



Tourism Development & Investment Company

EPP compliance monitoring
report to the corporate social
responsibility committee

*Annual summary of
findings*

September 2012

Table of contents

<i>Executive summary</i>	4
Background	5
Scope of monitoring programme	5
Key findings	6
Epp and its implementation	6
Monitoring results	8
Future work	11
<i>Introduction</i>	12
Contractors and their workers.....	14
Development and implementation of the EPP	15
Pwc's role and approach	16
Scope of work completed	16
Monitoring sampling process	20
Approach to the monitoring visits	20
Worker interviews.....	20
Reporting	21
<i>Findings</i>	22
Epp and its implementation	23
The monitoring process	24
Key compliance issues	25
Appendix - glossary	31
Disclaimer	32

Executive Summary

Executive summary

Background

Over the last 20 years, as sourcing from developing countries and use of expatriate workers has grown, there has been an increasing focus by Governments, the private sector and non-governmental organisations on issues around workers' welfare. Given the significant scale of construction in the Middle East region over this period and the heavy reliance on expatriate workers, construction projects in the region have, in particular, been the focus of comments and concerns around workers' welfare.

Established in 2006, the Tourism Development & Investment Company ("TDIC") is a real estate and tourism developer for major projects across the Emirate of Abu Dhabi in the United Arab Emirates ("UAE") and, as part of its remit, is overseeing the development of Saadiyat Island.

In recognition of its responsibilities, in 2009, TDIC developed the Employment Practices Policy ("EPP"), which sets out the standards relating to workers' welfare that TDIC requires of its Contractors for projects on Saadiyat Island. The EPP is primarily based on and complements UAE labour law, and in certain areas it reflects international labour best practice.

Following an initial period of implementation of the EPP, TDIC appointed PwC in June 2011 to provide independent monitoring of TDIC and its Contractors' compliance with the EPP.



Scope of monitoring programme

This report summarises the results of PwC's monitoring work, conducted between June 2011 and May 2012, which included;

- an independent appraisal of TDIC's compliance with the requirements of the EPP and the extent of the integration and effective application of the necessary practices and procedures within TDIC's routine operations to ensure compliance and application of the EPP requirements; and
- an independent appraisal of the Contractors' and subcontractors' compliance with the requirements of the EPP.

PwC staff carried out initial and follow-up monitoring visits to the main Contractors and a sample of eight subcontractors working on four of the major projects under construction on Saadiyat Island. In total, completion of the work involved approximately 5,300 hours of work by PwC staff. 1,341 workers were interviewed, between June 2011 and May 2012, representing 9% of the total monthly average workers on Saadiyat Island during the monitoring period.

The monitoring was conducted by an experienced PwC team, drawn from the UAE and PwC's global network, including team members who were knowledgeable regarding the customs, cultures and languages of the workers they interviewed. The monitoring protocol and work programme were developed based on accepted good practice, in particular, in relation to preventing the attribution of findings to any individual worker.

In addition to information obtained from worker interviews, the PwC team also visited the Saadiyat Construction Village ("SCV"), and six other third party - operated accommodation facilities housing Saadiyat Island workers, conducting informal discussions and unscheduled interviews with workers and observational tours of the facilities to supplement information obtained from the interviews.

Executive summary (continued)

Key findings

Based on the scope of work outlined above, the major observations we have communicated to TDIC management and Contractors, together with actions taken and actions planned by TDIC in response (marked in italics), are summarised below.

EPP and its implementation

Observations

The EPP was developed by TDIC in recognition of its responsibility to promote fair working practices by its Contractors working on Saadiyat Island. UAE labour law forms the foundation of the EPP. In some areas, such as the policy relating to the payment of recruitment fees, which largely occurs outside the UAE, TDIC has drawn on guidance from international labour practices to define EPP requirements.

We have noted a number of observations on the requirements set out in the EPP, as follows:

- Whilst there was no formal stakeholder engagement during the development of the EPP, TDIC subsequently convened a Contractor forum, the Employment Relations Group ('ERG'), to discuss practical issues on implementation of the EPP.
- Building on the original version of the EPP issued in 2009, we noted that *the precise EPP conditions applying to each of the projects visited were different*. During the initial period of EPP implementation, there was no clearly defined process for amending or updating the EPP within TDIC. This also created challenges for the monitoring visits, as every Contractor needed to be monitored specifically against the EPP version applicable to them.
- *As experience of the EPP implementation has grown, it has become apparent that further clarification of precise requirements is needed in certain areas* for example, in relation to what constitutes appropriate drinking water in the warmer months or the definition of adequate sanitation facilities. Further clarification is also required on the scope of application of the EPP, for example, whether conditions on payment of recruitment fees and relocation costs apply only to workers recruited specifically for the Saadiyat Island projects or to all workers working on the island, including those who may have previously relocated to the UAE prior to commencing work on the island. Existing Contractors are currently using their own interpretation of these clauses with resulting inconsistent application across different projects.

- The establishment of TDIC's Corporate Social Responsibility (CSR) committee in March 2011 has provided a forum for addressing the issues noted above.

TDIC appointed an Employment Relations Manager ('ERM') in July 2009 to implement the EPP, working in conjunction with the Contractors and subcontractors. A consultant was appointed by TDIC between December 2009 and June 2011 to conduct initial monitoring of Contractors' and the subcontractors' compliance with the EPP. Based on the results of this monitoring, TDIC decided to strengthen its Contractor monitoring, which led to the appointment of PwC.

In completing our work we have noted that, as only one of a number of developers in Abu Dhabi, *TDIC faces significant challenges in implementing the EPP, operating against the backdrop of a complex construction sector in the Middle East Region with established practices and norms that are not necessarily all aligned with the EPP requirements*. In particular, resolution of some instances of non compliance, particularly payment of recruitment and relocation fees, is often outside TDIC and its Contractors' direct control, given that the issues often occur outside the UAE in the workers' home country. Also, in seeking to implement EPP requirements, TDIC needs to be aware of unintended consequences of enforcing contractual conditions which may, in certain instances, ultimately lead to negative impacts on the workers the EPP is seeking to support.



Executive summary (continued)

Against this background, we noted a number of observations on EPP implementation, as follows:

- TDIC has demonstrated its commitment to promote workers' welfare by including the EPP as a formal requirement within the agreements with its main Contractors. Our work has, however, highlighted inconsistencies in the EPP implementation approach between Contractors for contracts already issued. For example, two Contractors were offered financial incentives should they achieve compliance with the full terms of the EPP whilst two Contractors had no incentives built into their contracts. In addition, the EPP requires Contractors to house all their workers in the SCV. However, one Contractor was granted an exemption from housing their workers in the SCV and another Contractor is only required to house one thousand workers in the SCV, with any additional workers being exempt from staying in the SCV.
- In one instance, the ERM was unaware of one on-going project on Saadiyat Island and consequently had not monitored that Project's compliance with the EPP.

TDIC's initial focus in implementing the EPP has been on the welfare of construction workers employed on projects on Saadiyat Island. Going forward, TDIC should continue to consider the future scope and application of the EPP as the development of Saadiyat Island continues.



TDIC's response

The CSR Committee setup in March 2011 is, amongst other matters, mandated in its charter to oversee and enhance the implementation of the EPP. One of the measures taken by the CSR Committee to enhance the implementation of the EPP was to issue a revised version, which is intended to be consistently applied to all new contracts TDIC enters into with Contractors on Saadiyat Island.

The most significant enhancement to the revised EPP is the incorporation of a penalty mechanism which will be applied to Contractors' payments in cases of non-compliances with the EPP.

In addition, TDIC's CSR Committee has made a decision to allocate a percentage of penalties received from the Contractors who are in default of the EPP into a special fund, the proceeds of which will be used to enhance the Saadiyat Island workers' welfare and living conditions. The revised EPP was approved by the CSR Committee in March 2012 and this version of the EPP will be included in all future contracts, including the Louvre project, where the Conditions of Contract are currently being prepared.

TDIC will review opportunities to work with third parties to better understand the issues around the role of recruitment Agents and payment of recruitment and relocation fees.

TDIC have made organisational changes to the placement of the ERM, such that the position now reports to the Projects Delivery Head, and is accordingly part of the core team responsible for delivery of projects. TDIC will continue to consider the future scope and application of the EPP as the development of Saadiyat Island continues.

Executive summary (continued)

Monitoring results

Throughout our engagement as independent monitors we found that TDIC and most of the Contractors and subcontractors were supportive and facilitated the delivery of the monitoring programme. TDIC worked with us to help resolve any issues we did encounter.

Our overall findings from the monitoring programme for the key areas covered by the EPP are summarised in Figure 1. We have set out below our observations on each of these areas, together with the actions TDIC has taken or has planned in response.

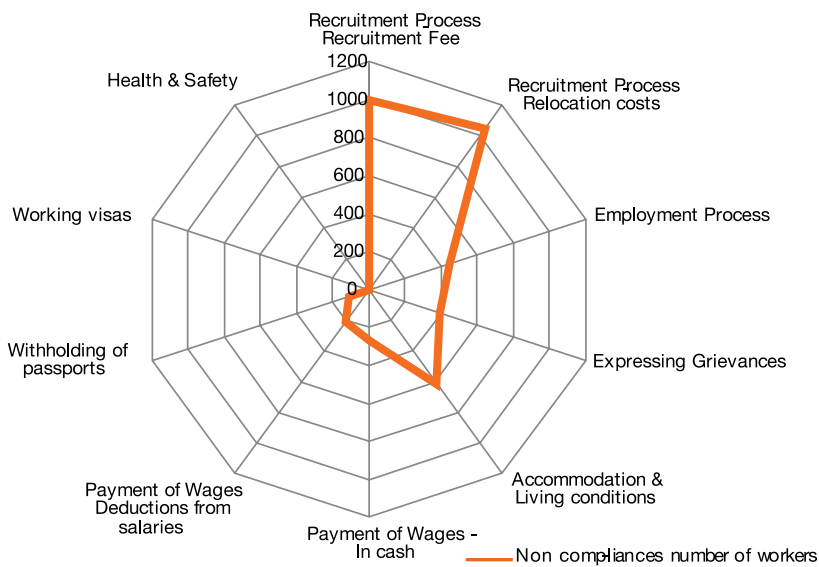


Figure 1: Reported incidences of non-compliance by number of workers

Passports

Observations

During our initial monitoring visit, 89% of workers interviewed stated that they held their passports. The follow up visits noted a positive improvement in this area, with 97% of the workers interviewed visits confirming that their passports were in their possession. Of the remainder of the workers, 7 workers' passports were being held by their employers for renewals of visas and other administrative matters, and 4 workers did not have their passports. Contractors indicated that these passports are in the process of being distributed.

Actions taken

No specific actions were required by TDIC as the Contractors responded to the findings of the monitoring programme.

Recruitment fees and relocation costs

Observations

75% of workers interviewed informed us that they had paid fees in cash to recruitment Agents in their home countries, although none of these workers were able to provide receipts evidencing payment in support of their claims.

77% of workers interviewed informed us they had paid relocation fees in cash, including visas and air ticket costs, in cash to recruitment Agents in their home countries to move to the UAE. Again, none of these workers were able to provide us with receipts evidencing payment in support of their claims.

In response to these findings, Contractors acknowledged that they recruit foreign workers through UAE based recruitment agencies. The UAE agencies have a network of Agents in the workers home countries. These Agents, in-turn, have a network of Agents in different cities and villages, who recruit the workers. In some instances, it was noted that workers claimed to have made payments of recruitment fees to a friend or a relative who would then subsequently secure a contract of work through the local recruitment Agent. *The relationships within this complex network of recruitment Agents appear very loosely defined and, during the monitoring visits, we could not obtain evidence of payment of recruitment fees due to non-availability of documented information.* Workers reported that it is common practice for recruitment Agents in their home countries to charge fees to secure a job overseas. They also informed us that the payment of such fees is in cash and the recruitment Agents do not provide a receipt for such fees. Our scope of work did not include a review of the Agency arrangements in the worker's countries of origin and so we were unable to verify whether recruitment fees had been paid.

Executive summary (continued)

Some Contractors stated that they believed they were not liable to reimburse recruitment fees and relocation costs because, under their interpretation of the EPP, none of their workers had been specifically recruited for their project with TDIC. They stated that the workers were recruited for other construction projects in the UAE and had subsequently been assigned to projects on Saadiyat Island. Contractors also said they were unable to reimburse workers because they were unable to provide evidence of payment of fees. One Contractor also stated that the EPP required TDIC to provide Contractors with a Preferred Suppliers' List ('PSL') from which to source their recruitment Agents. However, no such list had been provided to Contractors and subcontractors.

The payment of recruitment fees and relocation costs to recruitment Agents is a key issue that needs to be addressed. However, full resolution of this issue is beyond TDIC's direct influence and also requires action outside of the UAE.

Actions taken

TDIC has revised the EPP to clarify that Contractors should reimburse relocation costs and recruitment fees for all employees relocating to the UAE, regardless of whether they were recruited specifically to work on Saadiyat Island.

TDIC has also amended the EPP requirement to provide a PSL of recruitment Agents. TDIC have stated that they attempted to create a PSL, but were unable to do so due to the lack of registration requirements for recruitment Agents within the relevant embassies and regulatory agencies of the countries from which the workers are employed. Accordingly, TDIC now requires Contractors to conduct their own diligence on any recruitment Agents used to recruit workers and to provide a list of these Agents.

Terms of Employment/Site Assignment Agreement ('SAA')

Observations

61% of workers interviewed stated they received official confirmation of their employment in an offer letter before leaving their home countries. 76% of the

workers reported that they received their contracts of employment and SAA before being assigned to a site. 14% of workers interviewed reported that SAAs were not explained in their native language.

We were unable to assess any improvement in these areas during our follow-up visits, as the Contractors had not hired any new workers after the period of our initial monitoring visits.

Actions taken

TDIC has translated SAA's in Punjabi, Hindi, Urdu, Telugu, Bengali, Tamil, Arabic, and Malayalam. Contractors have again been requested to ensure that all new recruits sign the SAA in their native language before being assigned to a project. However, it is noted that in some countries there is more than one official language and more than one dialect of these official languages and to translate SAA's into all these languages and dialects is a significant challenge.



Executive summary (continued)

Payment of wages

Observations

81% of the workers interviewed reported that they had received wages paid through the Wage Protection System ('WPS') by electronic transfer. Of the 19% who reported receiving payment in cash, most workers were employed by the same Contractor. These workers also reported that the Contractor withheld one month's salary, which is paid out when the worker takes leave, resigns or is terminated, whichever is earlier. This practice reportedly continued to occur during our follow-up visit.

20% of workers interviewed reported deductions from their salaries relating, for example, to visa fees, medical fees and ATM cards. These workers were employed by two subcontractors at one construction project.

Our follow-up visits indicated no improvement in this area.

Actions taken

TDIC issued a non compliance letter to the Contractor who withheld workers salaries in February 2012. A similar non-compliance letter was issued to the Contractor in June 2012 regarding continued withholding of salaries. The same letter also addressed non compliances by the two subcontractors regarding the salary deductions.

Accommodation and facilities

Observations

We note that over the period of our monitoring programme, the monthly average number of workers living in the SCV has reduced from 10,486 to 2,802. Over the same period the monthly average number of workers on the island has reduced from 19,323 to 10,282.

The EPP requires Contractors to house all their workers in the SCV, unless an exemption has been granted.

The Contractor for one of four projects visited was granted an exemption by TDIC from housing its workers in the SCV. For the remaining three projects, 55% of workers interviewed were accommodated in the SCV. The accommodation and facilities at the SCV were observed to be broadly comparable with other third party operated worker accommodation facilities housing Saadiyat Island workers visited as part of our work. The SCV provides a number of amenities to workers such as a free laundry service and a recreational area with television sets and satellite channels. *Workers did raise complaints in areas related to maintenance at the SCV*, for example, condensation dripping from air conditioning units, poor sanitation conditions and faulty air conditioning systems. The monitoring team was able to verify these observations during their visit.

Workers reported that they are provided with free transportation from the SCV to the project sites and back to the SCV. *However there is no transportation available to the workers on Fridays, from the SCV to Abu Dhabi city.* On other days of the week, there is a shuttle bus facility available part of the way to Abu Dhabi city, with taxis being the only form of public transport from this point.

In addition to the SCV, we visited six third party owned workers' accommodation facilities that the Contractors use to house their workers. Two of these worker's accommodation facilities did not have a medical clinic or a provisions store for workers. Whilst the nature of facilities and accommodation varied, workers did not raise any major concerns about the third party accommodation facilities.

Actions taken

To address the maintenance issues at the SCV, TDIC has entered into an agreement with a third party Contractor to commence improvement works at the SCV in July 2012. TDIC is considering actions to be taken in relation to the lack of availability of transportation on Fridays.

Executive summary (continued)

Working visas

Observations

All workers interviewed during initial and follow up visits reported that they possessed valid work permits.

Actions taken

No action required.

Health and safety

Observations

During both initial and follow-up visits, Contractors demonstrated that they recognised the importance of adhering to the Health and Safety ('H&S') requirements of the EPP. H&S inductions are carried out before workers are deployed to start work on projects. All Contractors have designated H&S managers. Protective clothing and hard hats are provided to workers. Occupational Injury registers are maintained by all Contractors and first aid boxes are in place.

Actions taken

No action required.

Grievances

Observations

TDIC established a Call Centre in June 2010 and a toll free direct access line which workers can call to raise grievances, report concerns and make suggestions. Calls as far as practically possible are attended in the native language of the workers. Since its set up, the Call Centre received and logged 144 calls up to the time of our first visit in August 2011. 39% of workers interviewed during our initial visit were unaware of the Call Centre number and we noted that the EPP induction presentation did not include the Call Centre number. The Call Centre number is, however, prominently displayed in the SCV.

Actions taken

TDIC amended the worker induction presentation to include the Call Centre number and provided it to the Contractors. The Call Centre contact number has also been displayed on notice boards on the construction sites and cards displaying the Call Centre number have been distributed to workers in the SCV.

The steps taken by TDIC appear to have been effective as all the workers interviewed in the follow-up visit indicated that they were aware of the call centre number.

Future work

Based on the results of our monitoring work, *the development and implementation of the EPP by TDIC has increased the level of focus within TDIC's own operations and amongst Contractors working on Saadiyat Island on issues relating to workers welfare.* TDIC faces ongoing challenges to fully implement the EPP given the complexities of contractual arrangements and operational practices and norms for construction projects in the Middle East Region and that some of the key issues, for example payment of recruitment fees, often originate in the workers' home country.

Against this background, *PwC's next phase of work with TDIC will focus on continuing the Contractor monitoring programme, including Contractors on new projects, Contractors on existing projects and further follow up visits.*

In addition to continuing our monitoring work and the actions indicated earlier which TDIC has or is committed to undertaking, *TDIC has indicated to us that it intends to support the monitoring programme with a number of wider actions, within the coming year,* to help address Contractor non-compliance with the EPP. These include;

1. Holding a meeting with key stakeholders to discuss and obtain feedback on the Contractor monitoring programme;
2. Conducting a survey of workers to better understand their priorities and concerns;
3. Continuing its wider CSR related activities focussed on supporting workers welfare on Saadiyat Island; and,
4. Reviewing opportunities to work with third parties to better understand the issues around the role of recruitment Agents and payment of recruitment and relocation fees and also to better understand the overall impact of working on Saadiyat Island on worker livelihoods.

Introduction

Introduction

Over the last 20 years, as global sourcing from developing countries and use of expatriate workers has grown, there has been an increasing focus by Governments, the private sector and non-governmental organisations on issues around workers welfare. Given the significant scale of construction in the UAE over this period and the heavy reliance on expatriate workers, construction projects in particular, have been the focus of comments and concerns on workers' welfare.

Established in 2006, the Tourism Development & Investment Company (TDIC) is a real estate and tourism developer for major projects across the Emirate of Abu Dhabi and as part of its remit, is overseeing the development of Saadiyat Island.

TDIC recognises that its approach to managing workers' welfare issues is important to the long term success of its development activities, particularly in relation to the development of Saadiyat Island. Through the appointment of Contractors for the construction of Saadiyat Island, TDIC also recognises that it has potential to add significantly to the economic and social development of workers livelihoods and those of the workers' home communities. As a result, in 2009, TDIC developed the Employment Procedures Policy (EPP) which sets out the standards which TDIC requires its Contractors to adopt in relation to workers' welfare.

Following an initial period of implementation of the EPP, TDIC appointed PwC in June 2011 to provide independent monitoring of Contractors' compliance with the EPP. This report provides:

- further context on the construction projects currently underway on Saadiyat Island and the Contractors and construction workers involved in these projects;
- an overview of the monitoring approach taken by PwC; and
- a summary of observations arising from the review of the EPP and its implementation by TDIC and the monitoring work, together with a summary of actions taken and planned by TDIC in response to these findings.

The development of Saadiyat Island

Abu Dhabi is the capital and the largest of the seven emirates that make up the UAE, and a key contributor to the UAE's economic and cultural progress.

Saadiyat Island is a natural island on Abu Dhabi's coast which is the focus of 27km² of development across 7 districts which will eventually accommodate over 145,000 people. The districts include:

- Saadiyat Cultural District;
- Saadiyat Marina;
- Saadiyat Beach;
- Saadiyat Promenade;
- Saadiyat Lagoons;
- Saadiyat Reserve; and
- Saadiyat Retreat.

The Saadiyat Cultural District will house cultural institutions, including the Zayed National Museum, Guggenheim Abu Dhabi, Louvre Abu Dhabi, and a maritime museum.



Figure 2: Saadiyat Island (source: TDIC)

Introduction (continued)

Contractors and their workers

Through competitive tendering processes, TDIC has awarded contracts to Contractors to support the construction of projects within Saadiyat Island's development plan. In each case a main Contractor has been appointed which has responsibility for overall delivery of the project. Each main Contractor appoints a number of subcontractors to deliver parts of the project. These subcontractors may in turn appoint other subcontractors for completion of specific tasks. As a consequence of this complex contracting supply chain, the number and nature of the subcontractors working on any individual project may vary significantly across the life of the project. In particular towards the completion stage of a project there may be a large number of small subcontractors operating on a site. During the period July 2011 to April 2012, the monthly average number of subcontractors employed on the projects under construction on Saadiyat Island was 103. (See Figure 3).

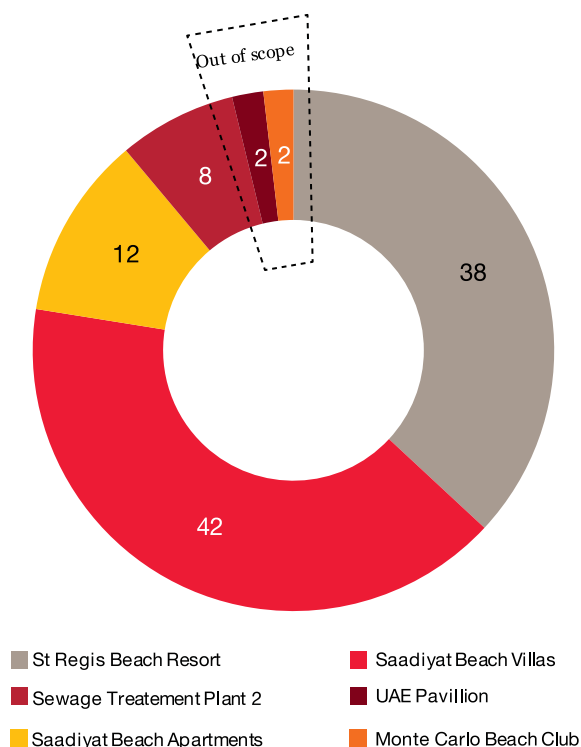


Figure 3: Monthly average number of subcontractors working on Saadiyat Island construction projects, July 2011 – April 2012 (source: TDIC)

The workers involved in the development of TDIC projects on Saadiyat Island are hired and paid directly by Contractors and subcontractors commissioned by TDIC to work on these projects.

Workers are recruited from a number of different countries, the top six being India, Bangladesh, Pakistan, Nepal, Sri Lanka and the Philippines.

Each main Contractor and the subcontractors they engage rely on complex networks of Agents to recruit the majority of workers required to deliver their projects. These recruitment Agents include organizations based in UAE and in the workers' home countries. The network of recruitment Agents ranges from formally established entities in the UAE and the workers' home countries, to friends and family members in their home area.

During the period July 2011 to April 2012, the monthly average number of workers employed by the projects under construction on Saadiyat Island was 15,091. (See Figure 4).

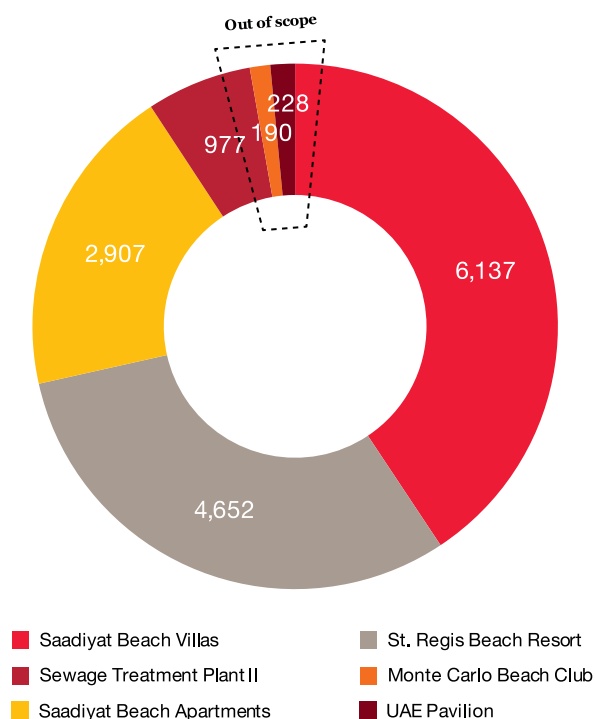


Figure 4: Monthly average number of workers employed on Saadiyat Island construction projects, July 2011 – April 2012 (source: TDIC).

Introduction (continued)

Workers' accommodation

Workers working on Saadiyat Island are housed in a number of different accommodation facilities. These include facilities operated by the Contractors themselves and by a facilities management company operating under the supervision of the Government of Abu Dhabi. These facilities are located in a number of areas including Jebel Ali (Dubai), Reem Island, Al Burgan, ICAD-Musaffah, Mafraq and Hibshaan. Some of these facilities are near Saadiyat Island, others are a 60 to 90 minute drive from the construction sites.

In 2009, TDIC built the SCV to house up to 20,000 workers employed on the Saadiyat Island projects. The intention was to house as many workers as possible that are working on Saadiyat Island. As per TDIC, Contractors are required to factor in the price of housing workers in the SCV in their contract bids.

The SCV is operated by a specialised third party Service Provider and covers an area of approximately 40 hectares. The accommodation within the SCV comprises of 4,488 rooms of three different types:

- A1 type – 6 workers per room, room area of 24sqm and a maximum of 8 workers per WC and shower.
- A2 type – 2 workers per room, room area of 10.5sqm and a maximum of 5 workers per WC and shower.
- A3 type – 1 or 2 workers per room, room area of 18.5sqm which is inclusive of a private en-suite.

The SCV has a number of amenities including dining areas, shops, sports and leisure facilities.

Workers have access to the Call Centre which was set up by TDIC to provide a point of contact for raising issues or enquiries relating to their employment or general welfare.

Development and implementation of the EPP

TDIC created the Employment Practices Policy (EPP) in 2009. The EPP sets out welfare standards for workers on construction projects on Saadiyat Island and is included as part of commercial agreements between TDIC and its Contractors, with a requirement that these standards should also be cascaded to their subcontractors.

The requirements of the EPP are based on, and complement UAE labour law and, in certain areas, accepted international labour practices. The EPP contains 254 clauses covering 9 areas of performance as follows:

1. Contractors' Recruitment Process
2. Contractors' Employment Process
3. Withholding of Passports
4. Payment of Wages
5. Accommodation and Facilities
6. Expressing Grievances
7. EPP Administration
8. Health & Safety
9. Working Visas

Further details of clauses relating to these areas are available in the latest version of the EPP available on the TDIC website.

As noted above, the EPP applies to main Contractors engaged by TDIC to work on the development of Saadiyat Island, and, by extension, to any subcontractors they appoint. Figure 5 provides an overview of the EPP implementation framework.

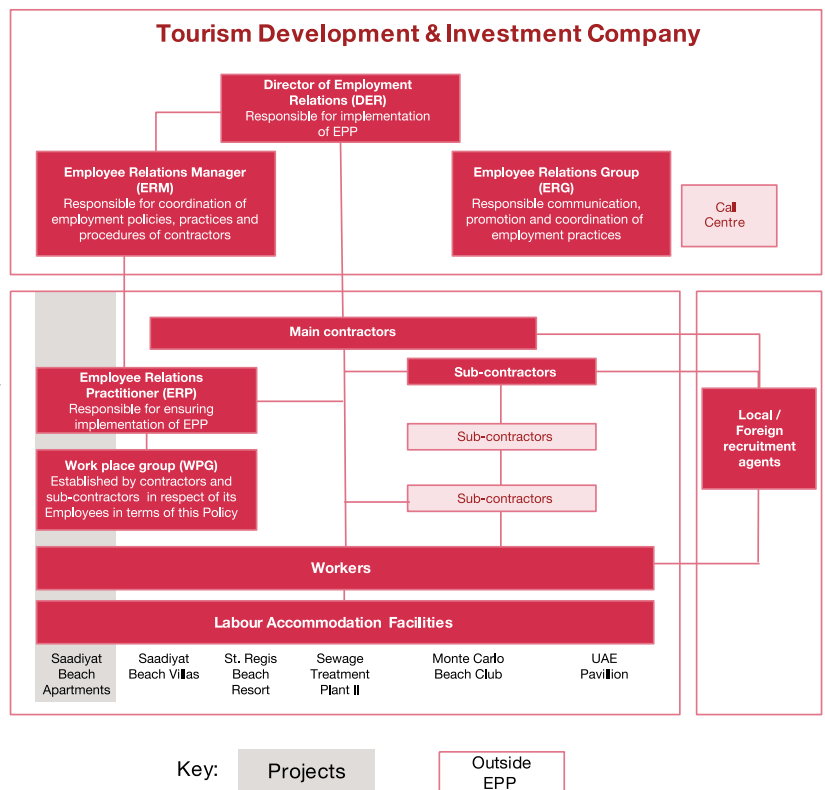


Figure 5: Overview of EPP implementation framework

Introduction (continued)

PwC's role and approach

PwC was appointed by TDIC in June 2011 as an independent monitor to review implementation and compliance with the EPP. PwC's scope of work was to conduct:

- an independent appraisal of TDIC's compliance with the requirements of the EPP, and the extent of the integration and effective application of the necessary practices and procedures within TDIC's routine operations to ensure compliance and application of the EPP requirements; and,
- an independent appraisal of the Contractors and subcontractors' compliance with the requirements of the EPP.

In scoping and conducting the monitoring programme, PwC was able to draw on over 20 years experience in the area of social compliance monitoring and, more widely, in supporting major public and private sector organisations on corporate responsibility and sustainable development projects. PwC's global network of firms currently has over 800 full time sustainability practitioners located in 50 countries around the world.

The PwC monitoring team included individuals with previous experience of advising and implementing compliance monitoring programmes. Monitors were full time PwC staff selected on the basis of their knowledge, experience, language skills and cultural background. The team included staff based in the UAE supported by experts drawn from PwC's global network of firms.

PwC was appointed by TDIC and acted independent of management by reporting to the CSR Committee and ultimately accountable to the Audit Committee of the Board. PwC met with the TDIC EPP Steering Committee on a periodic basis to provide feedback on the progress and results of the monitoring programme. On a day-to-day basis the PwC team co-ordinated with TDIC's Internal Audit department. PwC had direct access to the TDIC Audit Committee to report on instances of non-compliance and any other areas of concern.

Scope of work completed

In the planning phase of the project, we developed the monitoring approach, sampling methodology, monitoring visit protocols, communication plan and reporting deadlines. This phase also involved conducting pilot visits to construction sites and workers' accommodation facilities to test the monitoring tools, questionnaires and approach to worker interviews. Prior to conducting formal monitoring, refinements were made to our methodology based on discussions with workers and our own observations.

We also reviewed the requirements of the EPP, applicable provisions of the UAE labour law and relevant directives and regulations from Municipalities and other Abu Dhabi Government Agencies to support the development of the monitoring programme.

We also conducted an objective review of TDIC's own compliance with the requirements of the EPP and of the extent of the integration and effective application of the necessary practices and procedures within TDIC's operations to implement the EPP. This involved interviewing TDIC's ERM and other relevant staff members and a review of supporting documentation.

The Contractor monitoring programme was executed through a variety of techniques including:

1. Scheduled and unscheduled interviews with workers individually and collectively. The average time spent to interview a worker was 30 - 40 minutes.
2. Visits to the SCV and six other Contractor operated accommodation facilities to review compliance with accommodation standards as stipulated in the EPP.
3. Interviews with Contractor and subcontractor management.
4. Document review, including review of the Contractors and sub contractor's relevant policies and documentation. This included human resource processes and systems providing information on, for example, remuneration, working hours, recruitment, grievance and disciplinary procedures.
5. Visits to the Contractor and subcontractor workers' accommodation.



Introduction (continued)

Our approach to monitoring is provided in Figure 6.

Phase	Steps	Comment
Monitoring programme design	<pre> graph TD A[Scoping] --> B[Document review] B --> C[Development of monitoring plan] C --> D[Development of monitoring tools] </pre>	<ul style="list-style-type: none"> • Review of documents, reports and contracts in TDIC's possession for relevancy.
Monitoring programme implementation	<pre> graph TD A[Initial monitoring visit] --> B[Kick-off meeting] A --> C[Employee interviews] A --> D[Management interviews] A --> E[Site inspection] A --> F[Accommodation inspection] A --> G[Document review] A --> H[Close-out meeting] A --> I[Follow-up visit] </pre>	<p>Initial monitoring visits encompassing:</p> <ul style="list-style-type: none"> • 4 Saadiyat Island projects • 4 main contractors and 4 subcontractors • Interview 1,341 workers • Inspections of 4 construction sites, 6 workers' accommodations and SCV. • Review of documentary evidence and reports at the construction site and prepared by contractor for their internal purposes, such as personnel files and individual timesheets etc • Report findings to Contractors and TDIC. Remediation actions discussed and agreed • Progress on contractor implementation of EPP requirements is reviewed by monitoring team
Reporting	<pre> graph TD A[Initial visit findings report] --> B[Follow-up visit findings report] B --> C[Annual report] </pre>	<ul style="list-style-type: none"> • Reports completed by PwC for each contractor/subcontractors reviewed • Summary annual report completed by PwC

Figure 6: Overview of the monitoring approach

Introduction (continued)

A number of monitoring tools were developed in order to assist with the execution of the monitoring programme. Extracts of these tools are provided in Figures 7 - 10.

Tourism Development & Investment Company Independent Monitoring of TDIC Contractors' Compliance with the Employment Practice Policy Interview questionnaires for labourers						
Prepared by:						
Date:						
EPP Ref.	EPP Objectives	Internal Reference no.	Questions	Responses		
				Worker 1	Worker 2	Worker 3
General Information						
			Name			
			Age			
			Trade			
			Staff/DC no.			
			Nationality			
			Education			
			Time since at Saadiyat Island			
Recruitment Process						
Review Objective: To determine whether contractors' recruitment process is in accordance with the covenants of the EPP and the prevailing laws and regulations.						
16.2	The Contractor shall reimburse Employees for any Recruitment Fees paid by them, without deductions being imposed on their remuneration.	16.2A	- Did you pay any type of recruitment fees?			
		16.2B	- If yes, do you have receipt or any other evidence of payment?			
16.7	New employee's shall receive, in their own language, and acknowledge receipt of official confirmation of his terms of employment, including but not limited to all wage information before leaving his country of origin, or where the Employee is already in the UAE, before the Employee is assigned to the Site.	16.7 A	If internationally hired, - Did you receive receipt of official confirmation of your terms of employment and the offer letter before leaving your home country?			
		16.7 B	If locally hired then, - Did you receive receipt of official confirmation of your terms of employment and the offer letter before being mobilised to the site?			
		16.7 C	- How were you recruited for this job?			

Figure 7: Workers' interview questionnaire

Tourism Development & Investment Company Independent Monitoring of TDIC Contractors' Compliance with the Employment Practice Policy Interview Questionnaires - Contractors/ sub-contractor management						
Prepared by:						
Date:						
EPP Ref.	EPP Objectives	Internal Reference	Questions	Responses		
				Contractor/sub-contractor		
General Information						
			Name			
			Project number			
			Contract number			
			Work done			
Payment of Wages						
Review Objective: To determine whether contractors' wage payment practices are in accordance with the covenants						
21.6	The Contractor shall maintain a payroll register to address any payroll queries.	21.6A	- Do you maintain a payroll register?			
		21.6B	- Do you resolve payroll queries through this register?			
21.7	The Contractor shall keep a wage register of all its Employees, setting out all their Wages and the calculation thereof.	21.7 A	- Do you maintain a wage register containing details of all of your employees?			
22	The Contractor shall ensure that a consistent approach is followed in the application of Employees' Wages per employment category.	22A	- How do you ensure consistency?			
23	The Contractor shall inform the ERM* of any bonuses payable to employees, before such bonuses are being paid.	23A	- Did you inform of any bonuses payable to employees to the ERM?			
		23B	- Did you pay any bonus to workers during contract period?			

Figure 8: Contractors' / subcontractors' interview questionnaire

Introduction (continued)

Tourism Development & Investment Company				
Independent Monitoring of TDIC Contractors' Compliance with the Employment Practice Policy				
Review steps				
Prepared by:				
Date:				
EPP Ref.	EPP Objectives	Internal Reference No.	Review Steps	Work Done
General Information				
Name of the Contractor/sub-Contractor				
Project Name				
Contract reference number				
Name of Contractor Representative				
EPP Administration				
Review Objectives: The administration of the EPP				
4.3	The Contractor shall ensure compliance of this Policy by all its Sub-contractors.	4.3A	- Obtain the agreement signed in between the Contractor and all its Sub-contractors and ensure is EPP included in the agreement	
10.2	The contractor shall ensure that the following written procedures are in place or at least meet the minimum requirements set out in the annexed procedures.	10.2A	- Obtain grievance and disciplinary procedures and ensure they are in place and implemented	
10.2.1	Grievances Procedures			
10.2.2	Disciplinary Procedures			
10.3	The Contractor shall provide to the ERM a copy of its disciplinary and grievances procedures, and HR policies and example of its original offer of employment and its Employment Contract, Induction Programme, Vocational Skills Policy and any other relevant policies and/or ER procedures that may directly or indirectly apply to the Employees	10.3A	- Obtain copy of disciplinary and grievance procedures, HR policies, employment contract, induction programme and vocational skills policy from contractors/sub-contractors	

Figure 9: Document review programme

Tourism Development & Investment Company					
Independent Monitoring of TDIC Contractors' Compliance with the Employment Practice Policy					
Review program for Labour camp's visit					
The General Standards Manual for Group Labor Accommodation and Related Services in the United Arab Emirates					
Prepared by:					
Date:					
EPP Ref.	EPP Objectives	Internal Reference no.	Questions	Labor Camp 1	Labor Camp 2
General Information					
			Name of contractor		
			Camp Site name		
Unit Design Requirements					
Review Objective: To review the general design of the residential units prepared for the labours.					
2.2	Materials used.	2.2.1	- The units shall have concrete or cement block walls and flooring.		
		2.2.2	- Material used should be environment- friendly and should not be flammable		
		2.2.3	- Doors should be fire proof		
2.3	Outdoor requirements	2.3.2	- The area should be sufficient for vehicle movement and parking		
		2.3.3	- Safe passages of the facility should be indicated with instruction signs		
2.4	Ventilation and Air conditioning	2.4.1	- All the rooms, kitchen, corridors, offices and halls should be provided with ventilation and central air conditioning system.		
		2.4.3	- Ventilation should be provided in the bathrooms		
		2.4.9	- The humidity average should vary from 30% to 60% in all air conditioned areas.		

Figure 10: Workers' accommodation visit questionnaire

Introduction (continued)

Monitoring sampling process

The monitoring programme included a review of four of the six active projects on Saadiyat Island during the period from June 2011 to May 2012. The 4 projects were selected on the basis that they accounted for the majority (90%) of the monthly average number of workers on Saadiyat Island over the monitoring period (based on data provided by TDIC).

For each project, PwC reviewed the main Contractor and two largest (in relation to the number of workers employed) subcontractors' compliance with the EPP. We did not extend our monitoring work to other subcontractors working on these and other projects on Saadiyat Island as data provided by TDIC indicated that these accounted for a relative small proportion of the total population of workers on Saadiyat Island. The number of workers interviewed was based on the criteria set out in Figure 11.

No. of employees of Contractor and subcontractor	Sample number of workers
1 – 1000	50
1001 – 3000	100
3001 – 5000	200
5001 – 8000	250
8001 and above	300

Figure 11: Worker interview sampling approach

Approach to the monitoring visits

We conducted two monitoring visits for each project selected. First visits were conducted between July and November 2011 and focused on the main Contractor and the largest subcontractors' compliance with the EPP. Second visits were conducted between December 2011 and April 2012 and focused on follow-up of action items identified in the previous review, and assessment of one other subcontractors' compliance.

The first monitoring visit was conducted over a 4 - 5 week period, with 4 PwC staff members working full time over this period. The second visits were carried out over 2 - 3 weeks, involving 4 PwC staff members working full time.

In addition to monitoring visits to projects, the monitoring team also visited 7 workers' accommodation sites; the SCV and six others which are managed by Contractors or other third parties. The monitoring team assessed the compliance of these sites with the applicable provisions of the UAE law, as set out in the EPP.

In total, the PwC team spent more than 5,300 hours on site conducting the EPP compliance monitoring visits.

Worker interviews

Worker interviews were the principle source of information for the monitoring team. Wherever possible, the monitoring team attempted to corroborate observations from interviews through document review (for example, of employee records held by Contractors/subcontractors) and direct observation (for example, of accommodation facilities). However, it is important to note that some workers' statements could not be corroborated.

Figure 12 shows the total monthly average worker population between July 2011 and April 2012 and the sample size of those workers interviewed by the monitoring team during that period

We interviewed 1,015 workers in our initial monitoring visits and 326 workers in our follow up monitoring visits to the Contractors/subcontractors covering 9% of the monthly average number of workers on Saadiyat Island between July 2011 and April 2012. We consider that the sample of workers selected is an adequate representation of the total population of construction workers who are deployed on Saadiyat Island.

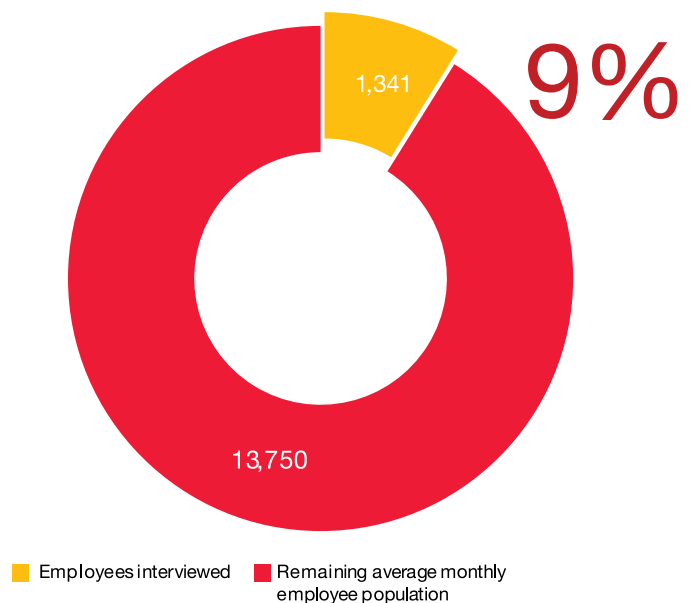


Figure 12: 2011/2012 worker interview sample

Introduction *(continued)*

In preparation for the initial interviews, the monitoring team obtained the latest manpower report for the project from the Contractor. This provided information on the number of workers on site, their nationality, language spoken and the occupation of workers. The PwC team selected a list of workers to be interviewed which was provided to the Contractors / subcontractors one day in advance or on the morning of the interviews.

The sample of workers to be interviewed was selected to achieve fair representation from the various nationalities and occupations active and present on the site. Workers selected for interviews included, for example, masons, mechanics, operators, plumbers, scaffolders, steel fixers, technicians and time keepers.

The majority of the interviews were scheduled and conducted at the Saadiyat Island project's construction office, in light of the practical challenges of conducting interviews on construction sites. Interviews conducted in workers' accommodation facilities were unscheduled and were selected on a random basis.

Confidentiality

Neither TDIC nor the Contractor or the subcontractor management played a role in the selection of workers for the interviews. We adopted a combination of formal scheduled interviews at the project construction site offices, and informal unscheduled interviews at the workers' accommodations to assess compliance with the EPP. Interviews were not attended by representatives of Contractors, subcontractors or TDIC.

Although the Contractors were aware of the names of workers selected for interview, findings from the interviews were aggregated to prevent attribution to any individual worker. Furthermore, the monitoring team supplemented interviews carried out on the project construction site office by conducting unscheduled interviews with workers at the various accommodation facilities. In this way, we were able to corroborate observations made during the formal interviews at the site.

Language /culture

Recognising the importance of language and cultural issues, interviews were conducted in the workers' native language by PwC staff with the same cultural background. Languages used by workers included: Hindi, Urdu, Punjabi, Bengali, Filipino, Nepali, Arabic, English and Malayalam.

Reporting

Each initial and follow-up monitoring visit was concluded with a closing meeting conducted jointly by PwC and a TDIC representative with the Contractor's and subcontractor's senior management. These meetings provided initial feedback on the results of the monitoring visit. A final report was then prepared, setting out the monitoring teams' findings.

The monitoring team issued a total of 19 reports in relation to Contractor / subcontractor visits, the results of which are aggregated and summarised in this Annual Report.

Contractors were required by TDIC to respond in writing to the findings and to present action plans to address any areas of non-compliance identified.



Findings

Findings

EPP and its implementation

Finding

Building on the original version of the EPP issued in 2009, we noted that the precise EPP conditions applying to each of the projects visited were different. During the initial period of EPP implementation, there was no clearly defined process for amending or updating the EPP within TDIC (this also created challenges for the monitoring visits, as every Contractor needed to be monitored specifically against the EPP version applicable to them).

Whilst there was no formal stakeholder engagement during the development of the EPP, TDIC subsequently convened a Contractor forum, the Employment Relations Group ('ERG'), to discuss practical issues on implementation of the EPP.

Observations

As experience of the EPP implementation has grown, it has become apparent that further clarification of precise requirements is needed in certain areas for example, in relation to what constitutes appropriate drinking water in the warmer months or the definition of adequate sanitation facilities. Further clarification is also required on the scope of application of the EPP, for example, whether conditions on payment of recruitment fees and relocation costs apply only to workers recruited specifically for the Saadiyat Island projects or to all workers working on the island, including those who may have previously relocated to the UAE prior to commencing work on the island. Existing Contractors are currently using their own interpretation of these clauses with resulting inconsistent application across different projects.

Actions taken

The CSR Committee set-up in March 2011 is, amongst other matters, mandated in its charter to oversee and enhance the implementation of the EPP. One of the measures taken by the TDIC CSR Committee to enhance the implementation of the EPP was to issue a revised version, which is intended to be consistently applied to all new contracts TDIC enters into with Contractors on Saadiyat Island. The most significant enhancement to the revised EPP is the incorporation of a penalty mechanism which will be applied to Contractors' payments in the cases of non-compliances with the EPP. In addition, TDIC's CSR Committee has made a decision to allocate a percentage of penalties received from the Contractors who are in default of the EPP into a special fund, the proceeds of which will be used to enhance the Saadiyat Island workers' welfare and living conditions. The revised EPP was approved by the CSR Committee in March

2012 and this version of the EPP will be included in all future contracts, including the Louvre project, where the Conditions of Contract are currently being prepared.

Finding

TDIC has demonstrated its commitment to promote workers' welfare by including the EPP as a formal requirement within the agreements with its main Contractors.

Observations

Our work has, however, highlighted inconsistencies in the EPP implementation approach between Contractors for contracts already issued. For example, two Contractors were offered financial incentives to achieve compliance with the full terms of the EPP whilst two Contractors had no incentives built into their contracts. In addition, the EPP requires Contractors to house all their workers in the SCV. However, one Contractor was granted an exemption from housing their workers in the SCV and another Contractor is only required to house one thousand workers in the SCV, with any additional workers being exempt from staying in the SCV.

Actions taken

In response to our findings, TDIC has confirmed that the ERM and the CSR Committee will approve any changes to the EPP. Version control has been introduced and a new version of the EPP has been introduced which includes a penalty mechanism for Contractors that do not comply with the EPP. This version of the EPP will be applicable to all future projects commissioned by TDIC. We understand that the complex contractual relationship between TDIC and its current Contractors on the projects being reviewed make it very difficult to implement the new EPP version in its current contracts, however, cognizant of this fact, TDIC has incorporated the new EPP version as a core part of all its new contracts (including the contract for the Louvre Abu Dhabi).

Going forward, TDIC has introduced a penalty mechanism for all new contracts where Contractors will be penalised for non compliance with the EPP. TDIC has established a monetary fund, based on the penalties applied to non-complying Contractors. The proceeds of the fund will be dedicated to the enhancement of the Saadiyat Island workers' welfare and living conditions.

Findings (continued)

Finding

The ERG meetings serve as the forum for TDIC and the Contractors to meet and discuss challenges around implementation of the EPP. These meetings had been discontinued in May 2011.

Observations

ERG meetings are an important communication channel between the Contractors and TDIC. They provide an open forum to discuss matters arising out of the implementation of the EPP and to seek clarifications. Our review indicated that no ERG meeting was conducted for the month of November 2010 for all the Contractors, and that this was combined with the December 2010 meeting. ERG meetings were cancelled from May 2011 onwards.

Actions taken

Upon reporting the matter to TDIC's senior management, actions were taken to re-initiate the ERG meetings from March 2012 onwards.

Finding

In one instance, the ERM was unaware of one on-going project on Saadiyat Island and consequently had not monitored that project's compliance with the EPP.

Actions taken

TDIC have made organisational changes to the placement of the ERM, such that the position now reports to the Projects Delivery Head, and is accordingly part of the core team responsible for delivery of projects.

The monitoring process

In conducting the monitoring visits we have identified a number of observations on the monitoring process which we have fed back to TDIC.

During the monitoring, we received positive engagement and support from TDIC and most of the Contractors (3 out of 4 main Contractors visited) and subcontractors who cooperated fully with the monitoring team (for example, by providing free access to facilities and sites, and disclosing relevant information and documents). Only one Contractor and one subcontractor failed to provide the majority of documents that were requested for inspection by the monitoring team during our initial visit and one subcontractor did not allow the team to conduct interviews at its workers' accommodation.



Findings (continued)

It is crucial for the success of the monitoring programme that workers should be in a position to respond freely to questions and provide input without interference or intimidation from management. The monitoring team made efforts to ensure that this was the case as far as possible. However, it became apparent that one Contractor was seeking to influence workers' answers in the interview process. These workers were observed being coached before the interviews. The monitoring team and TDIC requested that the Contractor cease this practice immediately. No such instances were noted after the monitoring team identified this issue. The impact of any briefing of workers was mitigated to some extent by conducting unscheduled interviews at workers' accommodation facilities.

On every construction project, there are several tiers of subcontractors working on the project, with the number of subcontractors engaged varying greatly depending on the stage of completion of the project. Our review focused on the main Contractors' and their immediate subcontractors' compliance with the EPP. Given the large number and complex relationships between subcontractors, which are not clearly documented and defined, our monitoring work was unable to assess formal compliance below the first level of subcontractor relationships. Consideration should be given in future monitoring work to assessing EPP compliance across a wider range of subcontractors.

Key compliance issues

Based on the scope of monitoring completed above we have provided TDIC with detailed initial and follow up monitoring reports on the status of EPP compliance for each Contractor and subcontractors monitored. These reports have been discussed and agreed with the Contractor and TDIC. In most cases, the Contractors and TDIC have taken actions to address issues or have agreed plans to do so. We have summarised below the main observations from the monitoring programme, together with actions planned or taken by the Contractors and TDIC, as appropriate.

Note: for each performance area addressed, a Summary of the EPP requirement is included. Please refer to the latest version of the EPP which is available on the TDIC website.

Summary

Figure 13 summarises the results of the initial and follow-up visits, indicating the overall frequency of non-compliances observed.

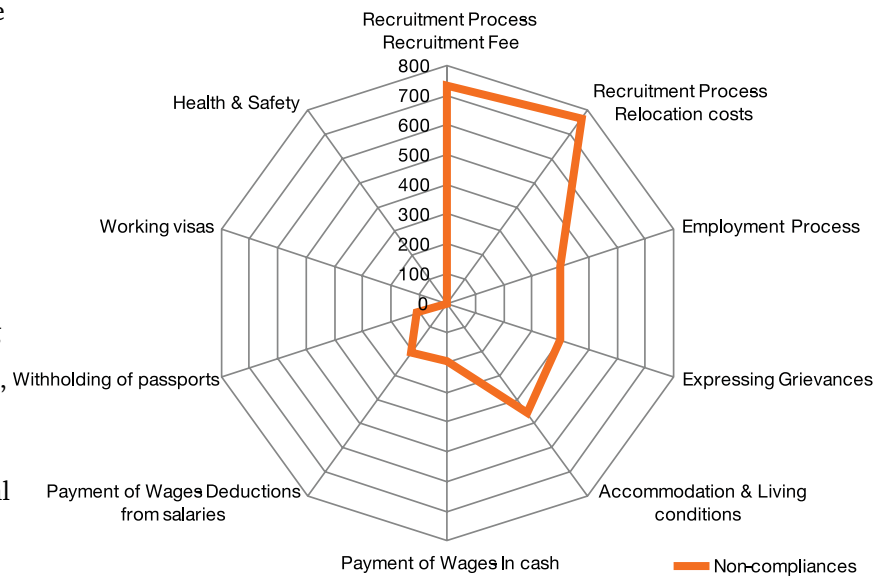


Figure 13: Reported incidences of non-compliance by number of workers

Retention of passports

The EPP states that Contractors and subcontractors shall not keep or retain the passport of any employee, other than for the purposes of obtaining or renewing a Residency Visa or cancellation of a Residency Visa upon termination of employment.

Finding

We tested compliance with this clause by interviewing workers. During visits to the workers' accommodation, we asked workers to show us their passports.

During our initial monitoring visit, 89% of workers interviewed stated that they held their passports. The follow up visits noted a positive improvement in this area, with 97% of the workers interviewed in the visits confirming that their passports were in their possession. Of the remainder of the workers, 7 workers' passports were being held by their employers for renewals of visas and other administrative matters, and 4 workers did not have their passports. Contractors indicated that these workers have recently been transferred from other project sites and their passports were in the process of being distributed.

Findings (continued)

Observations

There was a significant improvement noted in this area. The Contractor and a subcontractor with the largest number of non-compliances during the initial visit complied with this requirement.

Actions taken

No specific actions were required by TDIC as the Contractors responded to the findings of the monitoring programme.

Recruitment fees and relocation costs

The EPP states that Contractors and subcontractors are liable for the payment of recruitment fees and all monies to relocate workers to the site, including visa fees, travel/ticket and all monies necessary to assign the employees to the site. Contractors and subcontractors are required to have formal agreements with recruitment Agencies. These agreements should include a clause prohibiting payment of recruitment fees by workers.

Finding

75% of workers interviewed informed us that they had paid fees in cash to recruitment Agents in their home countries, although none of these workers were able to provide receipts evidencing payment in support of their claims.

77% of workers interviewed informed us they had paid relocation fees, including visas and air ticket costs, in cash to recruitment Agents in their home countries to move to the UAE. Again, none of these workers were able to provide us with receipts evidencing payment in support of their claims.

A number of workers reported payment of recruitment fees directly to their relatives and friends, who they claim in turn paid the fees to a recruitment Agent. In case of one subcontractor, 5 workers reported to have paid recruitment fees to the management of the subcontractor.

Of the 4 main Contractors and 8 subcontractors visited, 7 had written agreements in place with recruitment Agencies. In only two cases did these agreements include a clause prohibiting payment of recruitment fees by the workers.

During our follow-up visits, we noted one subcontractor's agreement with a recruitment Agency stated that a worker hired would pay a month's wages as recruitment fees to the Agent.

Observations

In response to these findings, Contractors acknowledged that they recruit foreign workers through UAE based recruitment agencies. The UAE agencies have a network of Agents in the workers' home countries. These Agents, in-turn, have a network of Agents in different cities and villages, who recruit the workers. In some instances, it was noted that workers claimed to have made payments of recruitment fees to a friend or a relative who would then subsequently secure a contract of work through the local recruitment Agent. The relationships within this complex network of recruitment Agents appear very loosely defined and, during the monitoring visits, we could not obtain any evidence of payment of recruitment fees due to non-availability of documented information. Workers reported that it is common practice for recruitment Agents in their home countries to charge fees to secure a job overseas. They also informed us that the payment of such fees is in cash and the recruitment Agents do not provide a receipt for such fees. Our scope of work did not include a review of the Agency arrangements in the worker's countries of origin and so we were unable to verify whether recruitment fees had been paid.

Some Contractors stated that they believed they were not liable to reimburse recruitment fees and relocation costs because, under their interpretation of the EPP, none of their workers had been specifically recruited for their project with TDIC. They stated that the workers were recruited for other construction projects in the UAE and had subsequently been assigned to projects on Saadiyat Island. Contractors also said they were unable to reimburse workers because they were unable to provide evidence of payment of fees. One Contractor also stated that the EPP required TDIC to provide Contractors with a PSL from which to source their recruitment Agents. However, no such list had been provided to Contractors and subcontractors.

The payment of recruitment fees and relocation costs to recruitment Agents is a key issue that needs to be addressed. However, full resolution of this issue is beyond TDIC's direct influence and also requires action outside of the UAE.

Findings (continued)

Actions taken

TDIC has revised the EPP to clarify that Contractors should reimburse relocation costs and recruitment fees for all employees relocating to the UAE, regardless of whether they were recruited specifically to work on Saadiyat Island.

TDIC has also amended the EPP requirement to provide a PSL of recruitment Agents. TDIC have stated that they attempted to create a PSL, but were unable to do so due to the lack of registration requirements for recruitment Agents within the relevant embassies and regulatory agencies of the countries from which the workers are employed. Accordingly, TDIC now requires Contractors to conduct their own diligence on any recruitment Agents used to recruit workers and to provide a list of these Agents.

Terms of Employment and Site Assignment Agreements

The EPP requires that workers shall receive and acknowledge receipt of official confirmation of their terms of employment before leaving their country of origin. Further, prior to being assigned to a site, workers should sign a site Assignment Agreement (SAA) to confirm, amongst other items, that they have not been required to pay recruitment fees to any Agent in respect of gaining employment.

Finding

61% of workers interviewed stated they received official confirmation of their employment in an offer letter before leaving their home countries. 76% of the workers reported that they received their contracts of employment and SAA before being assigned to a site.

We also noted contradictions in some workers' statements. Some workers who stated that they had paid recruitment fees also went on to sign SAAs, apparently confirming that they had not been required to pay these fees. Workers informed us that they signed SAAs without understanding the contents. 14% workers interviewed reported that SAAs were not explained in their native language. Workers reported that they signed SAAs as they did not believe that they had any other option.

Observations

We were unable to assess any improvement in this area in our follow-up visits, as the Contractors have not hired any new workers after we reported this matter in our initial visit.

Actions taken

TDIC has translated SAA's in Punjabi, Hindu, Urdu, Telugu, Bengali, Tamil, Arabic, and Malayalam. Contractors have again been requested to ensure that all new recruits sign the SAA in their native language before being assigned to a project. However, it is noted that in some countries there is more than one official language and more than one dialect of these official languages and to translate SAA's into all these languages and dialects is a significant challenge.

Payment of wages

The EPP requires that wages are paid directly and electronically into the bank account of the Employees in UAE currency. No wages shall be paid in cash. The Employer shall not deduct any money from any employees' wages, except as permitted by law or for repayment of a loan. Deductions shall not exceed 10% of employees' wages. The Contractor shall also provide Employees with payslips when making salary payments.

Finding

81% of the workers interviewed reported that they had received wages through the Wage Protection System ('WPS') by electronic transfer into their bank accounts. Of the 19% who reported receiving payment in cash, the majority were employed by one particular Contractor. These workers also reported that the Contractor withheld one month's salary, which is paid out when the worker takes leave, resigns or is terminated, whichever is earlier. This practice reportedly continued to occur during our follow-up visit.

20% of workers interviewed reported deductions from their salaries relating, for example, to visa fees, medical fees and ATM cards. These workers were employed by two subcontractors at one construction project.

Our follow-up visits indicated no improvement in this area.

Actions taken

TDIC issued a non compliance letter to the Contractor who withheld workers salaries in February 2012. A similar non-compliance letter was issued to the Contractor in June 2012 regarding continued withholding of salaries. The same letter also addressed non compliances by the two subcontractors regarding the salary deductions.

Findings (continued)

Accommodation and facilities

EPP requires Contractors to house all their workers in the SCV. Any exemption has to be approved by the ERM. Where the Contractor does not utilize the SCV, it will provide accommodation that meets the requirements set by TDIC and by the Ministry of Labour. The EPP states that workers shall have freedom of movement outside SCV and Contractors shall provide employees with free transportation.

Finding

We note that over the period of our monitoring programme the monthly average number of workers living in the SCV has reduced from 10,486 to 2,802. Over the same period the monthly average number of workers on the island has reduced from 19,323 to 10,282.

The Contractor for one of four projects visited, was granted an exemption by TDIC from housing its workers in the SCV. For the remaining three projects, 55% of workers interviewed were accommodated in the SCV.

The accommodation and facilities at the SCV were observed to be broadly comparable with other third party operated worker accommodation facilities housing Saadiyat Island workers visited as part of our work. The SCV provides a number of amenities to workers such as a free laundry service and a recreational area with television sets and satellite channels. Workers did raise complaints in areas related to maintenance at the SCV, for example, condensation dripping from air conditioning units, poor sanitation conditions and faulty air conditioning systems. The monitoring team was able to verify these observations during their visit.

Workers reported that they are provided with free transportation from the SCV to the project sites and back to the SCV. However there is no transportation available to the workers on Fridays from the SCV to Abu Dhabi city. On other days of the week, there is a shuttle bus facility available part of the way to Abu Dhabi city, with taxis being the only form of public transport from this point.

In addition to the SCV, we visited six third party owned workers' accommodation facilities that the Contractors use to house their workers. Two of these worker's accommodation facilities did not have a medical clinic or a provisions store for workers. Whilst the nature of facilities and accommodation varied, workers did not raise any major concerns about the third party accommodation facilities.

Actions taken

To address maintenance issues at the SCV, TDIC has entered into an agreement with a third party Contractor to commence improvement works at the SCV in July 2012. TDIC is considering actions to be taken in relation to the lack of availability of transportation on Fridays.

Working visa

The EPP states that expatriate employees will not be allowed to work on Site unless they are in possession of a valid work permit in accordance with UAE labour law.

Finding

All workers interviewed during initial and follow up visits reported that they possess valid work permits.

Observations

On a sample basis we checked validity of labour cards possessed by the workers. We noted that two Contractors have withheld workers' labour cards, while they returned their passports to them.

Actions taken

None required.

Health and safety ('H&S')

The EPP specifies that H&S inductions should be conducted, protective clothing should be provided to workers free of charge, an occupational injuries register should be maintained, H&S instructions should be displayed on notice boards and at least one first aid box shall be provided for every 100 employees.

Finding

All Contractors recognised the importance of adhering to H&S requirements of the EPP on all the projects visited. H&S inductions are carried out before workers are deployed to start work on the site. All Contractors have designated H&S managers/ representatives. Protective clothing and hard hats are provided to workers. Occupational Injury registers are maintained by all Contractors. First aid boxes are in place. During our follow-up visit, Contractors continued to comply with H&S requirements.

Actions taken

None required.

Findings (continued)

Grievances

The EPP specifies that call centre number should be provided to workers during their induction. EPP requires that all calls, as far as practically possible, should be responded to in the workers' native languages.

Finding

TDIC established a Call Centre in June 2010 and a toll free direct access line which workers can call to raise grievances, report concerns and make suggestions. Calls as far as practically possible are attended in the native language of the workers. Since its set up, the Call Centre received and logged 144 calls up to the time of our first visit in August 2011. 39% of workers interviewed during our initial visit were unaware of the Call Centre number and we noted that the EPP induction presentation did not include the Call Centre number. The Call Centre number is, however, prominently displayed in the SCV.

Actions taken

TDIC amended the worker induction presentation to include the Call Centre number and provided it to the Contractors. The Call Centre contact number has also been displayed on notice boards on the construction sites and cards displaying the Call Centre number have been distributed to workers in the SCV.

The steps taken by TDIC appear to have been effective as all the workers interviewed in the follow-up visit indicated that they were aware of the Call Centre number.

Appendix

Appendix - Glossary

EPP	means the Employment Practices Policy developed by TDIC to be applied by all its Contractors/ subcontractors.
Agent	means and includes any Sub Agent, person or entity that recruits Employees for Contractors.
Basic Wages	means the monetary consideration given to an Employee in return for his service in terms of his Contract of Employment, which amount is used as a basis from which overtime and benefit calculations are made.
Call Centre	means the Centre established by TDIC in accordance with the EPP.
Contractor	means the other Party to the Main Agreement for Construction works with TDIC, and shall be deemed to include all subcontractors engaged by the Contractor.
CSR	means the Corporate Social Responsibility Committee formed by TDIC to oversee employees' employment relations practices.
DER	means Director of Employment Relations, appointed by TDIC or any person designated by him to oversee the implementation of the EPP.
Employee / Worker	mean all daily, hourly and monthly paid Employees of the Contractor permanently or temporarily assigned to the site by any Contractor.
ER	means Employment Relations, comprising all Employment and Employment Relations policies, practices and procedures of the Contractor to be applied on the site.
ERG	means the Employment Relations Group, constituted to communicate, promote and coordinate general employment practices in terms of the EPP.
ERM	means the Employment Relations Manager, appointed by TDIC to co-ordinate ER policies, practices and procedures of the Contractor. For the purpose of the EPP the ERM reports directly to the DER.
ERP	means the Employment Relations Practitioner, appointed by all Major Contractors to ensure that the EPP is implemented and complied with.
Independent	means, for the purposes of this report that PwC has complied with the fundamental principles set out in the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants ("the IESBA Code"). It is not intended to imply that this report is an assurance report, or that PwC has complied with all of the ethical requirements applicable to assurance engagements, as set out in sections 290 and 291 of the IESBA Code.
Law	means any UAE law, regulation, directive, decree, ministerial decision or order, or guideline issued by the relevant authorities where the work is performed.
Main Agreement	means the agreement between TDIC and the Contractor of which this EPP forms part of.
Temporary Employee	mean all Employees who are assigned to the site for less than 30 days accumulatively over the duration of the Works.
Project	means any Project commissioned by TDIC on Saadiyat Island.
Recruitment Fee	means any recruitment monies or fees payable to an Agent or third party with regard to an Employee's assignment to the site.
Site	means the location, layout and boundaries of the Project as identified in the Main Agreement. Reference to "site" shall include any place where a Service Provider renders a service to the Client.
Site Assignment Agreement	means the agreement that Contractors are required to enter into with Employees who are assigned to the site.
TDIC	means Tourism Development & Investment Company of Abu Dhabi.
Subcontractor	means any subcontractor appointed by a Contractor to perform any part of the Works on the site, and includes any person or entity that supplies labour to the Contractor or subcontractor.
Service Provider	means a Contractor engaged by TDIC to provide services on Saadiyat Island other than Contractors/ subcontractors engaged for construction projects.
WPG	means Work Place Group which is established by the Contractors and subcontractors in respect of its Employees in terms of the EPP.
SCV	means Saadiyat Construction Village.

Disclaimer

- 1- This document has been prepared in accordance with our Agreement with the Tourism Development and Investment Company (TDIC), and has been prepared for TDIC only. To the extent permitted by law, PricewaterhouseCoopers, Abu Dhabi does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the Consultancy Agreement for the matter to which this document relates (if any), or (ii) as expressly agreed by PricewaterhouseCoopers, Abu Dhabi at its sole discretion in writing in advance. Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind and disclaims all responsibility for the consequences of any person acting or refraining to act in reliance on the contents of this report or for any decisions made or not made which are based upon the contents of this report.
- 2- Unless required by law, no extract from this report is to be distributed to Third Parties without our prior written consent. We may at our discretion, grant or withhold our consent or grant our consent subject to conditions.
- 3- No oral or written reference to the contents of this report may be made to any Third Parties without our prior written consent. We may, at our discretion grant or withhold our consent or grant it, subject to conditions.
- 4- The work we performed did not constitute a review in accordance with generally accepted auditing standards or attestation standards. Accordingly, we do not provide an opinion, attestation or other form of assurance with respect to our work.
- 5- We did not plan and perform our work with the objective of preventing or discovering fraud or misrepresentation by TDIC, Contractors, subcontractors and the workers interviewed by us.
- 6- This report contains information obtained or derived from a variety of sources as indicated within the report, including TDIC, Contractors, subcontractors and the workers interviewed by us. PwC has not sought to establish the reliability of those sources or verified the information so provided. Accordingly no representation or warranty of any kind (whether express or implied) is given by PwC to any person (except to TDIC, under the relevant Consultancy Agreement) as to the accuracy or completeness of the report.

About PwC

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with close to 169,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.

Established in the Middle East for 40 years, PwC has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 2,500 people. (www.pwc.com/middle-east)

© 2012 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" is the brand under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide services. Together, these firms form the PwC network. Each firm in the network is a separate legal entity and does not act as an agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way.