



GSSB Global
Sustainability
Standards Board

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Item 25 – Transition to GRI Standards

Mock-up of Sustainability Reporting Standard 11: Local Economic Development

Meeting 3-5 November 2015, Amsterdam

Project Transition to GRI Standards

Description As part of the move to become a standard setter, the Global Sustainability Standards Board (GSSB) has decided that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards (GRI Standards). This paper presents the mock-up of Sustainability Reporting Standard 11: Local Economic Development, formerly the G4 Market Presence Aspect.

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information visit www.globalreporting.org.

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7 Clean version

8 *About this version*

9 This section presents a clean version of Sustainability Reporting Standard 11: Local Economic
10 Development, formerly the G4 Market Presence Aspect.

11 For an overview of the changes applied, see the ‘Summary of changes’ on page 15 of this paper. This
12 summary is to be read in conjunction with Item 18 – Transition to GRI Standards – Proposals and mock-
13 ups in development, available for download on the GRI website (www.globalreporting.org).

14 New text in the mock-ups is a work-in-progress, and will continue to evolve. It is not a final proposal for
15 wording. Instead, it is intended to convey the type of information that users will need. It is also a place to
16 ‘trial’ different terms and formulations.

17 Decisions about the text, and firm proposals for it, will be made during the forthcoming phase of editorial
18 review. This will include decisions on the tone of voice to be used in the GRI Standards, and the preferred
19 ways to construct sentences and express ideas.

20 The use of verbs in the GRI Standards will also be covered during the editorial review. In G4, verbs such
21 as ‘can’, ‘may’ or ‘might’ are used interchangeably. In keeping with standard-setting practice, these verbs
22 will be given fixed meanings in the GRI Standards. Each mock-up has a section where the proposed
23 meanings are explained.

24 In the mock-ups, these meanings have not yet been applied throughout the original G4 text. The editorial
25 review will include an assessment of the intended meaning behind each verb used interchangeably in G4,
26 and any repercussions that might arise from changing it.

27 The mock-ups use the standard GRI branding. The GRI Standards will have distinct branding, design and
28 layout, including visuals and infographics.

29 *GSSB decisions*

30 **Status of additional disclosure requirements contained within G4 guidance**

31 The GSSB is asked to decide whether the Aspect-specific DMA guidance (see line numbers 147-154)
32 should be mandatory or optional for this GRI Standard. If it is optional, it can be either presented within
33 this GRI Standard (using formulations such as ‘organizations are encouraged to disclose...’) or in a separate
34 guidance document.

35 Sustainability Reporting Standard II: Local
36 Economic Development: [Publication Year]

37 Summary information for users of this GRI 38 Standard

39 This Sustainability Reporting Standard (GRI Standard) is issued by the Global Sustainability Standards Board
40 (GSSB). It is part of the set of GRI Sustainability Reporting Standards, or SRSs.

41 The GSSB is an independent operating entity within GRI. It has responsibility for setting globally-accepted
42 sustainability reporting standards, according to a formally-defined due process, exclusively in the public
43 interest.

44 The GSSB also develops materials to support and improve the use of the SRSs. This includes Guidance
45 publications, FAQ documents and Interpretations, with the latter also developed according to due process.
46 As a component of the due process, Basis for Conclusions documents are created for each GRI Standard.

47 The SRSs are designed to be used by organizations for compiling and reporting sustainability information¹.
48 The SRSs:

- 49 • set out disclosure requirements for sustainability information
- 50 • specify Reporting Principles, methods and practices to adhere to when formulating the disclosures

51 The SRSs are suitable for use by organizations of any size, type, sector or geographical location.

52 **Using the SRSs in conjunction**

53 Each GRI Standard in the set of SRSs has been designed to be used in conjunction with others. The exact
54 combination of SRSs to be used by an organization depends on whether the organization is:

- 55 • preparing a report 'in accordance' with the SRSs, or
- 56 • making use of individual SRSs to report on a particular topic or topics

57 This GRI Standard is used in conjunction with the following SRSs, which are necessary for its application:

- 58 • SRS 1: Conceptual Framework
- 59 • SRS 2: Content Principles
- 60 • SRS 3: Quality Principles
- 61 • SRS 9-1: Management Approach Narrative
- 62 • SRS 9-2: Management Approach Indicators

63 SRS 1: Conceptual Framework gives essential information on using the SRSs. SRS 2: Content Principles
64 and SRS 3: Quality Principles set out the Reporting Principles which underpin the practice of sustainability
65 reporting, guiding choices on which information to report and how. Therefore, organizations are required
66 to be familiar with SRS 1, SRS 2 and SRS 3 before using any other GRI Standard.

¹ Where the term 'sustainability' is used in the SRSs, it is intended to be understood as sustainable development. See the World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43.

67 Complete information on the combined use of SRSs is given in SRS 1: Conceptual Framework.

68 **The types of disclosure required when using this GRI Standard**

69 For every material sustainability topic, organizations are to report:

- 70 • their management approach for that topic
- 71 • the topic-specific Indicators presented in the GRI Standard for that topic

72 Therefore, organizations are to provide three types of disclosure:

73 *Management approach narrative*

74 This is reported using SRS 9-1: Management Approach Narrative.

75 The management approach narrative is an explanation of how an organization manages impacts and stakeholder concerns regarding a topic.

77 The disclosure requirements for the management approach narrative, set out in SRS 9-1, are not topic-specific and are designed to be applicable to different sustainability topics. Therefore, SRS 9-1 is used in conjunction with each topic-specific GRI Standard, in order to provide the management approach narrative for the topic in question.

81 Any additional topic-specific requirements for the management approach narrative are set out in the GRI Standard for that topic, in the section called Management Approach. When such topic-specific information is required, it is to be incorporated into the management approach narrative reported using SRS 9-1.

84 *Management approach Indicators*

85 These are reported using SRS 9-2: Management Approach Indicators.

86 The management approach Indicators reveal the extent to which an organization has implemented its management approach.

88 The management approach Indicators set out in SRS 9-2 are not topic-specific, and are designed to be applicable to different sustainability topics. Therefore, SRS 9-2 is used in conjunction with each topic-specific GRI Standard, in order to provide information on the extent to which an organization has implemented its management approach for that topic.

92 *Topic-specific Indicators*

93 These are presented in the section called Indicators in each topic-specific GRI Standard.

94 All text in a GRI Standard has equal authority.

95 Disclosure requirements in this GRI Standard are presented in **bold** font. Each disclosure requirement
96 also has a unique identifier (e.g., SRS11-1, SRS11-2).

97 The specified methods and practices for formulating each disclosure are presented in regular font,
98 following the disclosure requirements. Methods and practices that apply to all the Indicators in a GRI
99 Standard are presented at the start of the Indicators section.

100 The verbs used in the text have the following meanings:

101 Can = Capability: a particular scenario or course of action is achievable or applicable.

102 May = Permission: a particular scenario or course of action is permitted when using the GRI Standard.

103 Might = Possibility: a particular scenario or course of action is possible.

104 Should = Recommendation: a particular scenario or course of action is recommended and encouraged.

105 Where a term is defined in the Terms and Definitions section of a GRI Standard, organizations are to
106 adhere to that definition.

107 Where a document is referenced without its date of publication, the reference applies to the most recent
108 edition.

109 **Contents**

110 **Purpose 9**

111 **Terms and Definitions 10**

112 **Management Approach 11**

113 **Indicators 12**

114 **References..... 14**

115 Purpose

- 116 1 This GRI Standard sets out disclosure requirements on the topic of local economic development.
117 It specifies the methods and practices for formulating the disclosures, and gives background
118 information to aid understanding of the topic.
- 119 2 Local economic development is the building-up of economic capacity in a local area to improve
120 its economic future and the quality of life of its inhabitants.
- 121 3 An organization's economic investments in a local area and community can indicate its
122 contribution to local economic development. This includes its approaches to remuneration, local
123 hiring, and local sourcing of products and services.

124 Terms and Definitions

125 **Entry level wage**

126 4 Entry level wage refers to the full-time wage offered to an employee in the lowest employment
127 category. Intern or apprentice wages are not considered.

128 **Local**

129 5 The geographical definition of 'local' may include the community surrounding operations, a region
130 within a country or a country.

131 **Local employee**

132 6 Individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens
133 or permanent visa holders) in the same geographic market as the operation.

134 **Local minimum wage**

135 7 Minimum wage refers to compensation per hour or other unit of time for employment allowed
136 under law. Some countries have numerous minimum wages (such as by state or province or by
137 employment category).

138 **Local supplier**

139 8 Organization or person that provides a product or service to the reporting organization and that
140 it is based in the same geographical market as the reporting organization (that is, no transnational
141 payments to the supplier are made).

142 Management Approach

143 9 Organizations are to use this GRI Standard in conjunction with SRS 9-1: Management Approach
144 Narrative and SRS 9-2: Management Approach Indicators.

145 10 When using SRS 9-1 to report the management approach narrative, organizations are to
146 incorporate the following additional information:

147 (a) Describe policies and practices used to select locally-based suppliers, either organization-
148 wide or for specific locations.

149 (b) Describe policies and practices used to promote economic inclusion when selecting
150 suppliers. Forms of economic inclusion include:

151 (i) Suppliers owned by women

152 (ii) Suppliers owned or staffed by members of vulnerable, marginalized or
153 underrepresented social groups

154 (iii) Small and medium sized suppliers

Indicators

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SRS I I-1 RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

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(a) **When a significant proportion of the workforce is compensated based on wages subject to minimum wage rules, report the ratio of the entry level wage by gender at significant locations of operation to the minimum wage.**

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(b) **Report whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums could be used as a reference, report which minimum wage is being used.**

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(c) **Report the definition used for ‘significant locations of operation’.**

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11 This Indicator helps demonstrate how an organization contributes to the economic well-being of employees in significant locations of operation. The Indicator also provides an indication of the competitiveness of the organization’s wages, and information relevant for assessing the effect of wages on the local labor market. Offering wages above the minimum is one factor in building strong community relations, employee loyalty, and strengthening an organization’s social license to operate.

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12 This Indicator is relevant in situations where a substantial portion of an organization’s workforce is compensated in a manner or scale that is closely linked to laws or regulations on minimum wage.

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178

13 For organizations that only offer salaried employment, convert the salary into an hourly estimate.

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SRS I I-2 PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

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(a) **Report the percentage of senior management at significant locations of operation that are hired from the local community.**

184

(b) **Report the definition of ‘senior management’ used.**

185

(c) **Report the organization’s geographical definition of ‘local’.**

186

(d) **Report the definition used for ‘significant locations of operation’.**

- 187 14 The inclusion of members of the local community in a senior management team can
188 enhance human capital, the economic benefit to the local community, and the
189 organization's ability to understand local needs.
- 190 15 Calculate the percentage using data on full-time employees.

191 **SRS I I-3 PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT**
192 **SIGNIFICANT LOCATIONS OF OPERATION**

- 193 **(a) Report the percentage of the procurement budget used for significant**
194 **locations of operation spent on suppliers local to that operation (such as**
195 **percentage of products and services purchased locally).**
- 196 **(b) Report the organization's geographical definition of 'local'.**
- 197 **(c) Report the definition used for 'significant locations of operation'.**

198 16 The influence an organization can have on a local economy goes beyond direct jobs
199 and payment of wages and taxes. By supporting local organizations in the supply chain,
200 an organization can indirectly attract additional investment to the local economy.

201 17 Organizations can gain or retain their social license to operate in part by
202 demonstrating positive local economic impacts. Local sourcing can be a strategy to
203 help ensure supply, support a stable local economy, and can prove to be more efficient
204 for remote settings.

205 18 The proportion of local spending can also be an important factor in contributing to
206 the local economy and maintaining community relations. However, the overall impact
207 of local sourcing will also depend on the sustainability of the supplier over the long
208 term.

209 19 Calculate the percentages based on invoices or commitments made during the
210 reporting period (that is, using accruals accounting).

211 20 Local purchases may be made either from a budget managed at the location of
212 operation or at the organization's headquarters.

213 References

- 214 21 The following documents informed the development of this GRI Standard. Organizations are
215 encouraged to be familiar with these documents, as they can improve understanding of the
216 disclosure requirements.
- 217 (a) United Nations (UN) Convention, 'Convention on the Elimination of all Forms of
218 Discrimination against Women (CEDAW)', 1979.

219 Tracked version

220 *About this version*

221 This section presents a tracked version of Sustainability Reporting Standard 11: Local Economic
222 Development, formerly the G4 Market Presence Aspect.

223 It includes a summary of the changes applied. This summary is to be read in conjunction with Item 18 –
224 Transition to GRI Standards – Proposals and mock-ups in development, available for download on the
225 GRI website (www.globalreporting.org).

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227 wording. Instead, it is intended to convey the type of information that users will need. It is also a place to
228 ‘trial’ different terms and formulations.

229 Decisions about the text, and firm proposals for it, will be made during the forthcoming phase of editorial
230 review. This will include decisions on the tone of voice to be used in the GRI Standards, and the preferred
231 ways to construct sentences and express ideas.

232 The use of verbs in the GRI Standards will also be covered during the editorial review. In G4, verbs such
233 as ‘can’, ‘may’ or ‘might’ are used interchangeably. In keeping with standard-setting practice, these verbs
234 will be given fixed meanings in the GRI Standards. Each mock-up has a section where the proposed
235 meanings are explained.

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237 review will include an assessment of the intended meaning behind each verb used interchangeably in G4,
238 and any repercussions that might arise from changing it.

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240 layout, including visuals and infographics.

241 *Summary of changes*

242 **Formatting legend**

243 **Blue underlined:** New, amended or combined text (i.e., several G4 texts remade into one)

244 **Regular text:** Existing text or text that has been moved

245 **Red strike through:** Text deleted permanently

246 **Regular strike through:** Text deleted from its G4 location and moved elsewhere

247 **Relocating G4 content**

- 248 • Indicator G4-EC9 and the Aspect-specific DMA on economic inclusion of suppliers
249 (*Implementation Manual*, pp. 82-83) have been relocated to this GRI Standard (see line numbers
250 451-477 and 388-396)

- 251 • A definition of 'local' has been created (see line numbers 367-369) using existing text found under
252 the definitions of 'local employee' (see line numbers 372-373) and 'local supplier' (see line numbers
253 381-382)
- 254 • Definitions have been consolidated in the section 'Terms and Definitions'
- 255 • References have been consolidated in the section 'References'

256 **Eliminating the unnecessary duplication of G4 content**

- 257 • Duplicated content has been deleted from the definition of 'local minimum wage' (see line
258 numbers 376-377), and from Indicators G4-EC5 (see line numbers 419-420) and G4-EC6 (see line
259 numbers 440-441)

260 **Removing unnecessary G4 guidance**

- 261 • Section headings from guidance text have been removed ('GUIDANCE', 'Relevance',
262 'Compilation', 'Definitions', 'Documentation sources', 'References')
- 263 • Content from 'Documentation sources' sections has been deleted
- 264 • Guidance text that states the obvious about the relevance of Indicator G4-EC5, or which can
265 easily be concluded after reading the disclosure requirements, has been deleted (see line number
266 410)

267 **Eliminating ambiguities in G4 text**

- 268 • The term 'Market Presence' has been changed to 'Local Economic Development' throughout this
269 GRI Standard. The term 'Market Presence' did not represent the content of this section
- 270 • Guidance text within Indicator G4-EC5 that could contradict the Materiality Principle has been
271 adjusted (see line numbers 415-417). The relevance of a topic or Indicator should be assessed by
272 each reporting organization, based on the Reporting Principles for Defining Report Content

273

~~Aspect: Market Presence~~

274

Sustainability Reporting Standard II: Local

275

Economic Development: [Publication Year]

Summary information for users of this GRI Standard

[This Sustainability Reporting Standard \(GRI Standard\) is issued by the Global Sustainability Standards Board \(GSSB\). It is part of the set of GRI Sustainability Reporting Standards, or SRSs.](#)

[The GSSB is an independent operating entity within GRI. It has responsibility for setting globally-accepted sustainability reporting standards, according to a formally-defined due process, exclusively in the public interest.](#)

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[The SRSs are designed to be used by organizations for compiling and reporting sustainability information². The SRSs:](#)

- [set out disclosure requirements for sustainability information](#)
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[The SRSs are suitable for use by organizations of any size, type, sector or geographical location.](#)

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- [SRS 2: Content Principles](#)
- [SRS 3: Quality Principles](#)
- [SRS 9-1: Management Approach Narrative](#)
- [SRS 9-2: Management Approach Indicators](#)

[SRS 1: Conceptual Framework gives essential information on using the SRSs. SRS 2: Content Principles and SRS 3: Quality Principles set out the Reporting Principles which underpin the practice of sustainability reporting, guiding choices on which information to report and how. Therefore, organizations are required to be familiar with SRS 1, SRS 2 and SRS 3 before using any other GRI Standard.](#)

² Where the term 'sustainability' is used in the SRSs, it is intended to be understood as sustainable development. See the World Commission on Environment and Development, *Our Common Future*. Oxford: Oxford University Press, 1987, p.43.

306 Complete information on the combined use of SRSs is given in SRS 1: Conceptual Framework.

307 **The types of disclosure required when using this GRI Standard**

308 For every material sustainability topic, organizations are to report:

- 309 • their management approach for that topic
- 310 • the topic-specific Indicators presented in the GRI Standard for that topic

311 Therefore, organizations are to provide three types of disclosure:

312 *Management approach narrative*

313 This is reported using SRS 9-1: Management Approach Narrative.

314 The management approach narrative is an explanation of how an organization manages impacts and
315 stakeholder concerns regarding a topic.

316 The disclosure requirements for the management approach narrative, set out in SRS 9-1, are not topic-
317 specific and are designed to be applicable to different sustainability topics. Therefore, SRS 9-1 is used in
318 conjunction with each topic-specific GRI Standard, in order to provide the management approach
319 narrative for the topic in question.

320 Any additional topic-specific requirements for the management approach narrative are set out in the GRI
321 Standard for that topic, in the section called Management Approach. When such topic-specific information
322 is required, it is to be incorporated into the management approach narrative reported using SRS 9-1.

323 *Management approach Indicators*

324 These are reported using SRS 9-2: Management Approach Indicators.

325 The management approach Indicators reveal the extent to which an organization has implemented its
326 management approach.

327 The management approach Indicators set out in SRS 9-2 are not topic-specific, and are designed to be
328 applicable to different sustainability topics. Therefore, SRS 9-2 is used in conjunction with each topic-
329 specific GRI Standard, in order to provide information on the extent to which an organization has
330 implemented its management approach for that topic.

331 *Topic-specific Indicators*

332 These are presented in the section called Indicators in each topic-specific GRI Standard.

333 All text in a GRI Standard has equal authority.

334 Disclosure requirements in this GRI Standard are presented in **bold** font. Each disclosure requirement
335 also has a unique identifier (e.g., SRS11-1, SRS11-2).

336 The specified methods and practices for formulating each disclosure are presented in regular font,
337 following the disclosure requirements. Methods and practices that apply to all the Indicators in a GRI
338 Standard are presented at the start of the Indicators section.

339 The verbs used in the text have the following meanings:

340 Can = Capability: a particular scenario or course of action is achievable or applicable.

341 May = Permission: a particular scenario or course of action is permitted when using the GRI Standard.

342 Might = Possibility: a particular scenario or course of action is possible.

343 Should = Recommendation: a particular scenario or course of action is recommended and encouraged.

344 Where a term is defined in the Terms and Definitions section of a GRI Standard, organizations are to
345 adhere to that definition.

346 Where a document is referenced without its date of publication, the reference applies to the most recent
347 edition.

348 **Contents**

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354 Purpose

355 This GRI Standard sets out disclosure requirements on the topic of local economic development. It
356 specifies the methods and practices for formulating the disclosures, and gives background information to
357 aid understanding of the topic.

358 Local economic development is the building-up of economic capacity in a local area to improve its
359 economic future and the quality of life of its inhabitants.

360 An organization's economic investments in a local area and community can indicate its contribution to
361 local economic development. This includes its approaches to remuneration, local hiring, and local sourcing
362 of products and services.

363 Terms and Definitions

364 **Entry level wage**

365 Entry level wage refers to the full-time wage offered to an employee in the lowest employment category.
366 Intern or apprentice wages are not considered.

367 **Local**

368 The geographical definition of 'local' may include the community surrounding operations, a region within
369 a country or a country.

370 **Local employee**

371 Individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens or
372 permanent visa holders) in the same geographic market as the operation. ~~The geographical definition of~~
373 ~~'local' may include the community surrounding operations, a region within a country or a country.~~

374 **Local minimum wage**

375 Minimum wage refers to compensation per hour or other unit of time for employment allowed under
376 law. ~~Since~~ Some countries have numerous minimum wages (such as by state or province or by
377 employment category), ~~identify which minimum wage is being used.~~

378 **Local supplier**

379 Organization or person that provides a product or service to the reporting organization and that it is
380 based in the same geographical market as the reporting organization (that is, no trans-national payments
381 to the supplier are made). ~~The geographical definition of 'local' may include the community surrounding~~
382 ~~operations, a region within a country or a country.~~

383 Management Approach

384 [Organizations are to use this GRI Standard in conjunction with SRS 9-1: Management Approach Narrative](#)
385 [and SRS 9-2: Management Approach Indicators.](#)

386 [When using SRS 9-1 to report the management approach narrative, organizations are to incorporate the](#)
387 [following additional information:](#)

388 **Aspect-specific Guidance for G4-DMA-b**

389 Describe policies and practices used to select locally-based suppliers, either organization-wide or for
390 specific locations.

391 Describe policies and practices used to promote economic inclusion when selecting suppliers.

392 Forms of economic inclusion **may** include:

- 393 • Suppliers owned by women
- 394 • Suppliers owned or staffed by members of vulnerable, marginalized or underrepresented social
395 groups
- 396 • Small and medium sized suppliers

Indicators

398 SRS11-I ~~G4-EC5~~

399 RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO 400 LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

- 401 a. When a significant proportion of the workforce is compensated based on wages
402 subject to minimum wage rules, report the ratio of the entry level wage by gender at
403 significant locations of operation to the minimum wage.
- 404 b. Report whether a local minimum wage is absent or variable at significant locations of
405 operation, by gender. In circumstances in which different minimums could be used
406 as a reference, report which minimum wage is being used.
- 407 c. Report the definition used for ‘significant locations of operation’.

408 **GUIDANCE**

409 **Relevance**

410 ~~Economic well-being is one of the ways in which an organization invests in its employees.~~ This Indicator
411 helps demonstrate how an organization contributes to the economic well-being of employees in significant
412 locations of operation. The Indicator also provides an indication of the competitiveness of the
413 organization’s wages, and information relevant for assessing the effect of wages on the local labor market.
414 Offering wages above the minimum is one factor in building strong community relations, employee loyalty,
415 and strengthening an organization’s social license to operate. This Indicator is ~~most~~-relevant in
416 situations for organizations in which where a substantial portion of their an organization’s workforce is
417 compensated in a manner or scale that is closely linked to laws or regulations on minimum wage.

418 **Compilation**

419 ~~For all significant locations of operation, identify and compare (in percentage terms) local minimum wage~~
420 ~~to the organization’s entry level wage by gender.~~

421 For organizations that only offer salaried employment, convert the salary into an hourly estimate.

422 **Definitions**

423 ~~See Glossary in Implementation Manual, p. 244~~

- 424 ●—Entry level wage
- 425 ●—Local minimum wage

426 **Documentation sources**

427 ~~Potential sources of information include the payroll department of the organization or finance, treasury,~~
428 ~~or accounting departments. Pertinent legislation in each country or region of operation may also provide~~
429 ~~information for this Indicator.~~

430 **SRS I I-2G4-EC6**

431 **PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL**
432 **COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION**

- 433 a. Report the percentage of senior management at significant locations of operation
- 434 that are hired from the local community.
- 435 b. Report the definition of 'senior management' used.
- 436 c. Report the organization's geographical definition of 'local'.
- 437 d. Report the definition used for 'significant locations of operation'.

438 **GUIDANCE**

439 **Relevance**

440 ~~Ensuring that senior management is drawn from the local community can benefit the local community.~~
441 ~~Diversity within a management team and the~~ The inclusion of members ~~from of~~ the local community ~~in a~~
442 ~~senior management team~~ can enhance human capital, the economic benefit to the local community, and
443 the organization's ability to understand local needs.

444 **Compilation**

445 Calculate the ~~is~~ percentage using data on full-time employees.

446 **Definitions**

447 ~~See Glossary in Implementation Manual, p. 244~~

- 448 ● Local employee

449 **Documentation sources**

450 ~~Potential sources of information include the personnel or human resources departments.~~

451 **SRS I I-3G4-EC9**

452 **PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT**
453 **LOCATIONS OF OPERATION**

- 454 a. Report the percentage of the procurement budget used for significant locations of
- 455 operation spent on suppliers local to that operation (such as percentage of products
- 456 and services purchased locally).
- 457 b. Report the organization's geographical definition of 'local'.
- 458 c. Report the definition used for 'significant locations of operation'.

459 **GUIDANCE**

460 **Relevance**

461 The influence an organization can have on a local economy goes beyond direct jobs and payment of wages
462 and taxes. By supporting local organizations in the supply chain, an organization can indirectly attract
463 additional investment to the local economy.

464 Organizations can gain or retain their social license to operate in part by demonstrating positive local
465 economic impacts. Local sourcing can be a strategy to help ensure supply, support a stable local economy,
466 and can prove to be more efficient for remote settings.

467 The proportion of local spending can also be an important factor in contributing to the local economy and
468 maintaining community relations. However, the overall impact of local sourcing will also depend on the
469 sustainability of the supplier over the long term.

470 **Compilation**

471 Calculate the percentages based on invoices or commitments made during the reporting period (that is,
472 using accruals accounting).

473 Local purchases may be made either from a budget managed at the location of operation or at the
474 organization's headquarters.

475 **Definitions**

476 *See Glossary in Implementation Manual, p. 244*

477 • Local supplier

References

479 [The following documents informed the development of this GRI Standard. Organizations are encouraged](#)
480 [to be familiar with these documents, as they can improve understanding of the disclosure requirements.](#)

- 481 • United Nations (UN) Convention, 'Convention on the Elimination of all Forms of Discrimination
482 against Women (CEDAW)', 1979.