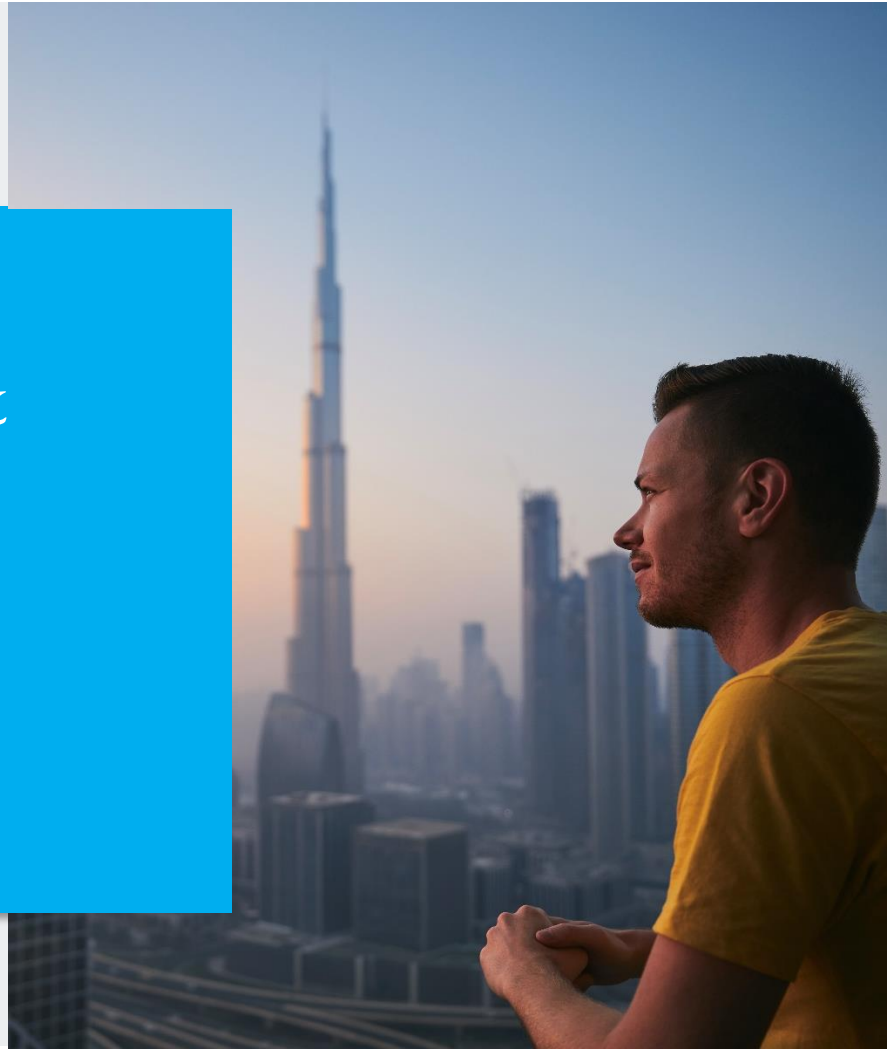


UAE & GCC Region: Employment Practice & Employee Benefits Developments

DECEMBER 5, 2023



Moderator



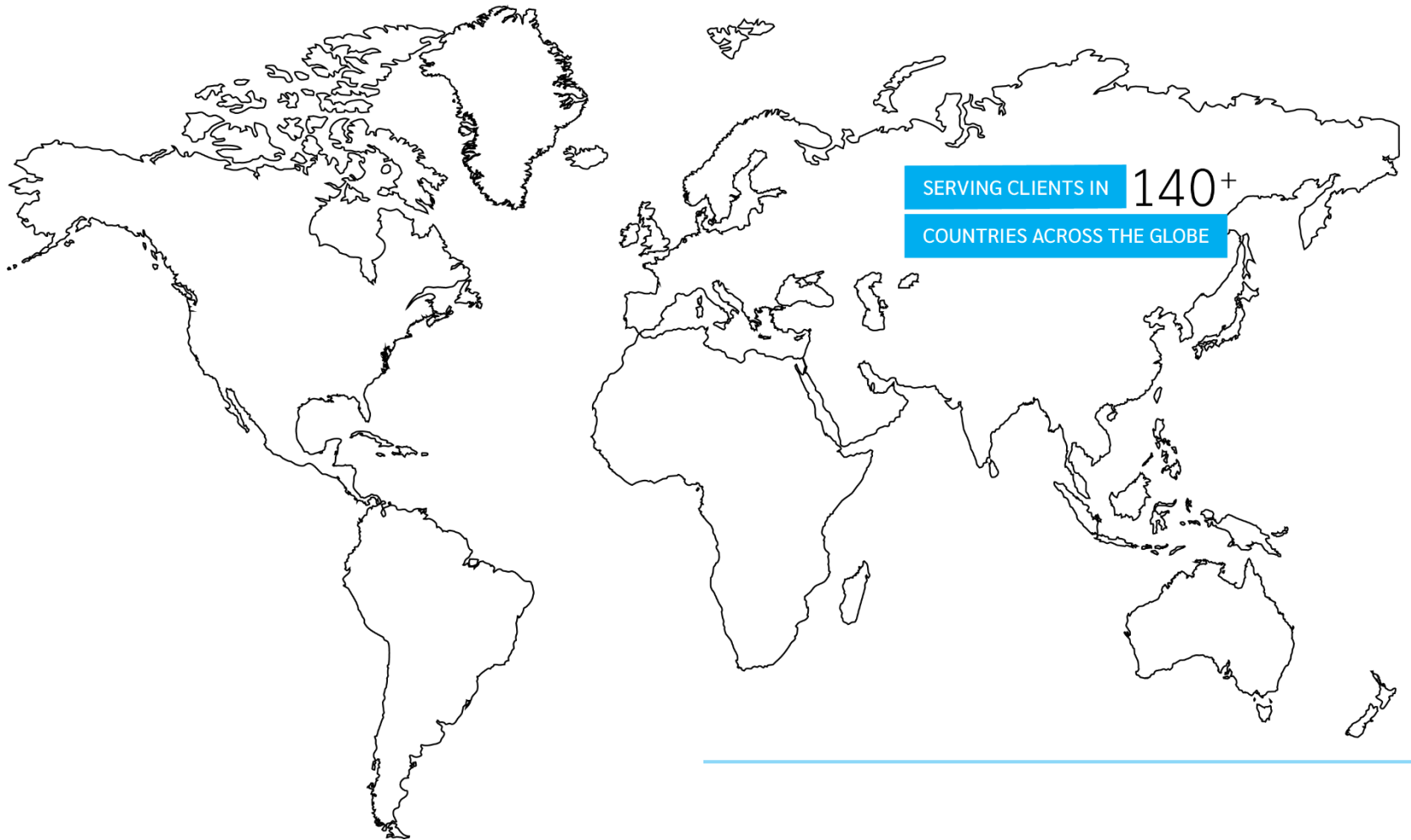
Selima Crum

*AVP, International
Compliance Consultant,*

*Global People Solutions
Compliance Practice*

Lockton Companies

Lockton's global reach



Lockton global partnership at a glance



22,000
ASSOCIATES

140+
COUNTRIES

3,500
CLIENTS

ONE
PURPOSE

Agenda

UAE: Jurisdictions

UAE recent reforms in employment

UAE labour law reform

Fixed-term employment contracts

Anti-discrimination

Redundancy

Fines

Benefits

Market update

Speaker Information



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LLC – Dubai



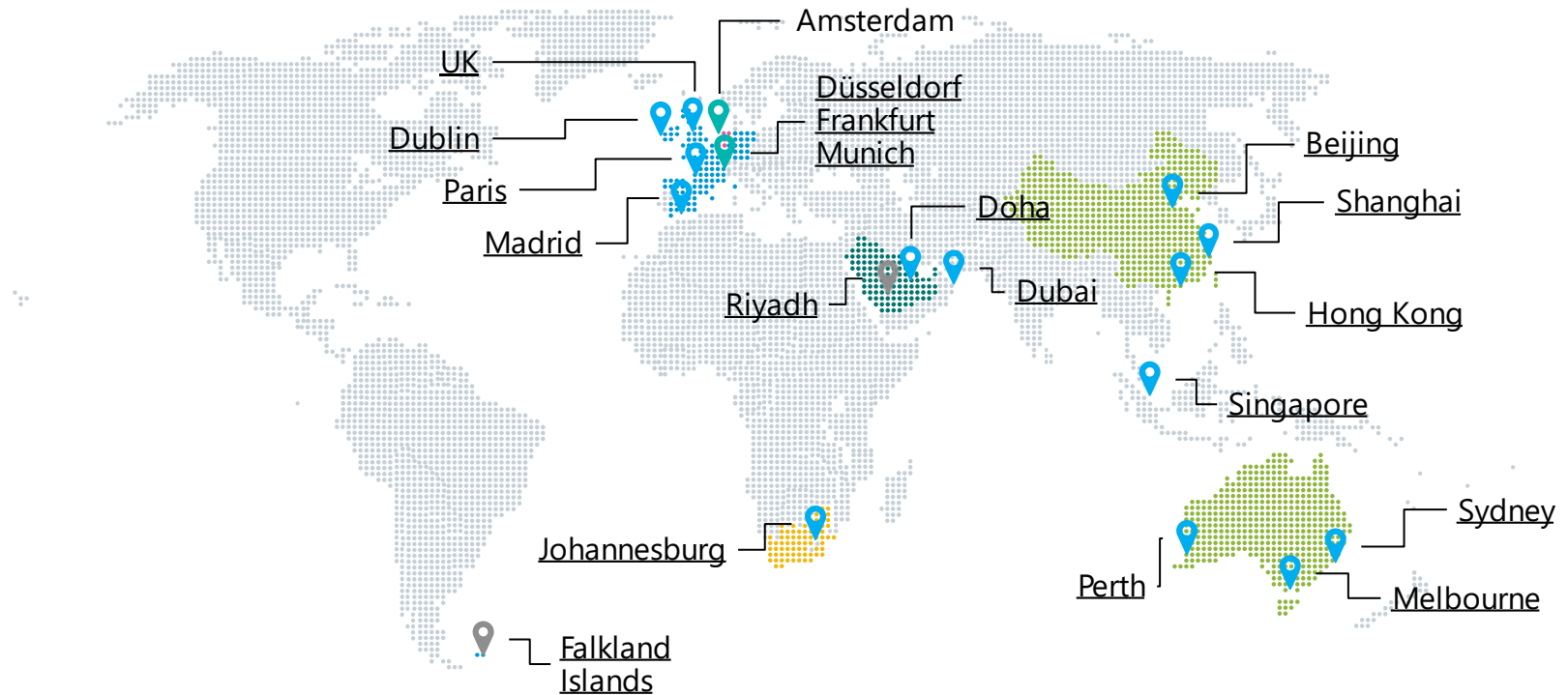
Pinsent Masons

We are one of the leading specialist employment practices in the Middle East region. Our dedicated Employment Practice helps clients understand their obligations as employers and supports them in recruiting, managing and structuring their workforce.



Awards and Rankings

-  Chambers Employment Team of the Year 2023 and 2021
-  Chambers Band 1 Practitioner
-  Legal 500 Band 1 UAE Employment Law Practice
-  Middle East Oath Awards: Employment Team of the Year 2022

Introducing Pinsent Masons

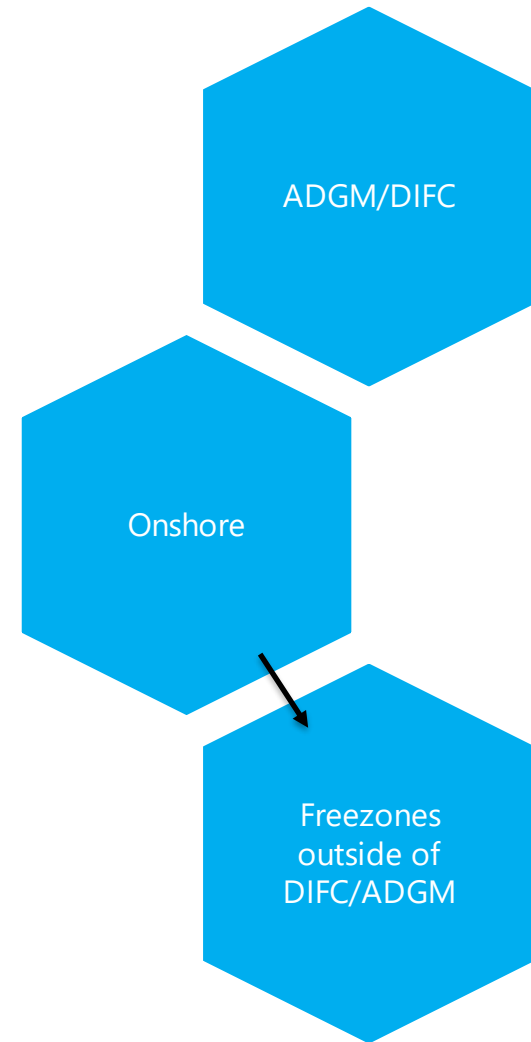


Key

-  Pinsent Masons offices
-  In association with Pinsent Masons

Employment in the UAE: Jurisdictions

Onshore
Freezones
DIFC
ADGM



Unemployment Insurance

- Federal Decree Law No 13 of 2022 Concerning Unemployment Insurance (1 January 2023)
- **Scope:** UAE nationals and expatriate employees in public and private sectors (freezones and semi-government companies included)
- **Deadlines:** 30 June 2023, or within 4 months of hire date
- **Contributions:** AED 5 or AED 10 monthly
- **Payments:** Scheme pays cash sum for up to 3 months at 60% of basis salary:
 - Employees earning <AED 16k monthly can receive up to AED 10k
 - Employees earning > AED 16k monthly can receive up to AED 20k

Unemployment Insurance

Conditions

- Must have subscribed for at least 12 months
- Not applicable if employee (i) is dismissed for disciplinary reasons; or (ii) resigns
- Where employee has exited UAE or got new job

Penalties

- Employee's obligation to enroll and subscribe
- AED 400 non-registration, and
- AED 200 for every three months' premium remains unpaid
- Non-renewal work permit



End of Service Gratuity Savings Scheme

- Cabinet Resolution No. (96) of 2023 Concerning the Alternative Voluntary End of Service System
- **Aim:** Protect employee gratuity, enhance labour market, provide savings opportunities
- Applies to onshore and freezones (excl. DIFC/ADGM)
- Voluntary for employers; mandatory for employees selected by employers
- Monthly contributions:
 - 5.83% (less than 5 years' service)
 - 8.33% (more than 5 years' service)
- Employees can make their own contributions

New End of Service Savings Scheme

- Fines for late payment:
 - Stop issuing work permits (2 months' delay)
 - AED 1,000 per beneficiary (4 months' delay)
- Different investment fund options
 - Capital guarantee portfolio (mandatory for unskilled workers)
 - Risk based investment (employees bear own risk)
- Gratuity to changeover date is payable on eventual termination (at the rate of basic salary on the changeover date)
- Employer needs Ministry approval before any deduction can be made from the contributions

Emiratisation

MOHRE Resolution and the new requirements

- Apply to all employers who fall under the jurisdiction of the MoHRE
- Private sector companies with 50 or more employees are required to increase their Emirati workforce in excess of their current quota through a 2% year on year increase until they reach 10% in 2026.
- Number of Emiratis required will be calculated according to the overall number of skilled workers
- Existing Emirati employees pre-January 2023 will be disregarded when calculating the quota
- Fines for non-compliance with the quotas: AED 6,000 per month per Emirati employee falling short of the quota. This fine will be increased by AED 1,000 per month per year

Emiratisation - NAFIS

- **Nafis** program was launched as part of the UAE's 'Projects of the 50'
- Eleven initiatives have been announced
 - **Salary subsidies**
 - Emirati salary support scheme: top up payment of AED 5,000 a month for up to 5 years + a payment of AED 8,000 a month to new graduates on training programs in the first year of employment.
 - Additional top-up payment for certain professions
 - **Pension subsidy**
 - Government will pay state pension contributions for newly employed Emiratis for the first five years if they earn less than AED 20,000 a month

UAE Labour Law Reforms

Objectives:

- Attract and retain the best future talents and skills
- Regulate labour relations in a balanced way
- Enhance flexibility and sustainability of labour market
- Support and rehabilitate capacities and skills of workers in private sector, provide protection to both parties



Fixed Term Employment Contracts

Employment Contracts

2021 Law

- All contracts for a fixed term – **no cap on term** (Article 8 (3) amendment)
- Can be renewed or extended
- Continuity of service
- One-year transitional period EXTENDED to 31 December 2023

Action

- Audit of employees on unlimited term contracts
- Look out for MoHRE/freezone template contract

Fixed Term Employment Contracts

Employment Contracts

- 31 December 2023 to move all employees to fixed-term contract

Transition Planning - Practical Tips

- **Timeframe:** Tranches, together, visa renewal?
- **Employee comms:** rationale; continuity of employment; accrued entitlements/benefits
- **Renewal arrangements:** Side 'comfort' letter; auto renewal?
- **T's & C's overhaul?**

Anti-discrimination provisions

- The New Labour Law protects against discrimination on the grounds of:
 - Race
 - Color
 - Gender
 - Religion
 - National or ethnic origin
 - Disability
- Protection against sexual harassment in the workplace
- Positive discrimination in favor of Emiratis

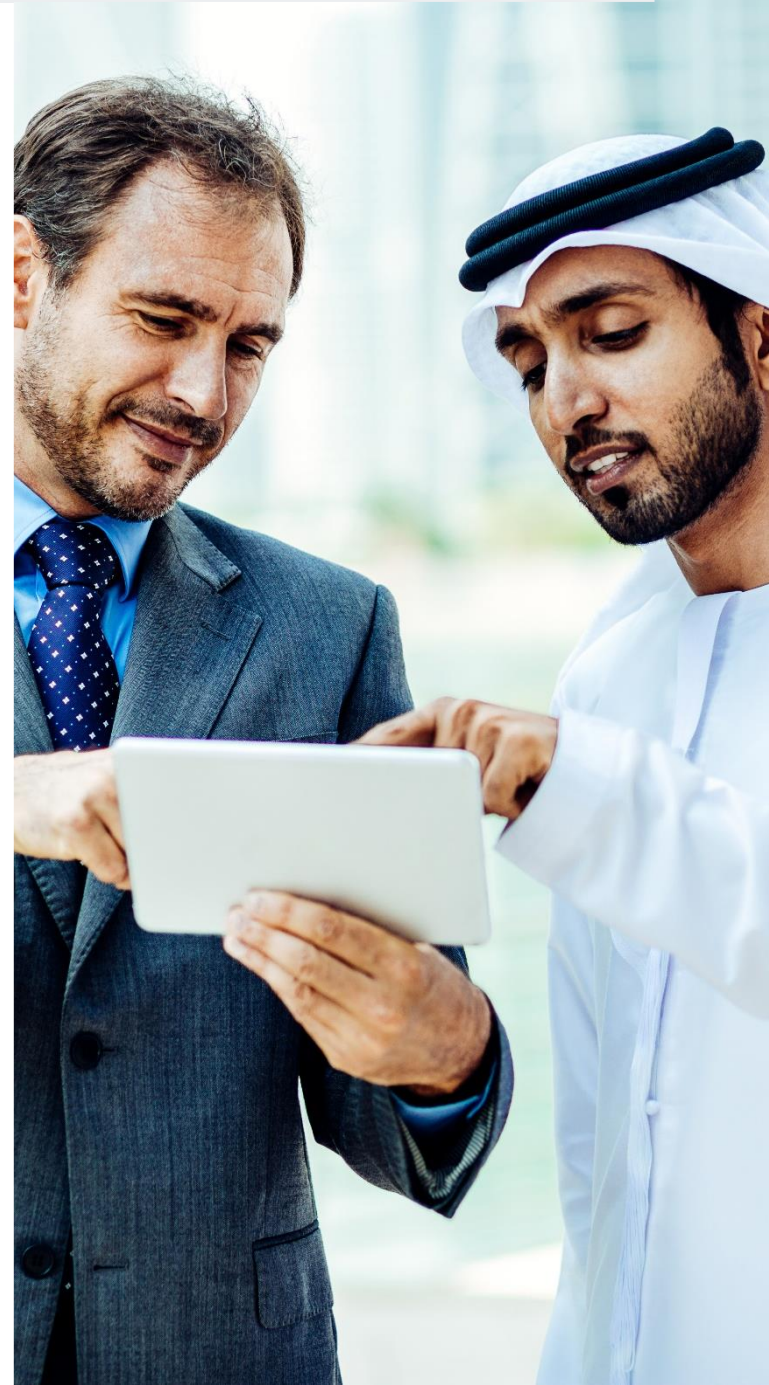
- Equal pay for men and women who perform “the same work” or work of “equal value”
- Supplementary guidance to confirm the meaning of “equal value”
- Equal pay principle not entirely new to the UAE Labour Law

Action for employers

- Review pay scales
- Review pay policies
- Review payroll

Redundancy

- “Redundancy” recognized for the first time
- Employer is bankrupt or insolvent
- Economic or exceptional reasons
- Limited meaning:
 - the issuance of a court ruling confirming that the employer is bankrupt or insolvent;
 - The issuance of a decision by the applicable UAE authorities confirming that the employer is unable to continue the activity for any exceptional economic reasons beyond his control.
- No redundancy pay or procedure therefore recommended best practice



Fines

- AED 20K – 100K for false information / documentation to recruit an expat employee
- AED 50K – 200K for employing an employee without obtaining a work permit or employing without any work available
- AED 200K to 1 million for misusing electronic access and signature to access Ministry's systems
- AED 5K to AED 1 million for any breach of the Labour Law whatsoever
- Fines multiplied by number of employees, subject to maximum fine of AED 10 million
- Repetition of offence can result in imprisonment or doubling of the original fine

Employee Benefits

Benefit	Old Position	New Position
Annual Leave	First year – 2 days / month Second year onwards – 30 calendar days	Entitlement unchanged Nb. Carry forward position has changed
Maternity Leave	45 days full pay	45 days full pay 15 days half pay
Parental Leave	5 days pay	Entitlement unchanged
Sickness Absence	15 days full / 30 days half / 45 days unpaid	Entitlement unchanged
Compassionate Leave	N/A	5 days paid leave for death of spouse 3 days leave for death of other relatives
Study Leave	N/A	10 days paid leave subject to two years service

Employee Benefits

End of service gratuity

- Statutory formula
 - 21 days' basic pay for each year of service up to the first five years' service.
 - 30 days' basic pay for each year of service in excess of five years' service.
- Payable for all terminations
- Reductions for resignations?



Market Update



Lockton MENA

Headquartered in Dubai (UAE), with 300+ associates providing (re)insurance and people solutions, we have strength in handling major corporate clients in UAE and throughout the region. Offering innovation in our solutions, we service clients across the Middle East, North Africa and Pakistan customizing the best protections for them.

Lockton MENA was the first broker to achieve its own Lloyd's Broker license in the Middle East and the first broker in the Middle East to achieve Chartered Insurance Broker status by the Chartered Insurance Institute in the United Kingdom.

From our headquarters in Dubai, Lockton MENA has expanded operations into the UAE, Egypt, Jordan, Morocco and Oman.



UAE
DIFC
Dubai
Abu Dhabi



Egypt
Cairo
Alexandria



Jordan
Amman



Morocco
Casablanca



Oman
Muscat



GCC Trends

War on talent:

- Terms and conditions
- Post termination restrictive covenants
- Secondments
- Agile working

Nationalization

Increase in **Exp**at Numbers

The Gulf region has been a popular destination for expatriates for many years. In recent years, there has been an increase in the number of expats moving to the Gulf region for work.

In the UAE, the total population is 9.8 million

- Expat population totals around 88%
- In 1973, UAE population was 441,546 persons and has grown an average annual rate of 6.56%
- Expected to grow to 11 million by 2030
- Dubai's population expected to reach 5 million in the same timeframe (currently 3.6 million + 38%)

In KSA, The total population is 36 million

- Expat population totals 37% (13 million)
- Saudi National's amount to 63% (23 million)
- Plans to grow population to over 50 million by 2030 (+38%)
- 50/50 expatriates and Saudi nationals

Increase in Growth Numbers

Bahrain

Total population 1.5 million.

- 2 million by 2023 (+33%)

Egypt

Total population 113 million.

- 121 million by 2030 (+7%)

Oman

Total population is 4.6 million.

- 6.1 million by 2030 (+32%)

Qatar

Total population 2.7 million.

- 3.7 million by 2023 (+37%)

USA

Total population 340 million.

- 350 million by 2030 (+3%)

Europe

Total population 742 million.

- 736 million by 2030 (-0.8%)



Increasing Costs & Medical Inflation

- Aging population
 - Greater number of visa options for residents
- Increased demand for specialty healthcare services
 - 1,200 new outpatient rooms by 2025 in Dubai alone
- State-of-the-art facilities and the world's best doctors
 - Medical tourism from Russia, China and India
- Fully private system, novel and appealing to expatriates
 - Utilization higher in residents that have historically not had access to private healthcare services
- Misuse by insured and providers alike
 - Members use carelessly and providers take advantage of a fully insured market
- Global inflation and supply chain price increases
 - Cost of medical supplies at its highest

Blame Game



Taking Steps to Combat Medical Inflation

Regulator

- Capping costs at the provider
- Centralising medical records
- Expanded DRG codes
- Local admitted plans only

Insurer

- Consolidation in the market
- Locally admitted and serviced plans

Provider

- Correct use of DRG codes
- Sustainable pricing

Employers

- Willingness to understand pricing
- Budget accordingly

Members

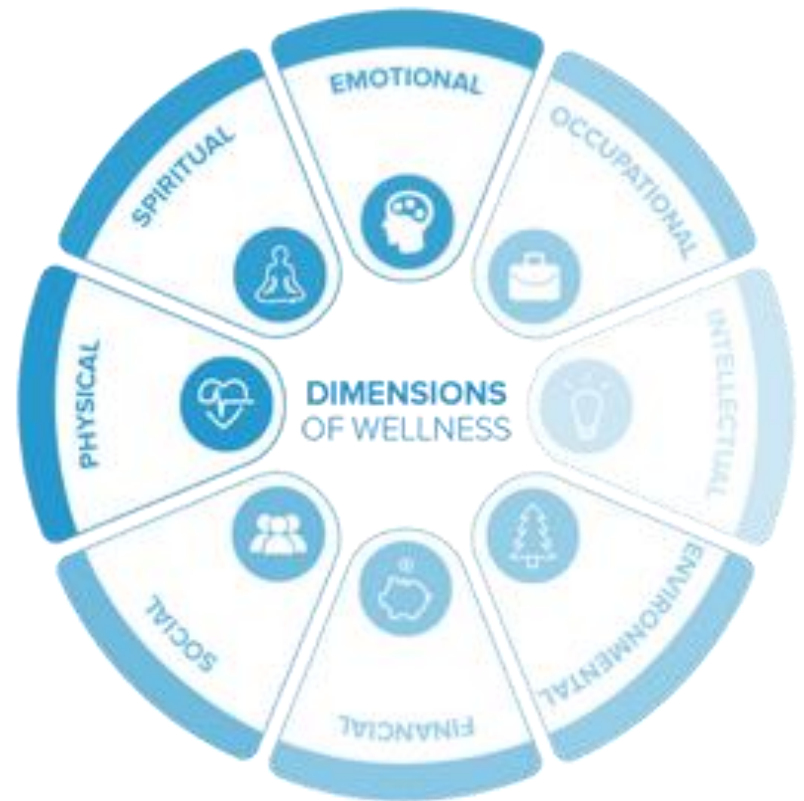
- Take ownership
- Better use the services available

Brokers

- Consultative vs “race to zero”
- Training and advice to clients
- Invest in client wellbeing

Focus on Employee Wellbeing

- Employers are recognizing the importance of providing a healthy work-life balance and are offering benefits such as:
 - Flexible working hours
 - Mental health support
 - Wellness programs
- This trend is expected to continue as employers seek to attract and retain the best talent.



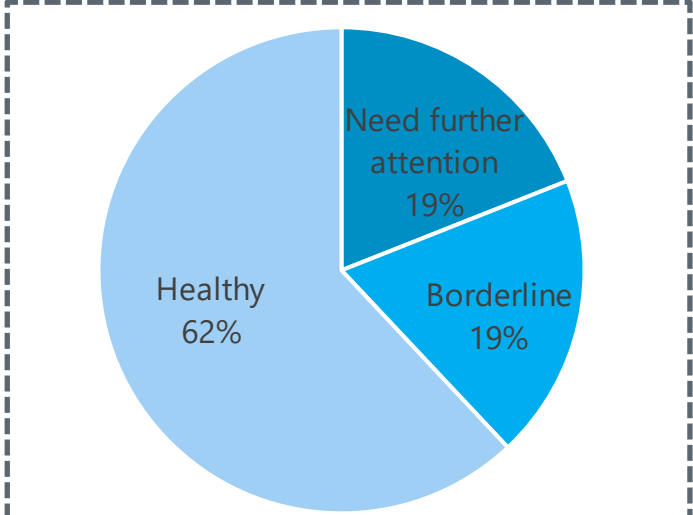
Biometric Health Screening

A visual representation of company health.

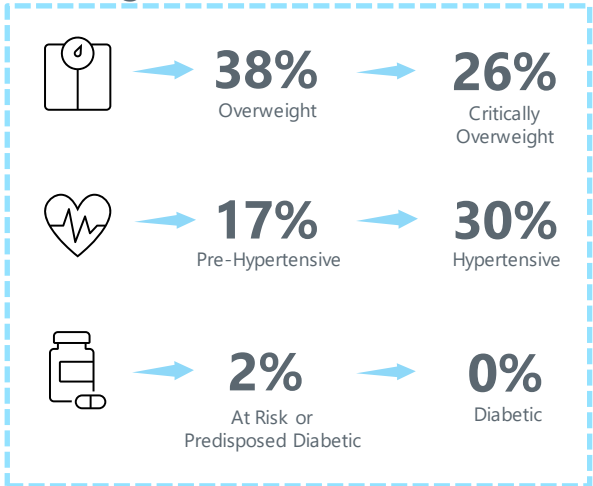
General Details



Overall View



Findings



Parameters:

BMI

Normal 20-24
 Overweight 25-30
 Critically Overweight >30
 Underweight <18.5

RANDOM BLOOD CHOLESTEROL

Normal <200 mg/dL
 Borderline High 200-239 mg/dL
 High >240 mg/dL

RANDOM BLOOD SUGAR

Normal <140 mg/dL
 Pre-diabetic 140-199 mg/dL
 Diabetic >200 mg/dL

BLOOD PRESSURE

Normal 120/80
 Pre-hypertensive Diastolic 80-89
 Systolic 120-139
 Hypertensive >140/90

Corporate Wellness Menu

MEDICAL

- **Know Your Numbers**
Basic Health Check-up: BMI analysis, blood pressure, random blood sugar test with GP consultation.
- **Healthy Vision**
 - Learning about the things you are doing at your desk that will give you eye strain.
 - Vision screening.
- **Nutrition Program**
 - BMI assessment followed by nutritionist consultation and advice.
 - Healthier food options.
- **Gluco-Vigilance**
Keeping a careful watch on blood sugar levels regularly to keep one's diabetes in check.
- **Healthier food options to lower Lipids levels**
Which foods to eat and which to avoid to lower Cholesterol and triglycerides.
- **Hypertension the "Silent Killer"**
A health talk on how to manage hypertension.
- **Healthy Teeth**
 - Talk on brushing techniques and prevention of dental caries.
 - Dental checks.
- **Pink Month**
Breast cancer awareness and screenings.
- **Beat the Flu**
Onsite Flu Jabs at discounted rates.
- **November**
Prostate Cancer Awareness
- **Ergonomics**
 - Ergonomic exercises tutorial session
 - Correct sitting posture - Desk Ergonomics
- **Onsite Blood Donation Campaign in collaboration with the authorities**

WORKSHOPS

- Building Empathy through Communication in the Workplace
- Breaking the Barrier to Seeking Mental Health Support – Depression, Anxiety & OCD
- From Work Burnout to Balance
- Conflict Resolution – Dealing Well with Difficult Situations
- The Anger Management Toolbox
- Gratitude – The Key to a Happy Life
- From Emotional Reaction to Rational Reaction
- How to be More Patient – The Road
- More than Perfect Understanding your Inner Critic and Perfectionism

FINANCIAL

Investing Bootcamp

MIND - BODY

Yoga

MENTAL

- Work Life Balance
- Stress management, motivation and support
- Mindfulness
- Combat Anxiety with Reiki
- Hybrid working
- Knowing the signs
- Recognizing and responding to someone who is emotionally struggling
- Journeying through grief: A Guide to Healing
- Breathing Techniques to relieve stress and anxiety
- Developing a positive body image
- EAP

Independence changes everything.