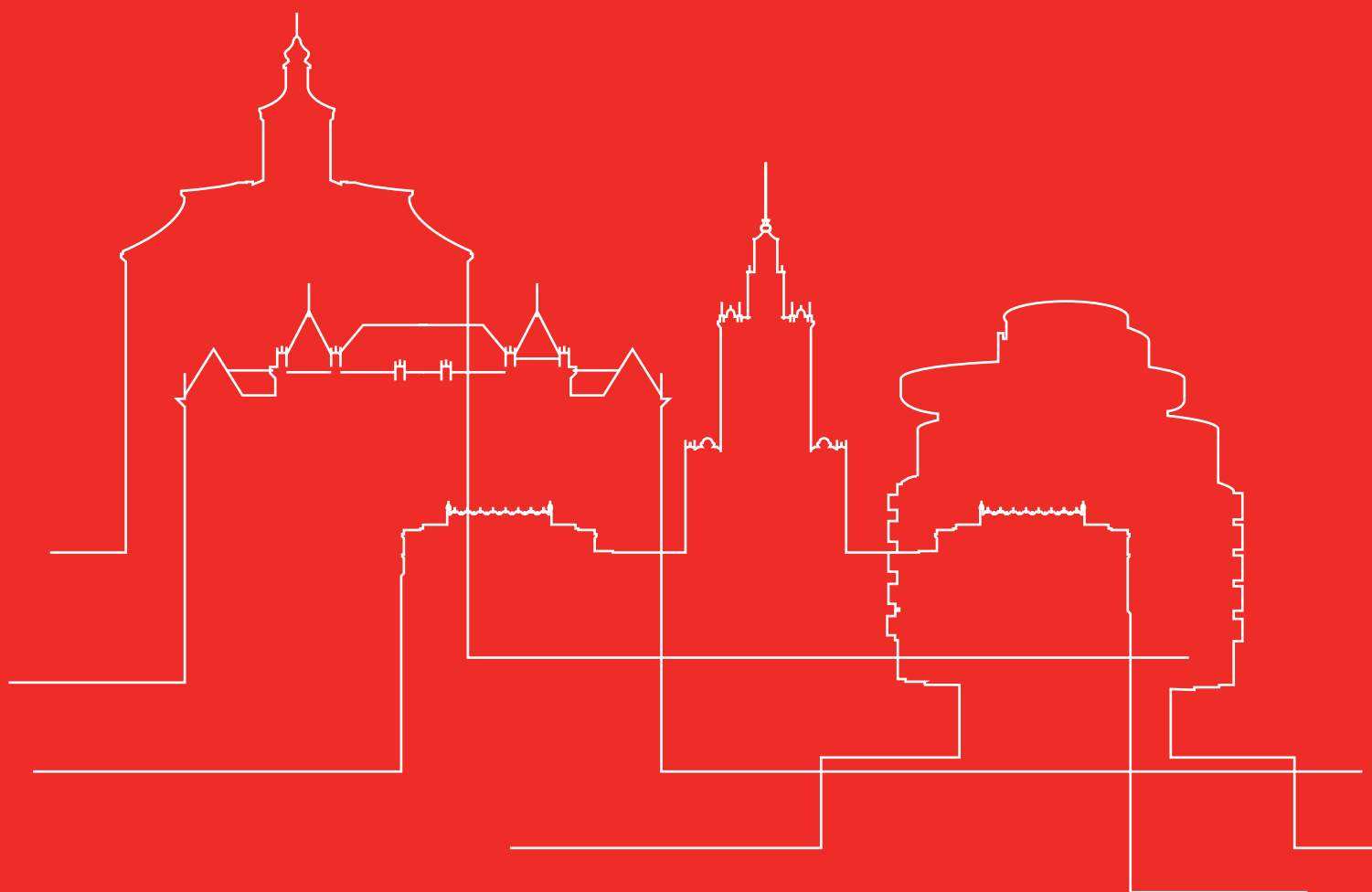


Research Series

# The Economic Case for LGBT+ Inclusion in Central and Eastern Europe (CEE)

Hungary, Poland, Romania and Ukraine



Open  
For  
Business

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# About Open For Business

Open For Business is a coalition of global companies making the case that inclusive and diverse societies are better for business and better for economic growth. The purpose of the coalition is to advance LGBT+ rights globally. 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.

The coalition has live regional programs in the Caribbean, Central and Eastern Europe and East Africa, with a program in South East Asia in development. Each of these programs works with local civil society partners to mobilize advocates in local business communities and facilitate data-driven advocacy.



# About This Report

The connection between LGBT+ inclusion and economic/business performance in countries is often overlooked. This Central and Eastern Europe (CEE) report has a special focus on four countries – Hungary, Poland, Romania and Ukraine – each of which has great economic potential. Research has shown that LGBT+ inclusion can be an important driver of economic activity and, conversely, that LGBT+ discrimination comes at a social and financial cost to societies. This report explores the current economic and business environments in these countries and demonstrates through data analysis, case studies and survey research where there are opportunities for growth. It concludes that greater LGBT+ inclusion could make these countries and the companies operating in them more viable economically.

Who is it for?

- For companies operating in the region, this report lays out how LGBT+ inclusion can be part of an effective strategy to improve competitiveness and performance, and it provides case studies and guidance on supporting LGBT+ employees.
- For policymakers considering how to enhance national economic competitiveness, this report shows how LGBT+ inclusion boosts economic outcomes, and that any form of discrimination against LGBT+ communities may inhibit global companies from fully participating in an economy and hinder their ability to attract global talent.
- For LGBT+ and human rights organizations, this report provides new economics-based and other arguments that can enhance public and business engagement strategies as well as the current narratives used in discussions with policymakers.

What is its methodology?

- The report combines a variety of quantitative and qualitative research methods:
- A literature review of the key economic and LGBT+ issues facing the region.
  - Analyses of economic and other business-related data, and correlations with LGBT+ rights in the region.
  - Interviews with regional business leaders who are making a difference in improving LGBT+ inclusion in their countries.
  - A survey of 190 human resources executives in our four focus countries (Hungary, Poland, Romania and Ukraine) conducted by Kyiv-based market research firm Info Sapiens on diversity and inclusion broadly and LGBT+ inclusion specifically.

Call for evidence

As is the case in many other regions, and as Open For Business discovered in researching this report, there is overall limited and inconsistent data on the LGBT+ community in our focus countries, especially regarding economic and business inclusion issues. Open For Business plans to build its research and engagement program in the region in the coming years, and looks forward to jointly developing other research programs with local organizations.

Who are the authors?

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# Foreword from Google



**Karina Govindji**  
Director Diversity, Equity and  
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Google’s mission is to increase access to information, and our approach to diversity is a natural extension of that mission: to increase access to opportunity by breaking down barriers and empowering people through technology. Diversity and inclusion, both within Google and in the tech industry overall, lead to the creation of better products and services. We believe that economic and business development is a pivotal path in increasing such opportunities and it will not be possible without inclusion of everyone. For example, Google is part of a business network of LGBTQ+ Employee Resource Groups from various companies in Poland. The group acts as a forum to share knowledge, provide ongoing education on topics like inclusive language, and share learnings on LGBTQ+ community needs and how to address them at scale. Google is also a founding member of We Are Open, an alliance of businesses and other organisations in CEE that promote diversity and inclusion at the workplace focusing among others on gender equality and LGBTQ+ people. In line with Google’s vision to be helpful for all, including our LGBTQ+ communities and its allies, we are delighted to work with Open for Business to deliver this report. This important research provides insights and data to support LGBTQ+ inclusion as a business imperative. For many years, the technology sector has been open about its challenges in creating a diverse and inclusive workforce and Google has been a leader in sharing data and information to inform progress. We welcome the conversation and the scrutiny; it helps us raise the bar in terms of this important work and our commitment to it, and we hope research like this can provide helpful guidance to others.

# Foreword from the Executive Director



**Kathryn Dovey**  
Executive Director  
Open For Business

Since its creation in 2015, Open For Business has developed a bedrock of research that demonstrates how LGBT+ inclusion is good for business, good for economies and good for people. We have shown in multiple different ways that the economic case for LGBT+ inclusion is real and tangible, and most importantly can shift attitudes and change debates.

In this exciting new report, we take that fundamental insight and apply it to four countries in the Central and Eastern European region. We explore what LGBT+ discrimination is costing Hungary, Poland, Romania and Ukraine. Four countries that are linked geographically but have diverse experiences of LGBT+ inclusion.

It will come as no surprise that there is still a long way to go until LGBT+ equality is a reality; a statement as true on a global scale as it is in these four economies. Nevertheless, as part of our research, we undertook a new survey that identified engaged business representatives willing to do more in this space. So, although there is a long way to go, the potential for progress is there.

This regional report is the first of its kind for Open For Business and others will follow. It provides a data-driven approach to building LGBT+ inclusion and we hope that it will be an aid in ongoing discussions in which business can play a leading role.

We believe in the power of the private sector to push for LGBT+ inclusion, and we hope that business leaders in Hungary, Poland, Romania and Ukraine will find this research helpful. We are very grateful to all our local partners, civil society organizations, activists and the local and global business representatives who worked with us to produce this report. Your insights helped build this work and we are very appreciative – particularly considering the extra challenges brought about by the ongoing COVID-19 pandemic.

We look forward to continuing to engage on LGBT+ inclusion in Hungary, Poland, Romania and Ukraine, and we welcome all interest and engagement in our work.

# Executive Summary

Open, inclusive and diverse societies are better for business and better for economic growth. This report makes the economic and business case for greater LGBT+ inclusion in the Central and Eastern European (CEE) region, focusing on four countries: Hungary, Poland, Romania and Ukraine.

From an economic and business perspective, these countries are in a relatively stable position, and all have bold economic ambitions for the next decade.

The current situation facing LGBT+ people in the region, however, is extremely challenging. Laws in these countries do not provide full equality. Bias, discrimination and violence towards LGBT+ people are common, especially in non-urban settings; political will to support the LGBT+ community is lacking; and political leaders often scapegoat LGBT+ people for other problems facing their countries.

This level of anti-LGBT+ activity comes at a cost. Open For Business estimates that diminished public health outcomes and lost productivity in the LGBT+ community cost the four countries more than USD 8.6 billion per year. On the other hand, a 10% increase in LGBT+ rights in these countries is associated with a USD 3,700 per capita GDP increase. (See National Productivity section on p.45)

Rather than lose economic power from discriminatory practices, Open For Business suggests a number of economic and business propositions that will enhance economic growth while building greater inclusion and diversity in the region.

## Key Report Findings

### More economically successful countries have better records on LGBT+ rights

In addition to GDP, analyses demonstrate high correlation between LGBT+ rights and:

- The World Economic Forum’s Competitive Index
- The World Bank’s Ease of Doing Business Score
- The Global Innovation Index (GII) from the World Intellectual Property Organization (WIPO)

### Conversely, corrupt countries have worse records on LGBT+ rights

Data from Transparency International’s Corruption Perception Index show that the higher levels of corruption in these CEE countries are strongly correlated with LGBT+ rights.

### CEE countries are losing foreign investment opportunities due to perceived LGBT+ discrimination

A case study of a European institution choosing not to relocate to Central Europe highlights this point. Trends such as ESG (environmental, social, governance) investing have investors scrutinizing social factors including sexual orientation and gender identity more closely in their decision making.

### Skilled workers in the region are leaving to work in more open societies

An analysis of a new World Bank-LinkedIn database shows that regional workers are leaving to work in more open societies and the workers replacing them are coming from less LGBT+ friendly countries. Data also shows that more regional workers in “jobs of the future” are leaving the focus countries while Western European countries are gaining these workers.

### Overt LGBT+ discrimination promulgated by political leaders in Hungary and Poland harms national reputation

The media responses generated by these activities are shown to have significant consequences in investor countries and are jeopardizing investment grants.

### LGBT+ spending power is a significant contributor to economies

A review of third-party analyses shows that both global LGBT+ spending power and local LGBT+ spending power is significant and worth attracting.

### LGBT+ friendly companies outperform their rivals

Local and global data concur that companies that do more to openly welcome LGBT+ workers are more successful financially.

### Economies and companies that embrace diversity and inclusion have improved financial outcomes

Having a diverse workforce leads to stronger financial performance. A business case study from the Irish marriage equality referendum provides an illuminating example. Regional case studies from a diverse group of locally and globally owned companies, large and small, and from various sectors, further underscore this crucial point.

### Regional businesses are strongly committed to diversity and inclusion practices

A regional survey of 190 human resources professionals regarding attitudes and practices toward inclusive hiring shows a positive response to the commercial benefits of greater LGBT+ and other minority population inclusion.

# In the Headlines

Global media outlets carry a steady stream of headlines about hostility towards LGBT+ communities in CEE countries – having a negative impact on the reputation of the region in the global business community.



# The Current Situation for LGBT+ People in the Region

Poland’s “LGBT-Free Zones” and Hungary’s punitive legal actions against the LGBT+ community dominate the news, while limited rights, bias, discrimination and violence continue to plague the region without making headlines.

# Hungary

## Politics and Legislation

Although Hungary has historically been a more open society than its Central European neighbors, the country has become more repressive for LGBT+ people under the leadership of Prime Minister Orbán and his extremely conservative Fidesz party. Verbal and physical attacks on the community by right-wing extremists are not uncommon. The May 2020 amendment to the Registry Act<sup>9</sup> passed by the parliament is a severe blow to the transgender community, who now cannot legally change the gender they were born with on their birth certificates or any official documents. This was followed by the parliament passing constitutional amendments further stigmatizing the trans community, and a related bill banning adoption by non-married persons, including people in same-sex relationships, in December 2020. It is looking increasingly unlikely that married same-sex couples from other countries will be able to maintain their rights in Hungary, which was another policy goal of the LGBT+ community in Hungary.

## Impact on the LGBT+ Community

A recent study on workplace issues among LGBT+ people by the Hatter Society (a Hungarian NGO focused on LGBT+ rights) found that nearly a third of all LGBT+ Hungarians stay in the closet at work and a similar number have experienced sexual orientation/gender identity-related harassment at their place of work.<sup>10</sup>

## Business Response

Companies have tried to be part of the solution. In 2019, Coca-Cola created a campaign that featured posters of same-sex couples in addition to heterosexual couples. It created an immediate media firestorm, including a petition calling for it to be removed and a product boycott led by a member of parliament.<sup>11</sup> The company was fined by the government for “harming the physical, mental, emotional and moral development of children and minors.”<sup>12</sup> Diversity and inclusion nonprofit organizations such as We Are Open have been supporting individual company efforts for greater LGBT+ inclusion through collective education and campaigning initiatives.



Amnesty International’s campaign against Article 33, which prohibits transgender people from changing their birth certificates or other official documents.

# Poland

## Politics and Legislation

Poland currently ranks at the bottom of the Rainbow Europe Index, an annual ranking of EU countries produced by ILGA-Europe<sup>13</sup>, due to the large number of extremely public homophobic activities that have taken place in the country over the past year. Most notable has been the establishment of more than 100 “LGBT-Free Zones” in towns and municipalities across the country covering a third of the country as a response to LGBT+ community support by Warsaw’s mayor. Some political and religious leaders have stoked the flames of hate, as have elements of the conservative media, notably the publishing of “LGBT-Free Zone” stickers in the Gazeta Polska newspaper.<sup>14</sup> Despite a growing number of communities sponsoring LGBT+ Pride marches in recent years, a 2019 equality march in Białystok was violently attacked by groups of extremists who burned flags, threw smoke bombs, bottles and rotten eggs at the participants, and beat up several people.<sup>15</sup> More recent protests by LGBT+ activists have met with increased police brutality and arrests.

## Impact on the LGBT+ Community

These activities have had a demoralizing and demeaning psychological effect on Poland’s already stigmatized LGBT+ population. According to the 2015-16 *Situation of LGBT+ Persons in Poland* report<sup>16</sup> (published prior to the events described above), LGBT+ people face high levels of stress, depression and openly homophobic behavior, especially those living in smaller cities and villages.

## Business Response

Businesses have not been immune to these issues. An IKEA human resources manager was charged with religious discrimination in 2020 by Polish prosecutors<sup>17</sup> after he fired an employee who was making homophobic and anti-LGBT+ comments. At the same time, Open For Business’ survey of human resources professionals (see p. 63) finds that a majority of companies are more committed to diversity and inclusion, and specifically to supporting LGBT+ employees.



Activists in Warsaw form rainbow flag to protest anti-LGBT+ rhetoric being used in President Duda’s re-election campaign, June 2020.

# Romania

## Politics and Legislation

While the country’s attitudes towards LGBT+ rights have improved in the years since homosexuality was decriminalized in 2001, the LGBT+ community is still fighting for many rights and against blatant homophobic attacks. According to the Williams Institute’s Global Acceptance Index ranking, Romania fell from 82nd to 95th place in the past decade. Repeated failed legislative action to pass a civil-partnership law for same-sex couples spurred local activists to bring a major class-action case in 2019 to the European Court of Human Rights that is still pending. In December 2020, the Romanian Constitutional Court overturned a proposed ban on the discussion of gender in education.<sup>18</sup>

## Impact on the LGBT+ Community

Bias and discrimination against LGBT+ people and those living with HIV are common, so there is normative pressure for people to stay in the closet, despite there being a number of anti-discrimination laws in place.

## Business Response

Building on the establishment in 2018 of the Romanian Diversity Charter, a new Romanian Diversity Chamber of Commerce was established to help those companies and others that have signed on to the charter. Their mission is to proactively enhance the economic enfranchisement of LGBT+ and other minorities such as women, those of Roma background and people with disabilities in the business community.



More than 10,000 members and allies of the LGBT+ community celebrated love in all its forms at Bucharest Pride 2019.

# Ukraine

## Politics and Legislation

The Ukrainian 2015 National Human Rights Strategy and associated five-year action plan were drafted to promote greater LGBT+ equality. Despite initial optimism that the new government of President Zelinskiy and his Servant of The People party would be more responsive to these issues, activists have seen little movement on key equality issues such as partnership recognition and LGBT+ families/adoption rights due to lack of political will and organized pushback from anti-LGBT+ groups. LGBT+ hate crime legislation drafted in 2020 did not pass parliamentary committee approval.

## Impact on the LGBT+ Community

While conditions for the LGBT+ community are generally better in Kyiv and the larger cities, there are still many reported cases of hateful language and violence against the community. The police have been notoriously unwilling to help the community, but that is slowly changing thanks to outreach and training by activists. A number of LGBT+ activists and LGBT+ allies ran for public office in the 2020 election.

## Business Response

Businesses have started to pay more attention to the LGBT community thanks to efforts from groups such as Fulcrum UA’s Corporate Equality Index and other programs to raise awareness of LGBT+ issues.



Protesters supporting a law to ban sexual orientation and gender identity discrimination at work, which passed in 2015.

# The Economic Opportunity

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The overall economic outlook for the region is positive. Coronavirus vaccines are slowly moving these economies out of the pandemic. The Multiannual Financial Framework (MFF) and the Next Generation EU Recovery Instrument from the European Council, after lengthy objections to rule-of-law stipulations by Hungary and Poland, will bring more than EUR 1.8 trillion to the EU economy.<sup>19</sup> Hungary, Poland and Romania will again be among the largest benefactors of this support.<sup>20</sup> Similarly, the Stand-by Arrangement (SBA) approved by the IMF earlier in the year will bring USD 5 billion into Ukraine’s economy.

The four focus countries also saw smaller proportional drops in their gross domestic product (GDP) in 2020 than their Eurozone neighbors and are expected to achieve higher GDP growth than their neighbors in 2021.<sup>21</sup> Although CEE countries are starting this decade on a firm financial footing and with bold economic goals, they will need to overcome the brain drain and competition from other countries and become more innovative to meet these goals.

# Hungary

**Hungary has an aging population, a declining workforce and needs targeted education programs to ensure it has a well-prepared workforce for the future.**

Hungary’s central bank governor, Gyorgy Matolcsy, has stated that the country should aim to reach Austria’s level of economic development and quality of life by 2030.<sup>22</sup> A new report from McKinsey & Company, *Flying Start: Powering up Hungary for a decade of growth*, concurs that Hungary has the opportunity to bring its economy in line with Eurozone GDP. The report also analyzes 13 key sectors in the economy and finds that in order to compete globally, greater innovation is needed to increase the productivity.<sup>23</sup> In addition, while the country is known for its Shared Service Centers (SSCs), the pool of talented recruits has shrunk and competition for available talent has increased, thus pushing up labor costs.

Hungary has the highest per capita GDP of the countries in this study.<sup>24</sup> There is a large automotive industry developed in partnership with German and Japanese manufacturers, and the country also widely promotes its information and communications technology (ICT), science, technical,

and food industries.<sup>25</sup> Its growth can be attributed to both continued strong Foreign Direct Investment (FDI), including its support from the EU (Hungary is the second largest recipient of EU funds after Poland), and a focus on improving its competitiveness, enhanced by the establishment of the National Competitiveness Council in 2017.<sup>26</sup> Like its neighbors, Hungary also has an aging population, a declining workforce and needs targeted education programs to ensure it has a well-prepared workforce for the future. The ratings agency Fitch notes that “Perceptions of corruption and undue state influence remain high for an EU country.”<sup>27</sup>



Audi TTs roll off an assembly line in Győr – Hungary has received significant investment from German car manufacturers.

# Poland

**While expanding into many new and promising industries, Poland is not developing the world-class level of companies and innovation needed to be competitive.**

Poland, the largest economy among the four focus countries in this study, has similar growth goals. A 2019 report from the Warsaw School of Economics (SGH) suggests that Poland’s GDP could match the average of the EU-15 GDP in 14 years.<sup>28</sup> Jaroslaw Kaczynski, the leader of the ruling Law and Justice (PiS) party, suggested that Poland’s economy could match Germany’s in 20 years’ time.<sup>29</sup> Considered the biggest success story among the Central and Eastern European countries that have joined the EU, Poland has the second highest per capita GDP of the countries studied in this report, and has done much to enhance its industries, especially the ICT and food sectors, to compete with fellow EU members and other countries. Yet it will face numerous key economic and development challenges in the coming years. One challenge is a reduced workforce

due to the brain drain and an aging population. A lack of inclusionary hiring practices worsens this problem.<sup>30</sup> Poland also falls into the “average product trap<sup>31</sup>”: while expanding into many new and promising industries, it is not developing the world-class level of companies and innovation needed to be competitive.



Warsaw Stock Exchange is the largest in CEE – but Poland is not developing world-class companies or innovation.

# Romania

High levels of bureaucracy/regulation, corruption, ineffective administration and a prevalence of state-owned enterprises make it hard for businesses and innovation to flourish in Romania.

Romania aims to bring its GDP per capita income to 87% parity of the EU-27 by 2025.<sup>32</sup> In the National Plan for Investments and Economic Recovery report, the government calls for a “focus on stimulating and developing the capital and competitiveness of Romanian companies.”

Despite plans to bring Romania’s economy and standard of living up to par with its fellow EU countries, it continues to have the largest concentration of people living in poverty in the EU. Poverty is especially prevalent in rural areas, and among the country’s 12% Roma population. The brain drain is also a major problem for the country as it lost 7.3% of its population per annum between 2000 and 2015 (second only to Syria)<sup>33</sup> to other countries, with those leaving pursuing better opportunities abroad.

High levels of bureaucracy/regulation, corruption, ineffective administration and a prevalence of state-owned enterprises make it hard for businesses and innovation to flourish.<sup>34</sup> FDI levels are down from the pre-2008 financial crisis level, and the country is less integrated in global value chains than its regional peers, specializing in low-value-added activities.<sup>35</sup> An investment in national cultural heritage and a major plan to attract tourism are part of Romania’s plans to build its economy in the coming years.<sup>36</sup>



Bucharest is one of the leading financial and IT centers in CEE – but corruption is holding back economic activity.

# Ukraine

Political instability, major shifts away from metal and large machinery production to a larger agricultural base, and decreased foreign investment have made economic growth more challenging.

Ukraine is the most economically challenged of all the countries featured in this report. The country is eager to access its assets and grow the economy. The recently completed economic audit by the government identified a USD 1 trillion unrealized potential<sup>37</sup> for development, and plans to create a 2030 National Economic Strategy are now in place.

According to *Ukraine 2030: The Doctrine of Sustainable Development*<sup>38</sup>, one of the key strategic pillars to achieving Ukraine’s potential is through “The creation and development of industries with high added value. All economic sectors require substantial investments for technological renewal and productivity improvements.”

Political instability, major shifts away from metal and large machinery production to a larger agricultural base, and decreased foreign investment have made economic growth more challenging. Additionally, the ongoing hybrid war between Russian-backed separatists and the government in the Donbass region, where much of Ukraine’s industrial production is focused, has taken a toll on the local economy.<sup>39</sup> Ukraine also has the largest informal economy as a percentage of GDP (42.9% in 2015) of countries in this report.<sup>40</sup> Ukraine’s trade development road map<sup>41</sup> envisions a three-pronged strategy to build the domestic economy based on creating an environment for increased trade and exports, improving the competitiveness of small and medium-sized enterprises (SMEs), and increasing the competence of enterprises.



Vineyards in Zakarpattia Oblast – agriculture has replaced much heavy industry, but Ukraine needs more entrepreneurialism.

# The Costs of LGBT+ Discrimination

CEE countries can move toward their economic goals by embracing LGBT+ inclusion and reducing discriminatory practices.

Analyses in the following pages will propose ways that economic and business performance can be enhanced through greater LGBT+ inclusion and less discrimination. They are based on the key issues identified in these economic summaries – including building a national reputation that attracts FDI, fighting corruption and increasing productivity. Discrimination has a financial cost to societies, too.

Discrimination against LGBT+ populations costs CEE economies up to 1.75% of GDP due to health and wage inequities.

Open For Business estimates that the four focus economies are losing a total of up to 1.75% of their GDP every year due to the financial costs associated with LGBT+ public health and wage gap differences, which are a direct result of bias and discrimination targeted at this community. The details of these estimations are further explained in forthcoming sections on Public Health (p.42) and National Productivity (p.45), and a full methodology is in the appendix on p.83. These significant costs to each

economy could be reduced through the development of more open and welcoming diversity policies.

Every year, LGBT+ discrimination costs Hungary:

HUF 63.9 billion – HUF 96.9 billion (USD 232 million – USD 376 million)	0.14% - 0.23% GDP
HUF 63.2 billion – HUF 94.8 billion (USD 214 million – USD 321 million)	<b>Economic discrimination</b> <ul style="list-style-type: none"><li>LGBT+ discrimination in the workplace leads to a wage gap</li></ul>
HUF 690 million – HUF 2.1 billion (USD 18.3 million – USD 54.9 million)	<b>Health inequalities</b> <ul style="list-style-type: none"><li>LGBT+ discrimination leads to unequal health outcomes that reduce productivity</li><li>Higher prevalence of depression and HIV among LGBT+ people results in lost earnings and productivity</li></ul>

Every year, LGBT+ discrimination costs Poland:

PLN 4.6 billion – PLN 9.5 billion (USD 1.2 billion – USD 2.6 billion)	0.21% - 0.43% GDP
PLN 2.9 billion – PLN 4.4 billion (USD 788 million – USD 1.2 billion)	<b>Economic discrimination</b> <ul style="list-style-type: none"><li>LGBT+ discrimination in the workplace leads to a wage gap</li></ul>
PLN 1.7 billion – PLN 5.1 billion (USD 458 million – USD 1.4 billion)	<b>Health inequalities</b> <ul style="list-style-type: none"><li>LGBT+ discrimination leads to unequal health outcomes that reduce productivity</li><li>Higher prevalence of depression and HIV among LGBT+ people results in lost earnings and productivity</li></ul>

Every year, LGBT+ discrimination costs Romania:

RON 6.3 billion – RON 17.6 billion (USD 1.6 billion – USD 4.4 billion)	0.63% - 1.75% GDP
RON 5.4 billion – RON 16.2 billion (USD 1.3 billion – USD 4.0 billion)	<b>Health inequalities</b> <ul style="list-style-type: none"><li>LGBT+ discrimination leads to unequal health outcomes that reduce productivity</li><li>Higher prevalence of depression and HIV among LGBT+ people results in lost earnings and productivity</li></ul>
RON 944 million – RON 1.4 billion (USD 235 million – USD 352 million)	<b>Economic discrimination</b> <ul style="list-style-type: none"><li>LGBT+ discrimination in the workplace leads to a wage gap</li></ul>

Every year, LGBT+ discrimination costs Ukraine:

UAH 15.5 billion – UAH 37.4 billion (USD 553 million – USD 1.3 billion)	0.36% - 0.87% GDP
UAH 9.5 billion – UAH 28.4 billion (USD 338 million –USD 1.0 billion)	<b>Health inequalities</b> <ul style="list-style-type: none"><li>LGBT+ discrimination leads to unequal health outcomes that reduce productivity</li><li>Higher prevalence of depression and HIV among LGBT+ people results in lost earnings and productivity</li></ul>
UAH 6.0 billion – UAH 9.0 billion (USD 215 million – USD 322 million)	<b>Economic discrimination</b> <ul style="list-style-type: none"><li>LGBT+ discrimination in the workplace leads to a wage gap</li></ul>

# The Global Case for LGBT+ Inclusion: 27 Propositions

Open For Business has conducted global research and analysis to understand the links between LGBT+ inclusion and performance – which is described in the 27 propositions outlined below. LGBT+ inclusion goes hand-in-hand with increased economic performance, business performance and individual performance.

A. ECONOMIC PERFORMANCE	B. BUSINESS PERFORMANCE	C. INDIVIDUAL PERFORMANCE
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p><b>Proposition 1: Competitiveness</b> LGBT+ inclusive economies are more competitive.</p> <p><b>Proposition 2: Entrepreneurship</b> LGBT+ inclusion results in higher levels of entrepreneurship, creativity and innovation.</p> <p><b>Proposition 3: Corruption</b> LGBT+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.</p> <p><b>Proposition 4: Direct Investment</b> LGBT+ inclusion is associated with higher levels of direct investment.</p> <p><b>Proposition 5: Global Markets</b> LGBT+ discrimination may inhibit local companies from connecting to global markets.</p> <p><b>Proposition 6: Brain Drain</b> LGBT+ discrimination results in a “brain drain” – the emigration of talented and skilled individuals.</p> <p><b>Proposition 7: Public Health</b> LGBT+ discrimination leads to negative economic consequences as a result of poor health outcomes.</p> <p><b>Proposition 8: National Reputation</b> LGBT+ discrimination impacts perceptions on a world stage, which drive tourism, talent attraction and export markets for consumer goods.</p> <p><b>Proposition 9: National Productivity</b> LGBT+ discrimination leads to lower levels of national productivity.</p> <p><b>Proposition 10: Urban Economic Development</b> LGBT+ inclusion signals a diverse and creative environment, which creates the right conditions for urban economic growth.</p> <p><b>Proposition 11: National Economic Development</b> LGBT+ inclusive economies have higher levels of growth in Gross Domestic Product.</p>	<p><b>Proposition 12: Attracting Talent</b> Companies that are more diverse and inclusive are better able to compete for talented employees.</p> <p><b>Proposition 13: Retaining Talent</b> Companies that are more diverse and inclusive have higher rates of retention of talented employees.</p> <p><b>Proposition 14: Innovation</b> Companies that are more diverse and inclusive have higher levels of innovation and creativity.</p> <p><b>Proposition 15: Collaboration</b> Companies that are more diverse and inclusive create an atmosphere of trust and communication, which is essential for effective teamwork.</p> <p><b>Proposition 16: Customer Orientation</b> Companies that are more diverse and inclusive are better able to anticipate the needs of all customers, and to access a broader client base.</p> <p><b>Proposition 17: LGBT+ Consumers</b> Companies that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers.</p> <p><b>Proposition 18: Brand Strength</b> Companies that are more diverse and inclusive have greater brand appeal and loyalty with consumers who want socially responsible brands.</p> <p><b>Proposition 19: Financial Performance</b> Companies that are LGBT+ inclusive have better share price performance, higher return on equity, higher market valuations and stronger cash flows.</p>	<p><b>Proposition 20: Authenticity</b> Individuals working in open, diverse, inclusive environments are able to be themselves, instead of concealing important aspects of themselves.</p> <p><b>Proposition 21: Motivation</b> Individuals working in open, diverse, inclusive environments have higher levels of motivation.</p> <p><b>Proposition 22: Affinity</b> Individuals working in open, diverse, inclusive environments have greater affinity with the values and culture of the workplace.</p> <p><b>Proposition 23: Satisfaction</b> Individuals working in open, diverse, inclusive environments have higher levels of job satisfaction.</p> <p><b>Proposition 24: Health</b> Individuals working in open, diverse, inclusive environments are free from discrimination – a cause of poor mental health and physical violence.</p> <p><b>Proposition 25: Speaking Up</b> Individuals working in open, diverse, inclusive environments are more likely to speak up with suggestions to improve performance.</p> <p><b>Proposition 26: The Extra Mile</b> Individuals working in open, diverse, inclusive environments are more likely to go beyond their duties and make a contribution to the life and culture of the company.</p> <p><b>Proposition 27: Individual Productivity</b> Individuals working in open, diverse, inclusive environments have greater productivity – more efficient work with higher quality outputs.</p>

# The Evidence Base for LGBT+ Inclusion in CEE Countries

The propositions outlined overleaf may apply with different strength depending on the local market contexts. Twelve propositions have been identified that apply most strongly in our focus countries, based on a literature review, key expert interviews, and a short survey through Open For Business corporate and civil society networks in each country.

A. ECONOMIC PERFORMANCE		
	<p><b>Competitiveness</b> A number of analyses using LGBT+ human rights data and economic indicators show that countries that are more open are also more competitive. (See p.32).</p>	<p><b>Public Health</b> Depression and HIV, more prevalent in the LGBT+ community, have a negative economic impact. (See p.42).</p>
	<p><b>Corruption</b> Higher levels of corruption in these countries hinder greater investment. (See p.34).</p>	<p><b>National Reputation</b> Overt anti-LGBT legislation, actions and violence in the region is swaying public sentiment, often in countries with deep investments in the region. (See p.43).</p>
	<p><b>Direct Investment</b> Analysis of FDI levels demonstrates that these focus countries have an opportunity for greater investment growth. (See p.35).</p>	<p><b>National Productivity</b> The wage gap among LGBT+ workers lowers productivity in the focus countries. (See p.45).</p>
	<p><b>Brain Drain</b> New data from the World Bank and LinkedIn show that these target countries are losing skilled workers, especially those employed in “jobs of the future.” (See p.39).</p>	<p><b>National Economic Growth</b> While these focus countries have large growth goals, their GDP growth is being surpassed by more inclusive societies. (See p.46).</p>
B. BUSINESS PERFORMANCE		
	<p><b>Attracting and Retaining Talent</b> Companies in the region realize that the promise of working for a diverse and inclusive company is an important attribute that workers, especially younger workers, are increasingly demanding. (See p.51).</p>	<p><b>LGBT+ Consumers</b> New data show that globally and locally LGBT+ consumers are a major spending force in local businesses and economies. (See p.53).</p>
	<p><b>Innovation</b> Correlating the Global Innovation Index with LGBT+ human rights data demonstrates that more open countries are more innovative. The case study companies highlighted are prime examples of how companies innovate and grow. (See p.52).</p>	<p><b>Financial Performance</b> At both the international and local level, there are advantages for companies that promote and invest in LGBT+ inclusion. (See p.54).</p>

# Ireland: How LGBT+ Inclusion Became Part of a Successful Economic Strategy

A short trip to Ireland demonstrates how that country integrated its historic same-sex marriage referendum in 2015 with a comprehensive economic strategy. Why Ireland? We see a few parallels to the CEE region:

- Religion: A majority Roman Catholic country with traditionally strong church involvement in social issues.
- Politics: The conservative Fine Gael government at the time was also a founding member of the EPP Party, to which the current majority of Hungarian, Polish and Romanian MEPs belong as well.
- Business: Also seeking rapid economic growth, Ireland is home to the regional offices of numerous multinational companies.

To find out more about the country’s success in increasing equality and financial outcomes, we spoke with a former Prime Minister, business leaders and the advocate who led the business campaign.



*“We needed to get out of the financial mess that we were in. Make hard decisions at home to deal with that. Spread the message that we’re open for business, but that also we are an inclusive country, and therefore attractive for investment as an English-speaking country, to a market comprising 400 million EU citizens.”<sup>42</sup>*

Enda Kenny, Former Irish Prime Minister

When Enda Kenny assumed his role as Taoiseach or Prime Minister (PM) of Ireland in 2011, the country’s economy was a shambles: unemployment was over 15%, emigration was high and the country was blocked from international financial markets. According to Kenny, “We had lost our financial standing and our integrity internationally.”<sup>43</sup> He needed to act quickly on fixing the economy but not lose sight of key social issues facing the country.

## The marriage equality referendum

The Oireachtas, or Irish legislature, proposed same-sex marriage as one of the topics to be brought to a constitutional convention and citizen assembly soon into Kenny’s tenure as PM. Kenny felt it was important that the social issue be brought forward for public discussion. In his discussions to better inform himself, one of the first things he learned from business leaders was “People will always work better if they’re happy, when they don’t have to live in the shadows or live in limbo. And they do their work better with that sense of happiness.”<sup>44</sup>

The passage of a civil partnership law in 2010 gave LGBT+ people in Ireland many rights they had not had before, but the law didn’t provide protections for the children of same-sex couples, which many in the LGBT+ community saw as potential for continued relegation to second-class status.<sup>45</sup> The efforts of Gay and Lesbian Equality Network (GLEN) and other groups helped initiate the constitutional convention process (which was necessary as the Irish Constitution had previously defined marriage as being between a man and a woman) that ultimately led to the referendum being called for May 2015.

A very active public-facing campaign that brought many expatriated Irish people back to the country for the vote played a key role in the passage of the legislation, as did a “Ring Your Granny” campaign asking young people to reach out to their likely-to-vote conservative grandparents. But the campaign would not have been effective without civil society and business support, in addition to political leadership.

## Civil society’s role in engaging the business community

Davin Roche, who led the “Business for Yes” campaign believes the business campaign’s success was due to building GLEN’s Diversity Champions program with local businesses in the years leading up to the campaign. By creating a network of companies that were engaged with LGBT+ diversity and inclusion issues it was not a stretch to then sign companies on to the “Business for Yes” advocacy campaign.

As he says, “It’s very difficult to bring large businesses in for the first time through a referendum, you’re asking them to put too much skin in the game. You have to build on existing Diversity and Inclusion (D&I) work. At that point you can explain why marriage equality is also good for their workplace and their employees in a business context.” Open For Business recognizes the huge potential of similar D&I initiatives being carried out right now by hundreds of companies across the CEE region.

## Business joins in

Sensing that businesses were taking a “wait and see” attitude to the referendum, Twitter’s Vice President and Irish Managing Director Stephen McIntyre wrote an op-ed for the Irish Times in April 2015, where he outlined the three key reasons for businesses to support the marriage referendum: “First, people perform better in the long run when they can be themselves. Second, talent is attracted to organizations which demonstrate an appreciation for diversity, inclusiveness and equality. Finally, Ireland’s international reputation as a good place to do business will be enhanced by a yes vote.”<sup>46</sup>

IBEC, the business association that represents more than 70% of private sector employment in Ireland, also knew how important the referendum was to the country, but more importantly what message it would send to the world if the referendum didn’t pass. As Kara McGann, head of social policy for IBEC, explained, “We could see not only was a yes vote the right thing to do, but also there was a very clear business and economic case for inclusion for LGBT inclusion... If we are not welcoming, what message does that send to people who are already here, potential talent that is looking to stay in Ireland, to come to Ireland, to work in our country and our organizations.”<sup>47</sup> The official stance IBEC took reiterates many of Open For Business’ propositions, as reproduced in the appendix (p.87)

## The result

The marriage equality referendum passed in May 2015 with 62% voting for and 38% voting against. According to Kenny, “I think that the impact and the consequence of the marriage equality referendum has been of nothing but good and benefit for this country.”<sup>48</sup> And economic results bear that out: From 2015 to 2019 Ireland has seen average GDP growth of 10.1%<sup>49</sup> thanks to a combination of low corporate taxes, an influx of highly skilled workers (see chart p. 41) and crucially, improvements in its treatment of LGBT+ people.

# Economic Performance

Government action is critical to economic growth. The following analyses identify macro-economic factors and trends where greater inclusion of and/or less discrimination towards LGBT+ communities can improve economic performance in the region.

# Competitiveness

Broader LGBT+ rights align with greater economic competitiveness.

The annual World Economic Forum (WEF) Competitiveness Index<sup>50</sup> provides a comprehensive assessment of the competitiveness of national economies. There is a strong correlation between this key economic index and LGBT+ rights. The F&M Global Barometer of Gay Rights (GBGR<sup>®</sup>), which indexes human rights for gay people globally, and the Global Barometer of Transgender Rights (GBTR<sup>™</sup>), which similarly indexes human rights for transgender people, correlate at 53% and 55%, respectively with the WEF Index. These indices are used throughout this report: see page 84 for more information about the barometers and their methodology. Countries that include and respect *all* citizens are more competitive.

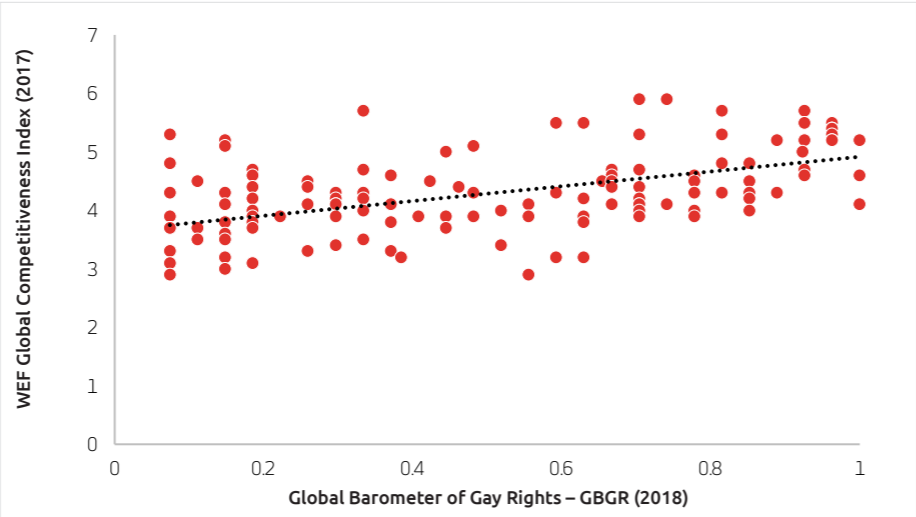


Figure 1 Human rights protections for gay people (x-axis) vs. global competitiveness ranking (y axis)

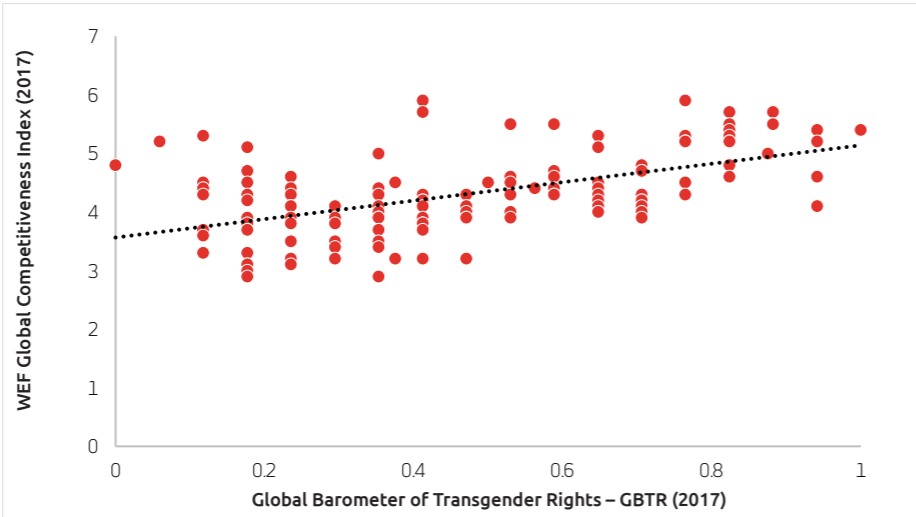


Figure 2 Human rights for transgender people (x-axis) vs. global competitiveness ranking (y axis)

It is easier to do business in countries that have stronger LGBT+ protections.

The Ease of Doing Business Score<sup>51</sup> provides global companies with important planning data when considering expansion into new territories. Similar to the WEF Competitiveness Index, the data also correlate closely to the GBGR (54%) and GBTR (56%) data. The Ease of Doing Business Score is another reminder that LGBT+ inclusion in a country is strongly related to how easy it is to operate a business there.

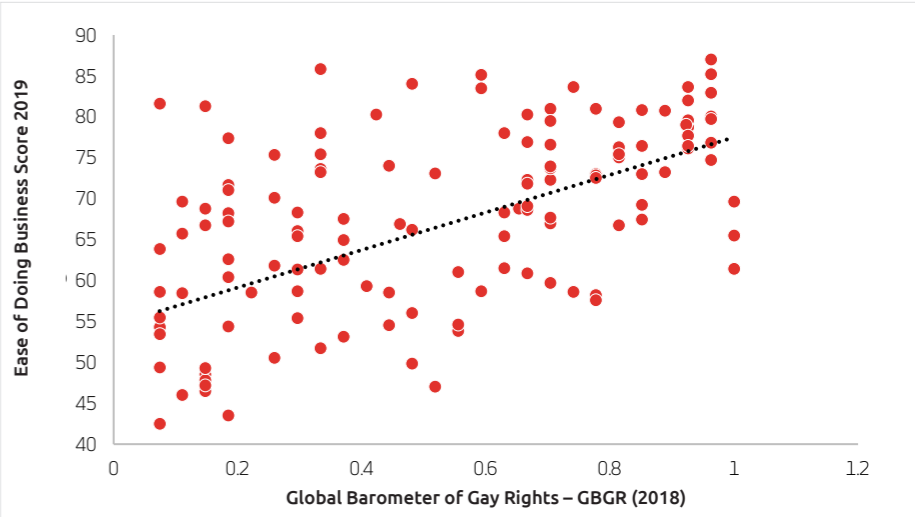


Figure 3 Human rights protections for gay people (x-axis) vs. the ease of doing business ranking (y axis)

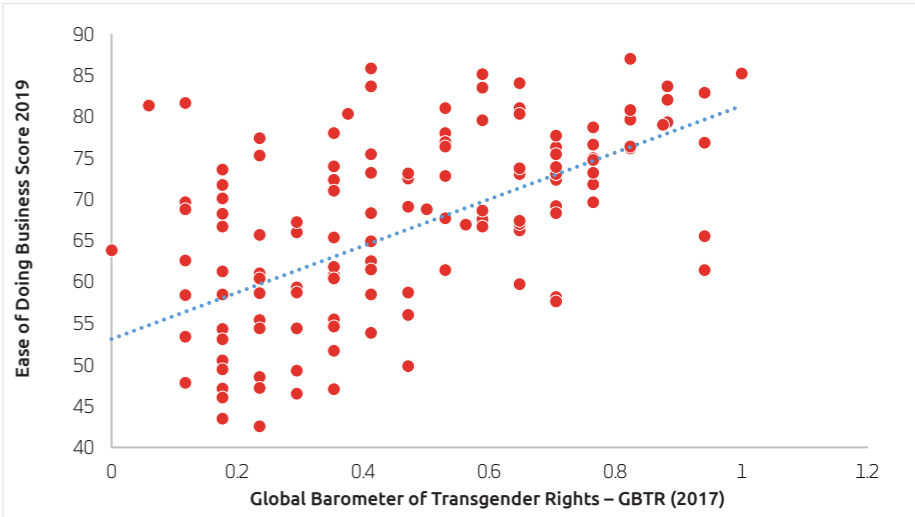


Figure 4 Human rights protections for transgender people (x-axis) vs. the ease of doing business ranking (y axis)

# Corruption

LGBT+ inclusive countries have less corruption and cronyism, which fosters greater trust and investment.

Analysts cite corruption and cronyism as a reason investment has not grown more in the CEE region. Diversity and inclusion policies often affect the system of recruitment and distribution of power in countries. Those countries without such policies create more opportunities for corruption to thrive.

The focus countries in this report have an average Transparency International Corruption Perception Index score of 44% versus an average score of 74% in EU-15 countries<sup>52</sup>

The charts below show a correlation of 59% when the Corruption Perception Index is compared with GBGR data and a 63% correlation when compared with the GBTR data. 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.

Figure 5 Human rights protections for gay people (x-axis) vs. perceived corruption ranking (y axis)

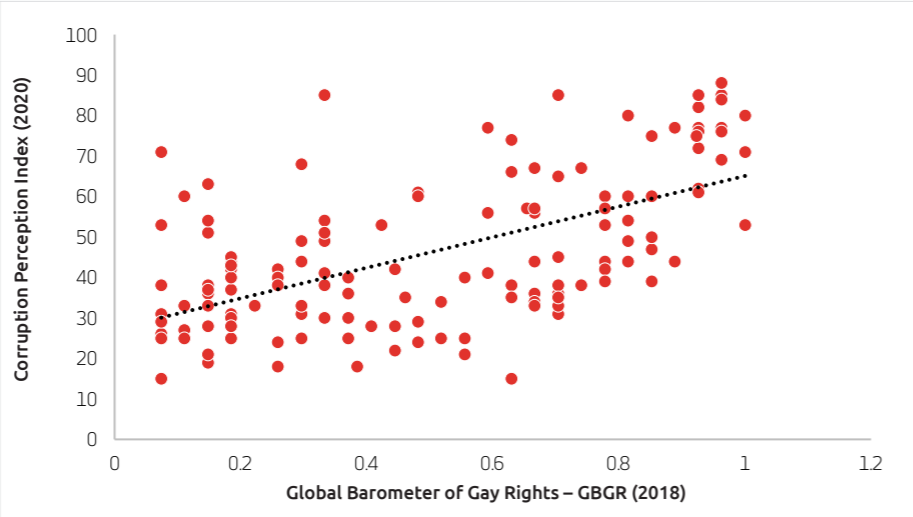
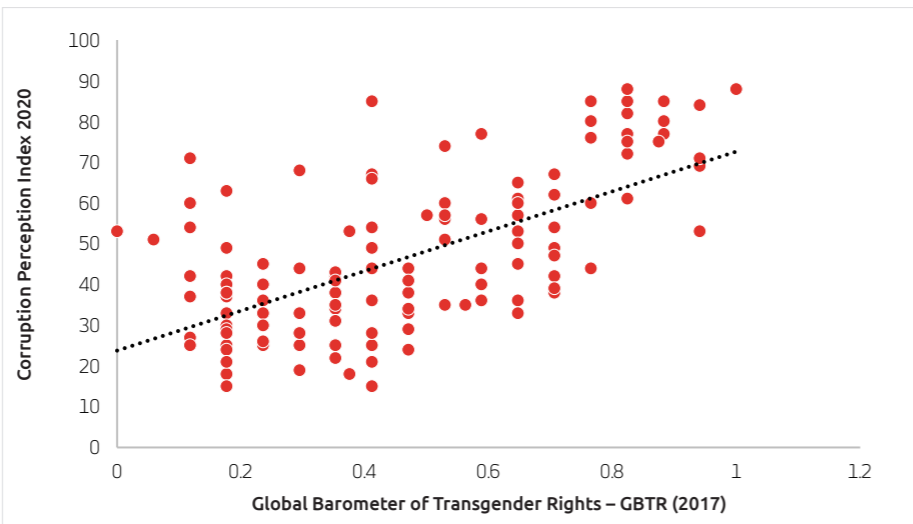


Figure 6 Human rights protections for transgender people (x-axis) vs. perceived corruption ranking (y axis)



A recent report from the OECD, *Drivers of Divestment: Decisions of Multinational Enterprises – A Cross-Country Firm-Level Perspective*, explores why companies make decisions *not* to continue operations in a country. They found that the level of control of corruption is one of several variables in the decision-making process, and that “an improvement by 10% in a country’s level of control of corruption is associated with a reduction in foreign divestment probability of 1 percentage point, on average.”<sup>53</sup> Clearly, there is a regional opportunity for more transparency and to signal a greater commitment to openness and inclusion, while avoiding potential divestment.

# Foreign Direct Investment (FDI)

The four focus countries have the potential to attract greater investment, but face challenges in making themselves attractive to both investors and skilled global workers considering relocation.

Countries “need to establish a transparent, broad, and effective enabling policy environment for investment, and to build the human and institutional capacities to implement them,” according to the OECD.<sup>54</sup> The amount and type of FDI inflows are a proxy for the potential that (corporate) investors see in the country.

As the chart below shows, except for Hungary, which has seen greater swings in its net inflows of FDI over the 10 years ending in 2019, the focus countries have had a relatively stable level of investment. The four-country average FDI as a percentage of GDP during this period is 2.7%, which is slightly more than the EU-15 and Switzerland’s average of 2.1%, exempting the outliers of Ireland, Luxembourg and The Netherlands, whose averages are in the 19-26% range.<sup>55</sup>

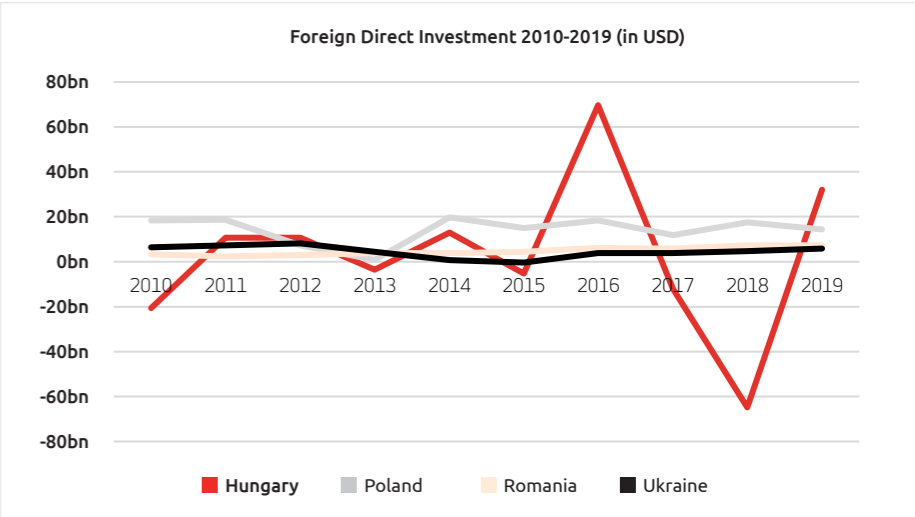


Figure 7 Foreign direct investment, total inflows, 2010-2019 in Hungary, Poland, Romania and Ukraine

While the 10-year average of the latest data on FDI inflow in the four target countries was approximately USD 6.6 billion, this amount pales in comparison to the average of USD 35.7 billion invested in the EU-15 countries and Switzerland during the same period.<sup>56</sup>

FDI is the starting point for greater economic growth in the region. Over a third of economic activity (GDP) in Poland depends on foreign markets, around the same as in Austria and Belgium.<sup>57</sup> In Hungary, foreign-owned enterprises accounted for 25% of jobs in the private sector in 2014 and 53% of private sector value added products, excluding the agriculture and finance sectors.<sup>58</sup> And in Ukraine, according to the German Advisory Group<sup>59</sup>, FDI companies make up only 4.6% of companies, but employ 20.4% of employees and produce 34.9% of total Gross Value Added (GVA), which is a measure of output. These data remind us that FDI plays an outsize role in overall economic growth.

Potential for FDI growth is high for the focus countries as their geographical location is ideal for serving both Western Europe, Eastern Europe and the Middle East; they have well-educated workforces with good language skills and technical skills; and they offer cheaper labor costs than Western Europe. FDI could be increased and stabilized in the region to bring these countries’ economies in line with their stated economic goals of achieving parity or near-parity with their Western European neighbors. Open For Business’ propositions that relate to LGBT+ inclusion offer opportunities for growth:

LGBT+ inclusive economies are better able to diversify, which boosts FDI.

The four focus countries are relatively diversified in the sectors that are supported by the greatest FDI, yet a scan of the sectors supported reveals a heavy regional reliance on low-value textile and food processing, as well as manufacturing and extractive industries.<sup>60</sup> More effort needs to be put behind attracting investment in sectors that are future-leaning and support “jobs of the future,” such as finance, insurance, ICT, science and those in the technical industries. Open For Business knows these to be hallmarks of diverse and open economies. The challenges the region faces in attracting jobs of the future is addressed in the “Brain Drain” section on p.39.

Growing investor focus on ESG (environmental, social, governance) will reduce investments in companies that are not LGBT+ inclusive.

The companies investing in these focus countries largely are headquartered in Western European nations such as Germany, the Netherlands, France and Switzerland, which all have strong human and LGBT+ rights records. Companies are increasingly looking at a country’s openness and inclusion when considering investments or expansion of operations.<sup>61</sup> Reputation is becoming more important than ever.

LGBT+ inclusion is a factor for companies making location decisions.

An Open For Business analysis of how companies make location decisions reveals three types of factors that make a country attractive to business: consideration, competitive advantage and preference factors. Quality of life and social and cultural factors are important ingredients, and LGBT+ inclusiveness in particular is a factor that causes a business to give preference to one location over another. See Table 1 below for a full set of factors.

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

Table 1: Factors that make locations attractive to business

Open For Business’ recent report developed with Deloitte, *Working Globally: Why LGBT+ Inclusion is Key to Competitiveness*<sup>62</sup> also addressed the issue of country desirability for corporate LGBT+ workers. An analysis (below) of workers’ desired countries for relocation and human rights protections in those countries also shows that countries that are more open are more attractive to highly skilled LGBT+ corporate workers. The correlation is 48% vs. GBGR data and 46% vs. GBTR data.

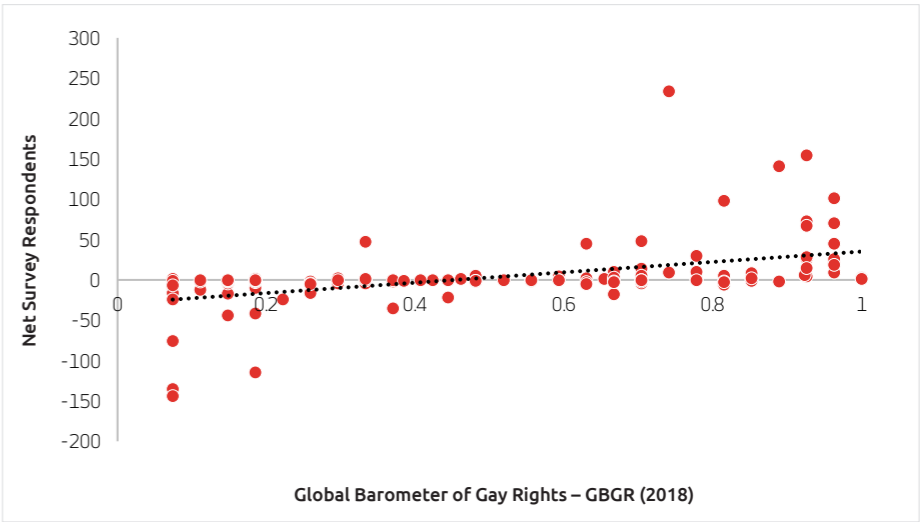


Figure 8 Human rights protections for gay people (x-axis) vs. survey respondents

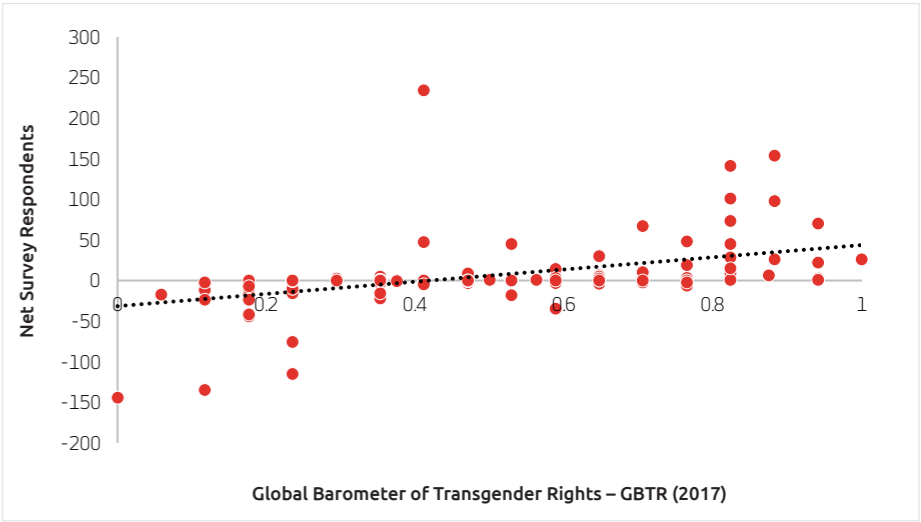


Figure 9 Human rights protections for transgender people (x-axis) vs. survey respondents

Local investors turn towards ESG investing

- Since 2018 some exciting new ESG initiatives have been launched in CEE countries:
- **Hungary:** The Budapest Stock Exchange (BSE) has signed a commitment to promote sustainability and transparency in its market, making it the newest member of the United Nations Sustainable Stock Exchanges (SSE) initiative. It offers an ESG Guide, developed with Deloitte, and consultations to the corporate investment community in Hungary.<sup>63</sup>
  - **Poland:** The Warsaw Stock Exchange (GPW) has launched the WIG-ESG ESG ratings provided by Sustainalytics and an assessment of compliance with GPW’s corporate governance principles (see our initial analysis of companies listed on the WIG-ESG on p. 55)<sup>64</sup>
  - **Romania:** The Bucharest Stock Exchange (BVB) has launched its first ESG initiative focused on the Romanian capital market. Also using Sustainalytics data, its goal is to make available top-line ESG research and ratings for the majority of companies listed on its exchange, to promote responsible investing, and highlight the importance of ESG standards among Romanian market participants.<sup>65</sup>
  - **Ukraine:** The country’s National Securities and Stock Market Commission joined the Sustainable Banking Network. It plans to develop ESG Disclosure Guidelines and an ESG Scorecard to monitor implementation of the Corporate Governance Code of Ukraine.

These activities are likely to advance diversity overall and increase LGBT+ inclusion in the region. As the focus of the ESG conversation turns increasingly to the “S” (social) and to LGBT+ issues, we can expect this to act as a stimulus for investment in countries that are LGBT+ inclusive.

Case in point: European Medicines Agency (EMA) relocation excludes non-tolerant societies

In considering its relocation options after Brexit, the European Medicines Agency (EMA), the EU agency with 900 employees in charge of the evaluation and supervision of medicinal products, conducted an extensive employee survey to understand staff preferences among the 19 city bids that the agency received from interested EU cities to host the organization.<sup>66</sup>

The EMA found that while 65% of their staff would move with the agency if they relocated to Amsterdam (the ultimate choice), Barcelona, Copenhagen, Milan or Vienna, 70% would leave if the agency moved to locations such as Warsaw (PL) or Bucharest (RO) or other locations in Central and Eastern Europe. The agency used a variety of criteria in the survey. Two key areas where these capitals scored lowest were on “offering appropriate access to the labor market for staff’s partners”<sup>67</sup> and as a “tolerant and open socio-cultural environment”– by which EMA meant whether same-sex registered partnerships were available under national law.<sup>68</sup>



The new European Medicines Agency headquarters in Amsterdam

Photo credit: Cescamel/Shutterstock 4.0 International (CC BY-SA 4.0)

Brain Drain

Discrimination against LGBT+ people contributes to the “brain drain” of skilled workers from CEE countries into more open societies.

Workers are leaving these focus countries in greater numbers to work and live in more open and tolerant societies.

Hungary

Central and Eastern European countries have seen the loss of skilled workers to Western European and other countries for years, and the pace of migration has only increased since the three EU focus countries (Hungary, Poland and Romania) became members of the EU in the mid 2000s. This trend has been a struggle for corporate recruiters and has contributed to the reduction in competitiveness and innovation in the region. This Open For Business analysis looks at three dimensions of this brain drain trend.

Analysis of a new dataset from the World Bank and LinkedIn<sup>69</sup>, utilizing aggregated global data from LinkedIn users, shows that more open and tolerant societies are better able to attract talent. Conversely, the workers who are immigrating to the four focus countries are being attracted from less diverse and tolerant societies. GBGR and GBTR data from the F&M Global Barometers (see appendix p.84) are highlighted in green for scores over 50% and red for scores under 50% to help illustrate the point.

Brain drain – losing to these countries	GBGR/GBTR Score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR score	Net gain from this country
Germany	81% / 87%	-4.93	India	37% / 60%	+2.59
Austria	93% / 73%	-3.03	Romania	78% / 40%	+1.66
Netherlands	93% / 80%	-2.46	Brazil	74% / 40%	+1.62
United Kingdom	93% / 87%	-2.45	Turkey	26% / 13%	+1.27
Switzerland	70% / 73%	-2.22	Ukraine	67% / 40%	+0.75
Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual Average, January 2017 - December 2019					

Poland

Brain drain – losing to these countries	GBGR/GBTR score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR score	Net gain from this country
Germany	81% / 87%	-1.61	Ukraine	67% / 40%	+2.59
Switzerland	70% / 73%	-1.27	India	37% / 60%	+1.66
Netherlands	93% / 80%	-0.85	Belarus	22% / 20%	+1.62
Spain	93% / 67%	-0.70	Turkey	26% / 13%	+1.27
Australia	89% / 80%	-0.58	Brazil	74% / 40%	+0.75
Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual Average, January 2017 - December 2019					

Romania

Brain drain – losing to these countries	GBGR/ GBTR score	Net loss to this country	Brain gain – gaining from these countries	GBGR/ GBTR Score	Net gain from this country
United Kingdom	93% / 87%	-8.11	Moldova	52% / 40%	+1.27
Germany	81% / 87%	-3.31	Turkey	26% / 13%	+0.35
Netherlands	93% / 80%	-1.91	Italy	78% / 60%	+0.27
France	96% / 93%	-1.15	India	37% / 60%	+0.06
Iran	7% / 20%	-0.98	Qatar	15% / 13%	+0.06
Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual Average, January 2017 - December 2019					

Ukraine

Brain drain – losing to these countries	GBGR/ GBTR score	Net loss to this country	Brain gain – gaining from these countries	GBGR/ GBTR score	Net gain from this country
United States	74% / 33%	-8.78	India	37% / 60%	+0.45
Poland	67% / 47%	-5.75	Turkey	26% / 13%	+0.23
Germany	81% / 87%	-2.82	Kazakhstan	33% / 27%	+0.10
Canada	96% / 80%	-2.41	Egypt	22% / 13%	+0.09
United Kingdom	93% / 87%	-1.31	Moldova	52% / 40%	+0.09
Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual Average, January 2017 - December 2019					

Jobs of the future

Skilled workers in CEE countries are more likely to leave in search of “jobs of the future” than workers in other EU-15 countries. The World Bank/LinkedIn dataset also shows what kind of jobs prompt skilled workers to move from one country to another. The chart below analyzes those jobs categorized as “jobs of the future,” in this case those in information and communication, professional scientific and technical activities, and financial and insurance activities.

As the chart highlights, the four focus countries rank below the EU-15 average, and specifically Germany, the largest economy in Europe, and Ireland (see case study p.28), a Catholic and conservatively governed country that recognized the economic impact of LGBT+ inclusion.

In fact, except for Poland, which has low-level migration, all of these countries are losing workers in these important growth fields.

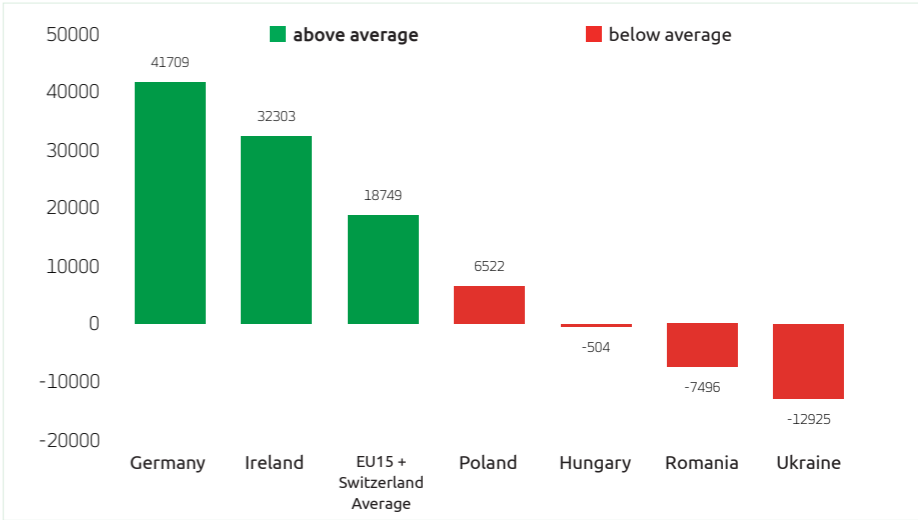


Figure 10: Net gain/loss of jobs of the future in four focus countries vs. EU15+ Switzerland average, Germany and Ireland

LGBT+ issues are a driver of the brain drain from CEE countries.

LGBT+ Migrants from CEE Countries

Research conducted among LGBT emigres to the United Kingdom from Poland also confirmed that better-educated Poles are leaving the country. 31.4% of those interviewed for the *Queer Poles* in UK study<sup>70</sup> with university degrees cited LGBTQ issues as a reason for their migration, higher than the study average of 27.4%. Similarly, a study of LGBT migrants to Scotland from a number of Central and Eastern European countries found that “seeking a more secure or better life as an LGBT person also often featured among reasons for migrating.”<sup>71</sup>

# Public Health

Poor health outcomes from LGBT+ discrimination costs economies in the region up to 1.6% of GDP per annum.

LGBT+ discrimination leads to poor health outcomes and negative economic consequences.

HIV/AIDS and depression are two areas where this is most notable.

## HIV

The impact of HIV on men who have sex with men (MSM) in the CEE region is typically much greater than on the general population. As Badgett notes, stigma and exclusion based on cultural norms may be a reason for these higher rates.<sup>72</sup> This is especially true in Romania, where the prevalence of HIV among MSM is 18%.<sup>73</sup>

Using similar cost-estimation tools as in that report (see detailed explanation in Methodology section on page 82), Open For Business estimates the annual economic costs of HIV from disability and lost wages in the focus countries to be:

Estimated annual cost to society of HIV in LGBT+ community due to discrimination

Country	High estimate	%GDP	Low estimate	%GDP
Hungary	HUF 15,747,629,485 (USD 53,240,122)	0.033%	HUF 5,249,209,730 (USD 17,746,707)	0.011%
Poland	PLN 5,076,724,882 (USD 1,371,561,423)	0.230%	PLN 1,692,241,627 (USD 457,187,141)	0.077%
Romania	RON 16,215,380,177 (USD 4,029,667,042)	1.611%	RON 5,405,126,724 (USD 1,343,222,347)	0.537%
Ukraine	UAH 28,220,036,340 (USD 1,013,248,925)	0.659%	UAH 9,406,678,789 (USD 337,749,642)	0.220%

## Depression

Exclusion and internalized homophobia/transphobia are key factors in the higher rates of depression in LGBT+ people, according to *Situation of LGTB Persons in Poland 2015-2016*.<sup>74</sup> The report also notes higher levels of depression in younger LGBT+ people, those with less education and those with lower incomes. Open For Business compared data from the *EMIS 2017 MSM Survey*<sup>75</sup> with *WHO's Depression and Other Common Mental Disorders: Global Health Estimates*<sup>76</sup> report with data from 2015, and found considerably higher rates of depression among men who have sex with men. The table below suggests that the cost of LGBT+ depression due to disability and lost wages can be considerable.

Estimated annual cost to society of depression in LGBT+ community due to discrimination

Country	High estimate	%GDP	Low estimate	%GDP
Hungary	HUF 503,451,803 (USD 1,702,087 )	0.0010%	HUF 167,817,169 (USD 567,362 )	0.0003%
Poland	PLN 14,912,713 (USD 4,028,917 )	0.0007%	PLN 4,970,903 (USD 1,342,972 )	0.0002%
Romania	RON 28,396,627 (USD 7,056,816)	0.0028%	RON 9,465,542 (USD 2,352,272)	0.0009%
Ukraine	UAH 87,259,146 (USD 3,133,066)	0.0020%	UAH 29,086,372 (USD 1,044,355 )	0.0007%

# National Reputation

Discriminatory laws and practices are damaging focus countries' reputations in key investor countries, and funding has been lost as a result.

From an international perspective, there have been a number of key anti-LGBT news stories from the region in recent years that have gained significant traction:

- The Polish “LGBT-Free Zone” movement that started in 2019, which aims to silence LGBT+ people in more than 100 towns and regions that comprise a third of the country.
- The May 2020 passage of a Hungarian gender law that bans transgender people from officially changing their birth certificates to reflect their gender identity.
- The hostile response to the September 2020 release of a children’s fairytale book in Hungary with more diverse, inclusive and LGBT+ characters in contemporary settings.<sup>77</sup>
- A December 2020 Hungarian law banning adoption by non-married persons, including those in the LGBT+ community.

While political leaders in these countries may see these as domestic issues, their discriminatory nature has raised public attention at a global level. In fact, the efforts of the focus countries to attract foreign investment and foreign workers risk being offset by the damage caused by negative reactions regarding these discriminatory practices, especially in countries that invest in the region.

## Poland: Condemnation at EU level and in European investor countries

Poland’s actions triggered an overwhelming majority vote to condemn the LGBT-Free Zones in the European Parliament in December 2019<sup>78</sup>. They also prompted European Commission President Ursula von der Leyen in her September 2020 State of the Union address to say, “*Being yourself is not your ideology. It’s your identity. And no one can ever take it away. So I want to be crystal clear – LGBTQI-free zones are humanity-free zones. And they have no place in our union.*”<sup>79</sup>

The reverberations from these actions and reactions have had a direct financial impact. In February 2021 news broke that a planned EUR 1.7 million EEA and Norway Grant to Poland’s Podkarpackie province to promote cultural and natural heritage in the region was cancelled because it was located in one of the so-called “*LGBT-Free Zones*.”<sup>80</sup>

EU city-twinning applications from six Polish municipalities that have adopted LGBT-Free Zone resolutions were rejected in July 2020, with a value between EUR 5,000 and EUR 25,000 each.<sup>81</sup> Polish town Tuchow’s relationship with French town Saint-Jean-de-Braye is a case in point, and the Mayor of Tuchow, who was not in favor of the LGBT-Free Zone decision, realized its impact. “One can’t calculate this image loss. It’s not just EUR 18,000 that we’re losing,” Mayor Magdalena Marszałek of Tuchow told Polish TVN24 television, adding she fears the town’s international partners “won’t treat Tuchów seriously.”<sup>82</sup> And while the Polish government reimbursed the municipalities that lost their funding,<sup>83</sup> the reputational damage has been done.

In addition, Polish town-twinning agreements with German, French and Dutch towns have been ended by their partners (all of these countries are major investors in Poland), citing the discriminatory practices as their reason. These decisions, as well as the media and public discussion surrounding them, do not contribute to an open and inclusive image for Poland in the world.

An analysis of media coverage of Hungarian law banning adoption by those in the LGBT+ community finds overwhelmingly negative responses in top countries investing in Hungary.

Hungary’s banning of adoption by non-married persons, including those in the LGBT+ community, is also having a similar impact in key Hungarian investor countries. The legislation, which was proposed in November 2020 (coincidentally the same week that the progressive and inclusive European Union LGBTIQ Strategy was released) and passed by the Hungarian Parliament the next month, effectively bans people living in same-sex partnerships from adopting children.

An Open For Business key-word analysis using the Nexis NewsDesk<sup>84</sup> media-monitoring tool, found during the period from 9 November 2020 through 15 January 2021 that nearly 250 print and online articles about the topic were published, reaching more than 719 million people (duplicate reach) in Hungary’s top seven FDI countries. See chart below for the proportion by country.

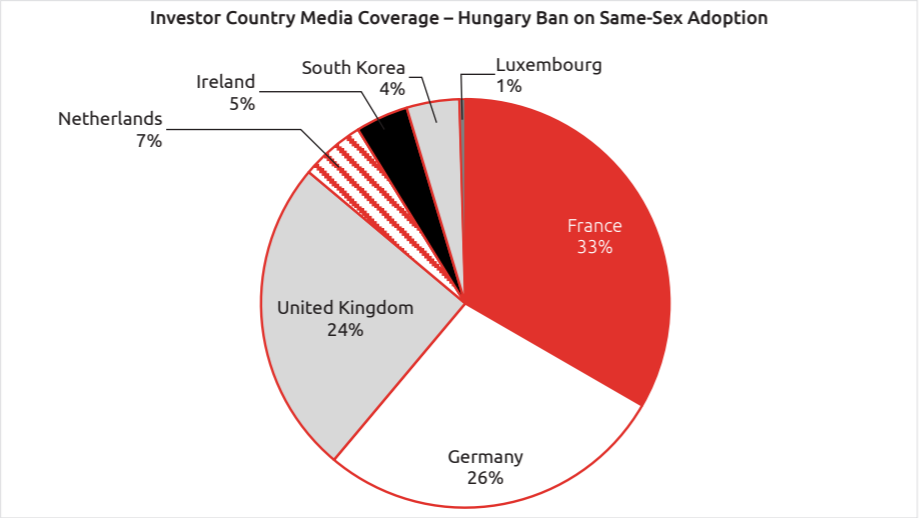


Figure 11 Percentage of articles identified about the ban on Hungarian same-sex adoption in each of the top seven countries investing in Hungary

Publications included in the analysis include some well-known media vehicles with large audiences such as Der Spiegel in Germany; The Guardian, The Independent, The BBC and The Sun in the UK; Bloomberg and The New York Daily News in the United States as well as Yahoo and MSN News.

A further review of the content showed that *articles with “negative” sentiment outnumbered those with a “positive” sentiment by a six-to-one ratio*. Moreover, most of the those in the positive range, as well as those considered “neutral,” included a quote from Amnesty International Hungary Director David Vig, who said, *“This is a dark day for Hungary’s LGBTQ+ community and a dark day for human rights.”*<sup>85</sup>

Reputation matters. According to country brand expert Simon Anholt, “Whatever countries try to pull in (investors, aid, tourists, business visitors, students, major events, researchers, travel writers and talented entrepreneurs) and whatever countries try to push out (products, services, policies, culture, and ideas) is done so with a discount if the country’s image is weak or negative and at a premium if it’s strong and positive.”<sup>86</sup> Creating a negative perception globally does not help these countries grow and flourish.

# National Productivity

The wage gap among LGBT+ workers lowers national productivity and costs economies up to USD 1 billion each year.

There is growing evidence of an LGBT+ wage gap. As Badgett explains, numerous factors contribute to lower wages and lost productivity in the LGBT+ community, “... exclusion of LGBT people in the realm of employment as the result of stigma means lower wages, reduced access to employment that fully utilizes an LGBT individual’s existing productive capacity, increased unemployment of LGBT people, and conditions within places of employment that reduce the productivity of LGBT people.”<sup>87</sup>

Recent studies in Western Europe suggest that LGBT+ employees are making less than their straight counterparts. A LinkedIn/YouGov study found the gap to be 16% in the UK<sup>88</sup> and a German study<sup>89</sup> found that gay men and women made on average 12% less than their straight male counterparts. Using a low estimate of 10% to a high estimate of 15%, the cost of LGBT+ lost wages in these countries is laid out in the table below. The data indicate focus countries are unnecessarily losing the productivity of a significant portion of the population.

Estimated annual cost of LGBT+ wage gap

Country	High estimate (15% pay gap)	%GDP	Low estimate (10% pay gap)	%GDP
Hungary	HUF 94,910,783,873 (USD 320,877,610)	0.196%	HUF 63,273,855,718 (USD 213,918,406)	0.131%
Poland	PLN 4,377,799,091 (USD 1,182,735,029)	0.199%	PLN 2,918,532,726 (USD 788,490,019)	0.132%
Romania	RON 1,416,381,982 (USD 351,983,594 )	0.141%	RON 944,254,653 (USD 234,655,729 )	0.094%
Ukraine	UAH 8,965,100,689 (USD 321,894,647 )	0.209%	UAH 5,976,733,783 (USD 214,596,431 )	0.140%

# National Economic Growth

Countries with inclusive LGBT+ policies provide citizens with a comfortable standard of living.

An analysis of GDP per capita data shows strong correlations with GBGR (48%) and GBTR (46%) data. In these charts we see more outliers, such as the United Arab Emirates, the top-left point of the charts, where LGBT rights are lowest, but per capita GDP is high. Conversely, Uruguay is at the bottom right, with strong LGBT+ rights, but lower income. What this demonstrates is that people living in countries that support LGBT+ inclusion generally have a higher standard of living. *In fact, a regression analysis of the data demonstrates that a 10% gain in GBGR scores correlates with a USD 3,693 gain in GDP per capita\*.* Again, there are great opportunities for human rights policies to help support flourishing economies.

\*not controlling for other variables

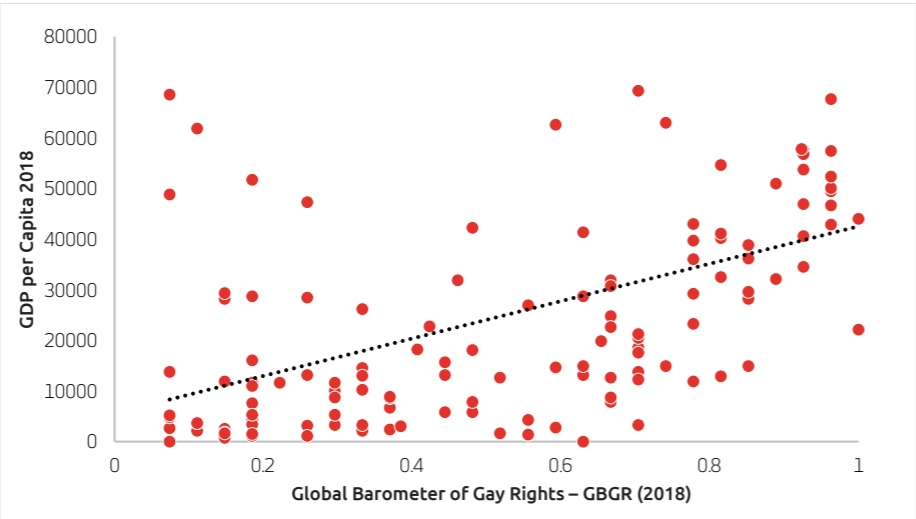


Figure 12 Human rights protections for gay people (x-axis) vs. GDP per capita

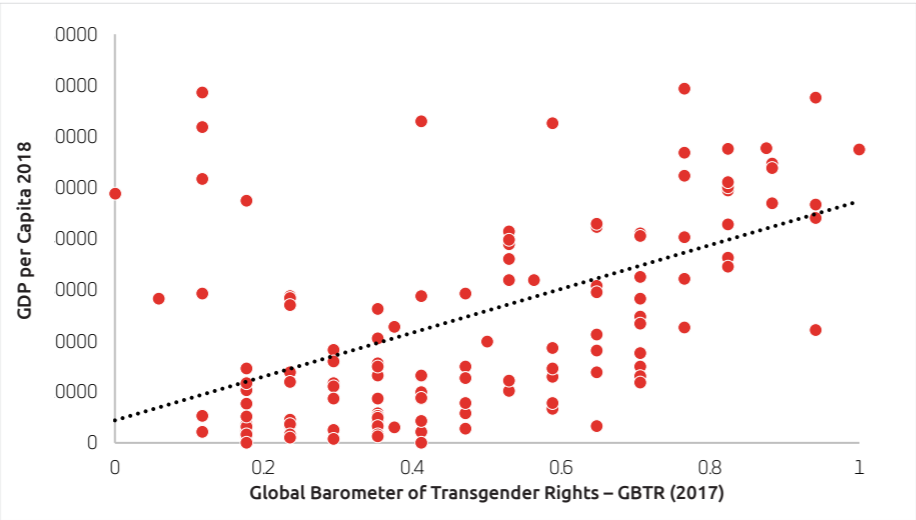


Figure 13 Human rights protections for transgender people (x-axis) vs. GDP per capita

# Business Performance

# 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. The data shows this to be true at a global level, and it is also true for companies operating in the CEE region. 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 across the complete spectrum of sectors, including law firms, banking, manufacturing, technology and transportation.

*In mature organizations, diversity management not only increases the level of employee integration and engagement, but also permeates all areas of the company's activities, influences its products and services, and increases its innovation. It also contributes to improving the company's image and reputation, which in turn translates into cooperation with business partners as well as final purchase decisions of customers.”*<sup>90</sup>

Marzena Strzelczak, Responsible Business Forum, Poland

It is not only large firms that are at the vanguard of inclusion – case studies in this section include smaller companies that have benefited financially from making significant efforts to create diverse teams.

## Understanding the business perspective in the CEE region

Open For Business has undertaken an in-depth survey of human resources professionals representing nearly 200 companies in the region to understand the current state of LGBT+ inclusion in their workplaces. Details of the survey can be found on page 65. Some illustrative findings include:

- 57% of companies report being committed or extremely committed to having a diverse and inclusive workforce.
- Companies understand the key benefits of having a diverse and inclusive workforce; Over half feel that it is “extremely” or “very” important to attract and retain talent, strengthen their brand image, provide diverse employees with more motivation, and to make the company more innovative.

# Attracting and Retaining Talent

**Business performance is enhanced by diversity and inclusion policies that permeate all aspects of a company's activities.**

Hiring talented young people is the lifeblood of growing companies. Employers in Central and Eastern Europe face a double challenge in attracting younger talent: not only must they compete with other local employers, they must also appeal to those who are considering moving to Western Europe or other locations that offer higher salaries and more diverse environments.<sup>91</sup> A diverse and inviting working environment can give employers the competitive edge in making such hires.

Multi-generational team management is an imperative, according to the Responsible Business Forum's Young on the Labor Market report<sup>92</sup>. This is explained further in a report from Deloitte Poland, which makes the case for acceptance of employee differences:

“Being aware of the differences between employees in terms of their character traits, views or values, companies will be able to create a team consisting of separate personalities in order to make the most of their unique skills and, on the other hand, help them better adapt their activities to the mission of the organization and find the direction in which they want to develop their careers.”<sup>93</sup>

Romanian businesses also recognize the value of bringing D&I practices to the recruitment, selection and promotion of employees. According to a survey conducted among 77 entrepreneurs, managers and HR specialists who are in charge of D&I, 69% have recruitment processes that reflect inclusion policies.<sup>94</sup>

Similarly, the CEE Regional Survey of Human Resources Professionals (See details on p.64) carried out by Open For Business also finds that 57% of respondents believe that having a diverse and inclusive workforce is extremely or very important to help attract and retain talent.

# Innovation

A focus on innovation improves the performance of countries and the companies within them. This section observes innovation at a macro level among the four focus countries in the wider global context. Case histories from the four focus countries which recognize that innovation and LGBT+ inclusion go hand-in-hand with improved business performance are presented on p.70.

**Innovation closely correlates with LGBT+ rights, and companies that embrace LGBT+ diversity are leading their rivals in innovation.**

This analysis demonstrates a very strong connection between The Global Innovation Index (GII) from the World Intellectual Property Organization (WIPO) and GBGR data (67%) and GBTR data (67%). CEE countries are investing heavily in innovation-focused initiatives such as the Zala Zone<sup>95</sup> in Hungary, the StartUp Hub<sup>96</sup> Poland, The Extreme Light Nuclear Physics Project<sup>97</sup> in Romania and Unit City<sup>98</sup> in Ukraine. Our analysis shows that LGBT+ inclusion can help these initiatives flourish and attract the global talent needed for success.

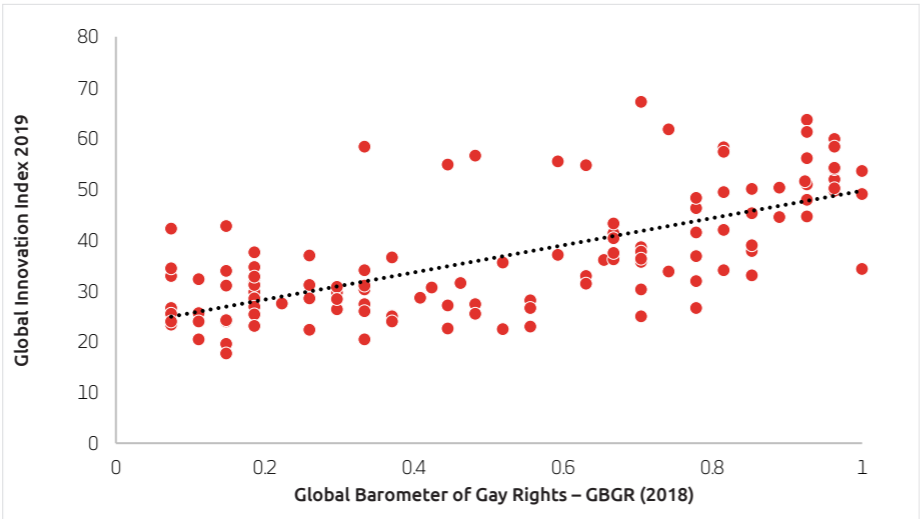


Figure 14 Human rights protections for gay people (x-axis) vs. innovation ranking (y-axis)

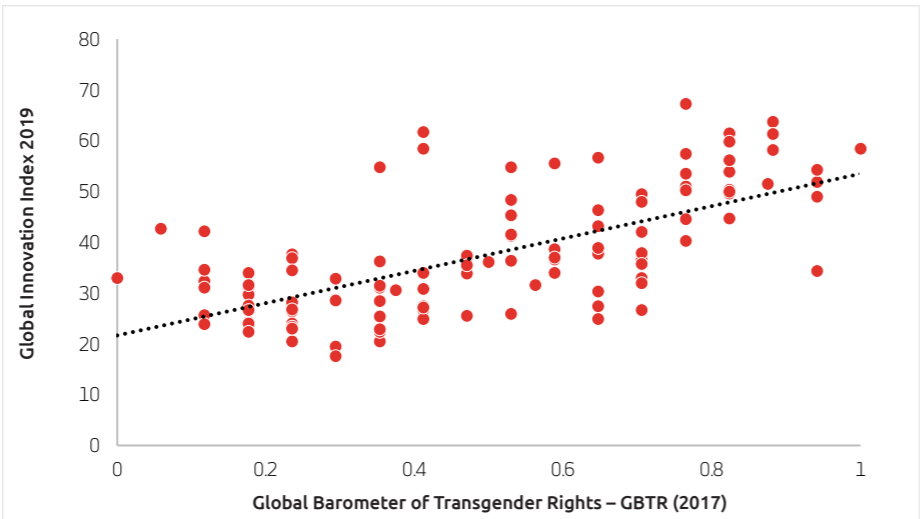


Figure 15 Human rights protections for transgender people (x-axis) vs. innovation ranking (y-axis)

# LGBT+ Spending

**On a global level, LGBT+ spending power is on par with the GDP of Germany. And locally, it is estimated to be roughly 5% of national GDP. CEE countries will be better served by becoming more open and welcoming of LGBT+ tourists and skilled workers from abroad, as well as their LGBT+ residents.**

Countries that are LGBT+ inclusive are better placed to benefit from the large, growing, global spending power of LGBT+ consumers. Open For Business’ 2018 report *Strengthening the Economic Case* cites numerous reports about this spending power. In fact, as the chart below clearly demonstrates, the global LGBT community represents a USD 3.9 trillion economy, larger than the economy of Germany.

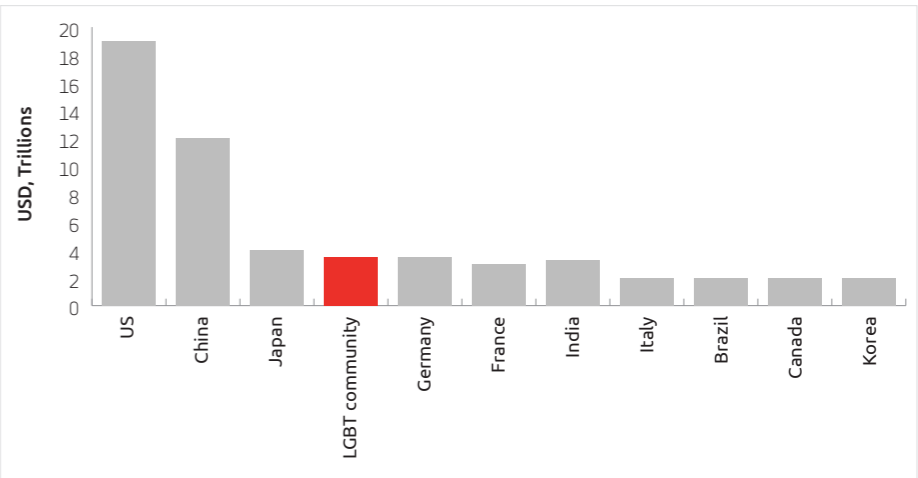


Figure 16 LGBT+ spending power compared with GDP in selected countries

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 emphasized the spending power in the global LGBT+ community in Figure 16: the spending power of the global LGBT+ community is greater than the GDP of Germany, UK, India or Brazil.<sup>99</sup>

Regionally, the four target countries all have estimated LGBT+ spending in 2019 of close to 5% of their respective GDPs<sup>100</sup>:

Hungary	Poland
HUF 2.7 trillion (USD 9 billion)	PLN 107.3 billion (USD 29 billion)
Romania	Ukraine
RON 52.3 billion (USD 13 Billion)	UAH 223.2 billion (USD 8 billion)

Rather than risk losing these consumers to migration due to discrimination, governments and businesses can take efforts to embrace greater diversity and inclusion.

# Financial Performance

**LGBT+ friendly companies outperform their rivals globally and within the CEE region.**

On a global level, companies that are LGBT+ friendly outperform those companies that are not. Analysis from Credit Suisse of its LGBT-350 Index shows that companies either with openly lesbian, gay, bisexual or transgender senior managers and/or companies that are nominated as LGBT+ inclusive employers in leading surveys versus those that don't have these qualifications from the MSCI All Country World Index have seen a 9.1% rate of return since 2010. This is an outperformance of 378 basis points per year versus similar companies that don't have LGBT+ friendly initiatives in place.<sup>101</sup> Data from Credit Suisse's earlier LGBT-275 Index graphically illustrate this point in the chart below.<sup>102</sup> The simple message: it literally pays to be inclusive.

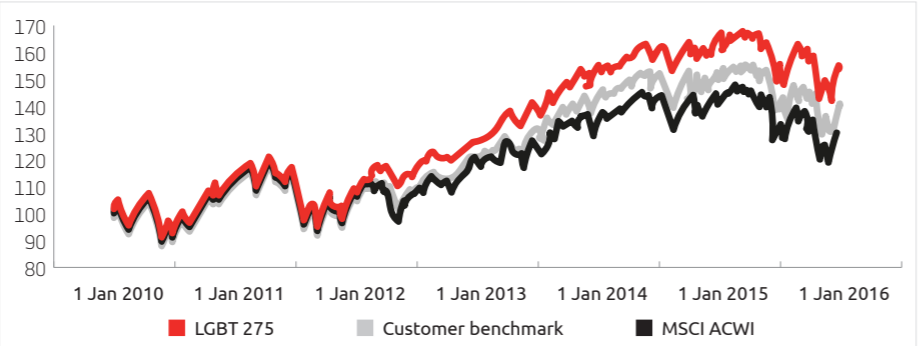
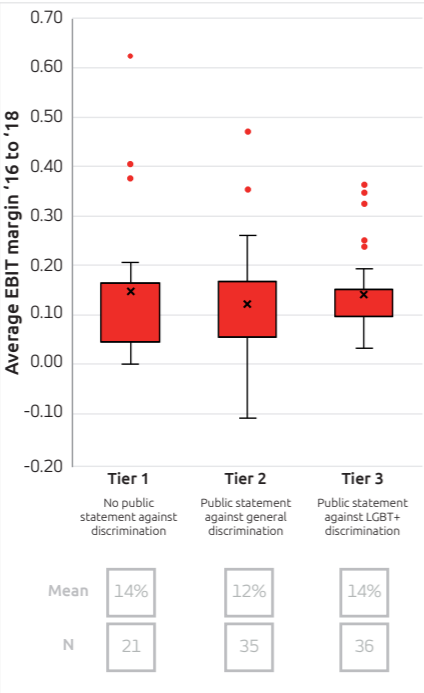


Figure 17 Share price performance of LGBT 275 basket vs MSCI All Country World Index and customer benchmark

Open For Business' *New Global Champions Report* also contains an analysis of the fastest-growing companies from emerging markets that as per the chart below shows companies that openly support LGBT+ inclusion suffer no obvious negative impact on revenue growth or LGBT+ communities.<sup>103</sup>

**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**

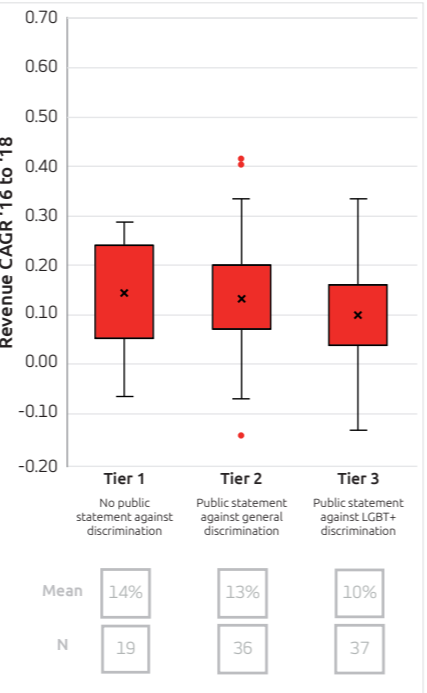


Figure 18 Multivariate regression shows that Tier 1 companies (offering a public statement against LGBT+ discrimination) suffer no obvious negative impact on revenue growth and EBIT margins

On a local level, Open For Business conducted a preliminary investigation of existing indices of companies listed on the Warsaw Stock Exchange. Most of these are not multi-national companies with a strong history of commitment to LGBT+ inclusion.

The analysis compared the external promotion of LGBT+ inclusive policies of 10 top companies on the WIG-ESG Index, 60 of the largest and most-liquid securities trading on the exchange that are assigned ESG scores using insights from Amsterdam-based ESG analytics firm Sustainalytics, with the policies of 10 top companies on the generic WIG-20 Index, which is not ranked by any social indicators.

Not surprisingly, those companies on the WIG-ESG Index had a much more welcoming stance towards LGBT+ workers than those on the WIG-20 Index.

- All of the WIG-ESG companies had at least a publicly available general statement about non-discrimination. Three had non-discrimination statements regarding sexual orientation, four had equal-opportunity statements regarding sexual orientation and one went beyond that to offer an internal diversity team with a focus on LGBT+ issues.

Those on the WIG-20 were overall less welcoming towards LGBT+ workers at least based on their publicly available statements:

- Two provided no information at all regarding their inclusion policies, five had general statements about non-discrimination and/or their signatory to the Polish Diversity Charter, two had non-discrimination statements regarding sexual orientation, and one had a publicly available diversity policy, albeit without mention of LGBT issues.

As the dataset is relatively small and the WIG-ESG Index is little more than a year old, its performance has been affected by the pandemic, like that of the overall stock market. However, global analyses indicate that similar indices perform better than the market over the long term. The conclusion is that when companies challenge themselves to higher levels of social standards, they automatically create a more inviting and inclusive environment for LGBT+ employees, which all companies can replicate.

# Case Studies

Large and small, multinational and local companies in the region recognize that a focus on inclusion and diversity leads to greater innovation and growth. The following four case studies show how these companies are practicing these policies and thriving.

Hungary: Prezi	57
Poland: Monterail	58
Romania: Accenture	59
Ukraine: LUSH	60

# Making diversity personal and replicable in Hungary



Peter Arvai, Executive Chairman of Prezi and Chairman of the Board of We Are Open

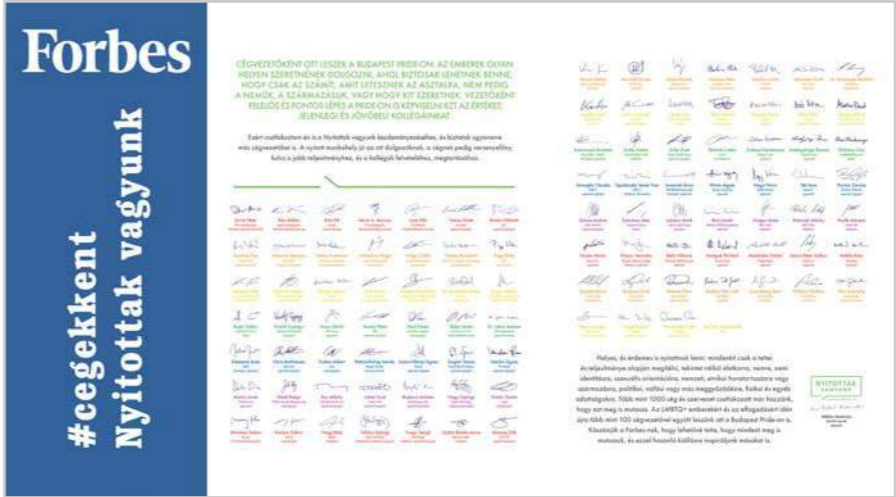
The child of Hungarian immigrants to Sweden, Peter Arvai grew up knowing that he was gay in that inclusive society, but the gay people he saw in the media did not represent a broad spectrum of jobs and other roles in society. “One was a hairdresser, another was a TV show host, and the third was a celebrity that died of AIDS.”<sup>104</sup> It was hard for him to imagine that you could be gay and in business, too. Despite not having a “possibility model” as Arvai calls it, he eventually became Hungary and likely Central Europe’s first openly out LGBT+ CEO. Having experienced the rocky road to success first hand, Arvai is trying to increase corporate diversity as much as possible in the region.

Started with Arvai’s two straight Hungarian business partners in 2008, Prezi now employs 300 people in four countries and its signature presentation software has created the world’s largest library of online presentations. Arvai realized early in the company’s history that he needed his colleagues to know that his life partner was a man, and has since tried to make life easier and more comfortable for all LGBT+ people and other people he hires, including women and people from Roma or other ethnic backgrounds.

Prezi’s Budapest office boasts having had employees from 36 countries work there, which may not be surprising in a place such as London or New York, but is unusual for Hungary, and shows that companies that are open and inclusive can help attract highly skilled foreign workers to the country. As he says, “the more diverse teams we have, the more creative we can be, and hence the better things we make... we know from research that diverse teams produce better results, and we can see all the way to the bottom line.”<sup>105</sup> On the flip side, he recognizes that losing talent to Western European countries is an issue many Hungarian and other regional companies face, so he views his inclusion policies as a way to attract and retain the best local talent as well.

Convinced that he was not the only business leader to hold these values about diversity and inclusion, Arvai joined with Google’s Budapest office and Espell, a local translation company, to found We Are Open in 2013. A web page and press release about their diversity and inclusion beliefs led to 450 companies joining within a year. Now more than 1,100 members organizations that together employ more than 100,000 people belong to We Are Open. As Hungarian companies operate in a relatively conservative environment, Arvai finds that “It is incredibly important for businesses to create a welcoming an safe environment for all employees.”<sup>106</sup>

From an economic perspective, Arvai notes that there are only a few large “homegrown” companies in Hungary, and because of this foreign companies have a relatively big influence on business practices and conditions for local employees. Yet his message to other companies is not just economic, but moral. Arvai recognizes that most Hungarians have an LGBT+ family member, friend or acquaintance who is fearful about coming out because they don’t feel safe. A key turning point will be to help these people feel comfortable at work in order to enable LGBT+ rights to catch up with Western standards.



We Are Open’s 2019 CEOs for Pride campaign committing to LGBT+ inclusion at work

# Speaking out as an ally in Poland



## Bartosz Rega, Cofounder, Monterail

Bartosz Rega, co-founder of Monterail, a Wrocław-based web-development company with more than 100 employees and revenue of more than EUR 4 million, is concerned that if the political environment for LGBT+ people in Poland continues, *“Who will want to live in this country anymore? We will lose a lot of people with the impact of that... Our image as a company is built on what we do, and we want to be perceived as progressive and inclusive.”*<sup>107</sup>

An entrepreneur who is building the type of innovative company that Poland needs for the country to reach its economic goals, Rega believes that Monterail’s clients, the majority of whom are outside of Poland, are more interested in working with companies that share their values and commitment to diversity.

Since its founding in 2010, Monterail has not had a formal social responsibility strategy like larger multinationals, but it does have a strong ethical dedication to support social issues and inclusion. It has included an anti-discrimination clause in

all of its job advertisements regarding gender, sexual orientation and religious beliefs. “We have always meant to be an open and inclusive company,” says Rega, “Even though nobody called it inclusion, and the term D&I wasn’t as widespread as it is these days.”<sup>108</sup> One of its first actions was to start a program to introduce high school girls to tech jobs in 2015.

While never addressing political issues within the company, Bartosz felt the attacks on LGBT+ people in Poland from the “LGBT Ideology-Free Zone” movement and the hateful rhetoric towards the community from political leaders in the run-up to the 2020 elections had crossed a line. This led the company to take action. After discussions with the LGBT+ organization Kampania Przeciw Homofobii (KPH) in Warsaw, Rega decided to speak out on the issue through its social media channel to show allyship with the LGBT community. (See Facebook post below)

That action quickly caught the attention of job seekers who applauded the company for taking a stand and presenting Monterail as a safe place for LGBT+ workers, according to Marta Dziergwa, Head of Human Resources at Monterail. It also inspired Monterail to do more internal training on the topic as well as to update its website to make its commitment to diversity more visible.

“We may be a relatively small, privately held company, but this allows us to make bolder, more agile moves on diversity and other issues which Monterail and other Polish companies need to be successful.”<sup>109</sup>

## Diversity and inclusion in practice

HOW WE DO IT AT MONTERAIL?



We are a company where words like diversity and inclusion are not just buzzwords. We want everyone in our company to be treated with the same respect, kindness, and patience; no matter who they are, where they come from, or what they believe in. This statement aims to support a community of inclusion at Monterail. Where our co-workers feel included and accepted. To feel free to share their opinions with others, inspire, and give feedback, no matter their:

- Background
- Family status
- Gender
- Marital status
- Sexual orientation
- Native language
- Age
- Race/ethnicity
- National origin
- Socioeconomic status
- Religion
- Beliefs
- Role or seniority



# Bringing a global commitment to LGBT+ diversity to Romania

## Accenture Romania

Recognized globally as a leader in LGBT+ inclusion by numerous organizations<sup>110</sup>, Accenture is a company that fully embraces D&I at the local level in Romania. According to Gina Sotir and Ella Davis, Inclusion and Diversity Lead and Pride Lead, respectively, at Accenture Romania, it takes dedicated teams and dedicated agendas to be successful and to ensure that all employees have a sense of belonging to the company.<sup>111</sup>

### Starting at the top, listening to all

Training and education programs are the cornerstone of Accenture’s inclusion work. A new Pride mentoring program aims to help sensitize leaders to LGBT+ issues in the workplace. Listening to all employees is also important, especially the growing number of Millennials in the workforce, who demand a more open-minded workplace, says Sotir<sup>112</sup>. Pulling these pieces together under the global strategy has helped Accenture develop its local program in Romania.

### Partnering with LGBT+ organizations

A partnership with Association ACCEPT, the largest LGBT+ organization in Romania and organizer of Bucharest Pride, has also helped Accenture improve its training. Bringing in a transgender activist from the organization to talk about their experiences in one session “had the impact of 10 training sessions,” says Davis.<sup>113</sup> Accenture also follows the work of the Romanian Diversity Charter and the newly formed Romanian Diversity Chamber of Commerce to stay abreast of new programs and policies.

### Equal benefits for LGBT+ employees

Accenture Romania recognizes that the best way to support LGBT+ employees so that they can be their whole self at work is by providing equal benefits. It now offers medical and dental benefits, kindergarten reimbursement for de-facto couples with children, and paid leave for family lifecycle events to same-sex as well as opposite-sex couples. It should be noted that Romania

has no law allowing same-sex legal partnerships.

### Public advocacy on behalf of same-sex partnerships

Accenture has not shied away from taking a public stance on policies and beliefs that are in line with its values. At the invitation of Association ACCEPT, Accenture signed a national petition in 2019 to advocate for legalization of same-sex partnership. As noted in the Irish case study (p.28), this kind of advocacy is only possible once companies truly embrace D&I policies and practices. Sotir is delighted that Accenture is supporting inclusion and diversity action in the country.

With a large Pride network that includes LGBT+ employees and allies that was formally established in 2017, a top-down/bottom-up approach to D&I, and active support of LGBT+ policies and programs, Accenture is a model for other Romanian companies. Despite being a progressive company in a country with conservative values, Sotir notes that the company has not witnessed any negative response internally or externally to Accenture’s policies. In fact, according to Accenture’s *The Hidden Value of Culture Makers*<sup>114</sup> report, “when leaders enable their people to be themselves, it brings financial benefits to the company.”



Accenture Romania Pride contingent at Bucharest Pride 2019

# A retailer that welcomes all staff and shoppers in Ukraine



Olena Surhai, Deputy Director, LUSH Ukraine

Bringing cosmetic retailer LUSH’s diversity and inclusion hiring policy to Ukraine when they established their first store in the country in 2007 was a simple process, according to Olena Surhai. “We follow our global LUSH policy – all are welcome. We do not ask about sexual orientation when hiring. We welcome all people regardless of their sexual orientation, race, religion, etc. We consider their professional skills. That’s important. Diversity helps us to achieve better results. I know that LGBT+ people feel comfortable working for us in Ukraine.”<sup>115</sup>

Results bear out Surhai’s assertions. From one store in the country in 2007, LUSH now has 14, an online store, 120 staff and further plans for growth. It is also an annual champion of the Ukrainian Corporate Equality Index<sup>116</sup> for LGBT+ inclusion, which Surhai believes differentiates it from other retailers.

LUSH’s openness has not had any negative impact on customers. “Our customers are mainly either neutral or react positively to our stance on inclusion. Ukrainians have become more tolerant than they were 10 years ago.”<sup>117</sup>

Having a diverse employee base is one key to LUSH’s success. “Among our employees are people with disabilities, internally displaced persons from the Crimea and Donbas, representatives of LGBT community, and people of different religions. Without having an equality policy when recruiting, you can lose truly talented people who could bring your business more revenue.”<sup>118</sup>

In addition to a practical wish for a safer shopping experience for all customers, including greater accessibility for disabled customers at shopping malls, Surhai hopes that more Ukrainian companies will adopt diversity and inclusion policies for LGBT+ people. As she notes, “they could miss out on attracting talented and loyal employees.”<sup>119</sup>

## Regional Survey of Human Resources Professionals

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# Regional Survey of Human Resources Professionals

Open For Business’ four-country survey of human resources professionals finds that businesses in the region are committed to D&I, and that they understand the commercial benefits of greater inclusion.

## Key findings and implications

### Background

Open For Business commissioned a regional survey of human resources professionals to understand their attitudes, practices and aspirations towards greater hiring of LGBT+ employees as well as other minority populations. As the gatekeepers of talent development, these staffers are often at the frontlines of companies’ D&I policies, and their input on how to increase inclusion is critical.

### Methodology

The survey was conducted among corporate staff with three or more years’ experience who are responsible for or are part of a team that makes policies about recruiting and developing staff in companies with 50 or more employees. It was conducted from 9 November to 7 December 2020 in the four focus countries. In addition to those interviewees recruited by research supplier Info Sapiens, a Kyiv-based market research firm, and their local partners in the other countries, the survey was also disseminated to Open For Business network contacts in the four countries. In total, 190 complete online interviews were conducted. More details can be found in the technical report in the appendix on p.80. For the purpose of this report, data has been analyzed in aggregate.

A majority of companies in the region are committed to or extremely committed to having a diverse and inclusive workforce that represents all societal groups. Nearly a third believe that they are more committed than they were two to three years ago, and one in four believes they are ahead of inclusion trends in their country.

This is an encouraging finding as the development of D&I initiatives in the region has lagged Western countries. Those who reported their companies becoming more committed or less committed (n=62) were asked a follow-on, open-ended question as to what had changed in this time.

Overall, respondents described how the idea of D&I, often as part of a coordinated CSR strategy had become corporate practice. Many also mentioned a focus on greater gender equality. Only a handful mentioned LGBT+ inclusion. Some direct quotes include:

- “Greater acceptance of national minorities, greater tolerance of people with disabilities, women in managerial positions.”
- “It’s just that the mentality has changed, a new generation has entered the market, and with it there must be a new perspective.”
- “While in the past the implementation of this principle into everyday life was the task of HR professionals, it is now managed by the head of D&I, who works in cooperation with other organizations within the whole organization and outside the company to create a more inclusive environment.”
- “There has been a change to include a broader spectrum of diversity aspects, including LGBT + community.”
- “Diversity is officially a part of the CSR strategy and included in the business strategy.”

**Implication:** Companies in the region are embracing diversity and making it part of their corporate cultures, often in contrast to political and cultural environments in these countries that are not as open or welcoming.

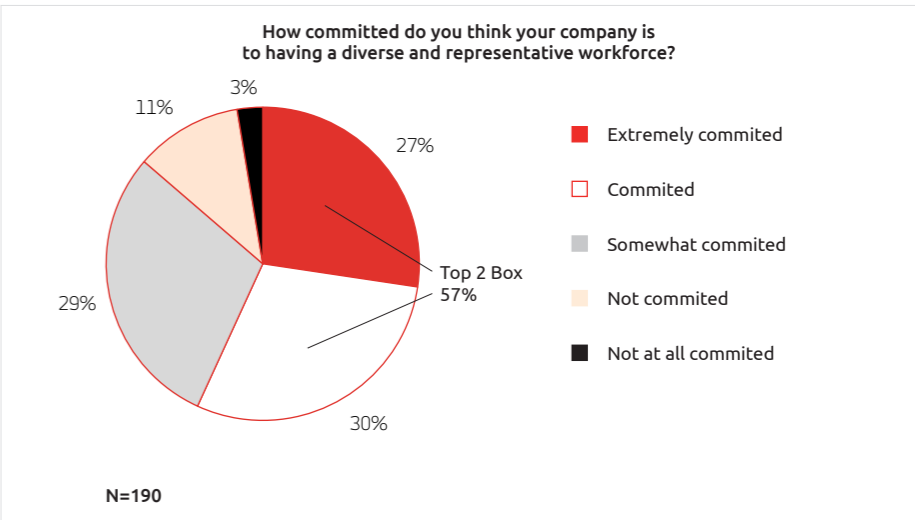


Figure 19 Level of commitment to having a diverse and representative workforce

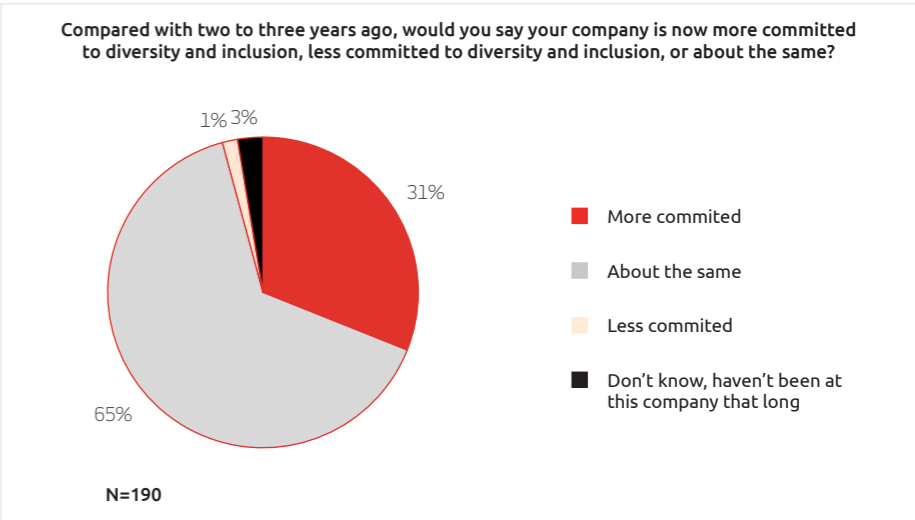


Figure 20 Change in level of commitment in past two to three years

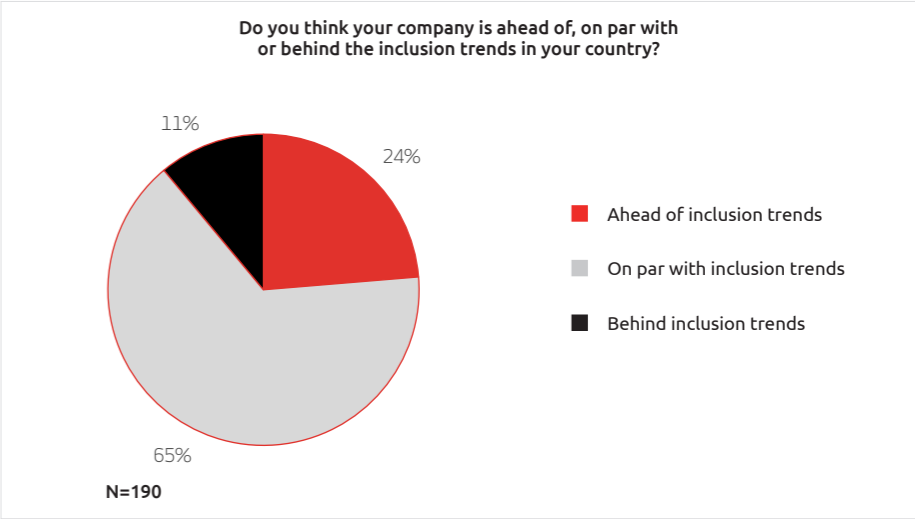


Figure 21 Self-assessment of company's inclusion policies

Companies understand the benefits of having a diverse and inclusive workforce. Nearly half or more believe that having a diverse and inclusive workforce is extremely or very important for a variety of the key propositions Open For Business promotes

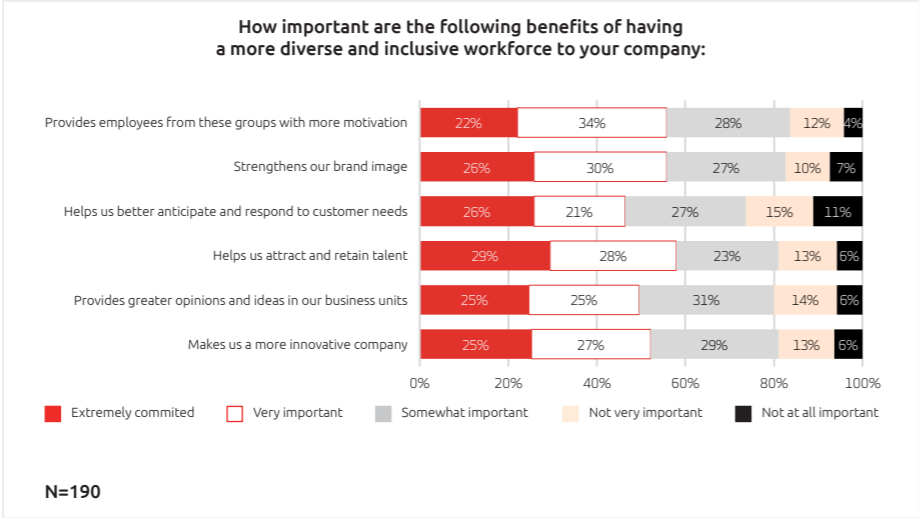


Figure 22 Importance ratings of key benefits of diversity and inclusion

These are the key propositions that Open For Business wants to demonstrate to the corporate community and they are supported by significant empirical research, including our analysis of what employees are looking for in an employer (found on p.66).

As a follow-up question, respondents were asked if there were other reasons why a company should try to have a diverse workforce. Roughly a quarter of interviewees provided an open-ended response. Most were generally ethical/altruistic responses, although a few noted that their company receives a financial incentive for hiring certain categories of workers. A couple also noted the importance of D&I to potential employees, especially younger ones. Some examples include:

- Greater commitment to the development of the company and tolerance among employees.
- Tax revenue for the employment of people with disabilities, financial aid from the state for the employment of people older than 50.
- Equal treatment of all population groups, respect for employees.
- Generation Z is now entering the category of the working class of the population (they have a focus on equality).
- Presenting yourself on the market as an employer who cares and supports minorities, sets trends on the market and shows the direction of activities for other companies.
- Supporting human rights, maintaining the income level of the poor through employment, which thus increases the overall growth of the country's economy.
- It's just right. A dignified, respectful attitude towards a person.

**Implication:** As more companies embrace the benefits of diversity and inclusion, we expect that these belief statements will become more unanimously supported.

Additional findings and data analysis available

In addition to these survey findings, Open For Business collected other data of particular interest to D&I and HR leaders. These include:

- Current attitudes and practices regarding keeping records of minority group (including LGBT+) employment.
- Activities and events to support attraction and retention of diverse populations.
- Preferred information sources to help companies develop a more diverse employee base.

These data can be analyzed by minority population (women, older employees, disabled employees, ethnic minorities and LGBT+ employees).

Open For Business can also provide analyses of these data and the other data presented in this report based on country, size of company and whether a company is headquartered locally or globally. **For more information, please email [info@open-for-business.org](mailto:info@open-for-business.org) with "CEE" in the subject line.**

In closing

Open For Business is encouraged by these results. As more companies, especially local ones, embrace greater diversity overall, LGBT+ employees have less fear about being open about their sexuality at work. We expect these findings to improve and that more companies will monitor and track their diversity goals over time. The suggested tools to help HR professionals increase diversity in their companies will help Open For Business and other organizations working towards greater equality and inclusion provide the mix of data-driven insights and inspiration needed to effect change.

# Country Summaries

# Hungary

LGBT record

Snapshot of LGBT rights

Marriage equality	✗
Legal partnership	✓
LGBT+ hate crimes law	✓
Transgender recognition	✗
LGBT+ adoption allowed	✗
LGBT+ workplace anti-discrimination law	✓

Regional and global rankings:

ILGA-Europe Rainbow Europe score: 33%; Ranking 27/49  
The F&M 2018 Global Barometer of Gay Rights® score: 89%/Grade: B  
The F&M 2017 Global Barometer of Transgender Rights™ score: 73%/Grade: C

Key Survey data from European Union Agency for Fundamental Rights 2020 Report, A Long way To Go For LGBTI Equality<sup>121</sup>

- Felt discriminated against due to being LGBTI at work in the 12 months before the survey (24%)
- Experienced a physical and/or sexual attack for being LGBTI in the last five years (11%)
- Harassment experienced due to being LGBTI in the 12 months (35%)

Economic record

Growth and investment

Hungary GDP vs. FDI 2010-2019

Year	Hungary GDP (current USD)	Hungary FDI (current USD)
2011	140	10
2012	130	10
2013	135	5
2014	140	10
2015	125	5
2016	130	70
2017	140	10
2018	155	-40
2019	160	30

Figure 23 Nominal GDP vs. FDI inflows 2010-2019 in Hungary

Jobs of the future<sup>122</sup>

Net migration by industry

Year	JoF (Net migration per 10k)	Other (Net migration per 10k)
2015	-180	-60
2016	30	-70
2017	80	80
2018	20	20
2019	-130	-30

Figure 24 Migration of jobs of the future vs. other jobs 2015-2019 in Hungary

Key Open For Business survey findings

How committed do you think your company is to having a diverse and representative workforce?

Commitment Level	Percentage
Extremely committed	29%
Committed	23%
Somewhat committed	40%
Not committed	8%
Not at all committed	0%

Figure 25 Level of commitment to having a diverse and representative workforce in Hungarian companies

LinkedIn-World Bank migration data – where skilled workers are going to and coming from<sup>120</sup>

Brain drain – losing to these countries	GBGR/GBTR Score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR Score	Net gain from this country
Germany	81%/87%	-4.93	India	37%/60%	+2.59
Austria	93%/73%	-3.03	Romania	78%/40%	+1.66
Netherlands	93%/80%	-2.46	Brazil	74%/40%	+1.62
United Kingdom	93%/87%	-2.45	Turkey	26%/13%	+1.27
Switzerland	70%/73%	-2.22	Ukraine	67%/40%	+0.75

Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual average, January 2017 - December 2019

GBGR/GBTR – The F&M 2018 Global Barometer of Gay Rights® and The F&M 2017 Global Barometer of Transgender Rights™

# Poland

LGBT record

Snapshot of LGBT rights

Marriage equality	✗
Legal partnership	✗
LGBT+ hate crimes law	✗
Transgender recognition	✗
LGBT+ adoption allowed	✗
LGBT+ workplace anti-discrimination law	✓

Regional and global rankings:

ILGA-Europe Rainbow Europe score: 16%; Ranking 42/49  
The F&M 2018 Global Barometer of Gay Rights® score: 67%/Grade: D  
The F&M 2017 Global Barometer of Transgender Rights™ score: 47%/Grade: F

Key Survey data from European Union Agency for Fundamental Rights 2020 Report, A Long way To Go For LGBTI Equality

- Felt discriminated against due to being LGBTI at work in the 12 months before the survey (24%)
- Experienced a physical and/or sexual attack for being LGBTI in the last five years (15%)
- Harassment experienced due to being LGBTI in the 12 months (42%)

Economic record

Growth and investment

Poland GDP vs. FDI 2010-2019

Year	Poland GDP (current USD)	Poland FDI (current USD)
2010	480	20
2011	530	25
2012	500	20
2013	520	25
2014	540	30
2015	480	25
2016	470	20
2017	530	25
2018	580	30
2019	590	20

Figure 26 Nominal GDP vs. FDI inflows 2010-2019 in Poland

Jobs of the future

Net migration by industry

Year	Jobs of the future (JoF)	Other
2015	320	20
2016	720	90
2017	520	130
2018	350	80
2019	250	30

Figure 27 Migration of jobs of the future vs. other jobs 2015-2019 in Poland

Key Open For Business survey findings

How committed do you think your company is to having a diverse and representative workforce?

Commitment Level	Percentage
Extremely committed	41%
Committed	20%
Somewhat committed	20%
Not committed	3%
Not at all committed	5%

Poland N=59

Figure 28 Level of commitment to having a diverse and representative workforce in Polish companies

LinkedIn-World Bank migration data – where skilled workers are going to and coming from

Brain drain – losing to these countries	GBGR/GBTR Score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR Score	Net gain from this country
Germany	81% / 87%	-1.61	Ukraine	67% / 40%	+2.59
Switzerland	70% / 73%	-1.27	India	37% / 60%	+1.66
Netherlands	93% / 80%	-0.85	Belarus	22% / 20%	+1.62
Spain	93% / 67%	-0.70	Turkey	26% / 13%	+1.27
Australia	89% / 80%	-0.58	Brazil	74% / 40%	+0.75

Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual Average, January 2017 - December 2019

GBGR/GBTR – The F&M 2018 Global Barometer of Gay Rights® and The F&M 2017 Global Barometer of Transgender Rights™

# Romania

### LGBT record

#### Snapshot of LGBT rights

Marriage equality	✗
Legal partnership	✗
LGBT+ hate crimes law	✓
Transgender recognition	✓
LGBT+ adoption allowed	✓
LGBT+ workplace anti-discrimination law	✓

Regional and global rankings:

ILGA-Europe Rainbow Europe score: 19%; Ranking 39/49

The F&M 2018 Global Barometer of Gay Rights® score: 78%/Grade: C

The F&M 2017 Global Barometer of Transgender Rights™ score: 40% /Grade: F

Key Survey data from European Union Agency for Fundamental Rights 2020 Report, A Long way To Go For LGBTI Equality

- Felt discriminated against due to being LGBTI at work in the 12 months before the survey (23%)
- Experienced a physical and/or sexual attack for being LGBTI in the last five years (15%)
- Harassment experienced due to being LGBTI in the 12 months (44%)

### Economic record

#### Growth and investment

Figure 29 Nominal GDP vs. FDI inflows 2010-2019 in Romania

#### Jobs of the future

Figure 30 Migration of jobs of the future vs. other jobs 2015-2019 in Romania

After a slight lessening in 2017, Romania continues to lose skilled workers, especially those in “jobs of the future”.

#### Key Open For Business survey findings

Figure 31 Level of commitment to having a diverse and representative workforce in Romanian companies

LinkedIn-World Bank migration data – where skilled workers are going to and coming from

Brain drain – losing to these countries	GBGR/GBTR Score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR Score	Net gain from this country
United Kingdom	93%/87%	-8.11	Moldova	52%/40%	+1.27
Germany	81%/87%	-3.31	Turkey	26%/13%	+0.35
Netherlands	93%/80%	-1.91	Italy	78%/60%	+0.27
France	96%/93%	-1.15	India	37%/60%	+0.06
Iran	7%/20%	-0.98	Qatar	15%/13%	+0.06

Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual average, January 2017 - December 2019

GBGR/GBTR – The F&M 2018 Global Barometer of Gay Rights® and The F&M 2017 Global Barometer of Transgender Rights™

# Ukraine

LGBT record

Snapshot of LGBT rights

Marriage equality	✗
Legal partnership	✗
LGBT+ hate crimes law	✓
Transgender recognition	✓
LGBT+ adoption allowed	✓
LGBT+ workplace anti-discrimination law	✓

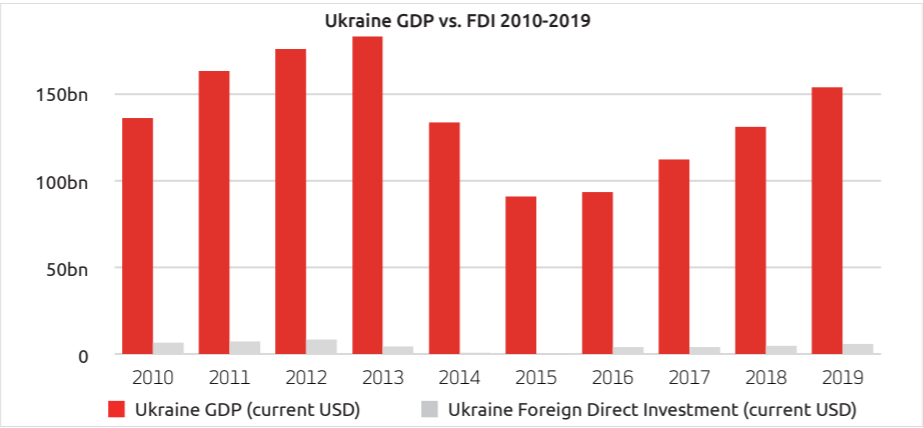
Regional and global rankings:

ILGA-Europe Rainbow Europe score: 22%; Ranking 36/49  
The F&M 2018 Global Barometer of Gay Rights® score: 67%/Grade: D  
The F&M 2017 Global Barometer of Transgender Rights™ score: 40% /Grade: F

Economic record

Growth and investment

Ukraine GDP vs. FDI 2010-2019

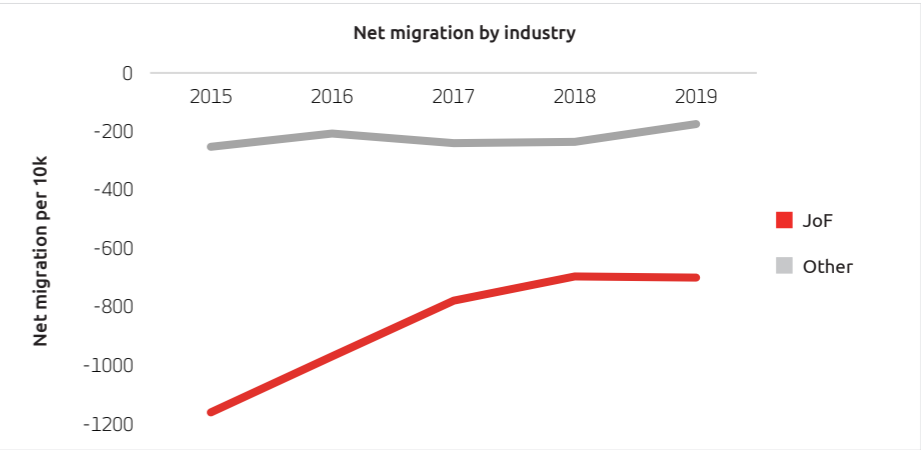


Year	GDP	FDI
2010	135	10
2011	155	12
2012	165	15
2013	175	18
2014	135	10
2015	95	8
2016	98	10
2017	115	12
2018	135	15
2019	155	18

Figure 32 Nominal GDP vs. FDI inflows 2010-2019 in Ukraine

Jobs of the future

Net migration by industry

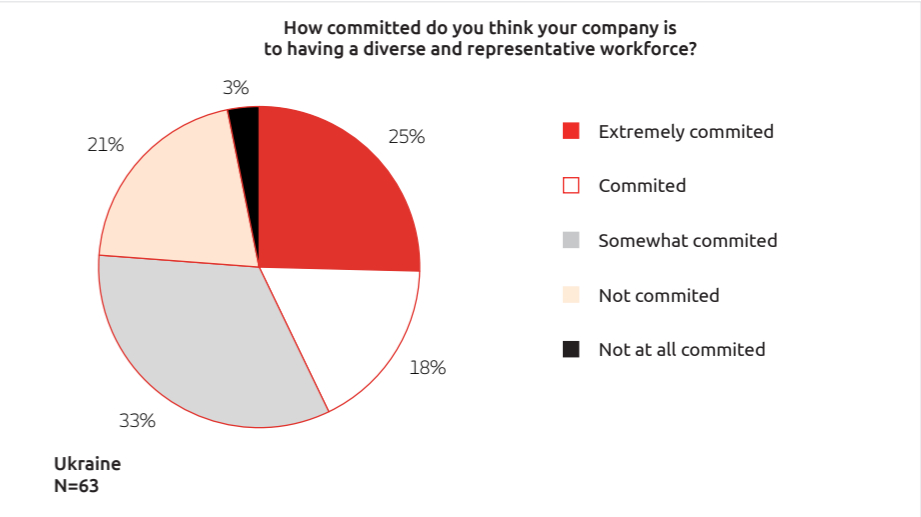


Year	Jobs of the Future	Other
2015	-1150	-250
2016	-1000	-220
2017	-780	-250
2018	-700	-250
2019	-700	-200

Figure 33 Migration of jobs of the future vs. other jobs 2015-2019 in Ukraine

Key Open For Business survey findings

How committed do you think your company is to having a diverse and representative workforce?



Commitment Level	Percentage
Extremely committed	25%
Committed	18%
Somewhat committed	33%
Not committed	21%
Not at all committed	3%

Figure 34 Level of commitment to having a diverse and representative workforce in Ukrainian companies

LinkedIn-World Bank migration data – where skilled workers are going to and coming from

Brain drain – losing to these countries	GBGR/GBTR Score	Net loss to this country	Brain gain – gaining from these countries	GBGR/GBTR Score	Net gain from this country
United States	74%/33%	-8.78	India	37%/60%	+0.45
Poland	67%/47%	-5.75	Turkey	26%/13%	+0.23
Germany	81%/87%	-2.82	Kazakhstan	33%/27%	+0.10
Canada	96%/80%	-2.41	Egypt	22%/13%	+0.09
United Kingdom	93%/87%	-1.31	Moldova	52%/40%	+0.09

Countries gaining from / losing to - The net gain or loss of members from another country divided by the average LinkedIn membership of the target (or selected) country during the time period, multiplied by 10,000. Annual average, January 2017 - December 2019

GBGR/GBTR – The F&M 2018 Global Barometer of Gay Rights® and The F&M 2017 Global Barometer of Transgender Rights™

## Methodology and Sources

- A Survey Technical Report
- B Public Health Estimates
- C National Productivity Estimates
- D F&M Global Barometers Methodology
- E Civil Marriage Equality and The Business Case  
(document from IBEC)

# A – Survey Technical Report

Info Sapiens, a Kyiv-based market research company, conducted the survey in four countries: Hungary, Poland, Romania and Ukraine.

**Dates of fieldwork**

- Ukraine: 12 November 2020 – 28 November 2020. Due to technical issues the active part of recruitment started on the 18 November.
- Poland: 13 November 2020 – 18 November 2020.
- Hungary: 9 November 2020 – 19 November 2020.
- Romania: 9 November 2020– 18 November 2020.

Separate survey links for each country were also sent to Open for Business contacts in the four countries. All the OFB links were shared on or after 11 November and were closed on 7 December 2020.

**Survey method and recruitment:**

- Ukraine: Telephone and online recruitment (email) were used. The link was shared with respondents and they completed it individually.
- Poland: An online panel of Poland field partners allowed the survey to be conducted without telephone recruitment. The link was shared in the panel and eligible respondents took the survey.
- Hungary: Telephone recruitment was used. If the respondent qualified for the survey, the recruiter completed the survey together with the respondent just after recruitment.
- Romania: Telephone recruitment was used. The link was shared with respondents and they completed it individually.

**Sample size: 190 respondents in four countries (Ukraine, Poland, Hungary, Romania)**

Country	Recruitment	Sample size
Ukraine	Info Sapiens recruitment	30
	OFB recruitment	33
	Total	63
Poland	Info Sapiens recruitment	42
	OFB recruitment	17
	Total	59
Hungary	Info Sapiens recruitment	30
	OFB recruitment	5
	Total	35
Romania	Info Sapiens recruitment	30
	OFB recruitment	3
	Total	33
Grand Total		190

**Screening criteria:**

- Senior HR executives – at least three years in HR
- Medium and large enterprises (50+ employees)
- Soft quota on international organizations.

**Length of interview**

Length of interview was about seven to eight minutes.

**Weighting**

Weighting was not applied in the current study.

**Data entry and processing**

The answers of the respondents were recorded automatically. Open-ended questions were translated to English. Data processing was executed in IBM SPSS software.

**Difficulties and problems**

There were no serious problems during project execution. The questionnaire ran smoothly and was understandable to HR executives in all countries. In case any questions/concerns arose, respondents had a contact person from Info Sapiens (Info Sapiens field partners) and were able to address all questions.

# B – Methodology for Calculating Health Costs Due to LGBT+ Discrimination

The methodology for estimating the cost to CEE economies due to HIV and depression in the LGBT+ community is based on the World Bank analysis of India, which is itself based on global best practices for determining economic impacts of disease. The health impact measure used to determine the total cost is the disability-adjusted life years (DALYs) for the health condition. This is recommended by the World Health Organization’s Commission on Macroeconomics and Health. It reflects the total of years of life lived with a disability and years of life lost due to the health condition. DALYs reflect the cumulative years of lost economic output. We used a “high” and “low” scenario for each calculation to reflect different estimations of the size of the LGBT+ population and the prevalence rate of the health issues. This creates a conservative range for the economic cost to ensure we do not overestimate these costs.

**The steps of the calculation are below:**

- Calculate the excess prevalence of the health condition for LGBT+ people. This assumes that LGBT+ people would see similar levels of disease as the general population in the absence of LGBT+ discrimination.
1. Use that rate multiplied by the estimated population of LGBT+ people to identify the number of LGBT+ people with the health condition due to LGBT+ discrimination.
  2. Determine what proportion of the total population has the health condition due to LGBT+ discrimination.
  3. Use that proportion multiplied by the total number of DALYs for the health condition to determine the number of DALYs attributed to LGBT+ discrimination.
  4. Multiply the number of DALYs by one to three times per capita income to calculate lost economic output, as recommended by the World Health Organization.

**A sample calculation for the cost of depression due to LGBT+ discrimination in Romania (high scenario):**

1. Excess prevalence rate = prevalence in LGBT+ population minus prevalence in general population  
 $6.5\% = 11.5\% - 5.0\%$
2. Excess number of LGBT+ people with depression = excess prevalence rate \* LGBT+ (15-54) population estimate  
 $21,665 = 6.5\% \times 333,310$
3. Excess LGBT+ as proportion of total affected population = Excess number of LGBT+ people with depression / total Romanians with depression  
 $2.2\% = 21,665 / 982,000$
4. Excess depression DALYs due to LGBT+ discrimination = Excess LGBT+ as proportion of total affected population \* DALYs due to depression  
 $183.58 = 2.2\% \times 8,321.20$
5. Economic cost = Excess depression DALYs due to LGBT+ discrimination \* three times income per capita  
 $USD\ 7,056,816.54 = 183.58 \times USD\ 38,439$

# C – Methodology for Calculating Wage Gap or Lost Productivity due to LGBT+ Discrimination

**Our wage gap calculations also follow a model used by the World Bank.**

1. Calculate total income earned by all working people in the country.
2. Multiply that total by percentage of estimated LGBT+ population to calculate total potential LGBT+ community wages earned. We used 3% LGBT+ incidence rate as a conservative estimate.
3. Multiply total potential LGBT+ community wages earned by 15% for high-end estimate of lost productivity.

**A sample calculation for lost productivity due to LGBT+ discrimination in Poland in USD (high scenario):**

1. Total earned income = Working population \* Average yearly income  
 $USD\ 262,830,006,399 = 16,644,000 \times USD\ 15,791.28$
2. Total potential LGBT+ community wages earned = Total earned income \* incidence LGBT+ workers  
 $USD\ 7,884,900,192 = USD\ 262,830,006,399 \times 0.03$
3. Lost wages = Total potential LGBT+ community wages earned \* 15%  
 $USD\ 1,182,735,029$

# D – F&M Global Barometers Methodology



The latest Global Barometers dataset ranked 203 countries based on their protections for SOGI minorities on a scale of A - F:

The items are grouped into five dimensions:

The **F&M Global Barometers** are human rights barometers that measure the extent to which countries are protecting or persecuting of their sexual and gender identity minorities. The **Global Barometer of Gay Rights (GBGR®)** consists of 27 items operationalized from international human rights principles and focuses on the human rights of sexual minorities (reference 1). The **Global Barometer of Transgender Rights (GBTR™)** is the sister barometer to the GBGR, consisting of 15 items that measure concerns specific to gender identity minorities (reference 2).

The F&M Global Barometers provide a framework for objectively documenting and uniformly monitoring and analyzing global progress towards the human rights protection of LGBT individuals. They are the first-of-their-kind measures that allow for countries to be compared on their LGBT human rights performance on a uniform scale, on the same human rights issues, and across multiple years.

The Global Barometers rank countries on a scale of 0 to 100 percent based on their protection or persecution of LGBT individuals. It employs binary variables, 0 or 1, to score items. Each item in the Global Barometers is weighted equally. A country will receive one point if evidence supports the item in the affirmative and a zero if in the negative. For example, the item **“No death penalty for sexual orientation”** would receive a one if there is no death penalty for sexual orientation, but if the country has the death penalty for sexual orientation, it would receive a zero.

GBGR/GBTR Category	GBGR/GBTR Score	Corresponding Human Rights Report Card Grade	Grade Definitions
Protecting	90-100%	A	Excellent
Tolerant	80-89%	B	Very Good
Resistant	70-79%	C	Average
Intolerant	60-69%	D	Unsatisfactory
Persecuting	0-59%	F	Failing

- Dimension I:** De jure protections
- Dimension II:** De facto protections
- Dimension III:** LGBT rights advocacy
- Dimension IV:** Socio-economic rights
- Dimension V:** Societal persecution

The above grouping allows for broad-based analysis of not only a country’s legal protections for LGBT minorities but also its protections in practice, the state of grassroots civil society activism, and societal safeguards (or lack thereof) against violence targeted toward LGBT individuals.

A distinctive feature of the Barometers is that the data is **triple-verified**. The triple-verification process is extensive and rigorous, employing to date 50+ peer review experts from over 40 countries to ensure the accuracy and integrity of the Global Barometers dataset.

Reference 1: GBGR scorecard

Item Number	Global Barometer of Gay Rights Scorecard
DE JURE PROTECTION OF SEXUAL MINORITIES	
1	No death penalty for sexual orientation
2	No life sentence for sexual orientation
3	No prison term for sexual orientation
4	No criminalization of sexual orientation
5	Hate crimes legislation includes sexual orientation
6	Sexual minorities are not restricted or banned from serving in the military
7	Civil unions for sexual minorities are allowed
8	Same-sex marriage is allowed
DE FACTO (CIVIL & POLITICAL) PROTECTION SEXUAL MINORITIES	
9	Freedom from arbitrary arrest baesd on sexual orientation
10	Head of state supports legalization of homosexuality
11	Head of state supports same-sex civil unions/same-sex marriage
12	Majority of citizens are accepting of homosexuality
13	Hate speech laws include sexual orientation
14	Sexual minorities have the right to privacy
15	Sexual orientation does not prejudice the right to a fair trial
LGBT RIGHTS ADVOCACY	
16	LGBT organizations are allowed to legally register
17	LGBT organizations exist
18	LGBT organizations are able to peacefully and safely assemble
19	LGBT pride events are allowed by the state
20	Security forces provide protection to LGBT pride participants
SOCIO-ECONOMIC RIGHTS	
21	Fair housing anti-discrimination laws include sexual orientation
22	Workplace anti-discrimination laws include sexual orientation
SOCIAL PERSECUTION	
23	No known acts of murder against sexual minorities
24	No known acts of violence against sexual minorities
25	Crimes based on sexual orientation are reported to police
26	Same-sex couples are allowed to jointly adopt
27	Individuals are not discriminated against in access to medical treatment because of their sexual orientation

Reference 2: GBTR scorecard with two additional items to be introduced in the 2018 dataset

Global Barometer of Transgender Rights Scorecard	
DE JURE PROTECTION OF GENDER IDENTITY MINORITIES	
1	Country has legal recognition of gender identity
2	No criminalization of gender identity
3	Gender minorities are allowed to serve in the military
4	No physiological alteration requirement for gender identity recognition
5	No psychiatric diagnosis requirement for gender identity recognition
DE FACTO (CIVIL & POLITICAL) PROTECTION OF GENDER IDENTITY MINORITIES	
6	No arbitrary arrest based on gender identity
LGBT RIGHTS ADVOCACY	
7	LGBT organizations are allowed to legally register
8	LGBT organizations exist
9	LGBT organizations are able to peacefully and safely assemble
10	LGBT pride events are allowed by the state
11	Security forces provide protection to LGBT pride participants
SOCIO-ECONOMIC RIGHTS	
12	Fair housing anti-discrimination laws include gender identity
13	Workplace anti-discrimination laws include gender identity
SOCIAL PERSECUTION	
14	No known acts of murder against gender minorities
15	No known acts of violence against gender minorities
16	Crimes based on gender identity are reported to police
17	Individuals are not discriminated against in access to medical treatment because of their gender identity

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# E – Civil Marriage Equality and the Business Case



Supporting civil marriage equality is good for business, good for employees and good for Ireland.

### Good for Ireland

- Ireland is a diverse society, an open economy that enjoys a reputation as an inclusive and tolerant country. Tolerance and acceptance of diversity are seen by companies and people as an indicator of an underlying culture that is conducive to creativity, a key quality for success.
- Human capital is key to economic growth. Competitiveness will be delivered by a highly skilled, creative and adaptable workforce therefore the ability to attract and retain the best talent is critical. Irelands reputation as a welcoming country that respects diversity and inclusion helps attract and retain local and international talent. Research finds that millennials, for example, will choose where they want to live and work based on criteria that include recognition and respect for them as individuals.
- Many organisations have strong diversity and inclusion policies which are considered core to the ethos of their business and to creating the conditions for their workforce to thrive. These policies could be undermined if the country in which the organisation is based is considered to be not fully inclusive of diverse workers. International organisations favour countries where their employees will be supported and treated equally, knowing it leads to greater productivity and a greater market reach for them.
- Supporting civil marriage further embeds Irelands reputation as a great place to do business.

### Good for business

- Diversity and inclusion offers real opportunity for the achievement of key business goals, reaching more effective solutions to problems and creating the conditions under which entrepreneurship, creativity and innovation can thrive.
- While investors are interested in organisations that are financially sound, increasingly consideration is being given to factors such as commitment to diversity, as there is a business case for the benefits diversity brings to the bottom line.
- The conditions for high performance in an organisation include the fact that employees should feel comfortable and supported as individuals in their environment something that diverse and inclusive workplaces offer.
- Many companies have strong diversity policies, inclusive of lesbian, gay, bisexual and transgender (LGBT) individuals, which are core to their culture and ethos. If organisations have undertaken to be open, respectful of diversity and preventing discrimination, supporting marriage equality can send a message to employees and customers of their commitment to inclusion.

### Good for employees

- People perform best when they can be themselves and are comfortable in their environment.
- A working environment that celebrates difference and encourages people to bring their whole selves to work improves employee engagement, individual performance and confidence and allows organisations to live their values.
- Supporting civil marriage demonstrates to employees that the organisation is committed to the dignity and respect of all employees.
- Ireland has the opportunity to join other countries in welcoming marriage equality and ensuring that employees and other stakeholders are free to live their lives to their fullest potential.

The referendum addresses civil marriage equality only. Religious marriage is unaffected.

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# How to Talk About LGBT+ Inclusion

As we have seen in the evidence presented in this report, openness and LGBT+ inclusion are important strategic considerations for countries in the region to reach their economic goals, and for CEE companies to thrive and grow. However, there remains hesitation among the regional business community, mainly due to a number of perceived risks for supporting LGBT+ inclusion. This is not just true in CEE; countries all over the world 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 experience of featured companies in this report and 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. 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 Central and Eastern Europe where social attitudes do not feel safe or accepting. Documented fear of bias and discrimination leads many in the community to not disclose personal details. 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.
“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 in the region, and companies 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 signaling 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 Central and Eastern Europe 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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