

### Employment Affairs Office – Frequently Asked Questions (FAQs) on the ADGM Employment Regulations 2024

### **Employment in Abu Dhabi Global Market**

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#### A. ADGM Employment Affairs Office

#### 1. What is the role of the ADGM Employment Affairs Office?

The primary role of the ADGM Employment Affairs Office ("**EAO**") is to provide guidance regarding the interpretation of the ADGM Employment Regulations 2024 and its subordinate rules.

#### 2. What are the objectives of the ADGM EAO?

The ADGM EAO's objectives are to, through guidance, promote a fair balance of rights and obligations between Employees and Employers and to foster employment practices that will contribute to the prosperity of ADGM.

#### 3. What type of services does the ADGM EAO provide?

The ADGM EAO provides guidance concerning the interpretation of the ADGM Employment Regulations 2024 and its subordinate rules.

For any queries related to the ADGM Employment Regulations 2024 and its subordinate rules, please contact the EAO at <u>eao@adgm.com</u>.

Please note that the EAO does not provide any services related to visas and/or ADGM work permits.

For specific requirements concerning visas and ADGM work permits, please contact ADGM Corporate Relations <u>accessadgm.cases@adgm.com</u>.

#### B. ADGM Employment Regulations 2024

#### 1. Does the UAE Federal Labour Law apply in ADGM?

No. The UAE Federal Labour Law (Federal Decree-Law No. 33 of 2021) does not apply in ADGM.

ADGM is a financial free zone generally exempt from most of the UAE federal civil and commercial laws, including the UAE Labour Law and any resolutions and decisions issued by Ministry of Human Resources & Emiratisation (MOHRE).

Reference: Article 3(2) of Federal Law No. 8 of 2004 Concerning Financial Free Zones (which expressly dis-applies civil and commercial federal laws from financial free zones).

#### 2. What is the definition of "Employer"?

Under the Employment Regulations 2024, the "Employer" means (a) a person which is incorporated, established or registered in the jurisdiction of ADGM; or (b) Abu Dhabi Global Market.



Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Employer")

#### 3. What is the definition of "Employee"?

The "Employee" means an individual employed by an Employer under an Employment Contract who –

- (i) is based within or is ordinarily working within or from the ADGM for an Employer; or
- (ii) agrees in an Employment Contract to be subject to these Regulations.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Employer" and "Employee")

#### 4. Which legislation applies to Employees and Employers in ADGM?

ADGM Employment Regulations 2024 (the "**Employment Regulations**") and its subordinate rules apply to all ADGM registered Employers and their Employees.

All capitalised terms shall have the meaning ascribed to them in the Employment Regulations and subordinate rules, including Employment Regulations (Temporary Work Permit) Rules 2024 unless defined in this FAQs.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Employer" and "Employee")

# 5. My employer holds a dual license (from the Abu Dhabi Department of Economic Development ("Abu Dhabi DED")). In this case, am I also subject to the ADGM Employment Regulations 2024?

If the Employee's employment contract is signed with the Abu Dhabi Department of Economic Development ("Abu Dhabi DED") licensed entity (in other words, the non-ADGM entity), then such Employee's employment shall be governed by the UAE Federal Labour Law.

However, if the Employee's employment contract is signed with the Employer and the Employee is based within or ordinarily working from the ADGM or agrees in the employment contract to be subject to the Employment Regulations, then such Employee and such ADGM Employer must comply with the Employment Regulations.

Reference: ADGM Employment Regulations 2024 – Section 75 (Short title, application, commencement) & Section 74 (Interpretation – Definition of "Employee")



#### C. Employment Contract & Terms

#### 1. Is it mandatory for an Employer to issue an Employment Contract to their Employees?

Yes. Section 5(1) of the Regulations states that an Employee can only be employed pursuant to an Employment Contract signed by both the Employer and the Employee. The Employer must provide the Employee with a copy of the signed Employment Contract as soon as possible, but in any event no later than 1 month, after the start of the Employee's employment.

For example, if the Employee's first day of employment is 2 January, the Employer and Employee must have already signed an Employment Contract prior to that date. Furthermore, the Employer is required to provide the Employee with a copy of the signed Employment Contract as soon as reasonably practicable, but in any event no later than 1 February, which is 1 month from the first day of employment.

Employers that fail to comply with these obligations may be liable to a fine up to level 3 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under the ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 5 (Right to a written contract)

### 2. Is there any specific information that an Employer is mandated to include in the Employment Contracts?

Yes. The Employment Contract must include, at minimum, the following information:

- the names of the Employer and Employee;
- the date of commencement of the Employee's employment;
- the Employee's job title;
- the Employee's Wages;
- the applicable Pay Period;
- any terms and conditions relating to -
  - hours or days of work;
  - $\circ$  vacation leave; and
  - sick leave and sick pay;
- the length of notice that the Employee and the Employer are obliged to give and are entitled to receive to terminate the Employment Contract;
- where the Employment Contract is not intended to be for an indefinite duration, the period for which it is expected to continue or the date when it is to end;
- the Employee's place of work or, if the Employee is a Remote Employee;
- a reference to any disciplinary rules and/or grievance procedures applicable to the Employee;
- confirmation that it is governed by the laws of the ADGM; and
- any other matter that may be prescribed by rules made by the Board.



Employers that fail to comply with such requirements may be liable to a fine up to level 7 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 5 (Right to a written contract)

#### 3. Does the ADGM EAO provide any employment contract templates?

Yes. The EAO provides standard employment contract templates for Employers and Employees, which are published <u>here</u>.

The employment contract templates contain the minimum standards under the Employment Regulations. As per section 1(3), an Employer may choose to provide rights and benefits to its Employees that are more favourable than those provided under the Employment Regulations.

Reference: ADGM Employment Regulations 2024 – Section 1(3) (No waiver)

#### 4. What are the types of employment contracts in ADGM?

Employment Contracts in ADGM may be for an indefinite term or a fixed term. This is a matter to be decided and agreed upon by the Employer and Employee.

#### 5. Is it mandatory for an Employer to keep certain records of employment?

Yes. The employer is required to keep records of the following information:

- a copy of the Employee's signed/fully executed Employment Contract;
- a copy of the Employee's passport, telephone number and personal email address;
- the date of commencement of the Employee's employment with the Employer;
- the Employee's Wages (gross and net, where applicable), and the applicable Pay Period;
- the benefits provided to the Employee by the Employer;
- each deduction made from the Employee's Wages and the reason for it;
- the dates of the vacation leave taken by the Employee;
- any sick leave taken and sick pay paid to an Employee; and
- the amount of any end-of-service gratuity paid to the Employee on termination of the Employee's employment.

The records must be in English and accessible at the Employer's main place of business in the ADGM. Additionally, the records must be retained in accordance with the ADGM Data Protection Regulations 2021, which can be accessed <u>here</u>.

Employers that fail to comply with such requirements may be liable to a fine up to level 7 on the ADGM Standard Fines Scale.



The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 9 (Employment records)

### 6. My Employer tells me that my Employment Contract will be amended. Do I need to agree to any changes made to my Employment Contract?

Section 6 of the Employment Regulations requires that any amendments to the Employment Contract that is non-administrative in nature must be in writing and must be signed by both the Employer and the Employee (please see the next FAQ concerning non-administrative amendments). Additionally, the Employer must provide the Employee with a copy of the signed amended Employment Contract prior to the amendment taking effect.

Reference: ADGM Employment Regulations 2024 – Section 6 (Amendments to the Employment Contract)

#### 7. What are non-administrative amendments?

Non-administrative amendments are material and/or significant changes to an Employment Contract, including but not limited to: Wages, the amount of vacation leave, the hours or days of work, the length of notice for termination, changing to or from a fixed term contract, etc.

Non-administrative amendments could potentially result in Employees' reconsidering their employment with the Employer and therefore, Employees' written consent is required prior to making any changes to the Employment Contract.

If non-administrative amendments are made, the Employer must provide the Employee with a copy of the amended Employment Contract.

However, if the changes being made to the Employment Contract are only administrative, then such changes do not need to be in writing or signed by the Employer and Employee.

Reference: ADGM Employment Regulations 2024 – Section 6 (Amendments to the Employment Contract)

#### D. Visa and ADGM Work Permits

#### 1. What are the requirements for a visa and/or ADGM work permit?

Please note that the EAO does not provide any services related to visas and/or ADGM work permits.



However, general information regarding visas and/or ADGM work permit can be found here.

For specific requirements concerning visas and ADGM work permits, please contact ADGM Corporate Relations at <a href="mailto:accessadgm.cases@adgm.com">accessadgm.cases@adgm.com</a>.

### 2. Is there any specific timeframe for an Employer to obtain an Employee's visa and/or ADGM work permit?

The Employer is responsible for obtaining, maintaining and paying the cost of the Employee's ADGM work permit, residency visa (if applicable) and UAE identity card (if applicable). The Employer needs to obtain, or must have at least applied for, the Employee's ADGM work permit before the Employee starts to work for the Employer.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

#### 3. Who is responsible for the cost of obtaining a visa and/or ADGM work permit?

The Employer is responsible for bearing the costs related to the Employee's visa and/or ADGM work permit.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### 4. Can an Employer ask an Employee to reimburse the cost of obtaining a visa and/or ADGM work permit?

Employers must not request, demand, or accept any sum from their Employees as reimbursements for the Employer's costs in obtaining the Employee's ADGM work permit, residency visa, or UAE identity card.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### 5. Is an Employer responsible for cancelling an Employee's ADGM work permit and/or visa?

Employers must cancel the Employee's ADGM work permit and residency visa (if applicable) as soon as reasonably practicable following the termination of an Employee's employment (in any event, no later than the time frame set by the Federal Authority for Identity, Citizenship, Customs & Port Security).

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### 6. Can an Employer ask an Employee to reimburse the cost of cancelling a visa and/or ADGM work permit?

Employers must not request, demand, or accept any sum from their Employees as reimbursement for the Employer's costs in cancelling the Employee's residency visa and/or ADGM work permit (if applicable).



Reference: ADGM Employment Regulations 2024 – Section 4 (Visa and permits)

### 7. Can an Employer make the cancellation of the Employee's ADGM work permit and/or residency visa conditional on the Employee waiving any rights under the Regulations?

Employers must not make the cancellation of the Employee's ADGM work permit and/or residency visa conditional on the Employee waiving any rights under these Regulations or making any payment to the Employer.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### 8. Is there a penalty for an Employer who fails to comply with the visa and/or ADGM work permit obligations?

Employers that fail to comply with Section 4 of the Regulations may be liable to a fine up to level 7 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 4 (Visa and permits)

### 9. If an Employee's employment is terminated by an Employer who refuses to cancel the Employee's visa and ADGM work permit, what can an Employee do?

Section 4(3) of the Employment Regulations requires Employers to cancel an Employee's ADGM work permit and residency visa as soon as reasonably practicable following the termination date (in any event, no later than the time frame set by the Federal Authority for Identity, Citizenship, Customs & Port Security).

If an Employee wishes to file an employment claim with the ADGM Courts against an Employer's non-compliance with any of its obligations stipulated in Section 4 (Visa and permits) under the Employment Regulations, please contact enquiry@adgmcourts.com for information regarding registration and commencement of a claim.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### **10.** Is it mandatory for an Employer to obtain an ADGM work permit for an Employee with a UAE Golden Visa?

Yes. Employers are required to obtain, or at least apply for, an ADGM work permit for an Employee with a UAE Golden Visa.

Reference: ADGM Employment Regulations 2024 – Section 4 (Visa and permits)



#### 11. What is the difference between ADGM work permit and Temporary Work Permit?

ADGM work permit is a permit issued to an Employee to enable them to work for their Employer. This means that the Employee must have signed Employment Contract with the Employer.

For ADGM Temporary Work Permit, this is a temporary work permit issued for a Non-Employee. In such case, the Non-Employee, performing the work or providing services for the ADGM Entity (an entity licensed in ADGM), does not have signed Employment Contract with the ADGM Entity (an entity licensed in ADGM).

As per ADGM Employment Regulations (Temporary Work Permit) Rules 2024, Non-Employee refers to a person who is performing work or providing services for an ADGM Entity (an entity licensed in ADGM), or through a third party engaged by such ADGM Entity (an entity licensed in ADGM), within the geographical boundaries of the ADGM where the relationship between the individual performing the work or providing services and the ADGM Entity (an entity licensed in ADGM) is not that of an Employer and Employee and therefore, no Employment Contract is issued to the individual performing the work or providing services.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Employee Work Permit") and ADGM Employment Regulations (Temporary Work Permit) Rules 2024 – Rule 1(1)(c)(ii) (Introduction – (1) Citation, commencement and interpretation – Definition of "Non-Employee")

# 12. Does an individual need an ADGM Temporary Work Permit even if the individual's employer is not an ADGM Entity (an entity licensed in ADGM), but the individual performs work and/or provides services to an ADGM Entity located in the ADGM (Al Maryah Island and Al Reem Island)

Yes. Any individual who is performing work or providing services for an ADGM Entity (an entity licensed in ADGM) or through a third party engaged by such ADGM Entity(an entity licensed in ADGM) for a period of at least thirty (30) calendar days or more in any 12-month rolling period must obtain an ADGM Temporary Work Permit.

ADGM Temporary Work Permits apply to relationships between an ADGM Entity (an entity licensed in ADGM) and an individual (Non-Employees) in which no Employment Contract has been issued (e.g. Internship Agreements, Secondee Agreements, Consultancy Agreements, etc.).

Any ADGM Entity (an entity licensed in ADGM) that fails to comply with requirements concerning the engaged individual's ADGM Temporary Work Permit may be liable to a fine up to level 3 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.



Reference: ADGM Employment Regulations (Temporary Work Permit) Rules 2024 – Rule 2(2) and (5) (Temporary Work Permit)

### 13. Who is responsible for Obtaining, Renewing and Cancelling an ADGM Temporary Work Permit?

The ADGM Entity (an entity licensed in ADGM) engaging the individual is responsible for obtaining, renewing and cancelling the required ADGM Temporary Work Permit and paying all the related fees.

Reference: ADGM Employment Regulations (Temporary Work Permit) Rule 2024 – Rule 2(2) (Temporary Work Permit)

#### E. <u>Health Insurance</u>

### **1.** Are Employers required to provide health insurance for an Employee and the Employee's dependents?

Yes. The Employer must obtain and maintain health insurance cover for its Employees and, where applicable, the Employee's dependents in accordance with the requirements provided by the Department of Health – Abu Dhabi.

Reference: ADGM Employment Regulations 2024 - Section 49 (Health insurance)

### 2. Is an Employer required to provide health insurance for an Employee with a UAE Golden Visa?

Yes. However, Employees holding the UAE Golden Visa and who are issued with an ADGM work permit from the Employer can choose to remain under the health insurance covered by themselves.

#### F. Probationary Period

#### 1. What is the maximum length of a probationary period under the Regulations?

The maximum length permitted under the Employment Regulations is six (6) months, provided that this is specified in the Employment Contract signed by the Employer and Employee.

If the employment term is 6 months or less, the maximum length of the probationary period should be half the period of the employment term. For example, if the Employee is hired for 6 months, such Employee's maximum probationary period should not exceed 3 months.

Reference: ADGM Employment Regulations 2024 - Section 8(1) (Probationary Period)



### 2. Is the probationary period included for the purposes of calculating end of service gratuity?

Yes, the probationary period should be considered as part of the Employee's employment with the Employer. It should be taken into account when calculating an Employee's end of service gratuity and other termination benefits, such as payments in lieu of accrued but untaken vacation leave, etc.

#### 3. Can the probationary period be waived?

Yes. A probationary period is not compulsory, and the Employer and Employee may agree to commence the employment without a probationary period.

Furthermore, it is left to the discretion of the Employer and Employee to agree upon the actual length of the probationary period, provided that it does not exceed six (6) months, which is the maximum length allowed under the Employment Regulations. Reference: ADGM Employment Regulations 2024 – Section 8 (Probationary Period)

### 4. Can the Employer terminate an Employee's employment during the probationary period?

Either the Employer or Employee may terminate the employment without cause, provided that they give at least 1 week's written notice to the other.

The Employer or Employee may also terminate the employment without any notice if done for cause.

Please refer to section 57 of the Employment Regulations for additional information regarding termination for cause.

Reference: ADGM Employment Regulations 2024 - Section 8 (Probationary Period)

#### 5. Can an Employee take sick leave during their probationary period?

Yes. Employees are entitled to take sick leave during their probationary period. However, any sick leave taken during an Employee's probationary period will be unpaid.

Reference: ADGM Employment Regulations 2024 - Section 8 (Probationary Period)

### 6. If the Employee's employment is terminated during the probationary period, is the Employer required to provide the Employee with a repatriation flight?



Yes. If an Employee's employment is terminated during the Employee's probationary period, the Employer is required to provide the Employee with a one-way repatriation flight within thirty (30) calendar days from the employment termination date unless:

- the Employee is an international remote employee (in other words, working remotely outside the UAE);
- the Employee obtains alternative employment or visa sponsorship in the UAE within thirty (30) calendar days of the cancellation of their ADGM work permit; or
- the employee has been terminated for cause.

Reference: ADGM Employment Regulations 2024 – Section 8 (Probationary Period) & Section 62 (Repatriation Flight)

#### G. <u>Leave Entitlements</u>

#### 1. How many days of vacation leave is the Employee entitled to in a year?

An Employee is entitled to a minimum of twenty (20) working days per year of employment (or more if provided for in the Employment Contract). Vacation leave is in addition to national holidays announced in the UAE to which an Employee is entitled.

An Employer may choose to allow for vacation leave during the probationary period.

Reference: ADGM Employment Regulations 2024 – Sections 8 (Probationary period) and 21 (Vacation Leave)

#### 2. Can accrued but untaken vacation leave be carried forward into the next year?

Yes. An Employee is entitled to carry forward at least five (5) working days of accrued but untaken vacation leave for a maximum period of 12 months, after which the unused vacation leave that was carried forward will expire.

Reference: ADGM Employment Regulations 2024 – Section 21 (Vacation Leave)

#### 3. Does an Employee require the Employer's approval before going on vacation leave?

Yes. Employees must obtain the Employer's consent prior to taking vacation leave. The Employer's consent should not be unreasonably withheld.

Reference: ADGM Employment Regulations 2024 – Section 23 (Dates on which leave is taken)

#### 4. Can the Employer require an Employee to take vacation leave on specified days?

Yes. However, the Employer should provide written notice to the Employee at least seven (7) calendar days in advance.



Reference: ADGM Employment Regulations 2024 – Section 23 (Dates on which leave is taken)

#### 5. Can an Employee take vacation leave during their first year of employment?

Yes. During an Employee's first year of employment, the Employee is able to take any vacation leave that has accrued by that time in the Vacation Leave Year. Such Employee's vacation leave will accrue on a monthly basis at the rate of 1/12 of the annually entitled vacation leave, which will start accruing on the first day of their employment.

Please note of the term "Vacation Leave Year" is defined in the Employment Regulations as follows:

"Vacation Leave Year" means either: (a) the vacation leave year specified by the Employer in the Employment Contract or company policy; or (b) where no vacation leave year is specified by the Employer in the Employment Contract or company policy, the calendar year commencing on 1 January and ending on 31 December.

Reference: ADGM Employment Regulations 2024 – Section 24 (Leave during the first year of employment)

#### 6. How is vacation leave calculated during the first year of employment?

If the Employee is entitled to thirty (30) working days of vacation leave per year, the vacation leave accrued each month shall be 2.5 working days (30 working days / 12 months).

If an Employee's employment starts mid-year, the vacation leave will accrue on a pro-rata basis. For example, if the Employee is entitled to thirty (30) working days of vacation leave per year and such Employee commences employment on 1 July, the vacation leave accrued each month from July will be 2.5 working days. So, the Employee's vacation leave entitlement will be fifteen (15) working days by the end of that year (2.5 working days x 6 months).

Reference: ADGM Employment Regulations 2024 – Section 24 (Leave during the first year of employment)

#### 7. What is the definition of "Part-Time Employee"?

Under the Employment Regulations, "Part-Time Employee" means an Employee whose Employment Contract stipulates (a) less than eight (8) working hours per working day; (b) less than five (5) working days per week; or (c) terms of employment which otherwise do not constitute full time working under the Employer's normal practices.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Part-Time Employee")



#### 8. Can a part-time Employee take vacation leave? What are the requirements?

Yes. A part-time employee is able to take vacation leave. If a part-time Employee works every day of the employer's working week (e.g., Monday – Friday), the Employee's vacation leave entitlement will not be pro-rated.

However, if a part-time Employee works less than five (5) working days per week (e.g., Monday and Wednesday only), such Employee's entitlements will be pro-rated as follows: the days worked by the part-time Employee during the working week will be calculated as a percentage of the number of days worked by the Employer's full-time employees. This percentage will apply to certain entitlements, including vacation leave.

For example, full-time Employee "A" works five (5) days per week. "A" is entitled to twenty (20) working days of vacation leave.

Part-time Employee "B" works two (2) days per week (Monday and Wednesday). Days worked per week by "B" as a percentage of "A": 2/5 x 100 = 40% "B" is entitled to eight (8) working days of vacation leave (20 working days x 40%).

Reference: ADGM Employment Regulations 2024 – Section 10 (Pro-rata entitlements for Part-Time Employees)

#### 9. What is the Maternity Leave entitlement in ADGM?

An Employee is entitled to sixty-five (65) working days of maternity leave. The maternity rights granted under section 32 and 33 also apply to a female Employee who is (a) adopting a child of less than five (5) years old inside or outside the UAE, or (b) gives birth to a stillborn baby or suffers a miscarriage after the start of the 24<sup>th</sup> week of her pregnancy.

Reference: ADGM Employment Regulations 2024 – Section 32 (Maternity Leave)

#### 10. Can an Employee receive payment in lieu of Maternity Leave?

An Employee eligible for maternity leave should note that the Employee cannot receive a payment in lieu of maternity leave.

Reference: ADGM Employment Regulations 2024 – Section 32 (Maternity Leave)

#### 11. Can the Employee return to the same role at the end of the Maternity Leave?

A female Employee has the right to return to work at the end of the maternity leave to either the same role or a suitable alternative, with substantially the same terms and conditions and the same seniority rights the Employee would have had if the Employee had not taken maternity leave.

Reference: ADGM Employment Regulations 2024 – Section 32 (Maternity Leave)



#### 12. What is the Employee's payment entitlement during Maternity Leave?

For the first thirty-three (33) working days of maternity leave, an Employer shall pay at 100% of the Employee's Daily Wage. For the next thirty-two (32) working days of maternity leave, the Employer shall pay at 50% of the Employee's Daily Wage.

Reference: ADGM Employment Regulations 2024 - Section 33 (Maternity Pay)

### 13. Is an Employer required to provide maternity pay for Employees that have not worked continuously for 12 months?

A female Employee is entitled to maternity pay during her maternity leave only if the Employee has been continuously employed with the Employer for at least 12 months before the expected or actual week of childbirth.

Reference: ADGM Employment Regulations 2024 - Section 33 (Maternity Pay)

### 14. Are there any other requirements for an Employee to be entitled to receive maternity pay?

Yes. In order to receive maternity pay, the Employee must:

- notify the Employer in writing confirming the pregnancy at least 8 weeks before the expected week of childbirth;
- provide a medical practitioner's certificate stating the expected or actual week of childbirth (if requested by the Employer); and
- notify the Employer in writing at least twenty-one (21) days before the proposed date when the maternity leave is scheduled to commence.

Reference: ADGM Employment Regulations 2024 - Section 33 (Maternity Pay)

#### 15. Is the Employee's Maternity Leave taken out of the Employee's annual vacation leave?

No. Vacation leave shall continue to accrue during the Employee's maternity leave and may be taken separately. In addition, any national holidays falling on a working day during the maternity leave shall be treated as additional leave, which will have the effect of extending the maternity leave by the period of the national holiday.

Reference: ADGM Employment Regulations 2024 – Section 33 (Maternity Pay)

#### **16. What is the Paternity Leave entitlement in ADGM?**

An Employee who becomes a father to a newly-born child or an adopted child who is less than five (5) years old is entitled to paternity leave. Such Employee is entitled to five (5) working days of paternity leave, which needs to be taken within 2 months of the childbirth or adoption date, subject to the Employee satisfying any evidential requirements reasonably requested by the Employer.



Reference: ADGM Employment Regulations 2024 – Section 34 (Paternity Leave and paternity pay)

#### 17. During the Paternity Leave, what is the Employee's payment entitlement?

An Employee taking paternity leave is entitled to receive their Daily Wage during any period of paternity leave if the Employee has been continuously employed with the Employer for at least 12 months preceding the actual week of childbirth or week of adoption.

Reference: ADGM Employment Regulations 2024 – Section 34 (Paternity Leave and paternity pay)

#### 18. Can an Employee receive payment in lieu of Paternity Leave?

No. The Employee is not entitled to receive a payment in lieu of paternity leave.

Reference: ADGM Employment Regulations 2024 – Section 34 (Paternity Leave and paternity pay)

### **19.** What happens if there is a national holiday during the period of an Employee's Paternity Leave?

Any national holiday falling on a working day during the Employee's paternity leave shall be treated as additional leave, which will have the effect of extending the paternity leave by the period of the national holiday.

Reference: ADGM Employment Regulations 2024 – Section 34 (Paternity Leave and paternity pay)

#### 20. Can an Employee take any time-off for ante-natal care and/or adoption proceedings?

An Employee who is pregnant or whose wife is pregnant and who has, or whose wife has, on the advice of a medical practitioner made an appointment to receive ante-natal care, is entitled to take reasonable time-off during working hours to attend the appointment.

Any Employee who wishes to take such time-off must provide the Employer with reasonable notice and other evidentiary requirements (such as a medical practitioner's certificate confirming the pregnancy) if requested by the Employer.

Reference: ADGM Employment Regulations 2024 – Section 35 (Right to time off for antenatal care and adoptions proceedings)

#### 21. Can an Employee returning from Maternity Leave take nursing breaks?

If an Employee's normal working hours are more than six (6) hours in a working day, the Employee is entitled to at least one nursing break not less than one (1) hour in aggregate



during the working day. The nursing break entitlement shall be in addition to the Employee's daily rest break.

Reference: ADGM Employment Regulations 2024 - Section 20(2) (Breaks)

### 22. For how long after returning from Maternity Leave is an Employee entitled to nursing breaks?

The nursing break entitlement shall continue for 9 months after the Employee's actual date of childbirth.

Reference: ADGM Employment Regulations 2024 - Section 20(2) (Breaks)

### 23. What are the requirements concerning an Employee's working hours during Ramadan?

During Ramadan, the normal working hours for Muslim Employees shall be reduced by 25% each working day. The Employer must ensure that there is no reduction in the Employee's compensation due to the reduced working hours during Ramadan.

For example, if a Muslim Employee's normal working hours are eight (8) hours per working day, such Employee's working hours shall be reduced by two (2) hours (\*25% of 8 hours) per working day during Ramadan.

Employers who fail to reduce working hours during Ramadan for Muslim Employees may be liable to a fine up to level 3 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 17 (Reduced hours during Ramadan)

#### 24. Are non-Muslim Employees eligible for reduced working hours during Ramadan?

As the Employment Regulations set minimum standards that must be met, an Employer may choose to provide terms that are more favourable to their Employees. Employers may choose to extend the reduced hours during Ramadan to all Employees.

Reference: ADGM Employment Regulations 2024 – Section 17 (Reduced hours during Ramadan)

#### 25. Can a Muslim Employee take special leave to perform the Hajj pilgrimage?

Yes. A Muslim Employee with at least one (1) year of continuous employment with the Employer will be entitled to special leave to perform the Hajj pilgrimage once during their employment. Such leave will not exceed thirty (30) calendar days and will be unpaid.



Reference: ADGM Employment Regulations 2024 - Section 27 (Special Leave)

#### 26. Is an Employee entitled to bereavement leave?

Yes. An Employee is entitled to be eavement leave of five (5) working days on the death of the Employee's spouse, parent, child (including an adopted child) or sibling, subject to the Employee providing any evidential requirements requested by the Employer.

The entitlement applies to each bereavement and must be used within 1 month of the bereavement.

Reference: ADGM Employment Regulations 2024 – Section 28 (Bereavement leave)

#### H. <u>Wage Payment</u>

### 1. What is the definition of the Employee's "Wage"? How do we differentiate "Allowances" and "Variable Pay"?

The Employment Regulations defines "Basic Wage" as an Employee's Wage excluding allowances or variable pay.

An allowance refers to payments made by the Employer towards housing, transportation, currency exchange (cashier), children's education, social and entertainment, etc. or any other type of allowance.

Variable Payment refers to any bonus, commission, drawing, distribution, grant, incentive, expense or any other payment made by an Employer to an Employee that is (a) discretionary; (b) calculated by reference to the profits of the Employer or an affiliate of the Employer; (c) non-recurring; and/or (d) subject to variation depending on the performance of the Employer and/or the Employee.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation)

#### 2. Does the UAE Wage Protection Scheme ("WPS") apply in ADGM?

No. The UAE WPS does not apply in ADGM.

#### 3. Is there a specific method in which the Employer must make a Wage Payment?

No. The method of Wage payments is a matter for the Employer and its Employee to decide on, provided that the minimum standards set out in Part 3 (Protection of Wages) of the Employment Regulations are met.

Reference: ADGM Employment Regulations 2024 – Part 3 (Protection of Wages)



#### 4. When does the Employer have to pay the Employee's Wages?

The Employer must pay the Employee's Wages within the specified pay period mentioned in the Employment Contract. The pay period cannot exceed 1 month, and the Employee's Wages must be paid within fourteen (14) calendar days of the end of each pay period.

For example, if the Employee's Wages are paid on a monthly basis (meaning the pay period is 1 month), then the Wages must be paid within fourteen (14) calendar days of the end of each month.

Reference: ADGM Employment Regulations 2024 - Section 12 (Pay Period)

### 5. What information and records must an Employer provide an Employee regarding payment of Wages?

The Employer must provide the Employee with a written pay statement (which may be provided electronically as long as the Employee is able to obtain a hard copy of the pay statement) on or around the date on which the Employee is paid their Wages. Such pay statement should include: (i) the payable amount of the Employee's Wages, and (ii) the amount of (and reason) for any deductions made.

Reference: ADGM Employment Regulations 2024 – Section 7 (Right to a pay statement)

#### 6. Is there a penalty for an Employer who fails to comply with wage payment obligations?

Yes. Employers that fail to comply may be liable to a fine up to level 3 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 - Section 7 (Right to a pay statement)

#### I. Working Hours, Remote Working & Overtime

#### 1. What is the maximum weekly working time in ADGM?

An Employee's working hours shall not exceed forty-eight (48) hours in a seven (7) calendar day period unless the Employer has first obtained the Employee's consent in writing.

Reference: ADGM Employment Regulations 2024 – Section 15 (Maximum weekly working time)

#### 2. Can an Employer seek an Employee's consent to work unlimited hours?



No. An Employee is entitled to an uninterrupted rest period of not less than twenty-four (24) hours in each seven (7) calendar day period. In addition, an Employee is entitled to a rest period of not less than eleven (11) consecutive hours in each twenty-four (24) hour period. Based on these two mandatory rest periods, in effect, an Employee cannot consent to work more than sixty-seven (67) hours in each seven (7) calendar day period.

Additionally, an Employer cannot require or allow an Employee to work hours which are detrimental to the Employee's health or safety.

Reference: ADGM Employment Regulations 2024 – Section 15 (Maximum weekly working time)

### 3. Is there a penalty for Employers who fail to comply with the maximum weekly working hours?

Yes. Employers that fail to comply may be liable to a fine up to level 3 on the ADGM Standard Fines Scale.

The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 15 (Maximum weekly working time)

#### 4. Is remote working possible in ADGM?

Yes. The Employer and Employee can agree on a remote working arrangement, which may be a fully remote arrangement or a hybrid arrangement.

Reference: ADGM Employment Regulations 2024 – Section 11 (Remote Employees)

#### 5. What is the definition of "Remote Employee"?

Under the Employment Regulations, "Remote Employee" means an individual – (a) who resides either inside or outside of the UAE; and (b) whose normal place of work is not the Employer's premises in the ADGM.

Reference: ADGM Employment Regulations 2024 – Section 74 (Interpretation – Definition of "Remote Employee")

#### 6. Do remote Employees require an ADGM work permit and a residency visa?

Yes. Except for remote Employees based outside the UAE, all Employees based in the UAE (including remote Employees) require an ADGM work permit and a residency visa (if applicable).

Reference: ADGM Employment Regulations 2024 – Section 11 (Remote Employees)



#### 7. Are there any overtime provisions in the ADGM Employment Regulations 2024?

There are no express provisions regarding an Employee's overtime entitlements. However, the Employment Regulations stipulate that the Employee may be entitled to overtime payment for any hours worked exceeding the maximum weekly working hours.

In practice, it should be noted that Employees in managerial or supervisory positions, as well as Employees in positions where it is reasonably expected within that industry internationally that overtime compensation is not payable, are exempted from overtime compensation.

Employers that fail to comply with overtime compensation obligations shall be liable to a fine up to level 3 on the ADGM Standard Fines Scale, which can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 – Section 15(1) (Maximum weekly working time) and 16 (Excessive hours)

#### J. Termination

#### 1. Who is eligible for end of service gratuity?

An Employee who completes continuous employment of one (1) year or more (including part time employees and remote employees) is entitled to a gratuity payment on the termination of the Employee's employment, regardless of the reason for termination.

Reference: ADGM Employment Regulations 2024 – Sections 10 (Pro-rata entitlements for Part-Time Employees), 11 (Remote Employees) and 61 (End-of-service gratuity)

### 2. If an Employee's employment has been terminated for cause, is that Employee eligible to receive end of service gratuity?

Yes. An Employee is entitled to receive end of service gratuity regardless of the reason for termination.

Reference: ADGM Employment Regulations 2024 - Section 61 (End-of-service gratuity)

#### 3. Are there any Employees who are ineligible to receive end of service gratuity?

Employees with less than one (1) year of continuous employment and UAE or GCC Nationals who are enrolled in the relevant UAE federal pension scheme in accordance with applicable legislation. For UAE or GCC Nationals to be eligible for end of service gratuity, the Employee must have the written approval of the applicable pension authority not to participate in the applicable statutory pension scheme and has provided a copy of that written approval to the Employer prior to, or within thirty (30) calendar days of, the commencement of their employment.



Reference: ADGM Employment Regulations 2024 - Section 61 (End-of-service gratuity)

#### 4. How does an Employer calculate an Employee's end of service gratuity?

The Employee's gratuity payment should be calculated as follows:

- (a) 21 days' Basic Wage for each year of the first 5 years of service; and
- (b) 30 days' Basic Wage for each additional year of service,

For purposes of the calculation:

- the Employee's gratuity payment is calculated according to their Basic Wage as of the termination date (Basic Wage is defined as the Employee's Wages excluding allowances or variable payments, such as bonuses);
- the daily rate of the Employee's Basic Wage will be calculated by dividing the Employee's Basic Wage by 365;
- the Employee's Basic Wage must not be less than 50% of the Employee's Annual Wages (please refer to the next FAQ for an example on this);
- where an Employee is employed under multiple successive fixed-term employment contracts, the Employee's total period of service with the Employer must be included when determining their length of service; and
- where the termination occurs prior to the end of any full year of employment, the gratuity payment shall be calculated on a proportionate basis.
  Example – Employee "A":
  - Annual Basic Wage as of the termination date: AED 100,000
  - Employment commencement date (first day at work): 2 January 2022
  - Employment termination date (last day at work): 2 January 2025
  - Total number of years of employment with the Employer: 3

Calculation of gratuity for Employee "A" is as follows:

- Calculating the 21 days' Basic Wage: Daily rate of Basic Wage: AED 100,000 / 365 days = AED 273.97 AED 273.97 x 21= 5,753
- (ii) Multiplying the Employee's years of service: AED 5,753 x 3 years = AED 17,260

Based on the above calculation, Employee "A"'s gratuity payment shall be AED 17,260 after 3 years of employment. However, please note that this calculation has been provided as an example only. Parties should not rely on the example provided and should seek independent legal advice for an accurate calculation.

Reference: ADGM Employment Regulations 2024 – Section 61 (End-of-service gratuity)



# 5. I am an Employee whose Basic Wage is AED 2,000 per month. My annual Basic Wage is less than 50% of my annual Wages. In this case, how should my Employer calculate my end of service gratuity payment?

If the Employee's monthly Basic Wage (excluding allowances, such as housing, transportation, etc.) is AED 2,000, and he is receiving a total monthly Wage of AED 5,000, then his total annual Wages are as AED 60,000 (\*AED 5,000 x 12 months).

In this case, the Employee's annual Basic Wage is AED 24,000, which is less than 50% of the Employee's total annual Wages. For purposes of the end of service gratuity calculation *only*, the Employer should use AED 30,000 (50% of the Employee's annual Wages) as the Employee's Basic Wage.

Please note that this scenario is provided as an example only. Parties should not rely on the example provided and should seek independent legal advice for an accurate calculation regarding their specific circumstances.

Reference: ADGM Employment Regulations 2024 – Section 61 (End-of-service gratuity)

### 6. Is there a deadline for an Employer to pay end of service gratuity and other expenses after termination of an Employee's employment?

Yes. On termination of an Employee's employment, the Employer must pay all Wages and any other amounts owing to the Employee, including the end of service gratuity payment but excluding any variable payments (such as bonuses), within twenty-one (21) calendar days of the Employee's termination date (their last day of employment).

For example, if the Employee's last day at work is 9 July 2024, the Employer is required to pay all Wages and any other amounts (including the end of service gratuity payment) to the Employee by 30 July 2024.

Reference: ADGM Employment Regulations 2024 – Sections 14 (Late payment after termination) and 61 (End-of-service gratuity)

### 7. Upon termination of the Employment Contract, is it mandatory for the Employer to bear the costs of repatriation for the Employee?

Yes. Within thirty (30) calendar days of an Employee's termination of employment, the Employer is required to provide the Employee with a one-way repatriation flight to the Employee's country of origin (or any other country as agreed with the Employee).

An Employer may choose to book the repatriation flight directly or reimburse the Employee for the cost incurred in booking their own repatriation flight.

Reference: ADGM Employment Regulations 2024 – Section 62 (Repatriation Flight)



### 8. Are there any Employees who are ineligible to receive repatriation costs upon termination of employment?

Yes. If (i) the Employee is a remote employee based outside the UAE (an International Remote Employee); (ii) the Employee obtains alternative employment or visa sponsorship in the UAE within thirty (30) calendar days of the Employee's ADGM work permit cancellation; or (ii) the Employee's employment has been terminated for cause in accordance with the Employment Regulations.

Reference: ADGM Employment Regulations 2024 - Section 62 (Repatriation Flight)

### 9. After termination of an Employee's employment, who is responsible for cancelling the Employee's ADGM work permit, residency visa and other related expenses?

The Employer is responsible for the ADGM work permit and visa cancellation and related expenses.

Reference: ADGM Employment Regulations 2024 – Section 4 (Visa and permits)

### **10.** Can the Employer ask the Employee to reimburse expenses related to cancelling the ADGM work permit and residency visa?

No. The Employer must not request, demand or accept any sum from the Employee as reimbursement for costs incurred by the Employer in satisfying its obligations concerning obtaining, maintaining or cancelling the Employee's visa and permits. The Employer must cancel the Employee's ADGM work permit and residency visa (if applicable) as soon as reasonably practicable following the termination date and in any event within the time frame set by a competent authority, such as UAE Federal Authority for Identity, Citizenship, Customs & Port Security.

Reference: ADGM Employment Regulations 2024 - Section 4 (Visa and permits)

### 11. Can an Employer require an Employee to waive any rights under the Regulations as a condition of cancelling the ADGM work permit and/or residency visa?

No. The Employer must not make the cancellation of the Employee's visa conditional on the Employee waiving any rights under the Employment Regulations or making any payment to the Employer.

Reference: ADGM Employment Regulations 2024 Section 4(3) (Visa and permits)

### **12.** Upon termination of an Employee's employment, how should the Employer calculate the Employee's accrued but untaken vacation leave?

Payment in lieu of vacation leave shall be calculated using the Employee's Daily Wage at the Employee's termination date (the employee's last day at work).

Daily Wage is defined as:



- (i) an Employee's total yearly Wage divided by 260 for an Employee working five (5) days per week; or
- (ii) an Employee's total yearly Wage divided by the product of:
  - a. the average number of days worked by the Employee each week in the preceding 12 weeks; and
  - b. multiplied by 52.

Example – Employee "A" who has worked full time or part time for five (5) days per week:

- Total monthly Wage: AED 20,000
- Total yearly Wage: AED 240,000
- The number of accrued but untaken leave days: 5

Calculation of the payment for Employee "A" is as follows:

- (i) Calculating the Daily Wage: AED 240,000 / 260 days = AED 923.08
- (ii) Multiplying the Daily Wage by the Employee's accrued but untaken leave: AED 923.08 x 5 days = AED 4,615.40

Based on the example provided, Employee "A" is entitled to a payment in lieu of vacation leave of AED 4,615.40. The Employer should ensure that this amount is included in the Employee's termination payment entitlements.

Please note this scenario is provided as an example only. Parties should not rely on the example provided and should seek independent legal advice for an accurate calculation as it relates to their specific circumstances.

Example – Employee "B" who has worked part time every other day of the week:

- Total monthly Wage: AED 3,000
- Total yearly Wage: AED 36,000
- Days worked in each week for the preceding 12 weeks: 2 days per week
- The number of accrued but untaken leave days: 5
  - (i) Calculating the Daily Wage: AED 36,000 / (2 days x 52) = AED 346.16
  - (ii) Multiplying the Employee's accrued but untaken leave days: AED 346.16 x 5 days = AED 1,730.80

Based on the example provided, Employee "B" is entitled to a payment in lieu of vacation leave of AED 1,730.80. The Employer should ensure that this amount is included in the Employee's termination payment entitlements.



Please note this scenario is provided as an example only. Parties should not rely on the example provided and should seek independent legal advice for an accurate calculation as it relates to their specific circumstances

Reference: ADGM Employment Regulations 2024 – Section 22 (Compensation in lieu of Vacation Leave)

#### K. Employment Disputes

### 1. What should I do if I have an employment-related dispute with my Employer/Employee?

As the ADGM Employment Affairs Office cannot provide legal advice, we recommend that you seek legal advice from a lawyer to assist you with your dispute. If you do not have the financial means to pay for such assistance, ADGM Courts offer a Pro Bono Scheme which is available to persons who need legal assistance with a civil or commercial dispute or any other legal issue that falls within the jurisdiction of ADGM Courts and have limited financial means to pay for such assistance. You can apply for this service, here: <a href="https://www.adgm.com/adgm-courts/pro-bono-scheme">https://www.adgm.com/adgm-courts/pro-bono-scheme</a>.

Alternatively, if you are not eligible for pro bono assistance and/ or you wish to commence a claim with ADGM Courts, please contact <u>enquiry@adgmcourts.com</u> for information regarding registration and commencing an employment claim.

#### 2. What is the statutory limitation for employment-related claims in ADGM?

The statutory limitation period for filing employment-related claims with the ADGM Courts is six (6) years.

Reference: ADGM Application of English Law Regulations 2015 (U.K. Limitation Act 1980)

#### L. <u>General</u>

#### 1. What is the minimum age requirement for Employees in ADGM?

The Employment Regulations prohibits Employers from employing anyone under fifteen (15) years of age. An Employer may employ youth between fifteen (15) and eighteen (18) years of age, subject to the ADGM Employment Regulations (Temporary Work Permit) Rules 2024, which can be found <u>here</u>.

An Employer must take all appropriate measures to make sure that the conditions for any youth's employment are safe, reasonable and appropriate for their age and well-being.

Employers that fail to comply with such requirements may be liable to a fine up to level 8 on the ADGM Standard Fines Scale.



The ADGM Standard Fines Scale can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020, which can be accessed <u>here</u>.

Reference: ADGM Employment Regulations 2024 - Section 3 (Hiring children and youth)

### 2. For contravention of the Employment Regulations, where can I find information on the level of fines?

The Employment Regulations include fines and other sanctions, which may be imposed on Employers who breach the Employment Regulations.

These fines are imposed based on the ADGM Standard Fines Scale, which can be found under ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020. The full version of the table can be accessed <u>here</u>.

Reference: ADGM Commercial Licensing Regulations 2015 (Fines) Rules 2020

#### M. Emiratisation & Pension Registration

#### 1. Does the UAE Emiratisation initiative apply to Employers and Employees?

No. The UAE federal Emiratisation laws do not apply in ADGM and ADGM's legislation does not cover Emiratisation.

### 2. Is it mandatory for an Employer to register its Employees, who are UAE or GCC Nationals, in a pension scheme?

Yes. In accordance with section 60 of the Employment Regulations:

(1) For UAE Nationals:

The Employer is obliged to enroll such UAE national with the relevant pension authority in the UAE within thirty (30) calendar days from the first day of their employment. The Employer must make the requisite pension contributions to the scheme.

(2) For GCC nationals (excluding UAE):

The Employer is required to register such GCC national with the relevant federal pension authority in the UAE (e.g. General Pension and Social Security Authority ("**GPSSA**")) within thirty (30) calendar days from the first day of their employment.

These Employees fall under (1) and (2) above will not be eligible to receive an end of service gratuity unless they have the written approval of the applicable pension authority to not participate in the applicable pension scheme. A copy of this approval will need to



be provided by the Employee to the Employer prior to or within thirty (30) calendar days of the first day of their employment.

To raise awareness regarding this matter, the ADGM Registration Authority issued a circular, effective from 19 February 2024, concerning the Employer's obligation to enroll eligible Employees in the relevant pension scheme. The full circular can be found <u>here</u>.

For questions concerning enrollment in specific pension schemes, we recommend seeking independent legal advice or reaching out to the relevant pension authority. Please note that any documents required by the relevant pension authority or Employer are not required to be submitted to the ADGM Registration Authority.

Reference: ADGM Employment Regulations 2024 – Sections 60 (Pension for UAE and GCC nationals) and 61 (End-of-service gratuity) & ADGM Registration Authority Circular No. 1 of 2024 (concerning the requirement for all ADGM Licensed Persons to ensure that UAE or GCC National employees are enrolled in the relevant UAE pension scheme)

#### 3. Can an Employer extend the pension registration to all Employees?

Alternatively, an Employer may give an Employee (including UAE or GCC nationals who have chosen not to participate in the applicable UAE statutory pension schemes described above under Q2) the option, in writing, of participating in a pension or savings scheme as an alternative to receiving an end of service gratuity. If the Employee chooses to participate in a pension or savings scheme, they will not be entitled to any end of service gratuity (unless otherwise agreed with the Employer).

Reference: ADGM Employment Regulations 2024 section 61 (End-of-service gratuity)

#### N. Involuntary Loss of Employment Scheme

### 1. Does the Involuntary Loss of Employment ("ILOE") scheme apply to an Employer and its Employees?

No. The ILOE scheme, which is also referred to as the unemployment insurance scheme, is not mandatory in ADGM.

However, ADGM encourages all Employees working for Employers to register for the ILOE scheme as it provides financial security to Employees who involuntarily lose their jobs (excluding scenarios where the job loss is due to resignation or as a result of disciplinary action).

For more details, please visit the ILOE website (www.iloe.ae).

- END -



#### Disclaimer

These FAQs should be read together with the relevant ADGM legislation, which may change over time without notice. The FAQs only provide information on ADGM legislation. Further advice from a specialist professional may be required. The Registration Authority makes no representations as to accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission.

