

Tourism Development & Investment Company (TDIC)

Employment Practices Policy (EPP) Compliance Monitoring Report

4th Annual Monitoring Report
January 2016



5,000 Hours

More than 5,000 hours of effort spent by PwC Monitors in 2015

14
PwC Monitors

Languages used by PwC Monitors to interview workers included: Hindi, Urdu, Punjabi, Bengali, Malayalam, Nepalese, Tagalog and English.

8 Languages



TDIC 2015 Overall Statistics

7 Projects
Total active construction projects managed by TDIC

7 Contractors
Total number of Contractors for the 7 projects

53 Subcontractors
Total number of Subcontractors for the 7 Contractors

5,555 workers
Monthly average of workers on site

PwC independent Monitoring

6 Projects
Projects covered

6 Contractors
Contractors covered

8 Subcontractors
Subcontractors covered

880 Workers
Workers Interviewed

2015 Monitoring Programme Metrics

6 Initial Reviews

5 Follow Up Reviews

7 Ongoing Reviews*

Project Selection Criteria

Contract Value

Stage of Completion

of Workers involved

*please refer to page 6 for further details.

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Executive Summary

Background

Following the completion of our three Independent Monitoring reviews in 2012, 2013 and 2014, PwC was re-appointed in 2015 by the Tourism Development & Investment Company (“TDIC” or the “Company”) to assess TDIC’S and its Contractors and Subcontractors’ compliance with the TDIC Employment Practices Policy (EPP). The EPP was developed and implemented by TDIC to safeguard the welfare of workers engaged on Saadiyat island (“Saadiyat”) construction projects.

TDIC has maintained its focus on worker welfare issues through the implementation and operation of the EPP, which was initially developed by TDIC in 2009. The EPP has evolved from being a policy which Contractors and Subcontractors on Saadiyat are required to comply with, to becoming embedded into the day-to-day corporate processes and procedures of TDIC and its Contractors/ Subcontractors. Since our 2014 monitoring report, EPP enhancements and developments include: publishing an enhanced version of the policy, development of a procedures manual to complement the policy, investment in a semi-automated EPP reporting tool and the introduction of an operational framework to provide more integration between the various stakeholders responsible for the EPP.

These ongoing developments within TDIC are against a broader backdrop of increasing focus on worker welfare issues in the United Arab Emirates (“UAE”) and across the Middle East region.



Figure 1: Saadiyat island
(source: TDIC)

As economic growth and social development in the UAE and across the region continues, this growth has created significant employment opportunities for both skilled and unskilled expatriate workers. This has also increased local and international attention to the workers welfare agenda.

During recent years, the UAE has taken an increasingly pro-active role in the development and advancement of worker welfare standards in Abu Dhabi and the UAE country as a whole. The ratification of nine (9) International Labour Organization (“ILO”) conventions since 1982, the appointment of the UAE as a member of the Board of Directors of the ILO in 2014 and the announcement of reforms to the UAE local Labour Law in October 2015, to be effective from January 2016, illustrate the UAE’s continued commitment to focus on the protection of worker welfare standards both in the UAE and globally.

As part of its continuing efforts to ensure the stability of the labour market and protection of workers, on 2 October 2014, the Government of Abu Dhabi issued a memo to all local government entities mandating all of their Contractors and Subcontractors to:

- have appropriate worker health insurance and visas in place;
- provide appropriate worker accommodation facilities;
- be in compliance with the UAE Wage Protection System (an automated bank transfer and recording system); and
- demonstrate adherence to the UAE Federal Labour Law.

All local Government entities, including TDIC, are also now required to submit quarterly reports to the UAE Ministry of Labour (“MoL”) on their compliance with these requirements.

As background to this year’s Monitoring Report, it should also be noted that from November 2014, the new Board of TDIC initiated an organizational restructuring programme of the Company which is still ongoing.

During 2015, TDIC also continued its interaction with external stakeholders on worker welfare activities. TDIC has provided periodic updates to various stakeholders on the current status of worker welfare standards on TDIC managed projects and sought to address any specific concerns or requirements of these stakeholders.



Figure 2: Cultural District – Masterplan
(source: TDIC)

About TDIC

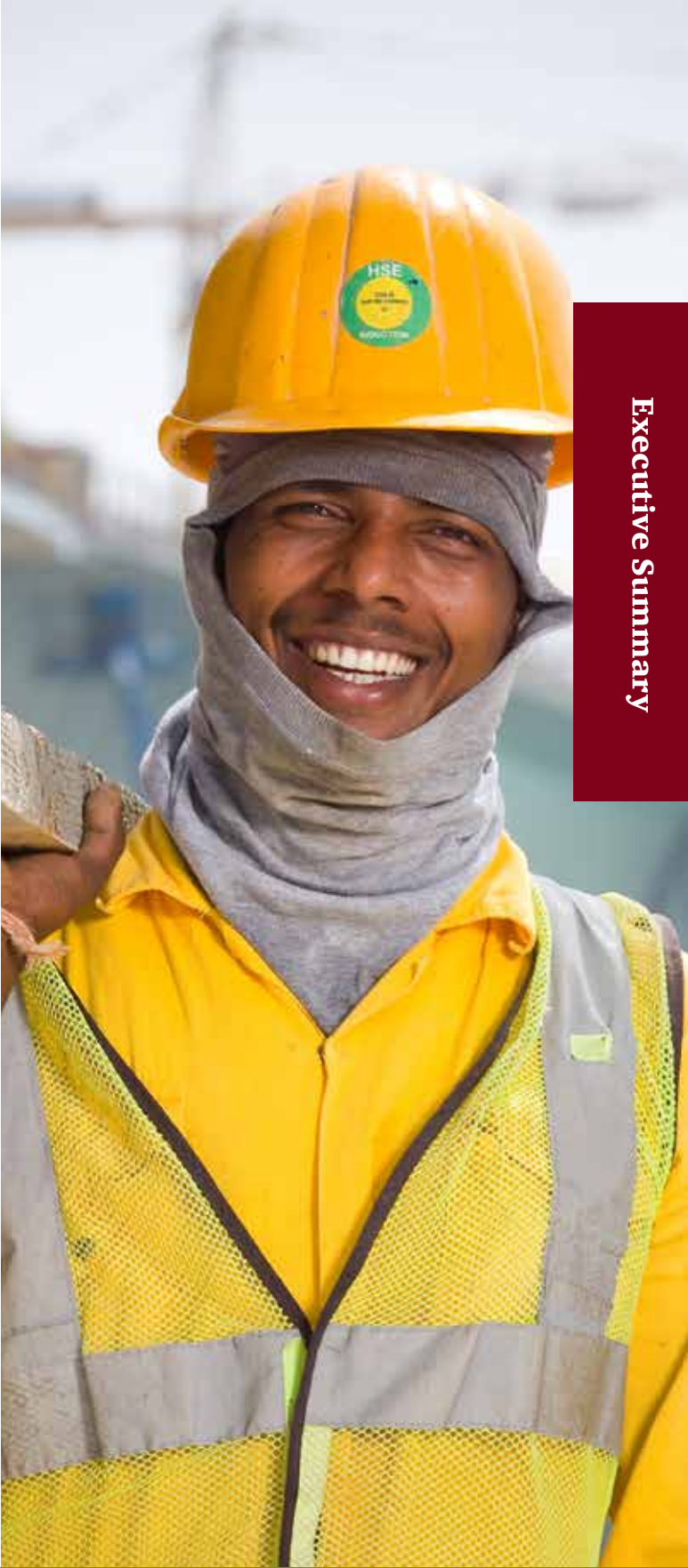
Established by the Abu Dhabi Government in 2006, TDIC is one of several developers and investors of major tourism, cultural and residential destinations in Abu Dhabi. One of the main elements of Abu Dhabi’s Vision for 2030 is the development of Saadiyat, part of which is being overseen by TDIC.

Saadiyat is TDIC’s flagship destination, which is being developed by the Company and other investors and developers. During 2015, TDIC was managing a total of 21 projects on Saadiyat. These were either in the design, tender or construction stage.

During the 2015 monitoring period (February – November 2015) there were seven (7) projects under construction managed by TDIC that formed the basis of the Monitoring Programme on Saadiyat, which were:

- Louvre Abu Dhabi;
- Cultural District Infrastructure;
- Cultural District Service Tunnel;
- Saadiyat Police Station;
- Saadiyat Civil Defense Station;
- Mamsha Al Saadiyat enabling works; and
- West Edge Shore Protection Works.

These projects were executed by seven (7) main Contractors and their 53 Subcontractors, which collectively employed a monthly average of 5,555 workers on Saadiyat between February and November 2015.



“

TDIC’s vision



“To develop sustainable cultural and tourism assets that support the Abu Dhabi Economic Vision 2030 by enhancing the Emirate’s reputation as a destination of choice for tourists, business visitors, entities, and residents”

Scope of the 2015 Monitoring Programme

The Independent Monitoring Programme in 2015 included:

- Validation of TDIC’s responses to findings raised in our 2014 EPP Annual Monitoring Report;
- An independent appraisal of TDIC’s updated EPP (version 3) published in August 2015, including a comparison against the previous EPP (version 2) which was issued in 2012;
- An assessment of the governance, policies and procedures within TDIC that enable EPP implementation;
- An independent appraisal of EPP implementation by six (6) main Contractors and the largest eight (8) of their Subcontractors working on active construction projects on Saadiyat. One of the Contractors was not monitored due to the project having low levels of manpower during our monitoring period;
- An independent inspection of the Saadiyat Accommodation Village (“SAV”) to assess the adequacy of the workers’ living conditions;
- Introduction of a pilot ‘worker satisfaction’ survey, which included workers from different Contractors and Subcontractors, to assess the workers’ overall satisfaction levels related to the accommodation, facilities and overall living experience at SAV; and
- Reporting of the EPP monitoring results to TDIC Board Audit Committee (“BAC”).

The 2015 Monitoring Programme covered six (6) projects, selected based on the contract value, stage of completion and the number of workers involved. The programme involved 11 monitoring reviews with initial reviews performed between February and May 2015 and four (4) subsequent follow-up reviews between June and November 2015.

Other than the 11 monitoring reviews indicated above, our monitoring team was, at the time of writing this report, completing one (1) initial monitoring review as well as six (6) additional follow-up reviews. The observations identified from these seven (7) ongoing reviews were under discussion and finalization with the respective Contractor/ Subcontractor Management and TDIC, and will be reported in the 2016 Annual EPP Monitoring Report.

During October 2015, PwC also conducted a review which assessed TDIC’s own compliance with the EPP and specific monitoring work in relation to the workers accommodation at the SAV.

The SAV, built in 2009, is an accommodation facility located on Saadiyat capable of housing 20,000 workers.

In conducting the Monitoring Programme, PwC was able to draw on over 25 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.

The PwC Monitoring Team included individuals who were part of the 2012, 2013 and 2014 monitoring programs and specialists drawn from PwC’s global network of firms who have extensive experience in advising and implementing compliance monitoring programmes. Monitors were selected on the basis of their knowledge, experience, language skills, and cultural background and received specific training/ induction prior to commencing the monitoring work.

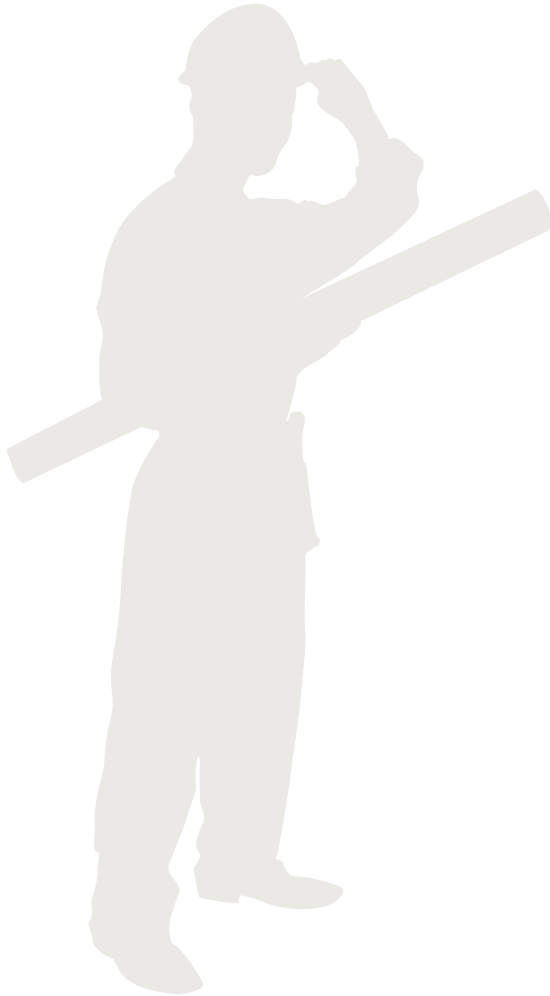


The Monitoring Programme was consistent with, and built on, the work carried out in previous years. This year’s Monitoring Programme constituted the following activities:

- Interviews with TDIC’s Employment Relations Manager (“ERM”) and other staff members;
- A review of relevant documentation, including the EPP related documents required to be maintained by the Employment Relations Manager (“ERM”) and the ERM’s approval of the Employment Relations Practitioners (“ERPs”) on each of the projects;
- A review of workshops conducted for new Contractors and Subcontractors to familiarise them with the EPP;
- Monitoring of recruitment agencies being used by TDIC’s Contractors and Subcontractors;
- A review of internal monitoring conducted by TDIC on all the seven (7) Contractors and their Subcontractors;
- A review of the actions agreed in the Employment Relations Group meetings and monitoring Work Place Group (“WPG”) meetings;
- A review of enforcement letters sent to Contractors and the TDIC implementation plan with respect to remediation of observations reported in 2014;
- Formal and informal interviews with workers at construction sites and at the SAV; and
- Announced and unannounced visits to the SAV to observe and assess the workers’ living conditions and compliance with EPP requirements and standards mandated by the UAE Labour Law and Cabinet Decision No. 13 of 2009 regarding labour accommodation. This also included a pilot survey on workers’ overall satisfaction levels related to the accommodation, facilities and overall experience at SAV.

The Monitoring Programme for 2015 again included a focus on the Health & Safety (“H&S”) issues which were also covered as part of the earlier Monitoring Programmes, in particular:

- The implementation and maintenance of H&S standards on TDIC construction sites by Contractors and Subcontractors, TDIC’s monitoring of those standards, and the overall framework for H&S management within TDIC;
- The H&S management framework at the SAV; and
- Accident, incident and injury reporting procedures within TDIC.



Summary of workers interviews conducted

Between February and November 2015, PwC interviewed 880 workers representing 16% of the average monthly worker population on Saadiyat. By comparison the monthly average number of workers covered on Saadiyat in earlier years was as follows:

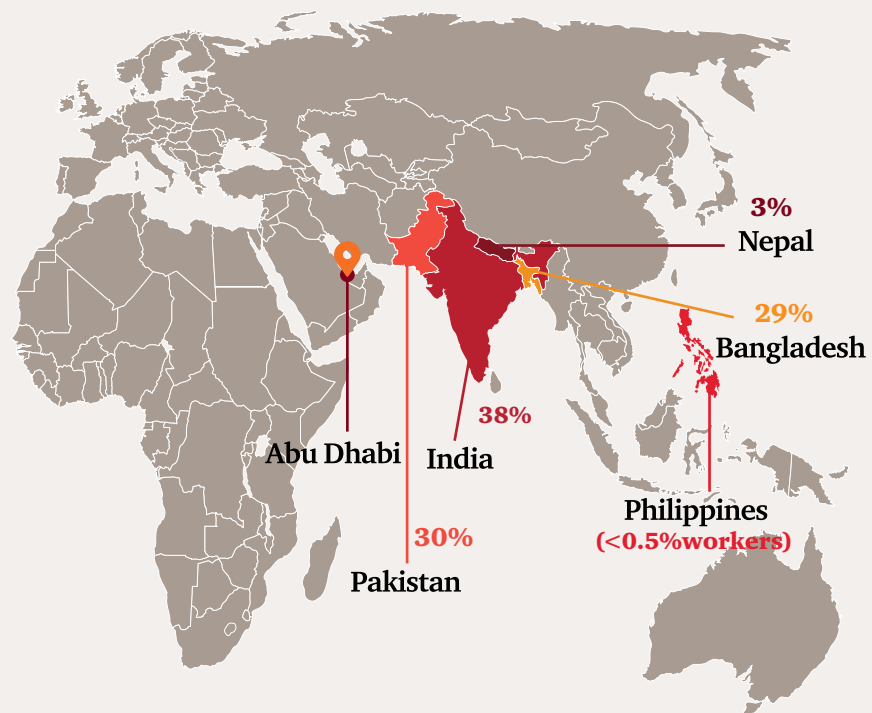
2014 - 14% 2013 - 19% 2012 - 9%.

Based on the observations arising from the 2014 EPP Monitoring Programme, where the majority of concerns noted were findings associated with the compliance of Subcontractors with the EPP, this year's programme sought to increase the sample coverage of workers employed by Subcontractors.

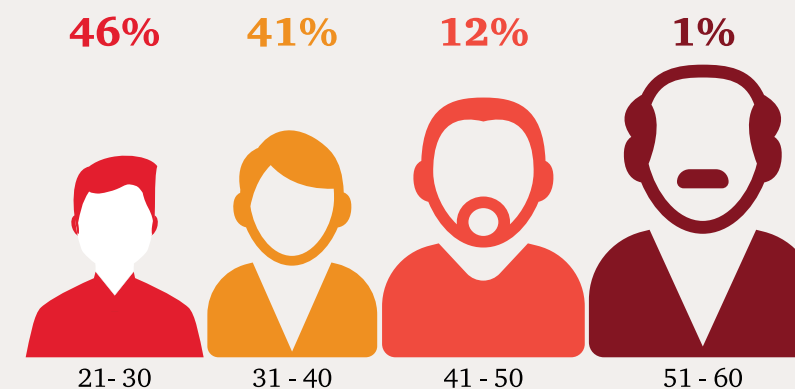
The 2015 programme covered six (6) main Contractors (458 workers interviewed) and their eight (8) Subcontractors (422 workers interviewed) across the six (6) projects reviewed.

It should be noted that none of the workers interviewed are either recruited or employed by TDIC, as this responsibility lies with the Contractors and Subcontractors. Workers are employed via recruitment agents, often in the worker's country of origin, or through manpower supply companies, who provide workers to the Contractors/ Subcontractors on a temporary basis. Some workers are recruited directly to work on TDIC projects whilst others have previously been recruited and worked on other projects before being deployed on a TDIC project.

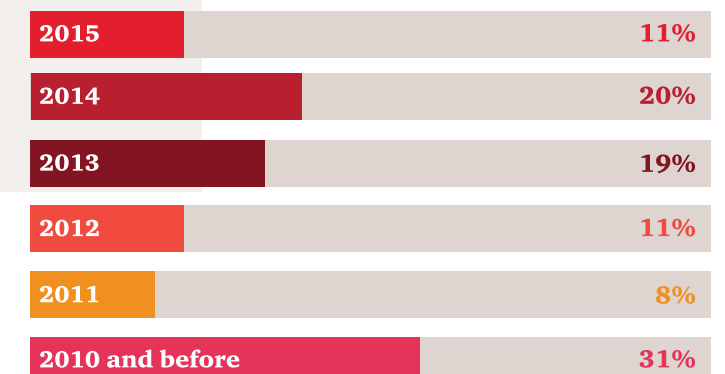
All of the workers interviewed this year originated from five countries:



Sampled workers age range



Sampled workers duration of employment with their employers



Observations from the 2015 Monitoring Programme

Our previous three Annual Reports provided detailed findings of the respective EPP Monitoring Programmes along with TDIC's responses*.

Throughout our 2015 monitoring work, TDIC and most of the Contractors and Subcontractors were supportive of the EPP and its objectives and facilitated the delivery of the Monitoring Programme. TDIC also assisted PwC to obtain appropriate access at projects where challenges were faced by PwC monitoring teams.

Overall, through this year's Monitoring Programme, we have again been able to obtain deeper specific insights and information on EPP operations and enforcement issues, which has in turn, increased the number of positive interventions made by TDIC.

This is an outcome of the cumulative knowledge and experience from our previous monitoring work, the increased focus on EPP implementation and enforcement by TDIC and the subsequent improved quality and availability of documentary evidence within TDIC and its Contractors and Subcontractors relating to the areas covered by the EPP.

Key Developments – TDIC's Implementation and Monitoring of the EPP

In 2015, TDIC sought to continue implementing and strengthening initiatives that provide support to workers and improve overall working and living conditions.

In particular, we have observed and obtained evidence that:

- In 2014, TDIC developed an implementation framework to further embed the EPP within TDIC's day-to-day operations. This framework included both internal TDIC staff and external stakeholders (including for example Abu Dhabi Government, Museum Partners, Contractors, Project Management Companies) who have a role in the implementation of the EPP. The full implementation of the framework is pending the

completion of a wider restructuring of TDIC's operations which has included the Company's EPP team - this process is still ongoing.

- A new version of the EPP was developed and published by TDIC in August 2015 and is applicable to all TDIC management projects on Saadiyat awarded post August 2015.

The new version of the EPP addresses specific requirements that previously allowed Contractors and Subcontractors to interpret certain clauses in their favour. The new EPP includes enhanced requirements around certain policies relating to, for example, reimbursement of recruitment and relocation fees.

- Piloting of an internal semi-automated EPP reporting tool has also been undertaken. The main features are as follows:
 - The tool makes it mandatory for all Contractors and Subcontractors to submit 100% of their worker data across all requirements of the EPP to TDIC on a monthly basis.

- The tool automatically generates reports based on data submitted using a 'RAG' (Red/Amber/Green) rating system to highlight areas of compliance and non-compliance. It allows the EPP team to conduct their own further analysis on Contractor and Subcontractor compliance and administer a more robust penalisation process for non-compliances.

The roll-out and pilot implementation of the monitoring tool is currently in progress after its launch in August 2015. It is being piloted across five (5) projects being managed by TDIC on Saadiyat. Contractors on each of these projects have submitted one month's data to TDIC, which is currently being used to test the integrity and accuracy of the tool by the EPP team. Based on the results of this analysis and feedback from the Contractors, the tool is being further refined and is scheduled to be finalised and fully implemented in 2016.

- TDIC and UAE Ministry of Labour (MoL) met in Quarter 1 of 2015 to structure a collaboration framework. This collaboration framework has led to the establishment of a dedicated MoL office on Saadiyat, focused on reviewing compliance with the UAE Labour Law.

*You can download the 2012, 2013 and 2014 PwC EPP Annual Reports for TDIC from the link below

<http://www.tdic.ae/TDIC/ourapproach/Pages/worker.aspx>



2015 Monitoring Observations

In addition to the developments and improvements noted above, we note a number of specific observations during the 2015 monitoring programme, including:

- In June 2015, as reported in the regional media, a worker employed by a Subcontractor on the Louvre Abu Dhabi project site was fatally injured as a result of a construction accident.

TDIC immediately commissioned a joint accident investigation with the Contractor, Subcontractor and the Project Management Consultant. The results of the review were submitted to the relevant Abu Dhabi Authorities which have, in turn, completed their own investigation and submitted both their own report and TDIC's report to the Abu Dhabi Courts to determine future action. Under UAE Labour Law, the family of a deceased worker is entitled to two years' basic pay, and additional sums determined following a court ruling on the root cause of the accident.

We understand that irrespective of the outcome of any court proceedings, a number of the relevant organisations involved are making arrangements to provide future financial support to the worker's family.

- Following the completion of the 2014 Monitoring Programme, an enforcement notice was issued by TDIC requiring one (1) Contractor to reimburse all workers hired through recruitment agents who had specifically been allowed to charge their workers recruitment and relocation fees. The Contractor responded with an action plan that resulted in identifying 426 workers as having paid fees. A scheme was initiated to reimburse AED 496,000 (USD135,009) to those affected, with workers receiving sums ranging from AED 700-1600 (USD 190-485) each.

We monitored the application of this progressive reimbursement scheme throughout the monitoring period. At the time of the publication of this report, AED 485,981 (USD 132, 420) has been paid, with 51 workers awaiting reimbursement. We have received confirmation from both TDIC and the Contractor that the reimbursement scheme will be completed by March 2016. PwC will continue to monitor the implementation of this reimbursement.

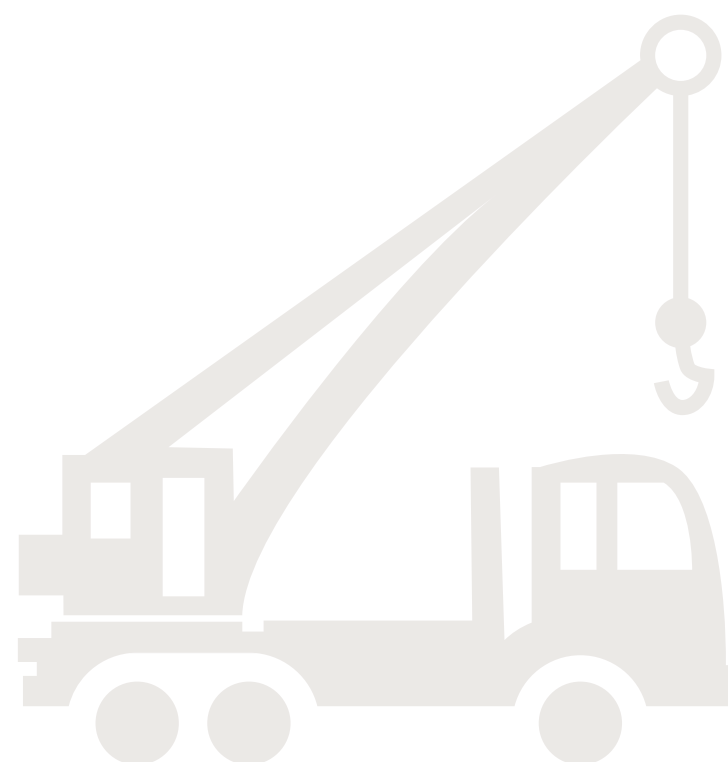
- We have also noted that due to internal weaknesses in the reporting structure within TDIC, an infrastructure project was not included in the remit of the internal EPP management team. This oversight resulted in the Project not being subject to the EPP review and compliance processes. This oversight was discovered by TDIC in November 2015 and immediate corrective action was taken with a request made to PwC to include this project within the Monitoring Plan. At the date of issuance of this report, this review was still ongoing.
- During our initial and follow up reviews of one (1) Subcontractor during Q1 and Q2 of 2015, our monitoring team was not provided with the payroll records of workers who had reported a delay in the payment of their wages, ranging from 15 to 30 days. The same Subcontractor also failed to provide our team with the recruitment details of its workers during our initial and follow up reviews. The majority of the workers interviewed from this Subcontractor claimed that they had paid recruitment and relocation fees prior to joining the Subcontractor.

In our follow up review of this Subcontractor in Q3 2015, payroll information provided indicated material inaccuracies of payments made to five (5) out of 10 (50%) sampled workers. On further review of recruitment details relating to our sample, the Subcontractor was unable to provide any relevant documentation. However, upon follow up by TDIC, a formal communication committing to provide the relevant information has been made by the Subcontractors' management. The matter is still pending corrective and disciplinary action by the Subcontractor and TDIC respectively.

- 501 (57 %) of the 880 workers interviewed claimed to have paid a relocation fee to recruitment agents in their respective home countries when relocating to UAE. 176 of these 501 workers (35%) were recruited either directly by the Contractor/ Subcontractor (employer) or by their employer's contracted recruitment agents.

However, no evidence exists from the Contractors and Subcontractors to confirm that they had paid the relocation fees of all the workers who claimed to have paid relocation costs when relocating to UAE. TDIC is in the process of following up with the Contractors and Subcontractors to ensure adequate resolution of the matter.

- During a specific Health & Safety review at one (1) out of the six (6) sites visited in Q3 2015, we noted a number of non-compliances. These included eight (8) workers who were conducting construction related activities without wearing the required Personal Protective Equipment ("PPE") in the presence of their Supervisors, unsafe entry and exit into the construction site area and workers smoking near flammable materials.



Observations from the 2015 Monitoring Programme

The way forward

Based on our review of TDIC’s EPP operations in 2015, we have identified seven (7) overarching areas which we believe, if addressed appropriately, would enhance the overall effectiveness of EPP application. These areas are as follows:

1. TDIC should consider the recruitment of additional resources to assist in the day-to-day application and monitoring of the EPP, which is currently being conducted jointly by TDIC and Project Management Consultants;
2. More consistent application of the EPP penalties, based on the results of the PwC Monitoring Programme in addition to Compliance Audits that are conducted internally by TDIC;
3. The newly developed EPP procedures and reporting tool should be activated on all TDIC managed projects that are currently being executed across Saadiyat:
 - The procedures that have been developed provide clear guidance on how to achieve compliance within each of the areas of the EPP. Activation of the procedures will allow for a more consistent approach towards achieving compliance and will help raise compliance levels across all the projects; and
 - Activation of the newly developed EPP reporting tool will allow for comprehensive reporting of EPP performance to TDIC, which can subsequently be used to analyse and report on each Contractor and its related Subcontractors in a timely and effective manner.
4. TDIC should seek to ensure that there is an effective internal mechanism in place to capture and then monitor all construction projects on Saadiyat that are contractually obliged to adhere to the EPP;
5. Broadening the pilot worker satisfaction survey to include a larger sample of workers living at SAV to enable a better understanding of overall workers’ satisfaction;
6. Continuing TDIC’s earlier work to better understand the impact of workers’ employment on TDIC projects on the lives of the workers and their families in their home countries; and
7. Conducting a broader ‘EPP lessons learned’ exercise within TDIC across all projects to ensure changes and improvements are made prior to awarding future upcoming projects such as the Guggenheim Abu Dhabi and Zayed National Museum.



Detailed Findings

Context

The 2015 Monitoring Programme included a review of six (6) out of seven (7) active construction projects on Saadiyat that were being managed by TDIC during the period from February to November 2015, including:

- Louvre Abu Dhabi;
- Cultural District Infrastructure;
- Cultural District Service Tunnel;
- Saadiyat Police Station;
- Saadiyat Civil Defense Station; and
- Mamsha Al Saadiyat enabling works.

The 2015 programme covered six (6) main Contractors (458 workers interviewed) and their eight (8) Subcontractors (422 workers interviewed) across the six (6) projects reviewed.

Our monitoring team is currently carrying out additional six (6) follow-up monitoring reviews and one initial review of one (1) project. The observations from these reviews are still pending finalisation and will be reported in the 2016 Annual EPP Monitoring Report.

The workers we interviewed during the course of the year originated from the following countries:



16%
of workers
interviewed



880 of the average monthly worker population on Saadiyat.

Findings

Key monitoring findings

Detailed ‘Initial’ and ‘Follow-up’ EPP Monitoring Reports on the status of EPP compliance for each Contractor and Subcontractor reviewed were provided to TDIC during the course of the year. These reports have been discussed and agreed with the respective Contractor, Subcontractor and TDIC, and include their respective responses to reported non-compliances and other matters identified. We have summarised the main observations from the 2015 Monitoring Programme below.

Note: for each performance area addressed, a summary of the EPP requirement is included. Please refer to version 3 of the EPP published in February 2012 which is available on the TDIC website for more detail (www.tdic.ae) and is applicable to all projects monitored by PwC during the 2015 Monitoring Programme.

1. EPP Implementation and Monitoring

Since the completion of our Monitoring Programme in 2014, TDIC has continued a number of initiatives that were launched in 2014 and undertaken new ones to further enhance implementation and enforcement of the EPP. These initiatives have been highlighted within the executive summary under the section labeled **“Key Developments – TDIC’s Implementation and Monitoring of the EPP”**. The specific observations in relation to these initiatives and TDIC’s implementation and monitoring of the EPP are:

1.1 EPP Administration

Following the completion of our Independent Monitoring Programme in 2014, TDIC developed an EPP implementation framework to further embed the EPP within TDIC’s day-to-day operations. The framework included both internal TDIC staff and external stakeholders (including for example the Abu Dhabi Government, Museum Partners, Contractors and Project Management Companies) who have a role in the implementation of the EPP. This framework has yet to be formally implemented, pending the completion of a wider restructuring of TDIC’s operations.

1.2 Internal Monitoring

In 2015, a number of new projects have been awarded, which has resulted in an increase in manpower levels. In 2014, we noted that the average number of workers deployed on site was 5,190 across five (5) projects. In 2015, seven (7) projects are being executed, simultaneously with manpower levels increased to 5,555 which represents an increase of approximately 8%.

In light of the above, we have noted that there are currently only two (2) TDIC resources dedicated to EPP operations, who are assisted by resources from the Project Management Consultants. However, the internal monitoring which is conducted jointly by both parties does not capture a representative sample of workers on site. During our 2015 review of the TDIC EPP teams’ work, we observed that a maximum of 10 workers are covered in any given audit. This represents a sample of less than 1% of the workers on Saadiyat.

We have also noted that due to internal weaknesses in the reporting structure within TDIC, an infrastructure project was not included in the remit of the internal EPP management team. This oversight resulted in the Project not being subject to the EPP review and compliance processes. This oversight was discovered by TDIC in November 2015 and immediate corrective action was taken with a request made to PwC to include this project within the Monitoring Plan. At the date of issuance of this report, this review was still ongoing.

1.3 Penalty Application

In 2014, our team conducted nine (9) monitoring reviews across five (5) different projects where several non-compliances were noted with regards to the Contractors’ performance against the EPP. TDIC has not yet consistently applied penalties across all nine (9) audits.

TDIC has only applied penalties to one (1) Contractor covered by our monitoring visits conducted between 2014 and 2015. Penalties applicable over the remaining seven (7) Contractors, where we have noted non-compliances with the EPP between 2014 - 2015, have not been assessed and applied.

1.4 EPP Reporting Tool

An EPP reporting tool is being tested in collaboration with five (5) out of seven (7) Contractors on Saadiyat. We have noted that the tool has not yet been fully activated across any of the TDIC projects currently being executed on Saadiyat.

1.5 Living Conditions

In mid-2014, a new Operator was appointed to operate and maintain the Saadiyat Accommodation Village (SAV) facility. During our 2015 monitoring visits, we noted an increased level of satisfaction with the living conditions at SAV, where we noted that the Green and Purple clusters had been completely renovated. All workers interviewed have stated that they are satisfied with their SAV living conditions. However, through our limited pilot satisfaction survey we captured responses from a number of workers expressing some grievances related to the quality of food served at the Village. This matter was also raised in our 2014 Monitoring Report.

1.6 Health and Safety (H&S) standards

In 2015, we noted that an improved H&S framework has been implemented, which includes the deployment of two (2) full time H&S Managers from the Project Management Company (PMC) to cover TDIC’s projects. The PMC is further supported by two (2) engineering consultants who are contractually responsible for monitoring the H&S aspects on TDIC construction sites on a daily, weekly and monthly basis.



2. Retention of Passports

EPP Clause 16.3: 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.

We tested compliance with this clause by interviewing workers and reviewing the relevant documentation, which included:

- Monthly reports submitted by the Contractor/ Subcontractors to TDIC which indicate whether any passports were in possession of the Contractor/ Subcontractors and the reasons for this; and
- ‘Passport Handover’ forms signed by the workers, which stipulate that they have willingly handed over their passports to their respective employers for safekeeping.

During the period of Q1 to Q3 2015, we conducted monitoring reviews over six (6) Contractors and observed that none of the workers that were interviewed reported forceful retention of passports. The workers stated that their employers had provided them with the option for their passports to be safely held with the worker's prior consent. This was evidenced by the completion of a ‘Passport Handover’ form.



3. Recruitment Fees and Relocation Costs

EPP Section 15: 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.

During our previous monitoring reviews in 2014, we identified one (1) Contractor who had agreements in place with recruitment agents that allowed them to charge the workers a recruitment fee. The agreements between the Contractor and the agents stated that the Contractor would reimburse the workers any fees paid after six months of service (probation period as per UAE Labour Law).

Following completion of the 2014 Monitoring Programme and TDIC's follow up actions, the Contractor developed a detailed list of all workers eligible for the reimbursement of recruitment fees, which included the following:

- Details of all workers hired through these recruitment agencies (Employee ID, Name, Designation, date of joining the Contractor, date of joining the project site);
- Total amount payable to the worker;
- Amount paid to worker (as of the date of the report); and
- Total amount outstanding (as per the date of the report).

The Contractor responded with an action plan resulting in a total of 426 workers being identified as having paid fees and a reimbursement scheme was initiated to reimburse a sum of AED 496,000 (USD 135,009) to the 426 workers, with workers receiving sums ranging from AED 700-1600 (USD 190-485) per worker.

We monitored the application of this progressive reimbursement scheme throughout the monitoring period. As of the date of this report, AED 485,981 (USD 132,420) has been reimbursed and there remains a total of 51 workers who are yet to be fully reimbursed. However, we have received confirmation from both TDIC and the Contractor that this will be reimbursed in full. PwC will continue to monitor the implementation of this reimbursement.

In 2015, we reviewed the agreements between the Contractors and Subcontractors (21 contracts in total) and their respective recruitment agencies and noted that (7) seven (33%) of these agreements contained a clause prohibiting the collection of recruitment fees and relocation costs from the workers. All of the seven (7) recruitment agents involved were registered and licensed in the workers country of origin.

Of the 880 workers interviewed in 2015, 510 workers (58%) claimed that they had paid recruitment fees and 501 workers (57%) claimed that they had paid relocation costs (including visas and air ticket costs) in cash to recruitment agents in their home countries. As in previous years, none of the workers interviewed in 2015 were able to provide any evidence, such as receipts, to support their claims.

We were informed by the Contractors/ Subcontractors that 176 (35 %) of these 501 workers who claimed to have paid relocation costs had been hired through either direct referrals by existing employees of the organisation or through internal channels of recruitment. We noted that the recruitment details of these workers were not traceable due to the absence of a formalised structure and/ or internal process in place within the Contractor's/ Subcontractor's organisation.

We further requested the evidence from the Contractors and Subcontractors to suggest that they had paid the relocation fees of all the 176 workers. However, the Contractors and Subcontractors were unable to provide documentary evidence suggesting that they had paid for the relocation costs borne by any of the workers.

As noted in our previous reports, the full resolution of the recruitment and relocation cost issue is beyond TDIC's direct influence and also requires action outside of the UAE. However, where we found evidence that the recruitment agent used by a Contractor and specifically required the worker to pay recruitment and relocation fees, it was possible for TDIC and the Contractor to put in place a reimbursement plan.

During our review of one Contractor in Q1 2015, seven (7) workers (hired specifically for the project from their countries of origin after the project commencement date) had claimed that they had paid relocation costs to recruitment agents in their respective home countries. As per the UAE Labour Law, relocation (air ticket and visa) costs specifically, are required to be borne by the employer. Upon discussion with the Contractor's management, they were unable to provide evidence of the payment associated with relocation for these workers at the time of recruitment. When escalated to TDIC, the Contractor immediately reimbursed these workers for the relocation costs paid by them, even though the workers were unable to provide proof of payment of these costs.



4. Terms of Employment and Site Assignment Agreements

EPP Clause 17.3: Workers shall receive and acknowledge receipt of official confirmation of their terms of employment before leaving their country of origin. Furthermore, 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.

In total, during our 2015 monitoring reviews, 52% of workers interviewed indicated that they had received an official confirmation of their Terms of Employment (official contract of employment) prior to leaving their home countries.

During our 2015 monitoring visits 100% of the workers had signed the SAA with:

- 99% of the workers interviewed stating that they had signed the SAA in their respective native language;
- 93% of these workers confirming that they had signed the SAA prior to commencing work on a TDIC project, as required by the EPP; and
- 29% stated that they had signed the SAA without fully comprehending the contents of the SAA, despite several initiatives taken by Contractors to educate the workers about the SAA, through periodic refreshers, including the SAA on the notice boards and within induction presentations.



5. Payment of Wages

EPP Section 20: 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 pay slips when making salary payments and must provide proof of payment of wages to the ERM.

Since the publication of our monitoring results in 2014, the 2015 Monitoring Programme revealed the effective use of certain corrective actions by the Contractors/ Subcontractors, for example in areas such as proof of payment being submitted to the ERM on a monthly basis, pay slips being provided to workers with details of their salary break-down, and salaries being paid through Wage Protection System (WPS). However, several non-compliances were still noted as detailed below:

5.1 Delays of approximately 15-30 days in payment of salaries to workers interviewed at one Subcontractor

During our initial and follow up reviews of one Subcontractor during Q1 and Q2 of 2015, PwC monitoring team was not provided with the payroll records of workers who had reported a delay in the payment of their wages ranging from 15 to 30 days. The same Subcontractor also failed to provide the PwC monitoring team with the recruitment details of its workers during our initial and follow up reviews.

5.2 Inaccurate payment of overtime hours

In our follow-up review of this same Subcontractor in Q3 2015, payroll information provided indicated material inaccuracies of payments made to 5 out of 10 (50%) sampled workers. On further review of recruitment details for our worker sample, the Subcontractor was unable to provide any relevant documentation.

Upon follow up by TDIC, a formal communication committing to provide the relevant information has been made by the Subcontractor’s management. Whilst we report this matter here, the observation is still pending corrective and disciplinary action by the Subcontractor and TDIC respectively.



Source: TDIC / The Louvre Abu Dhabi Musuem

6. Accommodation and Facilities

EPP Clause 46.1: Contractors to house all their workers in the SAV. Any exemption has to be approved by the ERM. Where the Contractor does not utilise the SAV, 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 SAV and Contractors shall provide employees with free transportation.

Occupancy

The SAV was established in September 2009 and has a capacity to house approximately 20,000 workers. The SAV consists of four clusters (Red, Blue, Green and Purple). Each cluster has a capacity to house 5,000 workers. The EPP requires all workers engaged on TDIC managed projects on Saadiyat for more than 30 days to be accommodated in the SAV.

The utilisation of the SAV in November 2015 was 33% with 6,603 workers. During 2015, only the Red and Blue clusters, which were renovated in 2014, were being utilised, with 2,988 and 3,615 workers residing in each cluster respectively.

During our initial and follow up reviews in 2015, we observed that 100% of the 880 workers interviewed were residing in the SAV.

We also noted that, whilst the SAV has received all the required notices of compliance from the appropriate authorities, it is still to obtain the necessary final, formal approvals in relation to the UAE Cabinet Decision No. 13 relating to Minimum Standards for Group Labour Accommodation Camps.



Operations and Maintenance

In 2014, following complaints from workers on the living conditions at SAV, TDIC appointed a new Operator to manage the Village. The new Operator is directly responsible for dealing with TDIC’s Contractors and Subcontractors in relation to providing accommodation for workers on Saadiyat, in addition to operating and maintaining the SAV facility. During our Q3 monitoring review, we observed that the improvements introduced during 2014 to provide better living conditions for the workers such as the door-to-door laundry services, daily cleaning of rooms and bathrooms, improvements in the main kitchen areas and organisation of recreational activities continue to be provided to the workers.

During our monitoring visit to the SAV in October 2015, we noted the following, either based on worker statements or PwC monitor observations:

- An increased level of satisfaction with the living conditions at SAV where we have noted that the Green and Purple clusters were completely renovated, toilet leakages were permanently fixed and the main kitchen was in operation following the renovation which took place end of 2014.
- Three (3) electrical rooms and four (4) switchboards were marked with a sign stipulating 'Danger' but found to be unlocked. These present a potential electrocution risk to workers which was immediately rectified by the Operator upon reporting the matter to TDIC.
- During our visit to the Dining Hall (cafeteria) within the Red Cluster of the SAV, a large number of workers approached our Monitors and the SAV management to complain about the quality of the food. In addition, we interviewed 30 workers during their lunch break, all of which stated that they are unhappy with regards to the quality of the food. The PwC monitoring team piloted a 'satisfaction survey', as detailed in the following page, to gain a better understanding of the workers' satisfaction levels related to the living conditions at the SAV. In summary, through this survey we captured several responses from workers expressing their issues relating to food quality at the SAV. This issue was also highlighted in our monitoring visits in 2014.

Pilot Worker SAV Satisfaction Survey

Subsequent to our site visit of the SAV in 2015, we also conducted a pilot survey of 100 workers employed by different Contractors and Subcontractors on project sites and at the SAV to gain a better understanding of the workers' overall satisfaction levels related to the quality of the accommodation and facilities provided at the Village.

We asked workers to rate their level of satisfaction with the living conditions at SAV from a scale of one to five (one = very satisfied and five = extremely dissatisfied). To compensate for low levels of literacy amongst the worker population, our team used graphics (figure 6.1) to allow them to indicate their level of satisfaction. Prior to asking the workers to score their level of satisfaction, the definition shown under each of the faces depicted in Figure 6.1 below was communicated to the workers in their respective native languages.

After the workers provided us with a score, we also asked them to provide upto three reasons for their score and/or any suggestions they may have which would improve their overall experience.

Individual worker details such as ID numbers and names were not recorded to provide a more comfortable environment for the workers to respond in and to maintain anonymity of the responses.

We identified a wide range of responses from the workers, from workers being extremely satisfied but indicating that they have some concerns to workers being dissatisfied with the overall experience, but not stating any specific concerns.

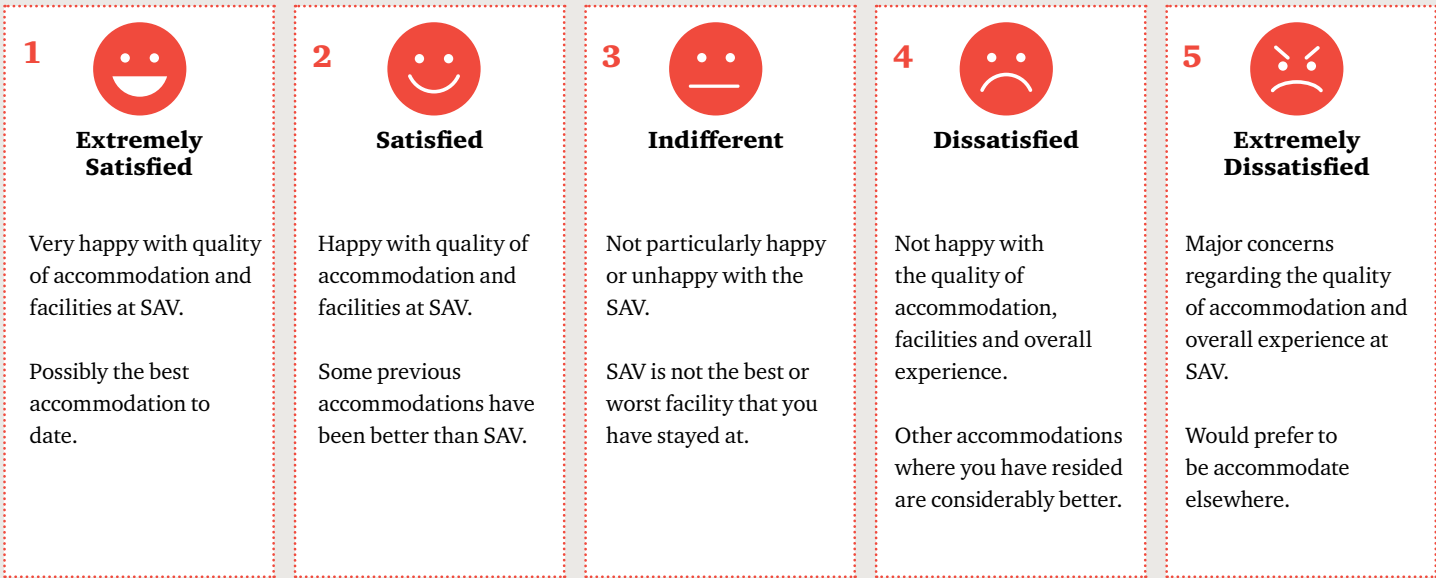
Of the 100 workers that took part in the survey:

- 37% workers responded with a 1 rating;
- 38% workers responded with a 2 rating;
- 22% workers responded with a 3 rating; and
- 3% workers responded with a 4 rating.

None of the workers responded being extremely dissatisfied with the overall experience, quality of accommodation and facilities at the SAV.

However, as indicated in the previous pages, the pilot satisfaction survey captured several responses from workers expressing some grievances relating to the quality of the food served at the SAV. This issue was also identified during our 2014 monitoring visits.

Figure 6.1 - Worker survey satisfaction ratings



7. Health and Safety (H&S)

As construction activities on Saadiyat have increased, it is critical to have appropriate H&S management resources in place to ensure Project Management Consultants and Contractors are complying with the EPP, the UAE H&S legislation and industry H&S good practices.

In 2014, we noted that there was a new formalised governance structure for H&S, with two engineering consultancy firms assigned the responsibility of overseeing day to day H&S management on project sites. In addition, these engineering consultants report to the Project Management Consultants on a weekly and monthly basis regarding H&S performance.

During 2015, we have noted no change to this structure and the inspection and reporting mechanisms also remain consistent.

Fatality

In 2015, as reported in the local and regional media, a fatality, resulting from a construction accident, occurred on the Louvre Abu Dhabi project site. The accident took place on 8 June 2015 and involved a construction worker who was employed by a Subcontractor.

TDIC immediately commissioned a joint investigation with the Contractor, Subcontractor and the Project Management Consultant to review the incident. The results of the investigation were submitted to the relevant Abu Dhabi Authorities, who in turn have completed their own investigation and submitted both their own report and TDIC's report to the Abu Dhabi Courts to determine future action. The UAE Labour Law provides that the deceased worker's family is entitled to two years' basic pay and any sum that is determined following a court case, which issues a ruling on the root cause of the accident and defines the responsibility for the incident (if any).

We understand that irrespective of the outcome of any proceedings, a number of the relevant organisations involved are making arrangements to provide future financial support to the worker's family.

EPP Clause 32.3: H&S inductions should be conducted, protective clothing should be provided to workers free of charge, and 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.

In 2015, 90% of workers interviewed reported that they had received H&S induction prior to commencing work at site.

We noted that notice boards were placed at all construction sites and these contained the relevant and appropriate H&S information as stipulated by the EPP. We also noted provision of first aid boxes, occupational injury registers and provision of regular medical examinations in line with EPP requirements.

To date, approximately **58 million man hours** have been worked on TDIC job sites since 2012.



Monthly health and safety reports on contractor performance in 2015 indicate that a total of **12 Loss Time Incidents (LTIs)** have occurred.



A total of **840 first aid cases have been recorded** which include minor injuries such as cuts, burns and bruises for which medical attention was provided on site.



Seven (7) 'Near Miss Incidents' were reported to date across all TDIC project sites. In addition, there have been 54 **'Near Misses'** on the project sites.



The number of reported near misses is very low when compared to global construction industry statistics. For example, the US Bureau of Labour Statistics estimates that there is typically one serious injury for every 300-600 near misses. This suggests that further work may be required to possibly improve the reliability of this reporting by Contractors and Subcontractors. During our final follow up visits in Q3 2015, we visited five (5) project sites and for one (1) project, we noted several workers conducting construction related activities without wearing the required Personal Protective Equipment ("PPE") in the presence of their Safety Supervisors, unsafe means of entry exit and workers smoking near flammable materials. On the remaining sites we also noted other examples of poor housekeeping, locked first aid cabinets, poor fire evacuation signage and evidence of workers not following defined H&S procedures.

Upon identification of these issues, the main Contractors have informed us that actions have been taken to address them. TDIC and the engineering consultants were also informed.

EPP Clause 31.1: The Contractor shall ensure that it obtains all the relevant insurance, in terms of the Local and Federal Law to ensure that all Employees have access to health insurance from the date of assignment.

Our reviews in 2015 indicated that 100% of the workers interviewed were in possession of a medical insurance card. Of these workers, however, 2% of workers interviewed were in possession of an expired medical insurance card.

Those workers interviewed whose cards were expired are under a health insurance cover arranged by their Contractors with hospitals close to the project site.



8. Grievances

EPP Section 36: The Call Centre number should be provided to workers during their induction. The EPP requires that all calls, as far as practically possible, should be responded to in the workers’ native languages. Additionally, the Contractor shall ensure all Employees are duly informed of their rights, with regard to the referral of disputes, to the UAE Ministry of Labour and Industrial Action procedures shall be addressed during the Induction Programme. The Contractor shall train its managers and supervisors in the management and implementation of the Industrial Action Handling Guidelines and all relevant aspects of the ER Procedures.

TDIC established a Call Centre (“CC”) in June 2010 with a toll free direct access line which workers are able to call to raise grievances, report concerns and make suggestions. Calls, as far as practically possible, are conducted in the native language of the workers.

During our monitoring reviews, we noted that TDIC has required Contractors to respond to logged calls within one (1) week.

During our monitoring period (February 2015 – November 2015) workers made 39 calls to the CC.

A summary record of each call is maintained with each call assigned a high, medium or low priority. A note is made to confirm that the issue has been addressed and closed. The 39 calls related to a range of areas including:



Despite the CC telephone number being visible in at locations around the SAV and on issued personal equipment for example, safety helmets and ID cards using workers’ different native languages, during our 2015 monitoring visit, we noted that 17% of the workers interviewed stated that they were either not aware of the existence of a CC or not aware that concerns can be raised in their respective languages.

This is a slight decrease on the statistics from 2014 when we noted that 22% of the workers interviewed were unaware of the TDIC CC number. The 17% of workers interviewed not aware of the TDIC CC number have received inductions on the same subject in their native language and have the TDIC CC number printed on their SAV access cards.

During our reviews in 2015, only 7% of workers claimed to be aware of industrial action procedures and 15% of workers were aware of their rights to refer disputes.

The ERM at TDIC has provided a standardised induction document to all Contractors and Subcontractors currently working on Saadiyat. We were able to confirm that all workers interviewed have attended the EPP induction which covers information relating to the TDIC CC, Referral of Disputes and Industrial Action Procedures.

9. Working Visas

EPP Clause 14.1: 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.

All workers interviewed during the 2015 Monitoring Programme had valid work permits in accordance with UAE Labour Law. We verified this by requesting documentary evidence of valid Labour Cards issued by the UAE MoL from all the workers during our interviews.

10. EPP Induction

EPP Clause 18.6: Induction should be provided to employees by the Contractor before they commence work on site. The induction document should be in a format approved by the ERM and shall be available in the majority of languages spoken by the workers including Hindi, Bengali, Telugu, Malayalam and Tamil.

Though all workers interviewed confirmed attending the EPP induction, we noted that 10% of the workers had received induction after commencing work on TDIC project sites.

We noted that the EPP induction presentations have been translated into the seven (7) most common languages spoken by the workers and approved by the ERM. The contents of the induction presentation are verbally explained to the workers and efforts have been made by Contractors and Subcontractors to enhance the induction approach and make it more interactive to increase level of understanding and awareness of the EPP.

11. EPP Administration

EPP Clause 11.1: Major Contractor and Subcontractors shall employ a full time qualified and experienced ERP on the site and shall co-ordinate all Employment Relations (ER) functions. Such ERP appointment shall be approved in writing by the ERM prior to them assuming their duties. Where a Contractor/ Subcontractor have less than 300 employees on site, the Contractor will have one of its Senior Managers dedicated and appointed to the ER functions (Designated Employment Relations Practitioner). The ERP and DERP are required to attend a workshop arranged by the client to familiarise them with EPP. The ERP and DERP shall attend the ERG meetings.

Our 2014 reviews confirmed that the Employment Relations Group (“ERG”) and Work Place Group (“WPG”) meetings, as required by the EPP, were carried out between the ERM, the ERP and the DERPs.

We confirmed this by reviewing a sample of minutes of meetings from the 10 month period between January and October 2015.



12. Employee Personal Files

EPP Clause 25.1: Contractors and Subcontractors to maintain a file for each employee showing his basic information, wage and adjustments thereto, record of leave, penalties imposed, disciplinary records, grievance records, appraisals, records of medical examinations, occupational injuries and diseases the Employee sustained, and the date and reason for termination of employment. The file shall also contain a copy of the Employee’s Contract of Employment, Site Assignment Agreement, induction records, and skills history, or as otherwise required by the ERM. The EPP also requires the Contractor to keep a record and copies of all Contracts of Employment and the SAA and these shall be filed in fire proof cabinets.

Our initial and subsequent follow-up reviews in 2015 found appropriate maintenance of the sampled employee personnel files. However, it was noted that three (3) out of the six (6) (i.e. 50%) of the Contractors across which we have completed monitoring reviews were not maintaining some key information such as the workers’ skills, medical history and records of leave. However, the Contractors informed us that they will provide TDIC with updates of workers records going forward.

13. Site Facilities

EPP Clause 35.3: Employees shall be provided with prayer rooms and adequate drinking water and toilets as per Ministerial Regulations.

EPP requires that employees use the designated site entrance, and follow the shortest safe access route when travelling to and leaving from their work areas, in order to comply with all Security procedures. Appointed Security representatives may undertake random testing in respect of the above, in terms of the relevant Security Rules and Regulations.

During our visits to the project sites in 2015, we noted that an adequate number of toilets were provided for the workers as per the requirements of the Abu Dhabi Environment Health and Safety Management System (“EHSMS”). In addition, all other facilities were found to be satisfactory such as the provision of adequate cooling water stations, rest areas and prayer rooms.

Appendices

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Appendix I About TDIC and Saadiyat island

Abu Dhabi is the capital and the largest of the seven (7) emirates that make up the UAE, and is a key contributor to the UAE's economic and cultural development. Saadiyat, part of Abu Dhabi, is a natural island occupying 27 square kilometers. It is planned that the island will be the location for a wide range of luxury-based experiences, including hospitality, leisure and retail activities as well as educational and residential developments.

TDIC was established in 2006 as a master developer of key cultural, residential and tourism destinations in Abu Dhabi. Its purpose is to support Abu Dhabi's vision to become a leading destination for tourists, businesses and residents.

The company is responsible for some of Abu Dhabi's major projects. One of its largest developments is part of Saadiyat, which will house iconic museums such as Louvre Abu Dhabi, which is already under construction, and the Guggenheim Abu Dhabi and the Zayed National Museum.

Projects under construction in 2015

During the 2015 monitoring period (February – November 2015) there were seven (7) construction projects managed by TDIC that formed the basis of our Monitoring Programme on Saadiyat which were:

- Louvre Abu Dhabi;
- Cultural District Infrastructure;
- Cultural District Service Tunnel;
- Saadiyat Police Station;
- Saadiyat Civil Defense Station;
- Mamsha Al Saadiyat enabling works; and
- West Edge Shore Protection Works

These projects were executed by seven (7) main Contractors and their 53 Subcontractors, which have collectively employed a monthly average of 5,555 workers active on the island between February and November 2015.



Development and Implementation of the EPP

TDIC created the Employment Practices Policy (EPP) in 2009 setting out welfare standards for workers on construction projects at Saadiyat. The EPP requirements are included as part of the commercial agreements between TDIC and its Contractors, with a requirement that these standards should also be implemented by their Subcontractors working on TDIC projects.

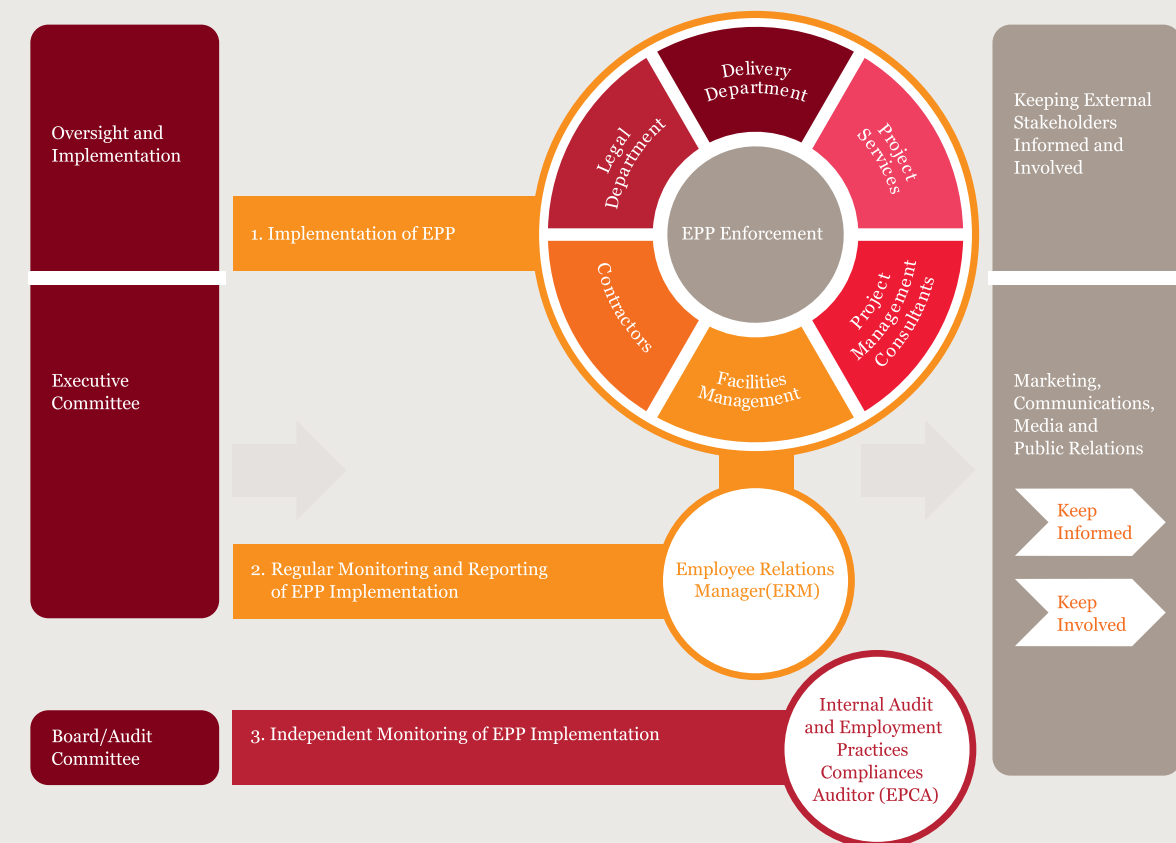
The requirements of the EPP are based on UAE Labour Law and, in certain areas, accepted international labour practices. Details of clauses relating to these areas are available in the latest version of the EPP available on the TDIC website. The figure below provides an overview of the EPP Implementation Framework.

A new version of the EPP has been developed and published by TDIC in August 2015 to apply to future TDIC managed projects on Saadiyat awarded after August 2015. The new version addresses specific requirements that previously allowed Contractors and Subcontractors to interpret certain clauses in their favor. The new EPP includes enhanced requirements around certain policies relating to reimbursement of recruitment and relocation fees as an example.

It should be noted that the updated EPP is not applicable to projects awarded before August 2015.

EPP Implementation Framework (please refer to page 10)

EPP implementation at TDIC is a collaborative effort involving multiple internal and external stakeholders, as shown below.



Contractors and their Workers

TDIC has awarded construction contracts to multiple Contractors for the development of various projects on Saadiyat.

In each case, a main Contractor has been appointed who has overall responsibility for delivering 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 at a site.

Each of the main Contractors and their Subcontractors rely on a complex network of Recruitment Agents to recruit the majority of workers required to deliver their projects. These Recruitment Agents include organisations based in the 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 communities. The unregulated system of recruitment brokers in Asia and the sub-Continent leaves workers and their families vulnerable to potential exploitation.

Workers on Saadiyat were primarily recruited from five countries which were India, Bangladesh, Pakistan, Nepal and the Philippines.

As of November 2015, the monthly average number of workers employed by the projects under construction on Saadiyat was approximately 5,555 workers as compared to 7,297 in 2014.

The workers involved in the development of TDIC projects on Saadiyat are hired and paid directly by their employers, the Contractors and Subcontractors commissioned by TDIC to work on these projects. In a few instances we have noted that workers are sourced by Contractors and their Subcontractors through manpower supply agencies.



Appendix II The Monitoring Programme

Independent Monitoring

More than 15,000 hours of effort has been invested in the Independent Monitoring Programmes by 15 PwC staff members since 2011, which included interviews with approximately 4,000 workers across 15 different projects.

In 2015, TDIC re-appointed PwC to continue their independent role to monitor and report on EPP implementation. There are currently seven (7) active projects managed by TDIC on the Saadiyat including the construction of the Louvre Abu Dhabi museum, one infrastructure project, a civil defense station, a police station, earthworks for residential property, and construction of a Quaywall across the West Bay and a 1.5km tunnel. These projects are being delivered by seven (7) main Contractors and their 50 Subcontractors, which have collectively employed a monthly average of 5,555 workers on the Island between February and November 2015.

The Monitoring Programme focused on six (6) projects which were selected based on the number of workers involved, the stage of project completion, and the nature of external stakeholders and contract value. A review of these projects involved interviewing 880 workers (15.8% of the total average monthly number of workers on TDIC managed projects on the island) during the period between February and November 2015.

Our monitoring team was, at the time of writing this report, completing six (6) additional follow-up monitoring reviews, as well as one (1) initial review for a new project. The observations identified from these seven (7) ongoing reviews were in process of being discussed and finalised with the respective Contractor/Subcontractor Management and TDIC and will be reported in our 2016 Annual EPP Monitoring Report.

The programme included:

- An independent appraisal of TDIC's implementation of the EPP including TDIC's response to the 2014 monitoring findings;
- An assessment of the governance, policies and procedures within TDIC that promote EPP implementation; and
- An independent appraisal of the extent of the EPP implementation by six (6) main Contractors and the largest eight (8) of their Subcontractors working on active projects on Saadiyat.

In scoping and conducting the monitoring programme, PwC was able to draw on over 25 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.

The PwC monitoring team included individuals with previous experience of advising and implementing compliance monitoring programmes. The dedicated PwC monitors were selected on the basis of their knowledge, experience, language skills and cultural background. The team includes professionals based in the UAE supported by experts drawn from PwC's Global Network of Firms.

PwC are independent of management and report to the TDIC Audit Committee of the Board. PwC meets with the TDIC Executive 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 coordinated with TDIC's Internal Audit Department. PwC had direct access to the TDIC Audit Committee to report instances of non-compliance and any other areas of concern.



Scope of Work Completed

In the 2015 planning phase of the Monitoring Programme, we made a number of enhancements to the monitoring approach, sampling methodology, monitoring visit protocols, communication plan and reporting deadlines to ensure we incorporated lessons learned from our previous monitoring cycles.

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 revisions to the monitoring protocol.

The Monitoring Programme for 2015 was extended to cover Health & Safety (H&S) in more depth, including a review of:

- The implementation and maintenance of H&S standards on TDIC construction sites by Contractors and TDIC's monitoring of those standards;
- The H&S framework at the SAV (including first aid facilities, accident reporting and availability of medical staff and facilities); and
- Accident, incident and injury reporting processes within TDIC.

Our monitoring work consisted of the following activities:

- Interviews with TDIC's Employment Relations Manager ("ERM") and other staff members;
- A review of relevant documentation, including the EPP related documents required to be maintained by the Employment Relations Manager ("ERM") and the ERM's approval of the Employment Relations Practitioners ("ERPs") on each of the projects;
- A review of workshops conducted for new Contractors and Subcontractors to familiarise them with the EPP;

- Monitoring of recruitment agencies being used by TDIC's Contractors and Subcontractors;
- A review of internal monitoring conducted by TDIC on all the seven (7) Contractors and their Subcontractors;
- A review of the actions agreed in the Employment Relations Group meetings and monitoring Work Place Group ("WPG") meetings;
- A review of enforcement letters sent to Contractors and the TDIC implementation plan with respect to remediation of observations reported in 2014;
- Formal and informal interviews with workers at construction sites and at the SAV; and
- Announced and unannounced visits to the SAV to observe and assess the workers' living conditions and compliance with EPP requirements and standards mandated by the UAE Labour Law and Cabinet Decision No. 13 of 2009 regarding labour accommodation. This also included a pilot survey on workers' overall satisfaction levels related to the accommodation, facilities and overall experience at SAV.



Sampling

The Monitoring Programme included a review of six (6) out of seven (7) active projects on Saadiyat which were being managed by TDIC during the period from February to November 2015, including:

- Louvre Abu Dhabi;
- Cultural District Infrastructure;
- Cultural District Service Tunnel;
- Saadiyat Police Station;
- Saadiyat Civil Defense Station; and
- Mamsha Al Saadiyat enabling works.

The 2015 programme covered six (6) main Contractors (458 workers interviewed) and their eight (8) Subcontractors (422 workers interviewed) across the six (6) projects reviewed.

For each project, PwC reviewed EPP implementation for the main Contractor and the largest Subcontractors.

At the Louvre Abu Dhabi project, PwC reviewed additional Subcontractors' implementation of the EPP considering the total manpower and number of Subcontractors, working at site. The number of workers interviewed was based on the criteria shown in the diagram below:

Worker Interview Sampling Approach



Approach to the Monitoring Visits

The 2015 Monitoring Programme involved four (4) monitoring periods. The first set of visits were conducted between February and May 2015 and focused on EPP implementation for the main Contractors and the largest Subcontractors. The second, third and fourth set of visits were conducted between June and August 2015, September and October 2015 and October and November 2015. These visits focused on the follow-up of issues identified in the previous reviews as well as interviewing additional workers on the site to assess any changes in conditions.

In addition to the monitoring visits, the monitoring team also visited the SAV to review the facility and progress made relating to the living conditions of the workers to assess TDIC compliance with the EPP.

Worker Interviews

Worker interviews were the primary source of information for the monitoring team. Wherever practicable, the monitoring team corroborated observations from interviews through document review (for example, employee records held by Contractors/ Subcontractors) as well as direct observation (for example, physical observation of accommodation facilities) and also informal discussions with workers during the course of our monitoring visits. However, it is important to note that some of the workers' statements could not be corroborated. This is particularly the case where it was reported that workers found it necessary to pay recruitment fees and relocation costs.

We consider that the number of worker interviews (880) conducted are in line with the worker interview sampling approach defined in the Monitoring Programme.

In preparation for the worker 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 occupation. PwC selected a sample of workers to be interviewed which was provided to the Contractors/ Subcontractors on the same day of the interviews, as 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 sample of workers selected for interview aimed to achieve fair representation from the various nationalities and occupations across Saadiyat. Workers selected for interviews included, for example, Masons, Mechanics, Operators, Plumbers, Scaffolders, Steel Fixers, Carpenters, Electricians, Technicians and Time Keepers. The interviews were conducted at the construction sites offices.



Confidentiality

Neither the management of TDIC nor Contractors or Subcontractors played a role in the selection of workers for the interviews. Interviews were not attended by representatives of the 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.

Language and Culture

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

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 team's findings.

The monitoring team issued a total of 12 reports of which one (1) report was in relation to TDIC's implementation of the EPP, one (1) interim report and the remaining reports were in relation to Contractors and Subcontractors monitoring visits. The results of the reports are aggregated and summarised in this Annual Report.

Contractors were required by TDIC to respond in writing to the findings within an agreed time period.



Source: TDIC Project Site

Appendix III

Details of Monitoring Programme Visits

| Review Type | Month of Visit | Number of Workers Interviewed | | | | | | | Total |
|---|---|-------------------------------|-----------------|----------------------------------|----------------|-----------------------|--------------------|-----------------|-------|
| | | Louvre Abu Dhabi | Saadiyat Tunnel | Cultural District Infrastructure | Police Station | Civil Defense Station | Mamsha Al Saadiyat | Pumping Station | |
| Contractors and Subcontractors first review | January – May 2015 | 200 | 50 | - | - | - | - | - | 250 |
| Contractors and Subcontractors initial review/ first follow up | June – August 2015 | 250 | 50 | 50 | - | 50 | 50 | - | 450 |
| Contractors and Subcontractors initial review/ second follow up | September 2015 | - | 50 | 50 | 50 | 30 | - | - | 180 |
| TDIC compliance with EPP | October 2015 | - | - | - | - | - | - | - | |
| Subtotal | | 450 | 150 | 100 | 50 | 80 | 50 | | 880 |
| Contractors and Subcontractors initial review/ third follow up | October 2015 (<i>Reviews Currently under progress</i>) | 260 | - | 50 | 50 | - | - | 50 | 410 |
| Contractors and Subcontractors initial review/ fourth follow up | November 2015 (<i>Reviews Currently under progress</i>) | - | - | 50 | 60 | - | - | - | 110 |
| Total | | 710 | 150 | 200 | 160 | 80 | 50 | 50 | 1,400 |



Appendix IV

Glossary of terms

| Term | Definition |
|---------------------|--|
| Agent | Any sub agent, person or entity that recruits Employees for Contractors. |
| Basic Wages | 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. |
| BAC | TDIC Board Audit Committee |
| Contact Centre | The Call Centre established by TDIC in accordance with the EPP. |
| Contractor | Any company party to the Main Agreement for Construction works with TDIC, and shall be deemed to include all Subcontractors engaged by the Contractor. |
| DER | Director of Employment Relations, appointed by TDIC or any person designated by him to oversee the implementation of the EPP. |
| DERP | Designated Employment Relations Practitioner, nominated by the Contractors that do not have an ERP, to ensure that this Policy is implemented and complied with. |
| Executive Committee | Director of Employment Relations, appointed by TDIC or any person designated by him to oversee the implementation of the EPP. |
| Employee / Worker | All daily, hourly and monthly paid Employees of the Contractor permanently or temporarily assigned to the site by any Contractor. |
| ER | Employment Relations, comprising all Employment and Employment Relations policies, practices and procedures of the Contractor to be applied on the site. |
| EPP | Employment Practices Policy developed by TDIC to be applied by all its Contractors and Subcontractors. |
| ERG | Employment Relations Group, constituted to communicate, promote and coordinate general employment practices in terms of the EPP. |
| ERM | 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 | Employment Relations Practitioner, appointed by all Major Contractors to ensure that the EPP is implemented and complied with. |
| Executive Committee | Group of directors appointed to act on behalf of, and within the powers granted to them by, the board of directors. The Executive Committee is chaired by TDIC's Chief Executive Officer. |

| Term | Definition |
|---------------------------|---|
| Independent | Compliance 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 | Any UAE law, regulation, directive, decree, ministerial decision or order, or guideline issued by the relevant authorities where the work is performed. |
| LTI | Loss Time Incident |
| Main Agreement | The agreement between TDIC and the Contractor of which this EPP forms part of. |
| MoL | UAE Ministry of Labor |
| PwC | PricewaterhouseCoopers (Abu Dhabi Branch) |
| Project | Any project commissioned by TDIC on Saadiyat island. |
| PPE | Personal Protective Equipment |
| Recruitment Fee | Any recruitment monies or fees payable to an Agent or third party with regard to an Employee’s assignment to the site. |
| SAV | Saadiyat Accommodation Village (formerly Saadiyat Construction Village). The Village was officially rebranded late 2012 to the new name. |
| Service Provider | A Contractor engaged by TDIC to provide services on Saadiyat Island other than Contractors/Subcontractors engaged for construction projects. |
| Site | 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 | The agreement that Contractors are required to enter into with Employees who are assigned to the site. |
| Subcontractor | Any third party 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. |
| Temporary Employee | All Employees who are assigned to the site for less than 30 days accumulatively over the duration of the Works. |
| TDIC | Tourism Development & Investment Company |
| WPG | Work Place Group which is established by the Contractors and Subcontractors in respect of its Employees in terms of the EPP. |
| WPS | The Wage Protection System is an electronic salary transfer system that allows institutions to pay workers’ wages via banks, bureaux de change, and financial institutions approved and authorised to provide the service. The system, developed by the Central Bank of the UAE, allows the Ministry of Labour to create a database that records wage payments in the private sector to guarantee the timely and full payment of agreed-upon wages. |

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