

**CABINET RESOLUTION NO.(18) OF 2022
CONCERNING
CLASSIFICATION OF PRIVATE SECTOR ESTABLISHMENTS GOVERNED BY
THE PROVISIONS OF LABOR RELATIONS REGULATION LAW**

The Cabinet:

- Having reviewed the Constitution;
- Federal Law No.(1) of 1972 on the competencies of the Ministries and Powers of the Ministers and amendments thereof
- Federal Decree-Law No. 33 of 2021 regulating labor relations and its executive regulations
- Federal Decree-Law No. 27 of 2021 regarding the establishment and organization of the Emirati Cadres Competitiveness Council
- Cabinet Resolution No. 26 of 2010 regarding the classification system for establishments governed by Labor Relations Regulating Law and Bank Guarantees established therein and its amendments
- Cabinet Resolution No. 21 of 2020 regarding service fees and fines in the Ministry of Human Resources and Emiratisation
- Cabinet Decision No. (52C/2m) of 2022 regarding the skilled manpower planning policy by promoting cultural and demographic diversity in the labor market in the country
- Based on the proposal of the Minister of Human Resources and Emiratisation and the approval of the Cabinet.

Resolved the following:

Article (1)

Establishments Classification Categories

Establishments subject to the provisions of Federal Decree-Law No. 33 of 2021 are classified into three categories:

1. Category (1)
2. Category (2)
3. Category (3)

Article (2)

Category (1)

Establishments will be classified under Category (1) subject to compliance to all procedures related to Federal Decree-Law No. 33 of 2021 and its executive regulations and all decisions issued by the Ministry of Human Resources and Emiratisation regarding work permits, employment contracts for nationals and expatriates, Wage Protection System, at a rate of 100%, in addition to achieving one of the following criteria:

1. Increasing the annual Emiratisation rate in the establishment at least 3 times more than the desired target, in accordance with the decisions of the Council of Ministers.
2. Cooperating with the Emirati Talent Competitiveness program (Nafis) in hiring and training Emiratis of at least 500 citizens each year
3. Classified under Small and medium-sized enterprise (SME) at the local or federal level or projects of an innovative nature.
4. Training and employment centers that support the implementation of the workforce planning policy by promoting cultural and demographic diversity in the labor market in the country.
5. One of the targeted economic activities and sectors determined by the Council of Ministers based on the proposal of the Minister of Human Resources and Emiratisation.
6. One of ZONE CORP establishments.

Article (3)
Category (2)

Establishments are classified under Category (2), provided that they comply with all procedures related to the aforementioned Federal Decree-Law No. 33 of 2021 and its executive regulations and all decisions issued by the Ministry of Human Resources and Emiratization concerning work permits, employment contracts for nationals and expatriates and Wage Protection System, in addition to adhering to the skilled manpower policy by promoting cultural and demographic diversity in the labor market in the adopting state.

Article (4)
Category (3)

Establishments are classified under Category (3), according to the following criteria:

1. All establishments violating the skilled manpower policy which requires promoting cultural and demographic diversity in the labor market in the adopting country.
2. If it is established to the Ministry that the establishment violates the provisions contained in Federal Decree-Law No. 33 of 2021 or its executive regulations or ministerial decisions issued in implementation thereof as mandated by the Minister of Human Resources.

Article (5)
Transition Period

Except for the provisions of Article (3) regarding compliance with the skilled manpower policy by promoting cultural and demographic diversity in the labor market in the adopting country, establishments with 50 or more workers are classified under Category (2) in the transitional period. The Ministry may, in coordination with the Ministry of Finance, determine the time frame for the expiration of the transitional period.

Article (6)

Transferring establishments from one category to another

The Ministry of Human Resources and Emiratisation may move establishments from one category to another and from one level to another (up and down) as long as they satisfy the requirements of the category or level they are moved to, set forth in this resolution.

Article (7)

Classification of New Establishments

All new establishments, regardless of its size, shall be classified under category (2), subject to compliance with the policy of skilled workers and cultural diversity when issuing work permits. The establishment will be classified Category (3) if any of the criteria mentioned in Article (4) of this resolution are met.

Article (8)

Protection of Worker's Rights

1. Establishments governed to the aforementioned Federal Decree-Law No. 33 of 2021 are obligated to pay a bank guarantee of AED 3000 for each worker or to insure each worker, in accordance with the schemes approved by the Ministry of Human Resources and Emiratisation.
2. As an exception to Clause (1) of this Article, establishments that are classified by the Ministry of Human Resources and Emiratisation as high-risk are obligated to insure all workers in accordance with the schemes approved by the Ministry of Human Resources and Emiratisation.

Article (9)
Executive Decisions

The Minister of Human Resources and Emiratisation shall issue necessary rules and regulations to implement this decision.

Article (10)
Annulment

Cabinet Resolution No. 26 of 2010 concerning the classification of establishments governed by Labor Relations Regulating Law and prescribed bank guarantees and its amendments is hereby repealed, and any provision that contradicts with the provisions of this resolution shall also be repealed.

Article (10)
Publication and Validity

This Law shall be published in the Official Gazette and shall come into force as of 1st June 2022.

Mohammad Bin Rashed al-Maktoum
Prime Minister

Issued by us on:
11th Shaaban 1443 A.H
14th March 2022 A.D