

GRI 202: Market Presence 2016

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TOPIC STANDARD

202

GRI 202: Market Presence 2016

Topic Standard

Effective date

This Standard is effective for reports or other materials published on or after 1 July 2018.

Responsibility

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Due Process

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Introduction

GRI 202: Market Presence 2016 contains disclosures for organizations to report information about their market presence-related impacts and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its market presence-related impacts.
- [Section 2](#) contains two disclosures, which provide information about the organization's market presence-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

Background on the topic

This Standard addresses the topic of an organization's market presence, covering its contribution to economic development in the local areas or communities where it operates. For example, this can include the organization's approaches to remuneration or local hiring.

System of GRI Standards

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts.

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in this Standard).

Universal Standards: GRI 1, GRI 2 and GRI 3

[GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting *GRI 1*.

[GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

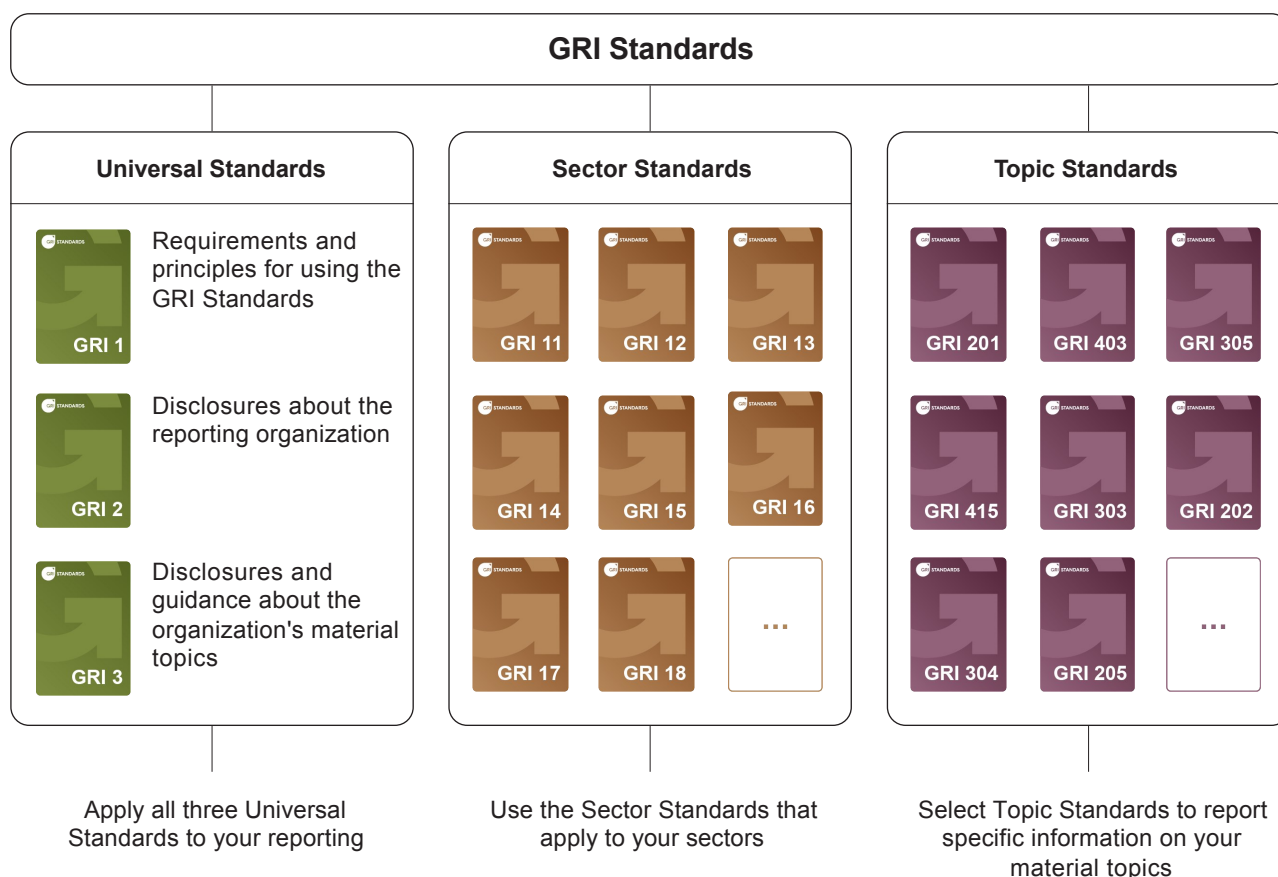
[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

Sector Standards

The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using *GRI 3*.

Figure 1. GRI Standards: Universal, Sector and Topic Standards

Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its market presence-related impacts.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined market presence to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's market presence-related impacts (Disclosure 202-1 through Disclosure 202-2).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

If the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g., because the required information is confidential or subject to legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot comply with, and provide a reason for omission together with an explanation in the GRI content index. See [Requirement 6 in GRI 1: Foundation 2021](#) for more information on reasons for omission.

If the organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. The organization can explain the reasons for not having this item, or describe any plans to develop it. The disclosure does not require the organization to implement the item (e.g., developing a policy), but to report that the item does not exist.

If the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).

Requirements, guidance and defined terms

The following apply throughout this Standard:

Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must comply with requirements to report in accordance with the GRI Standards.

Requirements may be accompanied by guidance.

Guidance includes background information, explanations, and examples to help the organization better understand the requirements. The organization is not required to comply with guidance.

The Standards may also include recommendations. These are cases where a particular course of action is encouraged but not required.

The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined market presence to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

REQUIREMENTS	1.1 The reporting organization shall report how it manages market presence using Disclosure 3-3 in GRI 3: Material Topics 2021.
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2. Topic disclosures

An organization is expected to compile information for economic disclosures using figures from its audited financial statements or from its internally-audited management accounts, whenever possible. Data can be compiled using, for example:

- the relevant International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), and the Interpretations developed by the IFRS Interpretations Committee (specific IFRS are referenced for some of the disclosures);
- the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants (IFAC);
- national or regional standards recognized internationally for the purpose of financial reporting.

Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

REQUIREMENTS

The reporting organization shall report the following information:

- When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.**
- When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.**
- Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.**
- The definition used for 'significant locations of operation'.**

RECOMMENDATIONS

- 2.1 When compiling the information specified in Disclosure 202-1-b, the reporting organization should:
 - 2.1.1 use the data from [Disclosure 2-8 in GRI 2: General Disclosures 2021](#) to identify the total number of workers who are not employees and whose work is controlled by the organization;
 - 2.1.2 if applicable, convert the entry level wage to the same units used in the minimum wage (e.g., hourly or monthly basis);
 - 2.1.3 when a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.

GUIDANCE

Background

This disclosure applies to those organizations in which a substantial portion of their employees, and workers (excluding employees) performing the organization's activities, are compensated in a manner or scale that is closely linked to laws or regulations on minimum wage.

Providing wages above the minimum wage can help contribute to the economic well-being of workers performing the organization's activities. The impacts of wage levels are immediate, and they directly affect individuals, organizations, countries and economies. The distribution of wages is crucial for eliminating inequalities, such as wage gap differences between women and men, or nationals and migrants.

Also, entry level wages paid compared to local minimum wages show the competitiveness of an organization's wages and provide information relevant for assessing the effect of wages on the local labor market. Comparing this information by gender can also be a measure of an organization's approach to equal opportunity in the workplace.

Disclosure 202-2 Proportion of senior management hired from the local community

REQUIREMENTS

The reporting organization shall report the following information:

- a. Percentage of senior management at significant locations of operation that are hired from the local community.
- b. The definition used for 'senior management'.
- c. The organization's geographical definition of 'local'.
- d. The definition used for 'significant locations of operation'.

Compilation requirements

- 2.2 When compiling the information specified in Disclosure 202-2, the reporting organization shall calculate this percentage using data on full-time employees.

GUIDANCE

Senior management hired from the local community includes those individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographic market as the operation. The geographical definition of 'local' can include the community surrounding operations, a region within a country, or a country.

Background

Including members from the local community in an organization's senior management demonstrates the organization's positive market presence. Including local community members in the management team can enhance human capital. It can also increase the economic benefit to the local community, and improve an organization's ability to understand local needs.

Glossary

This glossary provides definitions for terms used in this Standard. The organization is required to apply these definitions when using the GRI Standards.

The definitions included in this glossary may contain terms that are further defined in the complete [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

B	business partner entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives Source: Shift and Mazars LLP, <i>UN Guiding Principles Reporting Framework</i>, 2015; modified Examples: affiliates, business-to-business customers, clients, first-tier <u>suppliers</u>, franchisees, joint venture partners, investee companies in which the organization has a shareholding position Note: Business partners do not include subsidiaries and affiliates that the organization controls.
	business relationships relationships that the organization has with <u>business partners</u>, with entities in its <u>value chain</u> including those beyond the first tier, and with any other entities directly linked to its operations, products, or services Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework</i>, 2011; modified Note: Examples of other entities directly linked to the organization’s operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization’s facilities.
E	employee individual who is in an employment relationship with the organization according to national law or practice entry level wage full-time wage in the lowest employment category Note: Intern or apprentice wages are not considered entry level wages.
F	full-time employee <u>employee</u> whose working hours per week, month, or year are defined according to national law or practice regarding working time
H	human rights rights inherent to all human beings, which include, at a minimum, the rights set out in the <i>United Nations (UN) International Bill of Human Rights</i> and the principles concerning fundamental rights set out in the <i>International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</i> Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework</i>, 2011; modified Note: See Guidance to 2-23-b-i in GRI 2: General Disclosures 2021 for more information on ‘human rights’.

I	impact effect the organization has or could have on the economy, environment, and people, including on their <u>human rights</u>, which in turn can indicate its contribution (negative or positive) to <u>sustainable development</u>
	Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. Note 2: See section 2.1 in <i>GRI 1: Foundation 2021</i> for more information on 'impact'.
L	local minimum wage minimum compensation for employment per hour, or other unit of time, allowed under law Note: Some countries have numerous minimum wages, such as by state or province or by employment category.
M	material topics topics that represent the organization's most significant <u>impacts</u> on the economy, environment, and people, including impacts on their <u>human rights</u> Note: See section 2.2 in <i>GRI 1: Foundation 2021</i> and section 1 in <i>GRI 3: Material Topics 2021</i> for more information on 'material topics'.
S	supplier entity upstream from the organization (i.e., in the organization's <u>supply chain</u>), which provides a product or service that is used in the development of the organization's own products or services Examples: brokers, consultants, contractors, distributors, franchisees, home <u>workers</u>, independent contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers Note: A supplier can have a direct <u>business relationship</u> with the organization (often referred to as a first-tier supplier) or an indirect business relationship. supply chain range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services sustainable development / sustainability development that meets the needs of the present without compromising the ability of future generations to meet their own needs Source: World Commission on Environment and Development, <i>Our Common Future</i>, 1987 Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.
V	value chain range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use Note 1: Entities upstream from the organization (e.g., <u>suppliers</u>) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization. Note 2: The value chain includes the <u>supply chain</u>.
W	worker person that performs work for the organization Examples: <u>employees</u>, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for <u>suppliers</u>

Note: In the GRI Standards, in some cases, it is specified whether a particular subset of workers is required to be used.

Bibliography

This section lists authoritative intergovernmental instruments used in developing this Standard.

Authoritative instruments:

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



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