

Law No. (20) of 2018
Concerning the Establishment of UAE Water and
Electricity Company
“Public Joint Stock Company”

We, Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi

Having reviewed:

- Law No. (1) of 1974 concerning the reorganisation of the Governmental Body in the Emirate of Abu Dhabi and its amendments;
- Law No. (2) of 1971 concerning the National Advisory Council and its amendments;
- Law No. (2) of 1998 concerning the organisation of the Water and Electricity Sector in the Emirate of Abu Dhabi and its amendments;
- Law No. (14) of 2008 concerning Abu Dhabi Accountability Authority;
- Law No. (1) of 2017 concerning the Financial System of Abu Dhabi Government;
- Law No. (11) of 2018 concerning the establishment of the Department of Energy;
- Federal Law No. (2) of 2015 concerning Commercial Companies and its amendments;
- Chairman of the Executive Council Resolution No. (26) of 2018 concerning the Additional Competences of the Department of Energy; and
- Based on what presented to and approved by the Executive Council;

Issued the following Law:

Article (1)

Definitions

In the implementation of the provisions of this Law, the following words and

phrases shall have the meanings corresponding thereto, unless the context requires otherwise:

State	: The United Arab Emirates.
Emirate	: The Emirate of Abu Dhabi.
Government	: The Government of Abu Dhabi.
Executive Council	: The Executive Council of the Emirate.
Abu Dhabi Energy Establishment	: A limited liability company established pursuant to the provisions of the aforesaid Law No. (2) of 1998.
Abu Dhabi Water and Electricity Company	: A private joint stock company established pursuant to the provisions of the aforesaid Law No. (2) of 1998.
Company	: UAE Water and Electricity Company (Public Joint Stock Company).
Board of Directors	: The Company's Board of Directors.
Subsidiary	: Any company of which the majority of shares or stocks are owned directly or indirectly by the Company.
Competent Authority	: Any federal or local entity entrusted with the organisation and supervision of the water and electricity sector.
Entity licensed to Produce	: The entity licensed to produce, treat, desalinate and store water or generate and store electricity.
Entity Licensed to Transmit	: The entity licensed to transmit water and electricity.
Entity Licensed to Distribute	: The entity licensed to transmit, distribute, provide, supply or sell water or electricity.
Side Sales System	: The sale of water or electricity by the entities licensed to produce, to persons other than the Company.

Article (2)

Establishment of the Company

A company shall be established pursuant to the provisions of this Law under the name “UAE Water and Electricity Company”, a public joint stock company, being an independent legal entity and having financial and administrative independence and a full legal capacity to act.

The Company may use an acronym according to what is determined by the Board of Directors.

The Company’s name, acronym and legal form may be changed according to the procedures set forth in its Articles of Association.

The Company shall replace “Abu Dhabi Water and Electricity Company” and all its assets, holdings, rights and obligations shall be transferred thereto, The Company shall be considered its legal successor in all the agreements and contracts concluded between Abu Dhabi Water and Electricity Company and others.

The employees and workers of Abu Dhabi Water and Electricity Company, as determined by a Board of Directors’ Resolution in coordination with Abu Dhabi Energy Establishment, shall be transferred to the Company.

Article (3)

Main Office of the Company

The main office of the Company shall be located in the city of Abu Dhabi, and the Board of Directors may establish branches, offices or agencies thereof inside and outside the State.

Article (4)

Capital of the Company

The authorised capital of the Company was set at (500,000,000) five hundred million Dirhams, divided into (500,000,000) five hundred million shares. The par value of the share is one Dirham.

The issued capital was set at (100,000,000) one hundred million Dirhams, divided into (100,000,000) one hundred million shares. The par value of the share is one Dirham and they are all fully paid nominal shares.

All the Company's shares are fully owned by Abu Dhabi Energy Establishment. The Executive Council may determine a percentage of the Company's shares that may be transferred to others, provided that the Company's shareholders take all necessary actions to allow the Company to exercise its activity within its geographical scope and conclude the agreements specified by Abu Dhabi Energy Establishment.

The shareholders may increase or decrease the Company' capital as specified in the Company's Articles of Association.

The Company's shares may not be sold, assigned or mortgaged except under a Resolution issued by the shareholders as specified in the Articles of Association.

Article (5)

Objectives of the Company

The Company or any of its subsidiaries or companies partially owned by it shall carry out the following activities:

1. Purchase, sale, planning, organisation, management of supply and demand, and commercial trade of the production capacity and the water and electricity outcome by the Entities Licensed to Produce.
2. Working as a sole provider of any production capacity of water and electricity, required within the geographical scope as determined by the Executive Council and ensuring the supply thereof to meet the expected needs of water and electricity within that geographical scope, unless the Side Sales System is implemented, upon the recommendation of the shareholders and with the consent of the Competent Authority.
3. Contracting with those who provide production capacity, preparing and managing the tenders associated thereto.
4. Concluding agreements with the Entities Licensed to Produce and the Entities Licensed to Distribute.
5. Development and ownership of rights related to intellectual property, trademarks, commercial names, invention patents and all rights and designs related to the Company's activities, and registration of the same according to the applicable legislations.

The Company may, in order to achieve its objectives, proceed with all the operations and actions required for the good performance of its operations and the increase of its revenues inside and outside the State, including without limitation:

- Own, lease and mortgage of movable and immovable properties, Ships and conveyor Borrowing funds, issuing undertakings, guarantees and bonds, obtaining financial facilities, lending the subsidiaries or the companies owned by it and concluding the contracts related thereto.
- Contributing to and encouraging the support of projects, works and activities that help the Company strengthen its position inside and outside the State.
- Financing projects carried out by the Company, its subsidiaries or other companies, in its capacity as shareholder, grantor of loans or guarantor of the same. The Company may own or issue debt securities and bonds of all types as decided by the shareholders.
- Establishing wholly or jointly owned companies.
- Opening, managing and closing bank accounts, withdrawing, accepting and negotiating Treasury Bills; issuing financial guarantees for the subsidiaries or others; concluding loans as well as financial and credit facilities, financial derivatives contracts and carrying out treasury management of the funds of the Company and its subsidiaries.
- Purchasing shares, bonds and other securities related to the activity of the Company or any of its subsidiaries and disposing of the same for the purpose of trading, risk management or any other objectives deemed convenient by the Company.
- Laying down regulations related to employment, retirement, bonuses, incentives, entitlements, allowances and commissions of the employees of the Company and the subsidiaries, taking into account the legislations related to the retirement of the Nationals.
- Contributing to, encouraging, supporting and providing in-kind and cash grants for the projects, works and activities, including the non-profit and community projects, activities and initiatives.
- Initiating all legal and judicial procedures and agreeing on compromise,

settlement, arbitration, and dismissal of disputes, arbitration procedures and mediation.

- Carrying out all other works associated or related to the Company's objectives and activities or considered by the Board of Directors as essential or necessary to enable the Company or any of the subsidiaries to achieve any of its objectives.

Article (6)

Obligations of the Company

In implementation of the Company's competences set forth in Article (5) hereof, the Company shall:

1. Determine the following annual requirements according to a long-term plan:
 - (a) New or additional production capacity for the desalination or storage of water.
 - (b) New or additional production capacity for the generation or storage of electricity.
2. Contract with the persons who run the existing facilities or the persons wishing to establish new facilities in order to provide the necessary new or additional production capacity.
3. Adopt policies to diversify the sources of water and electricity production capacity, in a way achieving economic, environmental and social sustainability, and encourage investment and partnership with the private sector.

Article (7)

Duration of the Company

The duration of the Company is of ninety-nine (99) Gregorian years, starting from the date of its registration in the Commercial Register, to be renewed automatically for a similar period according to the provisions of the Company's articles of association.

Article (8)

Board of Directors

- The Company shall be managed by a Board of Directors of at least five members. The first Board of Directors of the Company shall be appointed by an Executive Council Resolution. The Company's Articles of Association shall determine the method of appointment of the subsequent Boards of Directors, the procedures of holding the meetings thereof and the method of voting on their resolutions.
- The membership period of the Board of Directors shall be of four renewable years. The Board shall be reformed according to the provisions of the Company's Articles of Association.

Article (9)

Powers of the Board of Directors

- The Board of Directors shall be the competent authority to lay down the general policy of the Company and the subsidiaries and to follow up the implementation thereof to achieve their objectives. It shall directly be liable for all the Company's objectives stated herein and may, in particular:
 1. Adopt the Company's strategic plans and supervise their implementation.
 2. Issue financial and administrative regulations including the human resources regulations, and the rules related to the procedures of tenders, bids, contracts and procurement of the Company and the subsidiaries, in a way enabling them to achieve their objectives.
 3. Lay down the organisational structure of the Company and the subsidiaries.
 4. Approve the budget and final accounts of the Company and the subsidiaries for every fiscal year.
 5. Appoint and dismiss the Chief Executive Officer of the Company.
 6. Form the Boards of Directors, and appoint Managers or Chief Executives of any of the subsidiaries.
 7. Divide, novate, transfer, merge, unify, sell and mortgage any of the Company's funds or assets or the funds or assets of any of its subsidiaries, assign the same or dispose of any of the same in all forms of legal acts.

8. Allow the Company and its subsidiaries to engage in any investment, borrowing or lending process or issue guarantees, collaterals, bonds, Islamic Bonds or any other debt instruments as deemed convenient by the Board of Directors.
9. Acquire and merge companies and entities and determine the value of acquisition.
 - The Company's Board of Directors shall form the Company's General Assembly as long as all the shares are wholly owned by Abu Dhabi Energy Establishment. Otherwise, the shareholders of the Company shall form its General Assembly.
 - The Board of Directors may form permanent and interim committees from among its members or others and may determine their competences. It may also delegate some of its competencies to any of these committees.
 - The Board of Directors may delegate any of the Board's members or committees and the employees of the Company or the subsidiaries or others that it deems convenient to assume any of the competences of the Board of Directors specified in this Law or the Articles of Association of the Company and determine the principles and controls to exercise such competences.

Article (10)

The Company's Articles of Association

The Board of Directors shall issue the first Articles of Association of the Company before the entry of shareholders and after the approval of the Executive Council. The amendment of the Articles of Association shall be by a resolution issued by the shareholders as determined by the Articles of Association.

Article (11)

Tasks of the Competent Authority

The Department of Energy shall handle the tasks of the Competent Authority, unless the Executive Council decides otherwise.

Article (12)

Financial Guarantees

Without prejudice to the applicable legislations, the Government or Governments of the Emirates of the shareholding entities in the Company or Abu Dhabi Energy Establishment, may provide all that is necessary to ensure that the Company meets its financial and contractual obligations with the Entities Licensed to Produce or the Entities Licensed to Distribute.

Article (13)

Wholesale Supply Tariff

The Company may impose a wholesale supply tariff on the Entities Licensed to Distribute and Transmit concerning the supply of water and electricity thereto. The tariff shall be calculated at the beginning of each year and based on the method determined by the Competent Authority in the licence granted to the Company.

Article (14)

Providing the Company with Information

The Entities Licensed to Produce, Distribute and Transmit shall provide the Company with all data, information and documents required for carrying out its objectives.

Article (15)

Annual Reports

The Board of Directors shall submit an annual report at the end of every fiscal year to the shareholders of the Company, stating the companies, assets, funds, projects and investments that the Company owns or in which it contributes.

Article (16)

Auditor

The Company shall have one or more accredited auditors to verify its

accounts and financial statements, who shall be appointed by virtue of a resolution issued by the Board of Directors according to the Company's Articles of Association, specifying the period of appointment and the annual remuneration thereof.

Article (17)

Fiscal Year

The fiscal year of the Company shall begin in the first of January and end in December 31st of each year, with the exception of the first fiscal year which shall begin from the date of registration of the Company in the Commercial Register and end in December 31st of the following year.

Article (18)

The Company's Financial Resources

The Company's financial resources shall be formed of:

- Annual or contingency appropriations allocated to it by the shareholders.
- Returns on the investment of its funds.
- Income resulting from the services provided by it and the activities exercised by the latter.
- Any other resources approved by the Board of Directors.

Article (19)

Final Provisions

- None of the provisions of this Law shall cause prejudice to any of the licences, permits, exceptions or approvals issued by the Federal and local governmental entities in the State and owned by Abu Dhabi Water and Electricity Company and any of its subsidiaries on the date of issuance of this Law. These licences, permits, exceptions and approvals shall remain in force after the entry into force of the provisions of this Law and they shall all be transferred to the Company.
- The transfer of the rights, assets, funds, competences, liabilities, duties, objectives and licences of Abu Dhabi Water and Electricity Company to

the Company shall not cause any prejudice to any of the rights due to others, the guarantees granted by the Government or any authority or entity or subsidiary of the Company, to any natural or corporate person, in order to guarantee the performance of obligations of Abu Dhabi Water and Electricity Company according to the agreements, contracts and documents concluded by it, and shall not cause prejudice to any of the direct contracts concluded by the Government concerning any of the projects of the independent producer in the State.

- The Company shall not be subject to the legislations related to procurement and financial systems in force in the Emirate.

Article (20)

Local Taxes and Fees

The Company and its subsidiaries shall be exempt from all local taxes and fees and shall be considered a strategic industrial project.

Article (21)

Entry into Force and Publication

The present Law shall be effective from the date of its publication and published in the Official Gazette.

Khalifa bin Zayed Al Nahyan

Ruler of Abu Dhabi

Issued by us in Abu Dhabi

On: 6 November 2018

Corresponding to: 28 Safar 1440 Hijri