April, 2016

Gulf Labor Coalition Responds to PwC's 4th Annual Monitoring Report.

Summary: In its 4th annual report, the PwC monitor reiterated its previous findings by reporting serious oversights and deficiencies in the Tourism Development & Investment Company's compliance with its own Employment Practices Policy on Saadiyat Island. Moreover, some of the new findings suggest serious flaws in the monitor's own methodologies.

Sample Size and Methods: Workers from 6 main contractors, and 8 of the largest subcontractors were interviewed, for a total of only 880 workers (5,555 is the current estimated workforce on TDIC projects). There were 53 subcontractors working on Saadiyat in 2015. Evidence from recent years (e.g., Nardello report on NYUAD) shows that the most egregious violations are committed by the smaller subcontractors, more so than the larger ones. The PwC report has little to say about these small firms, since the monitoring staff only talked to the largest subcontractors.

TDIC itself has only two compliance staff (the report "recommends" adding more, an indicator that TDIC has yet to approve the budget to do so). Even so, these two managed to miss an entire infrastructure project, allowing all the workers on that project to fall outside of EPP protections. Since TDIC only has seven projects at present, that is an unacceptable oversight. In addition, these two staff audited less than 1 percent of the total workforce, a statistically unacceptable sample size.

Living Wage: Significantly, the report says almost nothing about compensation levels.

Pay Frequency: PwC finds one (out of the eight subcontractors interviewed) to have delayed payments to their workers by 15-30 days, and finds 50% inaccuracies with the payment slips of said-subcontractor. It is logical to presume that the smaller subcontractors are doing even worse with payments.

Representation: Only 7% of workers interviewed knew anything about industrial action procedures, and only 15% knew about dispute referrals. This is a 5% decline from the 2014 report and precisely the opposite direction that we would hope two years later on.

Penalties: In nine visits, PwC found five Contractors in non-compliance with EPP, yet TDIC has applied penalties to only one. Indeed, TDIC is faulted for penalizing only ONE of the firms found to be in non-compliance over the last three years of PwC monitoring. This

is an appallingly low rate of enforcement. PwC recommends a more 'robust' and 'consistent' penalization process.

Recruitment: PwC reports that 58% of workers interviewed paid recruitment fees, and 57% paid relocation fees. That figure is down dramatically from the 88% (recruitment) and 89% (relocation) recorded in last year's report, which is simply not credible. It is a well-known and documented fact that workers generally cannot get to the UAE without paying these fees in home country. There is no channel for any migrant worker (unless high-skilled white collar) to apply for a solo visa for themselves. All visas get submitted in collective batches by “manpower agencies,” and they make their revenue by charging a fee to each worker. This finding alone casts doubt on of PwC’s methods vis-à-vis questions of recruitment and relocation.

PwC reports that 'no evidence exists from the contractors and subcontractors to confirm' that they had paid recruitment and relocation fees as required. The one instance where a contractor contacted a recruitment agency that charged workers fees, workers were reimbursed between 190 and 495USD. From the research that GLC and others have conducted, we know this is a significantly smaller amount than what workers on average (1500 to 2000USD) pay for recruitment and relocation.

Only 7 out of the 21 contracts between contractors and their recruiting agents included the stipulation that recruitment/relocation fees are NOT permitted.

Moreover, PwC reports that TDIC forced one contractor to pay 7 workers their relocation costs even though the workers were not able to provide proof of their paying their own relocation fees. This is an instance where TDIC chose to disregard its own guidelines and required contractors to pay for relocation costs in the absence of receipts.

Saadiyat Accommodation Village (SAV): In spite of risks in communicating with PwC monitors, workers still went out of their way to let the monitors know that the food served in the SAV is unacceptable, an ongoing problem that the new SAV management team has not resolved. There is nothing in the PwC report about life outside of SAV; GLC’s own field testimony found ample evidence that workers feel socially isolated (with long-term trauma consequence), cannot access the city easily, and that, given the choice, would rather live in Mafraq Workers City, at least an hour away from their work sites. The Worker Satisfaction Survey developed by TDIC and cited in the PwC report displays a very weak methodology for gauging worker sentiment.

After several years of operation, SAV standards have still not been formally approved by the relevant government agencies. What is the reason for this? In addition, PwC reports

that the current SAV utilization is only at 33% (6600 workers). While the total workforce on TDIC projects is estimated at 5,555 on average. If this estimate is correct—and GLC field researchers have found many Saadiyat workers who are housed elsewhere – what do these empty beds say about this model camp's desirability to the other firms contracted on non-TDIC projects?

<u>Language</u>: 29% of the workers stated they do not understand the Site Agreements they are required to sign during their induction.

<u>Health & Safety</u>: PwC reports significant non-compliance on Health and Safety. On one out of six sites visited, workers were not wearing protective equipment, and some were smoking near flammables, etc. So too, the reported H&S stats on 'near misses' is so far below the average in global construction industry as to attract PwC's suspicion. More accurate reporting is recommended by PwC.

<u>Complaints</u>: Only 17% of the sample knew of the toll free access hotline for grievances and suggestions. There is no information in the report about how often the line was used and for what purposes.

<u>Recordkeeping</u>: 50% of contractors are not keeping adequate records of employees' medical and leave history. PwC recommends that TDIC and the main contractors develop an effective ' internal mechanism' to capture such data. Why, in 2016, is there no such mechanism?

<u>Miscellaneous</u>: TDIC is also encouraged to 'continue its earlier work to better understand the impact of workers employment' on ' their families in their home countries.' There is no reference or research on what this earlier work is.

TDIC is encouraged to consider the 'lessons learned' from the previous years of monitoring before awarding contracts for the Guggenheim and Zayed National Museum." Yet there is no detailed reference to what these lessons are.

PwC reports that the new EPP provisions introduced last August were intended to prevent contractors from "interpreting certain clauses in their favor." In light of the continuing violations cited throughout the report, we have reason to be skeptical about the political will to enforce these provisions.

Conclusion: We feel it is important to comment on the fact that the topic of workers' rights does not appear in any of these findings, including the right of workers to independently organize and bargain for their wages and for better working conditions, rights that are

considered essential and universal and that the International Labor Organization specifies in its 1998 Declaration on Fundamental Principles and Rights at Work stipulating that workers have the "freedom of association and the effective recognition of the right to collective bargaining."

Gulf Labor Organizing Committee