The firm has also started to engage externally, attending Pride parades for the first time in 2018.

"Overall, the response has been very, very positive," Alex stated, giving examples of employees who have decided to stay at Wipro due to the new

initiatives. He feels Wipro is now able to confidently respond to clients and recruitment candidates who enquire about the company's LGBT+ initiatives. He credits the changes to a diverse employee group who expect inclusion, the Diversity and Inclusion council, and the senior leadership.

Sunitha added, "These are just the initial steps and we still have a long way to go. We will continuously work towards making our policies and programmes more inclusive."



Wipro staff participating in London Pride 2019

New Global Champions

Natura

When the management of Natura learnt about the high rates of violence against LGBT+ people in Brazil, they were shocked. Large numbers of their customers were LGBT+. Natura is headquartered in São Paulo, where the annual Pride parade welcomes 5 million people annually. The company decided to look at its position on LGBT+ issues.

Natura has had a diversity and inclusion policy since 2014, initially focusing on women in leadership and disabilities. Marina Leal, Diversity Coordinator at Natura, told us that in 2018 Natura added LGBT+ inclusion to its policy, prompted by concern by the management. However, Brazil is very religious and there is a lack of information about the LGBT+ community. "If you don't educate, discrimination happens," said Marina.

Natura therefore took the approach of first educating its workforce on LGBT+. During their annual diversity week in 2018, each employee received a "gender cookie" to initiate discussions on sexual orientation, gender identity and expression. Natura signed up to the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people and invited the United Nations to host a forum to discuss questions on LGBT+. Now, every employee that joins Natura undergoes a two-hour training session on diversity. In parallel, Natura updated their policies to make sure that same-sex couples had equitable benefits including, for example, the use of the on-site nursery and parental leave.

Natura also focuses on transgender inclusion – employees can choose to use their preferred name at work with a new email and name tag, before their names have been legally changed. Changing legal names is a long, arduous process in Brazil that requires a court judgement. One transgender Natura employee, who was using their new name at work, cited workplace acceptance to support their legal case.

Natura is currently forming an LGBT+ committee to better understand what the company can best do to support LGBT+ individuals, including tracking LGBT+ recruitment, retention and promotion. Natura has also started to engage with and invest in the external LGBT+ community by launching a training programme for homeless transgender individuals to qualify as make-up artists – the first



Natura's new marketing campaign / Natura's YouTube channel

Transgender employees can also now choose which bathroom to use. "One of our employees, who had been working here for 10 years, decided to open up about their gender identity and for the first time, they were able to bring their authentic self to work," Marina said.

cohort graduated in summer 2018. However, the challenge is to spread the inclusivity across the 1.7 million Natura consultants who work across a wide range of geographies, not just in São Paulo.

New Global Champions

Godrej

In 2011, supported by the Godrej family and the senior leadership team, Godrej Industries Ltd. and Associated Companies (GILAC) funded and housed the India Culture Lab, a public platform to foster a wide range of conversations on contemporary India, including around LGBT+ people. Parmesh Shahani, the Founder and Head of the India Culture Lab who is gay himself, emphasised that prior to the Section 377 being overturned, it was not illegal to identify as LGBT+ in India – it was only illegal to engage in same-sex acts. He argues that even when Section 377 was present, there was no reason for companies to not support employees identifying as LGBT+ and companies used “Section 377 as a reason to justify not doing anything.” Parmesh hopes that the overruling of Section 377 would help companies be “more progressive and increase momentum.”

In parallel to launching the India Culture Lab, Godrej updated their policies to include anti-discrimination, equitable benefits for same-sex couples and gender reassignment provisions for trans employees. They have produced videos with LGBT+ individuals discussing Godrej’s anti-discrimination culture as well as how Godrej has made external statements of support for the LGBT+ community, including branding their logo in Pride colours and sponsoring LGBT+ community events like the Kashish Mumbai Queer Film Festival. Also, the firm has collaborated with the UN to host the India launch of the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people and Godrej produced a white paper on transgender inclusion at Indian companies which serves as a public resource for other companies to use.

Parmesh attributes the initiatives at the firm to the Godrej family and the senior leadership team, coupled with a diverse millennial employee base. “Every company wants to be innovative and the literature suggests diversity leads to innovation, and money,” said

Parmesh, explaining that the leadership is not only driven by moral reasons but also economic reasons. However, the challenge is to ensure that the gender inclusive policies are rolled out globally and impact all employees at Godrej factories and offices around the world.



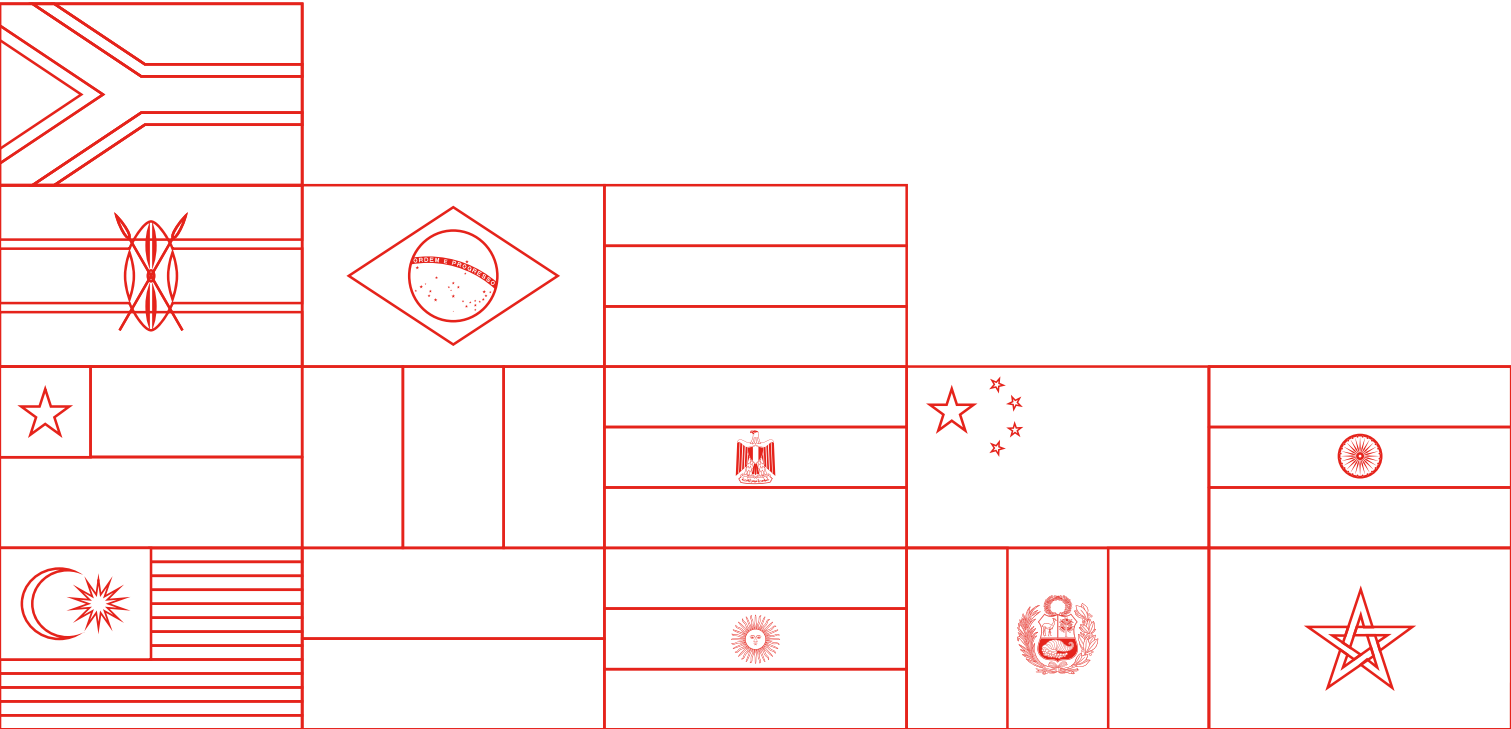
Parmesh Shahani, Author and Founder of Godrej India Culture Lab



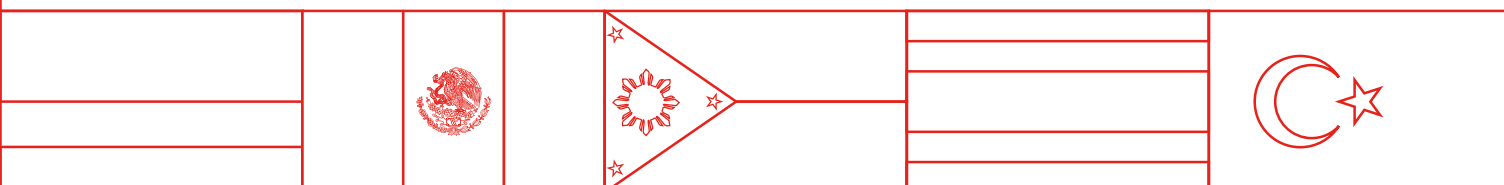
Dancing Queens, India's leading transgender dance group, performing at Godrej India Culture Lab's Queer Aesthetics NOW! event



India launch of the United Nations Standards of Conduct for Business on tackling discrimination against LGBT+ people at Godrej India Culture Lab



Appendix & Sources



Appendix A: Results from regression analyses

Revenue CAGR 2016-2018*

$R^2 = 0.14$
 $N = 92^{**}$

Explanatory variable		Coefficient	Standard Error	P value
Intercept		0.21	0.06	0.00 ^{△△}
Company Tier	Tier 2	-0.01	0.03	0.87
	Tier 1	-0.01	0.04	0.82
Industry	IG	-0.06	0.05	0.21
	Consumer	-0.09	0.05	0.08 [△]
	TMT	-0.12	0.06	0.04 ^{△△}
	Financial Institutions	-0.10	0.07	0.16
	Healthcare	-0.16	0.07	0.02 ^{△△}
	Insurance	-0.11	0.13	0.39
Region	Asia / Pacific	0.00	0.04	0.93
	Latin America and Caribbean	-0.05	0.04	0.26
	Europe	-0.03	0.09	0.72

[△] $p < 0.1$

^{△△} $p < 0.05$

Average EBIT Margin, 2016-2018***

$R^2 = 0.17$
 $N = 92^{****}$

Explanatory variable		Coefficient	Standard Error	P value
Intercept		0.22	0.06	0.00 ^{△△}
Company Tier	Tier 2	-0.04	0.03	0.21
	Tier 1	0.00	0.03	0.95
Industry	IG	-0.02	0.04	0.63
	Consumer	-0.04	0.05	0.36
	TMT	-0.02	0.05	0.74
	Financial Institutions	0.15	0.07	0.03 ^{△△}
	Healthcare	0.01	0.06	0.85
	Insurance	-0.07	0.12	0.55
Region	Asia / Pacific	-0.07	0.04	0.07
	Latin America and Caribbean	-0.08	0.04	0.08 [△]
	Europe	-0.03	0.08	0.72

[△] $p < 0.1$

^{△△} $p < 0.05$

* We use different years to calculate CAGR for the following companies due to availability of data: Alparagas, Grupo Empresarial Antioqueno, Trina Solar, Turkish Airlines, Votorantim and Wanxiang use a CAGR from 2013 to 2016. Unionpay uses a CAGR from 2011 to 2016. LC Waikiki uses a CAGR from 2011 to 2015.

** The following companies were excluded due to lack of data: Xiaomi, Yildiz Holding, Mindray, OPPO.

*** We use different years to calculate CAGR for the following companies due to availability of data: Alparagas, Unionpay, Xiaomi, Mindray, Trina Solar, Grupo Empresarial Antioqueno, Votorantim, Wanxiang and Turkish Airlines use an EBIT average from 2013 to 2016.

**** The following companies were excluded due to lack of data: Sabanci Holdings, Yildiz Holding, OPPO, LC Waikiki.

**Proportion of Revenue from
International Sources, Latest Year
Available***

R² = 0.30
N = 86**

Explanatory variable		Coefficient	Standard Error	P value
Intercept		0.38	0.15	0.01 ^{△△}
Company Tier	Tier 2	0.10	0.08	0.18
	Tier 1	0.20	0.08	0.02 ^{△△}
Industry	IG	-0.02	0.11	0.83
	Consumer	-0.09	0.12	0.47
	TMT	0.18	0.14	0.19
	Financial Institutions	-0.31	0.16	0.06 [△]
	Healthcare	0.23	0.15	0.14
	Insurance***	N/A	N/A	N/A
Region	Asia / Pacific	-0.01	0.08	0.91
	Latin America and Caribbean	0.11	0.10	0.26
	Europe	0.29	0.19	0.14

[△] p < 0.1

^{△△} p < 0.05

* All companies use 2018 as the latest year, with a handful of exceptions. Trina Solar and Votorantim use 2015 as the latest year. Alpargas, S.A OCP, Anonymous, Alfa, Zoomlion, Indofood, Turkish Airlines, Grupo Empresarial Antioqueno, Wanxiang and LC Waikiki use 2016 as the latest year.

** The following companies were excluded due to lack of data: China National Chemical Corporation, China UnionPay Co., Ltd., Discovery Limited, Mindray Medical International Limited, OPPO Electronics Corp, PETRONAS Gas Berhad, PTT Public Company Limited, Safaricom Limited, Xiaomi Inc., Yildiz Holding A.S.

*** The only insurance company in the sample did not have data. Therefore, this categorical variable was excluded in this model.

Appendix B: Corporate policies and annual reports used to evaluate high-potential emerging-market companies' SOGI scores

Company	Source
Alfa, S. A. B. de C. V.	Alfa, "Our Employees," available at: http://www.alfa.com.mx/RS/employees.htm
Alpargatas	Alpargatas, "Principles of conduct and ethics," available at: https://ri.alpargatas.com.br/list.aspx?idCanal=IPNQ2AUppDuOAQLwdZ7FYQ==
Apollo Tyres Limited	Apollo Tyres, "Code of Conduct for Directors and Senior Management," available at: https://s3.eu-central-1.amazonaws.com/apolloproducts/3989/code-of-conduct-for-directors-and-senior-management_1.pdf
Arca Continental, S. A. B. de C. V.	Arca Continental, "Code of Ethics and Conduct Policies," available at: http://www.arcacontal.com/media/319602/codigodeeticayconductaeng.pdf
BRF S.A.	BRF, "We inspire by example transparency guide," available at: https://www.brf-global.com/wp-content/uploads/2018/08/transparency_guide-eng.pdf
Cielo S.A. (BOVESPA:CIEL3)	Cielo, "Code of Ethical Conduct," available at: https://ri.cielo.com.br/wp-content/uploads/sites/71/2019/08/C%C3%B3digo_de_Conduta_%C3%89tica-ENG.pdf
Dr. Reddy's Laboratories Limited	Dr. Reddy's, "Code of Business Conduct & Ethics," available at: https://www.drreddys.com/media/508807/cobe_booklet.pdf
El Sewedy Electric Company	El Sewedy, "Code of Conduct Policy," available at: http://www.elsewedyelectric.com/Compliance/El%20Sewedy%20Electric%20Code%20of%20Conduct%20Policy.pdf
Fomento Económico Mexicano, S.A.B. de C.V.	Femsa, "Code of Ethics," available at: https://femsa.gcs-web.com/static-files/997a3d5e-9ac9-478a-b9a8-8e3f57736699
Gerdau S.A.	Gerdau, "Code of Ethics," available at: https://www.gerdau.com/en/whoweare/Documents/gerdau_code_of_ethics.pdf
Godrej Consumer Products Limited	Godrej, "Diversity," available at: https://www.godreicareers.com/diversity.aspx
Gruma, S.A.B. de C.V.	Gruma, "Code of Ethics," available at: https://www.gruma.com/media/335558/code_of_ethics_english_.pdf
Grupo México, S.A.B. de C.V.	Grupo México, "Code of Ethics," available at: http://www.gmexico.com/site/images/documentos/en/code/code%20of%20ethics.pdf
Indorama Ventures Public Company Limited	Indorama, "Diversity Policy," available at: https://www.indoramaventures.com/storage/downloads/governance/policies/policy-diversity/20190418-ivl-policy-diversity-english.pdf
Infosys Limited	Infosys, "Code of Conduct and Ethics," available at: https://www.infosys.com/investors/corporate-governance/Documents/CodeofConduct.pdf
LATAM Airlines Group S.A.	LATAM, "Code of Conduct," available at: http://www.latamairlinesgroup.net/system/files-encrypted/nasdaq_kms/assets/2019/07/18/16-56-11/Code%20of%20Conduct%20LATAM.PDF
Lupin Limited	Lupin, "Preparing Lupin employees to demonstrate Corporate Governance and ethical conduct," available at: https://www.lupin.com/careers/pledge/

Mahindra & Mahindra Limited	Mahindra & Mahindra, "Code of Conduct," available at: https://www.mahindra.com/resources/investor-reports/FY16/Governance/MM%20Code%20of%20Conduct%20for%20Employees.pdf
Mercadolibre	Mercadolibre, "Business Conduct and Ethics," available at: http://investor.mercadolibre.com/static-files/4259bb2f-9da9-44ce-9cef-7132e19271cd
Mexichem, S.A.B. de C.V.	Mexichem, "Code of Ethics," available at: http://www.mexichem.com/wp-content/uploads/2015/04/Code_of_Ethics_eng.pdf
Natura Cosméticos S.A.	Natura, "Code of Conduct," available at: https://natu.infoinvest.com.br/enu/6686/CodeofConduct_ADM_ENG_Final.pdf
PTT Public Company Limited	PTT, "Supplier Sustainable Code of Conduct," available at: http://www.pttplc.com/en/opportunity/procurement/pages/supplier-code-of-conduct.aspx
Reliance Industries Limited	Reliance Industries, "Code of Conduct," available at: https://www.ril.com/DownloadFiles/IRStatutory/Code-of-Conduct.pdf
S.A.C.I. Falabella	Falabella, "Integrity Code," available at: https://s22.q4cdn.com/351912490/files/doc_downloads/standard_policies/en/Integrity-Code-S.A.C.I.-Falabella.pdf
Safaricom Limited	Safaricom, "Annual Report 2016," available at: https://www.safaricom.co.ke/annualreport_2016/downloads/Safaricom%20Annual%20Report%202016.pdf
Sun Pharmaceutical Industries Limited	Sun Pharma, "Global Code of Conduct," available at: https://www.sunpharma.com/Shareholder-Information/Policies/93092/Global-Code-of-Conduct
Tata Steel Limited	Tata Steel, "Tata Code of Conduct," available at: https://www.tatasteel.com/media/1864/tcoc.pdf
Tech Mahindra Limited	Tech Mahindra, "Code of Ethical Business Conduct," available at: https://www.techmahindra.com/sites/ResourceCenter/brochures/investors/corporategovernance/Code-Of-Ethical-Business-Conduct.pdf
Tema Holding A.S. (Waikiki)	Tema, "Code of Conduct," available at: http://corporate.lcwaikiki.com/CMSFiles/file/LCW%20CODE%20OF%20CONDUCT-16_08_2016.pdf
Thai Union Group Public Company Limited	Thai Union, "Business Ethics and Labor Code of Conduct," available at: https://www.thaiunion.com/files/sustainability/code-of-conduct/20160229-tu-code-of-conduct-en.pdf
Türk Hava Yolları Anonim Ortaklığı	Turkish Airlines, "Code of Ethics," available at: https://investorturkishairlines.com/documents/ThyInvestorRelations/download/icerikler/etik_degerler_en.pdf
Viña Concha y Toro S.A.	Concha y Toro, "Código de Ética y Conducta," available at: https://conchaytoro.com/content/uploads/2018/04/Codigo-de-Etica-y-Conducta.pdf
Votorantim Participações S.A.	Votorantim, "Code of Conduct," available at: http://www.votorantim.com.br/assets/public/files/codigo_de_conduta_votorantim_ingles.pdf
WEG S.A.	WEG, "Code of Ethics," available at: http://static.weg.net/medias/h87/h2d/WEG-code-of-ethics-english.pdf
Wipro Limited	Wipro, "Code of Business Conduct," available at: https://www.wipro.com/content/dam/nexus/en/investor/corporate-governance/policies-and-guidelines/ethical-guidelines/code-of-business-conduct-and-ethics.pdf

Note: Two companies, both headquartered in Malaysia, have been anonymised and excluded from the table to protect employee safety given LGBT+ attitudes in the country.

Appendix C: List of “emerging markets” based on the IMF’s classification

Afghanistan	Georgia	Palau
Albania	Ghana	Panama
Algeria	Grenada	Papua New Guinea
Angola	Guatemala	Paraguay
Antigua and Barbuda	Guinea	Peru
Argentina	Guinea-Bissau	Philippines
Armenia	Guyana	Poland
Aruba	Haiti	Qatar
Azerbaijan	Honduras	Romania
The Bahamas	Hungary	Russia
Bahrain	India	Rwanda
Bangladesh	Indonesia	Samoa
Barbados	Iran	São Tomé and Príncipe
Belarus	Iraq	Saudi Arabia
Belize	Jamaica	Senegal
Benin	Jordan	Serbia
Bhutan	Kazakhstan	Seychelles
Bolivia	Kenya	Sierra Leone
Bosnia and Herzegovina	Kiribati	Solomon Islands
Botswana	Kosovo	Somalia
Brazil	Kuwait	South Africa
Brunei Darussalam	Kyrgyz Republic	South Sudan
Bulgaria	Lao P.D.R.	Sri Lanka
Burkina Faso	Lebanon	St. Kitts and Nevis
Burundi	Lesotho	St. Lucia
Cabo Verde	Liberia	St. Vincent and the Grenadines
Cambodia	Libya	Sudan
Cameroon	Madagascar	Suriname
Central African Republic	Malawi	Syria
Chad	Malaysia	Tajikistan
Chile	Maldives	Tanzania
China	Mali	Thailand
Colombia	Marshall Islands	Timor-Leste
Comoros	Mauritania	Togo
Democratic Republic of the Congo	Mauritius	Tonga
Republic of Congo	Mexico	Trinidad and Tobago
Costa Rica	Micronesia	Tunisia
Côte d'Ivoire	Moldova	Turkey
Croatia	Mongolia	Turkmenistan
Djibouti	Montenegro	Tuvalu
Dominica	Morocco	Uganda
Dominican Republic	Mozambique	Ukraine
Ecuador	Myanmar	United Arab Emirates
Egypt	Namibia	Uruguay
El Salvador	Nauru	Uzbekistan
Equatorial Guinea	Nepal	Vanuatu
Eritrea	Nicaragua	Venezuela
Eswatini	Niger	Vietnam
Ethiopia	Nigeria	Yemen
Fiji	North Macedonia	Zambia
Gabon	Oman	Zimbabwe
The Gambia	Pakistan	

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Acknowledgements

A special thanks to the following partners without whom this report would not be possible:



BRUNSWICK

This report exists because of the dedicated time and support from individuals at our coalition partners, dedicated LGBT+ civil society leaders around the world, and many others who dedicate countless hours to making our work possible. There are certain individuals and groups who were essential to the creation of this report and have our wholehearted thanks:

Boston Consulting Group for sponsoring this report that focuses on advancing LGBT+ inclusion in emerging markets; the team, led by **Elliot Vaughn** and consisting of **Pavlos Papaefstathiou** and **Joanna Green**, for aiding in the analysis and drafting of this report; and **Lyle Crawford** and **Rebecca Cummins** for their help on the global and India launch of this report.

Individuals in a number of fast-growing emerging market companies provided their perspectives for this report. In particular, we are grateful to **Parmesh Shahani** and **Shefali Kohli** from **Godrej**; **Alex Beal**, **Sunita Cherian** and **Vipin Nair** from **Wipro**; and **Marina Leal** and **Nathalie Laureano** from **Natura** for taking the time to speak with us and provide first-hand anecdotes of their companies' LGBT+ journeys.

Many from civil society and academic organisations provided valuable insights for this report, including **Fern Ngai** from **Community Business**; **Rupert Abbott** from **GiveOut**; **Maria Sjödin** from **OutRight Action International**; and **Aharon Cohen-Mohliwer** from the **London Business School**. At the **Federation of Indian Chambers of**

Commerce & Industry (FICCI), we are grateful to **Gunveena Chadha** and **Santosh Tiwari** for their support and partnership on this project.

Sharif Rangnekar, human rights activist, author of *"Straight to Normal"* and Festival Director of Rainbow Lit Fest, provided useful perspectives and strategic inputs into this project.

We are thankful to **Khazem Merchant**, **Azhar Khan**, **Cerith Evans**, **Diya Nair** and **Karan Bhirani** at the **Brunswick Group** for their useful input; and we owe a special debt to **Neal Wolin** and **Helen James**, Brunswick Group's CEO and COO respectively, for their continued support for the Open For Business coalition.

Talking about LGBT+ inclusion

Although mounting evidence shows that LGBT+ inclusion is good for business and economic growth, there remains hesitation among many in the business community to initiate a discussion, mainly due to a number of perceived risks for supporting LGBT+ inclusion. This is true in countries all over the world – from Barbados to India to Kenya – which share similar concerns. Open For Business has encountered many myths and misconceptions in its work around the world, which are listed below, together with possible responses:

Perceived risk	Open For Business response
“Our consumers / customers / clients won’t like it.”	Some customers won’t like it – but as the examples above and the experience of Open For Business coalition partners all around the world show, most customers and clients will welcome a more progressive and global brand. 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 don’t have any gays.”	Many LGBT+ people feel the need to hide their sexual orientation or gender identity, particularly in an environment where social attitudes do not feel safe or accepting. 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 organisation identifying as LGBT+, the most likely explanation is that people are concealing their identities.
“We don’t know our employees’ sexual orientations or gender identities, so it’s impossible for us to discriminate against LGBT+ people.”	Similar to the above response, just because LGBT+ people are not open in the workplace does not mean that they do not exist. There are many documented cases of discrimination against LGBT+ people in the workplace – and brands should proactively ensure that those cases do not occur in their offices and suffer hits to their brand or reputation.
“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 a 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 are too busy focusing on creating an inclusive workplace for women, different ethnicities, and people with disabilities to focus on LGBT+ people too.”	While time and resources are necessary for companies to become world-class at LGBT+ inclusion, the initial steps of signalling that your company is LGBT+ inclusive can be achieved by updating non-discrimination and other HR policies to include sexual orientation and gender identity. This does not take away from any of the other minority groups but reinforces that the workplace is truly inclusive of everyone, no matter who they are. Additionally, a focus on LGBT+ inclusion can differentiate companies in a market where many companies are focusing on gender, ethnic and disability inclusion.
“It’s not safe to encourage people to come out.”	In many 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.



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