

**LAW OF MONGOLIA  
ON LABOUR**

May 14, 1999  
Ulaanbaatar city

(Turiin medeelel #25, 1999)

**CHAPTER ONE  
GENERAL PROVISIONS**

**Article 1. Purpose of the Code**

1.1 The purpose of this Code law shall be to determine the common rights and duties of employers and employees who are parties to labour relations based on an employment agreement, to define collective agreement, collective bargaining, collective and individual labour disputes, labour conditions, management, control, and liabilities for breach of the legislation, and to ensure equality of the parties.

**Article 2. Labour legislation**

2.1 The labour legislation shall consist of the Constitution of Mongolia, this Code and other acts of legislation enacted in conformity therewith.

2.2 Should an international agreement to which Mongolia is a party provide otherwise this Code then the former shall prevail

**Article 3. Definitions**

3.1 For the purposes of this Code:

3.1.1. **“employer”** means a person employing an employee on the basis of an employment agreement;

3.1.2. **“employee”** means a citizen employed by an employer on the basis of an employment agreement;

3.1.3. **“employment agreement”** means an agreement between an employee and an employer pursuant to which an employee undertakes to perform certain work subject to internal labour regulations established by the employer in conformity with the law, and the employer undertakes to pay wages to the employee according to the work results and to ensure labour conditions as provided in the legislation, collective agreement and bargaining;

3.1.4. **“collective agreement”** means an agreement between an employer and the representatives of employees of a business entity or organisation ensuring the right to employment and related legitimate interests of all employees on more favourable terms than those guaranteed by law, and provided for other matters not specifically regulated by this Code;

**“collective bargaining”** means an agreement concluded for the purpose of jointly protecting the right to employment and related legitimate interests of the citizen between the representatives of the employers and employees, and a state administrative body, either at the national or regional level

or with respect to a certain administrative territorial unit, economic sector or profession;

3.1.6. “**representatives of employer**” means a person authorized by the business entity or a body authorized by the business entity or an organisation, pursuant to its charter to represent and protect the rights and legitimate interests of the employer;

3.1.7. “**representatives of an employee**” means a trade union with a duty to represent and protect the rights and legitimate interests of employees, or, if no such organisation exists, representatives elected from a meeting of all employees;

3.1.8. “**individual labour dispute**” means a disagreement arising between the parties to an employment agreement within the scope of the right to employment and related legitimate interests;

3.1.9. “**collective labour dispute**” means a disagreement arising between the parties to a collective agreement or bargaining in the course of the negotiation, performance, or monitoring thereof;

3.1.10. “**obnoxious labour conditions**” means workplace conditions adverse impact of which is not possible to eliminate and those which do not meet the labour standards;

3.1.11. “**industrial accident**” is when an employee is affected by adverse industrial factors in the course of the performance of his or her labour duties;

3.1.12. “occupational disease” means a disease occurring due to the adverse industrial factors ;

3.1.13. “**strike**” means an action of employees whereby they voluntarily stop the work, completely or partially for a definite period of time with the purpose of resolving a collective labour dispute;

3.1.14. “**forced labour**” means job duties that are required to be performed by an employee with the view to enforce the labour discipline, to avenge for the participation in a strike, as well as for the expression of own opinion on the political, social and economic regime, with the purpose of discriminating on the basis of social origin, ethnicity, race and religion, or those that are required notwithstanding the danger that arises to the employee’s life and health;

3.1.15. “**permanent workplace**” means job duties performed at the workplace defined by employer, according to the defined regime, with labour tools and means provided by employer, or paid under the norms, estimates and schemes approved under the direction of employer’s representative, and performed by working days and shifts

#### **Article 4. Relations governed by the Labour Code**

4.1 This Code shall govern employment agreement relations and other relations arising therefrom between the following parties:

4.1.1. labour relations between a citizen of Mongolia and domestic or foreign business entity or organisation operating within the territory of Mongolia;

4.1.2. labour relations between a citizen of Mongolia, a foreign citizen or a stateless person;

4.1.3. labour relations between a domestic business entity or organisation and a foreign citizen or stateless person;

4.1.4. unless otherwise provided in international treaties to which Mongolia is a party, labour relations between a foreign business entity, organisation, citizen, and stateless person that operate within the territory of Mongolia,.

4.2 If individuals who join their labour in an enterprise have not established rules with respect to labour relations or agreed to apply this Code then the relevant provisions of this Code shall apply.

#### **Article 5. Rights and obligations of employer**

5.1 An employer shall have the right to adopt and enforce internal labour regulations in conformity with the legislation, to require from an employee to perform his or her obligations under an employment agreement, and to enforce such obligations in accordance with this Code.

5.2 An employer is obliged to provide an employee with work and favourable labour conditions, to pay remuneration according to the results of work, and to perform his or her obligations under the this Code, employment and collective agreements and internal labour regulations.

#### **Article 6. Rights and obligations of an employee**

6.1 An employee shall have the right to be provided with labour conditions that comply with the safety and sanitary requirements; to receive salary and wages; to take a vacation; to assemble with other employees for the purpose of protecting his rights and legitimate interests himself or herself, or through a representative organisation; and to receive a pension, social insurance, and enjoy other benefits as provided in employment and collective agreement.

6.2 An employee is obliged to work honestly, keep confidential matters that pertain to his or her job duties and are defined as secrets by law, and to strictly comply with employment and collective agreements, internal labour regulations, and labour safety and sanitary regulations.

#### **Article 7. Prohibition of discrimination, establishment of limitations or privileges in the labour relations**

7.1 Nobody may be illegally forced to work.

7.2. Discrimination, setting of limitations or privileges in the labour relations based on nationality, race, sex, social origin or status, wealth, religion, or ideology shall be prohibited.

7.3 If an employer has limited an employee's rights and freedom due to the specific requirements of the job duties when employing an employee, employer shall be obliged to justify the grounds for doing so.

7.4 Unless related to the work or duty to be performed, when recruiting an employee, no questions pertaining to the private life, ideology, marital status, political party membership, religious beliefs, or pregnancy of the employee are allowed.

7.5 In case a question was put in breach of 7.4 of this Code, the employee shall not be obliged to reply.

## **CHAPTER TWO COLLECTIVE AGREEMENT AND BARGAINING**

### **Article 8. Basic principles of collective agreement and bargaining**

8.1 The following principles shall be adhered to when concluding a collective agreement and collective bargaining:

- 8.1.1. transparency;
- 8.1.2. conformity with the law;
- 8.1.3. equality of number of representatives from the parties;
- 8.1.4. equality of the parties;
- 8.1.5. free discussion of the issues to be included in the collective agreement and bargaining;
- 8.1.6. voluntary undertaking of obligations;
- 8.1.7. specificity with respect to the liability of the parties.

### **Article 9. Provision of information**

9.1 During the negotiation of a collective agreement or bargaining, the relevant state authority and employer shall be obliged to provide all required information to the representatives of employees.

9.2 The parties shall be obliged to exchange all information in their possession when monitoring the performance of a collective agreement and bargaining.

### **Article 10. Prohibition of third party interference**

10.1 During the negotiation and performance of collective agreements and bargaining, obstruction of the exercise of rights of the parties, or limitation of the legitimate interests of the parties by the government, non-governmental, religious organisations, political parties, citizens or officials shall be prohibited.

### **Article 11. Initiation of collective agreements and bargaining**

11.1 Any party may initiate negotiations to conclude or amend a collective agreement or bargaining.

11.2 A party that proposes to negotiate and conclude a collective agreement or bargaining shall inform the other party in writing.

11.3 The power to negotiate on behalf of an employer shall be exercised by the representatives of employer specified in Article 3.1.6 of this Code.

11.4 The representatives of employees specified in Article 3.1.7 of this Code shall have the power to negotiate and conclude a collective agreement or bargaining on behalf of the employees.

11.5 If there are multiple relevant trade unions at the national, regional, or administrative territorial unit level, in an economic sector or profession, or in a business entity or organisation, they shall participate in the negotiation and

conclusion of the collective agreement or bargaining through their representatives considering the ratio of their members.

## **Article 12. Conducting negotiations**

12.1 The parties shall conclude collective agreement and bargaining by way of negotiations.

12.2 The party that initiates the negotiation shall develop a draft containing the composition of negotiating parties, draft collective agreement or bargaining, or of amendments or modifications thereto, attach a notice of the time and place of the negotiations, and deliver to the other party.

12.3 A party who has received a notice of negotiation shall reply in writing within 5 working days.

12.4 A party who has received a notice of negotiation shall be obliged to commence the negotiation within the following periods of time:

12.4.1. within 10 working days from receipt of the notice with respect to a negotiation on the conclusion, amendment or modification to collective agreement;

12.4.2. within 15 working days from receipt of the notice with respect to negotiation on a collective bargaining.

12.5 If a party who has received a notice of negotiation fails to reply or to commence negotiations within the terms set forth in Articles 12.3 and 12.4 of this Code, or no agreement was reached during the negotiations the differences shall be resolved as under the procedure for the settlement of labour disputes as provided in Chapter Ten of this Code.

12.6 The parties to a negotiation shall be obliged not to disclose confidential or trade secret information learnt in the course of negotiations.

12.7 Expenses incurred during a negotiation as well as remuneration of an expert participating in the negotiation by prior agreement of the parties, and other expenses, shall be funded in accordance with the rules specified in the collective agreement and bargaining.

12.8 If an elected trade union representative, or an elected non-union representative, participates in a negotiation but has not been excused from his or her primary work, an employer may not impose a disciplinary penalty on such person without receiving permission in advance from the appropriate higher level authority of such person, nor shall such employer transfer such person to another job or terminate the employment of such person during the negotiation or within 1 year following completion of the negotiation.

12.9 A negotiation shall be deemed completed when a collective agreement and bargaining has been signed by all representatives of the parties.

## **Article 13. Scope of collective agreement and bargaining**

13.1 A collective agreement or bargaining shall apply to all employers and employees participating in the negotiation and shall govern the labour-related rights and legitimate interests of such employers and employees.

#### **Article 14. Conclusion of collective agreement and bargaining**

14.1 In concluding collective agreement and bargaining, provisions of Article 12 of this Code shall be followed. A collective agreement shall be concluded prior to approving of the business entity or organization's business plan.

14.2 A single collective agreement shall cover all units and divisions of a business entity or organisation.

14.3 Regardless of the number of persons initiating the bargaining, only one such bargaining shall be established for the respective level.

14.4 During negotiations of collective agreement and bargaining, the employer shall be obliged to provide the negotiating parties with available to him or her information, stationery, office equipment, a room for meetings and discussions during non-working hours, and assistance in propaganda and advertising.

14.5 Collective agreements shall be concluded for a period of one year or longer, and collective bargaining for two years respectively.

#### **Article 15. Registration of collective agreement and bargaining**

15.1 Within 10 days after signing of a collective agreement or bargaining an employer shall deliver such collective agreement or bargaining for registration to the Office of the Governor of the soum or district where the employer is located.

15.2 A collective bargaining concluded at the level of an economic sector, region, aimag, capital city or profession shall be delivered for registration with the state central administrative body in charge of labour matters within 10 days from signing.

15.3 A collective bargaining concluded at the level of a soum or district shall be delivered for registration with the Office of the aimag or capital city Governor within 15 days from signing..

15.4 The person authorized to register as provided in this article shall review collective agreement and bargaining within 10 working days from receipt and register if they are in conformity with the legislation and refuse to register in case of non-conformity.

15.5 A collective agreement or bargaining which has not been registered, is not in conformity with the legislation, or which provides for less favourable legal status of an employee shall be deemed void and shall not be enforced.

#### **Article 16. Application of collective agreement and bargaining**

16.1 Collective agreement and bargaining shall become valid upon completion of registration as specified in Article 15 of this Code.

16.2 Changes in the location, management structure or composition of a business entity or organisation shall not serve as a ground for terminating a collective agreement or bargaining.

16.3 In the event of the reorganisation or a change of ownership of a business entity or organisation matters of continued enforcement of or

amendments to the collective agreement or bargaining shall be resolved by negotiation by the representatives of the employer or the employees.

16.4 During the liquidation of a business entity or organisation in accordance with the conditions and procedure provided in law the provisions of the collective agreement or bargaining shall be followed.

16.5 Matters of amending a collective agreement or bargaining shall be resolved by agreement between the parties in the conditions and procedures as defined therein; where there are no provisions in the collective agreement or bargaining with respect thereto then the procedure used for the conclusion of such collective agreement or bargaining shall be followed.

### **Article 17. Monitoring of performance of collective agreement and bargaining by the parties**

17.1 Performance of a collective agreement shall be monitored by the parties or their representatives.

17.2 Performance of bargaining concluded at all levels shall be monitored by the parties, their representatives and the state central administrative body in charge of labour matters and the Governor of the respective aimag, capital city, soum, or district.

17.3 In the course of monitoring the parties shall exchange all information in their possession which is relevant to the collective agreement or bargaining.

17.4 The parties individually or jointly shall evaluate performance of the collective agreement or bargaining semi-annually, or at the times specified in the collective agreement or bargaining, and shall inform all employees of the results of the evaluation.

### **Article 18. Relations governed by collective agreement**

18.1 Collective agreement shall govern the following matters to the extent that they are not specifically regulated by this Code:

18.1.1. determining the amount of the catering and transportation expenses and other compensation to the employees, setting or increasing the amount and form of an employee's basic salary, the salary payment date, the amount of additional pay, bonuses, pension benefits, allowances, privileges, and production norms and quotas;

18.1.2. retraining and specialization, training in a new specialization, and workplace guarantees;

18.1.3. defining the regime of working hours and hours of rest;

18.1.4. improving labour safety and sanitary conditions of employees, including pregnant women, minors, disabled and midgets;

18.1.5. protecting rights and legitimate interests of employees in the event of privatisation or reorganisation of the business entity or organisation, or its branches or units;

18.1.6. increasing the amount of salary depending on the increase of prices and inflation;

18.1.7. determining amount of funds required for the employees' social protection;

18.1.8. meeting the standards of ecological safety, labour conditions, and labour safety and sanitary requirements;

18.1.9. providing privileges to the employees who study at the same time;

18.1.10. construction and use of housing, kindergartens, pre-school day-care centres, buildings for social and cultural purposes by a business entity or organisation for the benefit of its employees; provision of privileges to the employees with many children, or a single mother or father heading a household, or with a disabled child; improvement of the living standards of the elderly who were previously employed at the same business entity or organization, the disabled, employees who suffered from an industrial accident, acute poisoning or occupational disease;

18.1.11. ensuring conditions for trade unions, their employees and members to conduct their activities.

18.2 A collective agreement may provide for more favourable conditions of the guarantees provided to the employees under this Code.

18.3 Collective agreements shall contain provisions concerning the conclusion, monitoring and informing thereof, and the development of bilateral and tripartite relations.

#### **Article 19. Relations regulated by collective bargaining**

19.1 The following relations shall be regulated by collective bargaining:

19.1.1. generally applicable right to social protection and a citizen's right to employment and common matters arising within the scope of protection of the related legitimate interests shall be determined by a national collective bargaining;

19.1.2. matters concerning the amount of salary, labour conditions, organisation of the employees' labour, production quotas and norms for employees of a specific occupation or profession shall be determined by bargaining at the industrial sector (inter-sector) level;

19.1.3. common matters concerning minimum salary and minimum subsistence level to be applied within the respective region, compensation, citizens' right to employment and related legitimate interests shall be determined by bargaining at the regional level;

19.1.4. matters concerning employment and labour relations of employees of administrative territorial units shall be determined by bargaining at the aimag, capital city, and soum or district level;

19.1.5. matters concerning labour relations of employees in certain occupations and professions shall be regulated by professional tariff bargaining.

#### **Article 20. Parties participating in a collective bargaining**

20.1 In addition to the representatives of the employer and employees specified in Articles 3.1.6. and 3.1.7 of this Code, representatives of the relevant state administrative body may participate in a collective bargaining.

20.2 Depending on the participating parties, a collective bargaining may be bilateral or tripartite.

20.3 Depending on the participating parties and the scope, a collective bargaining shall be one of the following types: at the national level – a national bargaining or sector (inter-sector) bargaining; at the administrative territorial unit level – a regional collective bargaining, or aimag, capital city, soum or district collective bargaining; at the level of a specific occupation or profession – a professional tariffs collective bargaining.

20.4 Depending on the type of collective bargaining, the following parties shall participate in the negotiations:

20.4.1. with respect to a national bargaining – the Government and the national organisations representing and protecting the rights and legitimate interests of the employers and employees;

20.4.2. with respect to a sector bargaining – the state central administrative body in charge of matters of the respective sector and organisations representing and protecting the rights and legitimate interests of the employers and employees;

20.4.3. with respect to a regional bargaining – the Governor, and the regional organisations representing and protecting the rights and legitimate interests of the employers and employees;

20.4.4. with respect to an aimag, capital city, soum or district bargaining – the relevant Governor and the organisations representing and protecting the rights and legitimate interests of the employers and employees;

20.4.5. with respect to a professional tariff bargaining - the relevant state administrative body, and the organisations representing and protecting the rights and legitimate interests of the employers and employees of the respective profession.

## **CHAPTER THREE EMPLOYMENT AGREEMENT**

### **Article 21. Employment agreement**

21.1 The following basic terms shall be set forth in an employment agreement:

21.1.1.name of the workplace or position;

21.1.2 job duties specified in the position description;

21.1.3 amount of basic or position salary;

21.1.4 labour conditions.

21.2 No party to an employment agreement may unilaterally modify its provisions.

21.3 Unless all of the basic conditions specified in Article 21.1 of this Code have been agreed upon in the course of negotiation of an employment agreement, the agreement shall not be considered as concluded.

21.4 An employment agreement shall be in conformity with the legislation, collective agreement and bargaining.

21.5 Any term of an employment agreement which is less favourable than those provided in the legislation or collective agreement or bargaining shall be null and void.

21.6 The parties may agree upon the terms in addition to the basic ones provided in Article 21.1 of this Code.

21.7 An employment agreement shall become effective from the date of signing by the parties.

## **Article 22. Contract**

22.1 An owner or a person authorized by him or her when exercising certain aspects of his or her right of ownership shall enter into a contract to engage other person's labour activity, and employer – to engage a citizen's unique talents or high skills.

22.2 A schedule of the jobs and positions with respect to which a contract may be concluded as provided in Article 22.1 of this Code shall be approved by the Member of Government in charge of labour matters.

## **Article 23. Term of an employment agreement**

23.1 An employment agreement shall be either for a specified or an indefinite term.

23.2. An employment agreement shall be concluded for the following term:

23.2.1. at a permanent workplace- for an an indefinite term;

23.2.2. the employment agreement specified in Article 23.2.1 - for a specified term by the parties' mutual agreement;

23.2.3. with an employee replacing an employee who's position is being retained on the basis of law or another decision- until the absent employee returns to work, with respect to seasonal or temporary job- for the duration of the respective work, with the newly appointed employee or an apprentice- for the probation or training term set forth by employer in the internal labour regulation. Duration of probation or training may not exceed 6 months.

23.3. Unless at the expiration of an employment agreement concluded for a specified term the parties propose its termination, and the employee continues to perform his or her work, the agreement shall be considered as extended for the initial term.

## **Article 24. Conclusion of an employment agreement**

24.1 An employer or an official authorized by him or her shall conclude an employment agreement with a citizen in writing and shall be obliged to deliver a copy thereof to the employee. It shall be prohibited to conclude agreements other than employment agreement for a permanent workplace.

24.2 If an employer employs several employees in one workplace, he or she shall conclude a separate employment agreement with each employee.

24.3 If an employment agreement has not been concluded in writing, the employer may not require the employee to perform any job or duties.

**Article 25. Conclusion of contract and its content**

25.1 A contract shall be concluded in writing.

25.2 The term of a contract shall be up to 5 years.

25.3 A contract shall specify in detail the term of the contract, the final result of the work to be performed by the employee, the duties of the employee to the employer, procedure for evaluation of performance of the contract, description of any assets to be given under the employee's responsibility, rules of their possession, use and disposition, remuneration to be paid to the employee, employee benefits, provision of supplies, privileges, results achieved, share of profit to be paid to the employee, and employee's liability.

25.4 If, upon evaluation of the contract it is determined that the employee has adequately performed his or her duties, the contract may be extended.

**Article 26. Performance of several job duties at the same time**

26.1 Within the limits of working hours, an employee may simultaneously perform another work or occupy another position for his or her employer, or for another organisation, or combine his or her job duties with other work or duties in his or her for his or her organisation, or by an agreement with employee employer may have the employee temporarily perform the duties of an absent employee, as well as increase the employee's workload.

26.2 Except as provided in Article 28 of this Code, an employee may enter into simultaneous employment agreements with more than one employer.

**Article 27. Prohibitions with respect to related parties**

27.1 Members of the same family or relatives may not be employed together at the positions related to disposition of monetary finds or other assets in any state-owned or partially state-owned (with 51% or more equity share) legal person.

**Article 28. Working for several employers at the same time**

28.1 An employee of a legal person whose job or position includes authority to dispose assets, shall be prohibited from concluding an agreement or contract to simultaneously hold a similar job, managing or supervisory position in any entity of a different type or form of ownership that is engaged in similar business.

28.2 Article 28.1 of this Code shall equally apply to simultaneous employment.

28.3 An employee shall be liable for any damage caused to the employer in result of breach of this article.

**Article 29. Time of deeming null and void of an employment agreement with a person without legal capacity**

29.1 An employment agreement between an employer and a person without legal capacity or with limited legal capacity shall be deemed to be invalid from the date such person ceases to perform his or her work duties.

**Article 30. Invalidity of some provisions of an employment agreement**

30.1 A determination that any provision of an employment agreement is invalid shall not affect the validity of miscellaneous provisions of an employment agreement.

**Article 31. Prohibiting performance of work not specified in an employment agreement**

31.1 An employer may not demand from an employee to perform work which is not specified in the employment agreement, except as otherwise provided in this Code.

**Article 32. Temporary transfer to another job due to an unavoidable work need**

32.1 In case of an unavoidable need to prevent or eliminate the consequences of a natural disaster or industrial accident arises, or any other unforeseen circumstances that cause the interruption of the normal operations of an employer's organisation, the employer may transfer an employee to another job not provided for in the employment agreement for a period of up to 45 days.

**Article 33. Temporary transfer to another job during idle time**

33.1 During idle time an employer may temporarily transfer an employee to a job not provided for in the employment agreement within the employer's organisation or another organisation at the employee's consent.

**Article 34. Transfer to another job for health reasons**

34.1 An employee shall be transferred at his or her consent to another job that does not adversely affect his or her health on the basis of a decision of a medical-labour commission.

**Article 35. Retaining the job or position of an employee while he or she is not performing job duties**

35.1 An employee shall retain a job or position in the following circumstances, even though an employee is not performing his or her job duties:

35.1.1. the employee performs duties by election in a state body for a period of up to 3 months;

35.1.2. the employee is on an annual vacation;

35.1.3. the employee is undergoing medical examinations, acts as a donor, or is on leave pursuant to a medical certificate or at employer's permission or;

35.1.4. the employee is on pregnancy, maternity or child care leave;

35.1.5. the employee is participating in negotiations to conclude collective agreement or bargaining, or is participating in a lawfully organized strike;

35.1.6. with respect to an employee who has received a call-up until the decision of the military call-up commission for active military service;

35.1.7. such other cases as provided in the legislation, collective or employment agreement.

### **Article 36. Reinstatement of an employee to his or her previous job or position**

36.1 An employer shall be obliged to reinstate an employee to his or her previous job or position in the following cases:

36.1.1. an employee who has become disabled as a result of an industrial accident, acute poisoning, or occupational disease, and his or her employment agreement has terminated, returns to work within 1 month after recovery;

36.1.2. a court decision to reinstate an unlawfully dismissed employee has come into force;

36.1.3. other events as provided in law.

36.2 If a job or position previously employed at by an employee has been abolished the employer shall be obliged to employ such employee at another job or position of the same nature, on the basis of an agreement with the employee.

36.3 If, in accordance with Article 40.1.1 of this Code, the job or position of an employee has been abolished, but within a period of 3 months thereafter it has been re-established, and it is determined that the abolishment of the position was unreasonable, the employee shall be reinstated to such job or position.

### **Article 37. Grounds for termination of an employment agreement**

37.1 An employment agreement may be terminated on the following grounds:

37.1.1. mutual agreement of the parties;

37.1.2. decease of either an individual employer or employee;

37.1.3. expiration of the term of an employment agreement with no further extension;

37.1.4. demand of an authority so authorized by law;

37.1.5. reinstatement to the previous job or position of a wrongly dismissed employee;

37.1.6. the employee has been called to active military service;

37.1.7. a court judgement which sentences an employee to a punishment that prevents him or her from performing the job duties comes into force;

37.1.8. the employment agreement terminates at the initiative of an employer or an employee.

### **Article 38. Termination of an employment agreement**

38.1. An employment agreement may be terminated on the following grounds:

- 38.1.1 at the employee's initiative; or
- 38.1.2 at the employer's initiative.

### **Article 39. Termination of an employment agreement at the employee's initiative**

39.1 Unless otherwise provided in the law or an employment agreement, an employee shall have the right to leave his or her workplace upon the expiration of 30 days after his or her request of resignation to the employer, in which case the employment agreement shall be considered as terminated.

39.2 An employment agreement may be terminated prior to the time limit set forth in Article 39.1 of this Code due to a valid reason or by an agreement with respect to the time of resignation with the employer.

### **Article 40. Termination of an employment agreement at the employer's initiative**

40.1 An employment agreement may be terminated at the initiative of the employer on any of the following grounds:

40.1.1. liquidation of the employer's business entity or organisation, branch or unit thereof, abolition of the job or position within it, or reducing the number of employees;

40.1.2. it has been determined that the employee fails to meet the requirements of the job or position due to the lack of professional qualifications or skill, or health reasons;

40.1.3. an employee has attained 60 years of age and is eligible to receive a pension;

40.1.4. repeated breach by the employee of the labour disciplinary rules or commission of a serious breach for which the employment agreement specifically provides termination of the labour relations;

40.1.5. it has been determined that an employee who is responsible for assets or money has lost the trust of the employer due to an act or omission;

40.1.6. an employee is elected or appointed to another salaried work; or

40.1.7. arising on the grounds set forth in the contract.

40.2 In case of reinstatement by a court decision to the previous job of a wrongly dismissed employee the employment agreement with any new employee employed in the job or position of the dismissed employee shall be terminated and the new employee shall be provided, where possible, with another job.

40.3 It shall be prohibited to terminate an employment agreement with an employee whose job or position is retained, unless the business entity or organization is liquidated.

40.4 Change of ownership or affiliation of a business entity or organization shall not serve as a ground for termination of an employment agreement.

40.5 Notice of termination of an employment agreement pursuant to Articles 40.1.1 or 40.1.2 of this Code shall be given to the employee one month prior to such termination. Notice of termination of all employees due to the dissolution of a business entity or organization, branch or unit thereof shall be given to the representatives of the employees 45 days prior to such termination, in which case negotiations shall be conducted as provided for in this Code.

#### **Article 41. Grounds for termination of a contract**

41.1 In addition to the grounds provided in this Code, a contract may be terminated at the initiative of an employer on the following grounds:

41.1.1. the employer deems on the basis of an evaluation of the contract that the employee failed without a good reason to achieve the result provided in the contract, or failed to work adequately;

41.1.2. in breach of Article 28 of this Code, the employee has entered into a simultaneous employment agreement or contract with another employer;

41.1.3. employer has transferred his or her right of ownership to another person; or

41.1.4. it is established that the employee has inefficiently or wastefully spent or lost the assets given into his or her responsibility under a contract, or that he or she has exceeded the authority afforded by the employer.

41.2 In case of termination of a contract pursuant to Article 41.1.3 of this Code, the employer shall notify the employee at least two months prior to such termination and pay an allowance in the amount equal to at least his or her average salary for a three month period.

#### **Article 42. Severance pay**

42.1 An employer shall pay to an employee whose agreement is terminated on the grounds set forth in Articles 37.1.6, 40.1.1, 40.1.2 or 40.1.3 of this Code a severance pay in an amount equal to at least the employee's average salary for one month.

42.2 In the case of a mass lay-off of the employees employer shall agree the amount of the severance pay to be paid through negotiations with the representatives of employees.

#### **Article 43. Termination of employment and handover of the employee's duties**

43.1 When terminating an employment agreement with an employee, the employer shall fix the time for handover of the employee's duties and specify such time in the decision to dismiss the employee.

43.2 The last day of handover of the employee's duties to the new employee shall be deemed the date of the employee's dismissal.

43.3 The employer shall be obliged to provide the terminated employee with the decision to terminate employment agreement, hand in his or her social and health insurance books and, if required by law, the severance pay on the date of his or her dismissal.

43.4 The employer shall provide the employee with a letter of reference concerning the nature of the employee's occupation, profession, specialization, position and remuneration at his or her request.

**Article 44. Temporary suspension of job or position**

44.1 If required by relevant authority pursuant to law, an employee may be temporarily suspended from his or her job or position with ceasing of payment of salary.

**Article 45. Training in the workplace**

45.1 An employer shall provide employees with opportunities to acquire a profession, organize retraining courses and ensure conditions for studies.

45.2 Theoretical and practical training in the workplace may be given conducted during work hours.

**Article 46. Social insurance**

46.1 Unless otherwise provided in the legislation, an employer and employees employed under an employment agreement shall be insured with social and health insurance and pay monthly premium in the percentage fixed by law.

46.2 Employer shall open social and health insurance books for each employee on the date of the employment agreement and make entries for monthly social and health insurance premium payments in the prescribed procedures.

46.3 With respect to the permanent employees of a business entity or organization engaged in seasonal works, manufacture or services the employer shall pay the social and health insurance premium during the off-season based on the minimum salary.

46.4 Accounts for the social insurance and health insurance premiums with respect to the employee employed in foreign business entities or organizations under employment agreement shall be settled as provided in the legislation.

## **CHAPTER FOUR SALARY AND COMPENSATION**

### **Article 47. Salary**

47.1 Salary shall consist of the basic wages, additional pay, extra pay, awards and bonuses.

### **Article 48. Compensation regulation**

48.1 Minimum amount of remuneration shall be determined by law.

48.2 The state central administrative body in charge of labour matters shall prepare a reference book containing levels of compensation, production norms for specific professions and jobs, unified list of professions and positions, and procedure for determining average salary on the basis of proposals made by national organizations representing and protecting the rights and legitimate interests of employers and employees.

48.3 An employer shall adopt the following regulations in conformity with the legislation, collective agreement and bargaining:

48.3.1. a list of jobs and positions;

48.3.2. a reference book of job and position descriptions;

48.3.3. production norms; and

48.3.4. basic salary and eligibility requirements for additional pay, extra pay, awards and bonuses and conditions and procedures of payment thereof.

### **Article 49. Principles and forms of payment of salary**

49.1 Salary may be on a piecework basis, on an hourly rate, or in other forms and paid according to the work results.

49.2 Male and female employees performing the same work shall receive the same salary.

49.3 Higher salary may be paid for work requiring specialization, knowledge, or a profession, as well as for one with special conditions.

49.4. If the failure to fulfill the production norm was not at the employee's fault, the employee shall be paid remuneration according to the job performed and reimbursed the difference between the basic salary and such remuneration.

49.5. If the employee failed to fulfill the production norm at own fault, then he or she shall be paid remuneration according to the job performed.

### **Article 50. Additional pay**

50.1 In addition to the basic salary an additional pay may be paid to an employee based on work performance.

50.2 In cases where the employee, in addition to his or her basic duties, simultaneously performs duties of another job or position, substitutes for an

absent employee, performs additional duties not specified in his or her job description, or works during at night hours or works extra hours, an additional pay shall be calculated and paid based on the employee's basic compensation.

50.3 Additional pay shall be determined in the amount determined by this Code and collective agreement and shall be agreed by the employer with the employee.

**Article 51. Extra pay**

51.1 Extra pay for the professional level, labour conditions and other extra pays shall be determined and paid by the collective agreement, based on the job description.

**Article 52. Additional pay for work on public holidays**

52.1 If an employee who worked on a public holiday is not given a day off, he or she shall receive pay for such work at double rate of his or her average salary.

**Article 53. Additional pay for working overtime or on weekly days of rest**

53.1 If an employee who worked overtime or on weekly days of rest was not given days off, he or she shall receive pay for such work in an amount equal to at least one and one-half times his or her average salary.

53.2 Additional pay provided for in Article 53.1 of this Code shall be governed by collective and employment agreements.

**Article 54. Additional pay for work at night hours**

54.1 If an employee who worked at night hours was not given rest, the increased salary to be paid to him shall be regulated by collective and employment agreements.

**Article 55. Regular vacation pay**

55.1 An employee shall be given a regular vacation pay during the period of regular vacation.

55.2 The amount of the regular vacation payment shall be determined on the basis of the employee's average salary for the respective year.

**Article 56. Idle time pay**

56.1 In case of impossibility to transfer an employee to another job during idle time that occurs at no fault of his or her own, he or she shall receive pay in an amount specified in the collective agreement.

56.2 Idle time pay determined by the collective agreement shall be equal to at least 60% of the employee's basic salary and may not be less than the minimum salary.

56.3 If the idle time occurs at the employee's fault, he or she shall not be paid any idle time pay.

56.4 If during idle time the employee performs another work he or she shall be paid according to the work performed, but in no event shall such pay be less than his or her previous average salary.

56.5 If during idle time an employee refuses to perform another job without valid reason, he or she shall not be entitled to the idle time pay.

**Article 57. Compensation during the period of temporary transfer to another work due to an unavoidable work need**

57.1 During the period of transfer of an employee to another job on the grounds specified in Article 33 of this Code he or she shall be paid in addition to his or her pay for the actual work performed, the difference in case his or her previous salary is decreased.

**Article 58. Salary of employees under 18 years of age**

58.1 Salary of an employee under the age of 18 may be calculated **on a piecework basis** or at an hourly rate and, in addition, basic salary due for the reduced working hours.

**Article 59. Pay during handover of job duties**

59.1 During handover of job duties an employee shall be paid by his or her previous business entity or organization.

59.2 If the time allotted for handover of job duties is exceeded at the employer's fault, the employee shall be compensated for the respective period.

59.3 If the time allotted for handover of job duties is exceeded at the employee's fault he or she shall not be paid compensation for such period.

**Article 60. Time for salary payment**

60.1 Salary to an employee shall be paid at least bimonthly, on fixed dates.

60.2 Salary may be paid on an hourly, daily or weekly calculation basis.

60.3 Advances may be given to an employee at his or her request.

**Article 61. Forms of salary payment**

61.1 Basic salary, additional pay, extra pay, and other pays shall be paid in a monetary form.

**Article 62. Notification of salary changes**

62.1 Employer shall notify the employees of the decision to change the forms and amount of salary of all employees pursuant to the collective agreement at least 10 days prior to implementing such a decision and shall make appropriate modifications to employment agreements.

**Article 63. Deductions from salary and limitations on amount thereof**

63.1 Deductions from an employee's salary may only be made in the following cases:

63.1.1. a decision to have compensated by an employee of a damage not exceeding his or her average salary for one month;

63.1.2. such other cases as provided in the legislation.

63.2 The total of deductions from an employee's monthly salary may not exceed 20% of such salary (excluding personal income tax) except that, in the case of child maintenance payments, or in case of multiple deduction claims, the aggregate amount of such deductions shall not exceed 50% of the employee's monthly salary.

63.3 If the employee disagrees with the employer's decision to make a deduction from his or her salary he or she may make a complaint to the labour dispute settlement commission.

63.4 Claims for reimbursement of the deductions that exceed the employee's average monthly salary shall be submitted to court.

63.5 If an employer has made a wrong deduction from an employee's salary, the employee may file a complaint for reimbursement of such deduction with the labour dispute settlement commission.

**Article 64. Special allowances and pays for employees whose position is being retained**

64.1 During the periods when an employee is undergoing a medical examination, acts as a blood donor as provided in Article 35.1.3 of this Code; is engaged in the negotiation or conclusion of collective agreement or bargaining as provided in Article 35.1.5 of this Code; or in the cases specified in Articles 35.1.1 and 35.1.6 of this Code, he or she shall be paid his or her average monthly salary.

64.2 Allowances and payments payable in the cases specified in Article 35, except as otherwise provided in Article 64.1 of this Code, shall be governed by this Code, other applicable laws, collective agreement and bargaining and employment agreement.

**Article 65. Compensation in the case of transfer to another location**

65.1 When an employee is transferred from one aimag or town to another aimag or town, as well as to another soum or horoo by election or appointment, the transportation expenses and per diem allowances for the employee and his or her family shall be paid by the receiving organization.

**Article 66. Pays during absence from work for a valid reason**

66.1 An employee who is unable to get to his or her workplace because of a natural or public disaster or another valid reason shall receive 50% of his or her basic salary.

66.2 An employee who did not report to work and participated in person in remedial activities related to the consequences of a disaster referred to in Article 66.1 of this Code shall be receive a pay in the amount equal to his or her his or her basic salary.

**Article 67. Pay during reduced hours of work**

67.1 Reduced hours of work of an employee as provided in Articles 71.1, 71.2, and 71.4 of this Code shall be considered hours worked and the employee shall receive pay based on his or her average salary rate.

67.2 An employee whose hours of work have been reduced as provided in Articles 71.3 and 71.5 of this Code, shall receive pay calculated on the basis his or her average salary over the previous 6 months.

**Article 68. Difference in salary of an employee transferred to another job with no adverse affect on his or her health**

68.1 If during the period of transfer of a pregnant or breast-feeding employee to another work for health reasons as provided in Article 107.1 of this Code her salary is decreased, she shall receive the difference between her new and previous salary.

68.2 If during the period of transfer of an employee to another work for health reasons, as provided in Article 34 of this Code his or her salary is decreased he or she shall receive the difference between his or her new salary and salary for the previous six months.

**Article 69. Payments for unlawful dismissal or transfer**

69.1 If an employee is reinstated to his or her previous job or position as provided in Article 32.1.2 of this Code, he or she shall receive his or average salary for total period he or she was out of work, or compensation equal to the difference if worked at a reduced salary rate.

**CHAPTER FIVE  
HOURS OF WORK AND REST**

**Article 70. Working hours**

70.1 The hours of work per week shall be up to 40 hours.

70.2 The length of a regular working day shall be up to 8 hours.

70.3 The period of uninterrupted rest between two consecutive working days shall be at least 12 hours.

**Article 71. Reduction of working hours**

71.1 The hours of work per week of employees of 14 to 15 years of age shall not exceed 30 hours, and for employees of 16 to 17 years of age shall not exceed 36 hours.

71.2 If on the basis of an evaluation by labour standards and inspection authority a relevant authority has determined obnoxious workplace conditions, the employer shall reduce the employee's work hours.

71.3 An employee's hours of work shall be reduced pursuant to a medical labor commission decision.

71.4 The employer shall reduce the working hours of employees who are attending an industrial professional training or retraining course.

71.5 Working hours may be reduced for the disabled and midgets depending on the nature of their work and considering their opinion.

### **Article 72. Night hours**

72.1 The period from 10 pm to 6 am of local time shall be considered night hours.

### **Article 73. Aggregation of working hours**

73.1 If, depending on the nature of the work or the manufacturing process it is impossible to follow daily or weekly working hours, the rules of aggregation of working hours may be applied.

73.2 Aggregate hours calculated in the cases specified in Article 73.1 of this Code shall not exceed the aggregate number of hours the employee would have worked based on the regular daily or weekly working hours.

73.3 Government shall approve rules for the calculation of aggregate working hours.

73.4 Calculation of aggregate working hours shall not limit the provision of vacation to the employee, calculation of the period of payment of social insurance and application of other terms provided in the labour legislation.

### **Article 74. Prohibitions with respect to overtime work**

74.1 Working at the initiative of the employer in excess of the working hours per day set forth in the internal labour regulations as provided for in this Code shall be deemed overtime work.

74.2 Unless otherwise agreed in the collective or employment agreement, assigning an employee to overtime work shall be prohibited, except for the following cases:

74.2.1. to perform work necessary for the defence of the country, or to protect human life or health;

74.2.2. to prevent from or taking immediate remedial actions with respect to the consequences of natural disaster, public disturbance or industrial accident;

74.2.3. to remedy disruption of water, electricity or heating supply, transportation or communication facilities; or

74.2.4. to perform unforeseen works which are needed to be performed urgently to prevent disruption of the normal functioning of a business entity or organisation, its branch or unit.

74.3 It shall be prohibited to compel an employee to work two consecutive work shifts.

**Article 75. Breaks for rest and meals**

75.1 An employee shall be given breaks for rest and eating.

75.2. The starting and finishing time of breaks shall be defined in the internal labour regulations.

75.3. An employee who is not able to have a break due to the nature of his or her job duties shall be provided by an employer with an opportunity to have a meal.

**Article 76. Public holidays**

76.1 The following days shall be public holidays:

76.1.1. New Year's Day -- 1 January;

76.1.2. White Moon days (2 days) -- the beginning of the first spring month according to the lunar calendar;

76.1.3. International Women's Day- 3 March;

76.1.4. Children's Day -- 1 June;

76.1.5. National Naadam holiday. Anniversary of the Mongolian People's Revolution -- 11, 12 and 13 July;

76.1.6. Day of the Proclamation of the People's Republic --26 November.

**Article 77. Weekly days of rest**

77.1 Saturday and Sunday are public days of rest.

77.2 If an employee is not able to rest on Saturday and Sunday due to the special nature of his or her work, he or she shall be given two consecutive rest days on other days of the week.

77.3 In the event that a public holiday falls close to a weekly day of rest, the working days and days of rest may be adjusted by a Government decision.

**Article 78. Restrictions of work on public holidays and weekly days of rest**

78.1 An employer may not require an employee to work on public holidays or weekly days of rest except for the following cases:

78.1.1. in the cases specified in Articles 74.2.1, 74.2.2, 74.2.3 and 74.2.4 of this Code; or

78.1.2. in case of continuous manufacturing process, provision of public services, undelayed repair work, loading and unloading works.

78.2 An employer may agree with the employee to work during public holiday and on weekly days of rest.

78.3 In the cases referred to in Article 78.2 of this Code, another day of rest may be provided to the employee or added to his or her annual vacation.

## **Article 79. Regular vacation**

79.1. An employee shall be entitled to an annual vacation. An employee who has not taken his or her annual vacation due to an unavoidable work need may be paid a monetary remuneration instead. The procedure for paying compensation shall be governed by the collective agreement or by employer's decision in case there is no collective agreement.

79.2. The basic period of an annual vacation shall be 15 working days.

79.3. The basic period of an annual vacation of the employees under 18 years of age shall be 20 working days.

79.4. An employee may take his or her annual vacation in separate parts during the year at his or her request.

79.5 In addition to the basic annual vacation, employees working under regular labour conditions shall be given additional vacation days based on the length of employment as follows:

79.5.1. 6-10 years of employment - 3 working days

79.5.2. 11-15 years of employment - 5 working days

79.5.3. 16-20 years of employment - 7 working days

79.5.4. 21-25 years of employment - 9 working days

79.5.5. 26-31 years of employment - 11 working days

79.5.6. 32 or more years of employment - 14 working days

79.6 In addition to the basic vacation, employees working under obnoxious labour conditions shall be given additional vacation days based on the length of employment as provided in the collective agreement as follows:

79.6.1.1. 6-10 years of employment – at least 5 working days

79.6.1.2. 11-15 years of employment- at least 7 working days

79.6.1.3. 16-20 years of employment- at least 9 working days

79.6.1.4. 21-25 years of employment - at least 12 working days

79.6.1.5. 26-31 years of employment- at least 15 working days

79.6.1.6. 32 or more years of employment - at least 18 working days

79.7. Duration of additional vacation for civil servants may be established by applicable laws.

## **Article 80. Granting leave**

80.1 An employer may grant leave to the employee at his or her request.

80.2. Matters of payment during leave shall be governed by internal labour regulations, collective and employment agreement.

## **CHAPTER SIX**

### **LABOUR CONDITIONS, SAFETY AND SANITARY STANDARDS**

#### **Article 81. Classification of labour conditions**

81.1 Labour conditions shall be classified as regular and obnoxious.

81.2 An employer shall retain a relevant authority to evaluate workplace conditions.

81.3 Terms and rules of determining pensions with special **concessions** for employees working under obnoxious labour conditions shall be defined by law.

#### **Article 82. Determining of labour safety and sanitary standards**

82.1 The authority in charge of standards, in consultation with the state central administrative body in charge of labour matters shall approve labour safety and sanitary standards as provided in the relevant legislation.

82.2 Common regulations concerning labour safety and sanitary standards shall be approved by the state central administrative body in charge of labour matters.

#### **Article 83. General workplace requirements**

83.1 The organization of workplace shall meet the requirements of the relevant production technology and meet applicable safety and sanitary requirements.

83.2 Hazardous chemical, physical, or biological factors in the workplace shall not exceed the permitted labour and sanitary standards approved by the authority specified in Article 82.1.

83.3 The workplace shall be equipped with a place for rest for the employee as provided in the sanitary requirements.

#### **Article 84. Requirements for manufacturing buildings and facilities**

84.1. A labour safety and sanitary inspection agency opinion shall be obtained for designing, constructing, renovating and giving into exploitation of manufacturing buildings and facilities.

#### **Article 85. Requirements in the case of joint possession of manufacturing buildings and facilities**

85.1 If two or more employers jointly possess manufacturing buildings or facilities, the possessors shall ensure that the following requirements are met:

85.1.1. the owners or possessors shall jointly establish and enforce regulations;

85.1.2. if chemical, toxic, explosive, radioactive or biologically active substances are used in the manufacturing, the possessors of the buildings and facilities shall inform each other and ensure the safety.

85.2 In case of failure to meet the requirements set forth in Article 85.1 of this Code joint possession of the production buildings and facilities shall be prohibited.

**Article 86. Requirements with respect to machinery and equipment**

86.1 Machinery and equipment shall be used in accordance with the instructions of use and safety regulations and a technical manual shall be kept for such machinery and equipment.

86.2 The installation of machinery and equipment and use after major repairs shall be examined and approved by the relevant inspection authority.

86.3 Machinery for lifting and transportation, as well as pressurized containers, pipes and channels shall be periodically tested and certified as safe, in accordance with the relevant regulations.

86.4 Electrical equipment must be installed as specified in applicable project documents and comply with all applicable use and safety requirements.

**Article 87. Requirements for special work garments and protective equipment**

87.1 An employer shall provide the employee with special work garments and protective equipment in conformity with safety and sanitary requirements according to the nature of an employee's work.

87.2 The employer shall clean, disinfect, and repair the special work garments and protective equipment.

**Article 88. Requirements with respect to chemical, toxic, explosive, radioactive and biologically active substances**

88.1. An employer shall inform in accordance with the relevant procedures the labour and other inspection agencies of the use of chemical, toxic, explosive, radioactive, or biologically active substances in production and shall comply with applicable regulations established by authorities.

**Article 89. Fire safety requirements**

89.1 An employer shall adopt and enforce internal fire safety rules.

89.2 Business entities and organizations equipped with fire alarm systems and special fire extinguishers shall keep such equipment in constant working order and train their employees in the use of such equipment.

89.3 An employer shall take all required fire prevention measures.

**Article 90. Requirements with respect to work under unfavourable weather conditions**

90.1 In conformity with labour standards, an employer shall establish, equip and make comfortable a special place for employees who work outdoors or in building without heating, to rest and warm up during breaks.

### **Article 91. Provision of favourable labour conditions**

91.1 An employer shall provide an employee with workplace with favourable labour conditions and ensure that chemical, physical and biological factors arising in the course of the production processes do not have an adverse impact on the labour hygiene of the workplace and the environment.

91.2 An employer shall provide employees working under obnoxious labour conditions with protective equipment, special work garments and poison antidotes.

91.3 An employer shall include in the annual work plans and collective agreement the amount of funds required for ensuring compliance with the labour safety and sanitary requirements.

### **Article 92. Health examinations**

92.1 An employer shall arrange for employees to undergo advance and regular health examinations required for and related to the manufacturing, works and services in accordance with regulations approved by relevant authorities.

92.2 Expenses for the health examinations referred to in Article 92.1 of this Code shall be borne by the employer.

### **Article 93. Offices and councils in charge of labour safety and sanitary matters**

93.1 Business entities and organizations shall have a division (employee) in charge of the labour safety and sanitary matters and a non-staff council consisting of representatives of the employer and employees.

93.2 The state administrative central body in charge of labour matters shall adopt regulations governing organization of labour safety and sanitary work in the business entities and organizations.

### **Article 94. Suspension of work in case of conditions with an adverse impact on life and health**

94.1. An employee shall stop work and notify the employer of the circumstances in each case of breach of the production safety regulations in the course of performance of his or her work or occurrence of any situation which threatens his or her life or health.

94.2 An employer shall immediately take steps to remedy the breaches and conditions specified in Article 94.1 of this Code.

### **Article 95. Registration of industrial accidents, occupational diseases and acute poisoning**

95.1. An employer shall immediately, at own expense, transport an employee who has been injured in an industrial accident to a hospital and shall take steps to eliminate the causes of and harm caused by the accident.

95.2 An employer shall investigate and report each industrial accident in accordance with regulations adopted by the Government, and have a permanent steering commission to determine the accidents.

95.3 The findings of the commission with respect to the industrial accident shall be reviewed and approved by the state labour inspector.

95.4 If an employer fails to perform his or her obligations set forth in articles 95.2 and 95.3 of this Code, or if an employee disagrees with the conclusion as to the cause of an industrial accident, the employee may submit his or her complaint to the relevant state labour inspection agency and court.

95.5. An employer shall be obliged to implement the decision made upon the consideration of the complaint pursuant to Article 95.4 of this Code.

95.6. The business entity or organization where the accident happened shall be responsible for the expenses incurred in connection with the investigation and reporting of the industrial accident.

95.7. The labour inspection agency or its official shall investigate in accordance with the relevant procedures incidents of occupational diseases and acute poisoning, consider and register them as equivalent to industrial accidents, and take steps specified in this article, such other steps as may be appropriate.

95.8. An employer shall provide data concerning industrial accident, occupational diseases and acute poisoning.

95.9. Concealment of the incidents of occupational diseases, acute poisoning or industrial accidents shall be prohibited.

95.10 Regulations governing the investigation and registration of industrial accidents, occupational diseases and acute poisoning shall be approved by the Government.

#### **Article 96. Occupational diseases**

96.1 The state central administrative body in charge of health matters shall approve a list of occupational diseases.

96.2 The criteria for defining an occupational disease shall be determined by the relevant inspection authority.

#### **Article 97. Compensation for damage caused by industrial accidents, acute poisoning or occupational diseases**

97.1 Without taking into account whether an employee was covered by insurance for injuries sustained in the result of an industrial accident, occupational disease, or acute poisoning, an employer shall reimburse such employee, or the employee's family if the employee has died as a result of the industrial accident, occupational disease, or acute poisoning, in the following amount:

97.1.1. an employee who lost his or her working ability by up to 30% due to an industrial accidents, acute poisoning or occupational disease shall be paid once or more compensation in an amount equal to the average salary for 5 months; in case of loss of working ability by 31 to 50%- in an amount equal to the average salary for 7 months; in case of loss of working ability by 51 to 70%- in

an amount equal to the average salary for 9 months; and in case of loss of working ability by more than 71%- in an amount equal to the average salary for 18 months.

97.1.2. the family of an employee who has died in result of an industrial accident, occupational disease or acute poisoning, shall be paid compensation equal to not less than the deceased employee's average compensation for 36 months.

97.2 Payment of compensation pursuant to Article 97.1 of this Code shall not affect the entitlement to pensions or other benefits under social insurance law or other laws.

97.3 Collective agreements shall provide for the indexing of compensation payable to changes in the minimum standard of living.

97.4 Matters of compensation to the employees in cases there is no more civil defendant in the event of liquidation, insolvency and bankruptcy of agencies of all levels financed from the state and local budget, state-owned and partially (with 51% or more share equity) state-owned legal persons may be specifically settled by Government and local administrative bodies.

#### **Article 98. Labour and medical examination commission**

98.1 Labour and Medical Examination Commission shall determine the disability, causes of loss of the working ability, and the percentage of such loss of the working ability.

98.2 The Government shall approve regulations of the Labour and Medical Examination Commission.

#### **Article 99. Suspension and termination of activities of business units and organizations that fail to meet labour safety and sanitary standards**

99.1. If it is proved that the activities of a business entity or organization, its branch or unit have an adverse impact on the health or safety of employees, the relevant labour inspection authority, or an authorized official shall take appropriate actions to remedy the breaches.

99.2. If the breaches referred to in Article 99.1 of this Code are not remedied the relevant labour inspection authority or an authorized official may order complete or partial suspension of business activities until the labour safety and sanitary requirements are met or permanent termination thereof.

## **CHAPTER SEVEN EMPLOYMENT OF WOMEN**

### **Article 100. Prohibition of dismissing pregnant women and mothers with children under the age of 3 (and single fathers)**

100.1 An employer may not dismiss a pregnant woman or a woman with a child under 3 years of age except in the event of liquidation of the employer's business entity or organization and in the cases specified in Articles 40.1.4 and 40.1.5 of this Code.

100.2 Article 100.1 of this Code shall equally apply to a single father with a child under three years of age.

### **Article 101. Work prohibited to be performed by women**

101.1 A list of jobs at which women are prohibited to be employed shall be approved by the member of the Government in charge of labour matters.

### **Article 102. Restriction on night and overtime work and business trips**

102.1. An employer may not require a pregnant woman, or a mother with a child under 8 years of age, or a single mother of a child under 16 years of age, to work at night hours, to work overtime, or to take business trips away from the location of her workplace without obtaining the employee's consent in advance.

102.2 Article 102.1 of this Code shall equally apply to a single father with a child under 16 years of age.

### **Article 103. Provision of breaks for breast-feeding and childcare**

103.1 In addition to the regular rest breaks an additional break of two hours for child care and feeding shall be provided to a woman with a child under six months of age or with twins under one year of age; and an additional break of one hour shall be provided to a woman with a child between the ages of six months and one year, or with a child who is more than one year of age but requires special care as determined by medical conclusion.

103.2 Article 103.1 of this Code shall equally apply to a single father.

103.3 The additional break times for feeding and childcare shall be included in the employee's working hours.

### **Article 104. Maternity leave**

104.1 A mother shall be granted maternity leave for a period of 120 days.

104.2 The maternity leave specified in Article 104.1 of this Code shall be as well granted to a woman who has delivered a stillborn child or has had pregnancy interrupted by medical procedure after the 196<sup>th</sup> day of pregnancy and to a woman who has delivered a child before the 196<sup>th</sup> day of pregnancy who is able to live.

104.3 If a woman has delivered a stillborn child, or has had a pregnancy interrupted by medical procedure before the 196th day of pregnancy, she shall be entitled to sick leave under regular procedure.

**Article 105. Leave to any employee who has adopted a newborn child**

105.1 A mother who has adopted a newborn child shall be granted the same leave as a mother who gives birth to a child, until the child reaches 60 days of age.

105.2 Article 105.1 of this Code shall equally apply to a single father who adopts a newborn child.

**Article 106. Child care leave**

106.1 At the request of an employee- mother who has used her maternity leave and regular vacation, mother or father with a child under three years of age, an employer shall grant her or him a child care leave. A father with a child under three years of age may as well take a child care leave, if he so wishes.

106.2 On the expiration of the period of child care leave, or prior to such expiration if requested by the employee, the employer shall be obliged to employ the mother or father in her or his previous work or position and, if her work or position has been eliminated or the number staff has been reduced, the employer shall provide her or him with another job or position.

106.3 Articles 106.1 and 106.2 of this Code shall equally apply to fathers and mothers who have adopted a child under three years of age.

**Article 107. Reduction of working hours and transfer to another job of a pregnant woman or a breast-feeding woman**

107.1 The working hours of a pregnant or a breastfeeding woman shall be reduced, or she shall be transferred to other work not hazardous to her health, if there is a relevant medical conclusion.

**Article 108. Limitations on the weight carried by women**

108.1 A female employee may not be required to lift or carry loads that exceed weight limitations established by the member of the Government in charge of labour matters.

## **CHAPTER EIGHT**

### **EMPLOYMENT OF MINORS, DISABLED, MIDGETS AND ELDERLY**

#### **Article 109. Employment of minors**

109.1 A person who has attained 16 years of age has the right to enter into an employment agreement.

109.2 Unless in contradiction to Article 109.5 of this Code, a person who has attained 15 years of age may enter into an employment agreement at the consent of his or her parents or guardians.

109.3 A person who has attained 14 years of age may enter into an employment agreement for the purpose of acquiring vocational training and work experience, but only with the consent of his or her parents or guardians and approval of the state central administrative body in charge of labour matters.

109.4 An employer shall not employ a minor in a job that will adversely affect his or her intellectual development or health.

109.5 A list of work at which minors may not be employed shall be approved by the member of the Government in charge of labour matters.

109.6. Conclusion of an employment agreement with minors in cases other than those specified in Articles 109.1 through 109.3 of this Code shall be prohibited.

#### **Article 110. Protection of the health of minor employees**

A minor employee may be employed subject to the approval of the relevant medical authority after he or she undergoes a medical examination, and further biennium medical examinations shall be required until he or she attains 18 years of age.

It shall be prohibited to require a minor employee to work overtime, on public holidays and weekends.

. It shall be prohibited to employ minor employees on the jobs with obnoxious labour conditions.

. It shall be prohibited to require a minor employee to lift or carry loads that exceed weight limits established by the member of the Government in charge of labour matters.

#### **Article 111. Employment of the disabled and midgets**

111.1 Business entities and organizations with more than 50 employees shall employ in 3 percent or more of the jobs and positions the disabled and midgets.

111.2 If a business entity or organization fails to employ the disabled or midgets in the percentage set forth in Article 111.1 of this Code, it shall pay a monthly payment to the state with respect to each such employee it should have employed.

111.3 The amount of the payment referred to in Article 111.2 of this Code shall be determined by the Government.

111.4 Payment referred to in Article 111.2 of this Code shall be deposited in the state budget and spent for financing social protection of the disabled and midgets.

111.5 An employer may not refuse to employ a disabled person or midget unless the condition of such person prevents him or her from working or the labour conditions would be hazardous.

#### **Article 112. Labour of the elderly**

112.1 An elderly person who receives a pension may be employed as well.

112.2 Receiving of a pension by an elderly person shall not serve as the reason for limiting his or her salary.

112.3 At the request of an elderly person, an employer may reduce his working hours or transfer such person to work that will not adversely affect his health.

### **CHAPTER NINE**

#### **EMPLOYMENT OF FOREIGN CITIZENS AND CITIZENS WORKING IN FOREIGN BUSINESS ENTITIES AND ORGANIZATIONS**

#### **Article 113. Employment of foreign citizens**

113.1 An employer may employ a foreign citizen under an employment agreement.

113.2 Relations concerning the employment of foreign nationals in Mongolia shall be governed by this Code, Law on Legal Status of Foreign Nationals, the Law on Sending Workforce Abroad and on Receiving Workforce from Abroad and the Law on Promotion of Employment.

113.3 Articles 113.1 and 113.2 shall equally apply to stateless persons.

#### **Article 114. Employment of citizens working for foreign business entities and organizations**

114.1 Foreign business entities and organizations operating within the territory of Mongolia may employ Mongolian citizens.

114.2 In the case of employment specified in Article 114.1 of this Code, the employer shall enter into an employment agreement with the employee as provided in this Code.

114.3 A foreign business entity or organization that employs an employee under an agreement shall correctly inform in the prescribed procedure the relevant authority or official in charge of labour matters about the employee's salary and other equivalent income.

## **CHAPTER TEN**

### **SETTLEMENT OF COLLECTIVE LABOUR DISPUTES**

#### **Article 115. Initiating collective labour disputes, submitting claims and responding thereto**

115.1 Representatives of the employees shall have the right to initiate collective labour disputes on the differences that occur during negotiation of collective agreement and bargaining pursuant to Article 12.5 of this Code, and to submit claims and demands for compliance with the provisions of collective agreement and bargaining.

115.2 Demands from one party to the dispute shall be delivered to the other party in written form.

115.3 A copy of the demand shall be delivered to the Governor of the respective level.

115.4 A party receiving a demand shall respond thereto in written form within 3 working days.

#### **Article 116. Reconciliation of collective labour disputes**

116.1 Collective labour disputes shall be reconciled and settled in the following manner:

116.1.1. by engaging intermediaries;

116.1.2. by considering the matter in a labour arbitration court.

116.2 The parties may not refuse to participate in the reconciliation procedures specified in Article 116.1 of this Code.

116.3 Representatives of the employees shall have the right to organize lawful meetings and demonstrations in support of their demands.

116.4 Representatives of the employees, intermediaries and labour arbitrators shall use every possibility provided in the legislation to settle collective labour disputes by reconciliation.

#### **Article 117. Inviting intermediaries to settle collective labour disputes**

117.1 If an employer within the period of time specified in Article 115 of this Code fails to respond to a demand, or if the representatives of the employees deem that the employer's reply is not acceptable, an intermediary shall be invited to participate in the reconciliation of the collective labor dispute.

117.2 The parties shall select an intermediary by mutual agreement, and where the parties are unable to reach an agreement within 3 working days, they shall request from the Governor of the respective soum or district to appoint such intermediary.

117.3 The soum or district Governor shall appoint an intermediary within 3 working days.

117.4 The parties shall have no right to refuse to accept the intermediary appointed by the Governor.

117.5 The procedure for settlement of collective labour disputes with the participation of an intermediary shall be approved by the Government.

117.6 An intermediary shall have the right to demand from the parties documents and information related to the collective labour dispute.

117.7 Within 5 working days after the appointment of the intermediary, the parties to the dispute and the intermediary shall consider the dispute and the procedure shall be deemed to be completed either upon producing a written decision about reconciliation or a protocol that the difference remains.

### **Article 118. Consideration of collective labour disputes by a labour arbitration court**

118.1 In case no agreement was reached after the considering the dispute with the participation of an intermediary, the Governor of the respective level shall, within three working days, form a labour arbitration court to consider the collective labour dispute and appoint arbitrators.

118.2 The labour arbitration court shall consist of the parties to the collective labour dispute and three arbitrators appointed by the Governor.

118.3 The parties shall have no right to reject the arbitrator appointed by the Governor.

118.4 Representatives of the parties to the collective labour dispute shall not be members of the labour arbitration court.

118.5 Within five working days after its formation, the labour arbitration court shall consider the collective labour dispute with the participation of representatives of the parties and issue a recommendation.

118.6 If the parties to the collective labour dispute agree to accept and adopt the recommendation of the arbitration court, a decision shall be rendered to this effect.

118.7 The parties shall be obliged to fulfill the decision specified in Article 118.6 of this Code.

118.8 The State Ih Hural shall adopt the charter of the labour arbitration court, based on recommendations of the National Tripartite Committee of Labour and Social Consent.

### **Article 119. Exercise of the right to strike**

119.1 Representatives of employees shall have the right to strike in the following cases:

119.1.1. an employer fails to participate in reconciliation provided in Article 116.1 of this Code;

119.1.2. an employer fails to comply with a settlement reached with the participation of an intermediary;

119.1.3. an employer fails to fulfill own decision based on acceptance of a recommendation of the labour arbitration court;

119.1.4. even though the collective labour dispute was considered by the labour arbitration court, no decision was issued to accept its recommendation.

119.2 An employee shall participate in the strike voluntarily.

119.3 An employee may not be compelled to participate in a strike, or to not participate in a strike, or to continue a strike, or to stop a strike, except as otherwise provided by law.

119.4 Representatives of an employer may not organize or participate in a strike.

**Article 120. Announcing a strike; temporary denial of access to the workplace**

120.1 A decision to strike shall be made at a meeting of the organization representing and protecting employees' rights and legitimate interests, or a general meeting of employees.

120.2 A meeting of the employees, or a meeting of members of the organization representing and protecting the employees' rights and legitimate interests shall have a quorum if it is attended by an overwhelming majority (two-thirds) of the members of the organization representing and protecting the employees' rights and legal interests the employees or of all employees.

120.3 A strike may be announced if a majority (more than a half) of participants attending the meeting approves the proposal to strike.

120.4 The following matters shall be included in the decision to strike:

120.4.1. the issue that has caused the strike;

120.4.2. date and time of commencement of the strike, its proposed duration, and a preliminary estimate of the number of participants;

120.4.3. the name(s) of the person(s) in charge of organizing and coordinating the strike, and the composition of the representatives of the employees who will participate in the settlement;

120.4.4. list of steps to ensure the health and safety of people during the strike.

120.5 The person(s) organizing a strike must deliver notice of the decision to strike to the employer at least five working days prior to commencement of the strike.

120.6 If an employer deems that the employees' demands are not acceptable, it may temporarily deny access to the workplace for employees participating in the strike (lockout).

120.7 In order to prevent an employer from temporarily employing other employees at the workplace during a strike, representatives of the employees may temporarily deny access to the workplace (picket).

120.8 An employer shall inform customers, suppliers and other persons who may be affected by a strike or temporary denial of access to the workplace, at least 3 working days prior to the event.

120.9 Third parties shall be prohibited from interfering with the organization of a strike, temporary denial of access to the workplace, settlement negotiations, or with the free choice by the parties except as provided in the law.

120.10 During the duration of a strike, the parties shall take steps to resolve the dispute by reconciliation.

120.11 The party organizing a strike or temporary denial of access to the workplace shall, with the assistance of relevant state authorities, take steps to protect public order, health and safety of individuals, and property.

**Article 121. Parties which may organize a strike; suspension and termination of a strike**

121.1. A strike shall be organized by representatives of the employees.

121.2 Person(s) organizing a strike shall have the right to call a meeting of the employees, to obtain from the employer information on the matters that affects the employees' rights and legitimate interests, and to invite an expert to give an opinion on the disputed matters.

121.3 Person(s) organizing a strike shall have the right to temporarily suspend the strike.

121.4 When resuming a suspended strike the matter shall not be re-considered by the intermediary or the labour arbitration court specified in Article 116.1 of this Code.

121.5 When resuming the strike, the employer shall be notified in at least 3 working days prior to such revival.

121.6 A strike shall be considered terminated upon signing of the settlement agreement by the parties or when the strike is declared unlawful.

**Article 122. Prohibition, postponement, or temporary suspension of a strike**

It shall be prohibited to organize a strike at organizations in charge of the state defense, national security and public order.

It shall be prohibited to organize a strike at the stage of negotiations of a collective dispute, or while the dispute is being considered by an intermediary, labour arbitration or court.

In case a threat to human life and health has occurred, the court shall have the power to postpone a strike for up to 30 days or, if the strike has already commenced, to temporarily suspend it for the same period.

If a strike at a business entity or organization in charge of the supply of electric power, heating, water, public transportation, international or inter-city telecommunications or railway traffic, endangers the security of the state, human rights and freedoms, the Government may postpone the strike until the court issues a decision in this regard, but in no event for more than 14 days.

**Article 123. Deeming a strike or denial of access to the workplace unlawful**

123.1 A strike organized as a result of a collective labour dispute shall be considered unlawful in the following cases:

123.1.1. where the provisions of Article 119.1 of this Code have been violated;

123.1.2. if the strike has been organized at any organization specified in Article 122.1 of this Code;

123.1.3. if a strike was organized in connection with matters not related to relations regulated by the collective agreement and bargaining specified in Articles 18 and 19 of this Code.

A party that deems the organization of a strike or temporary denial of access to the workplace unlawful shall submit its request to court.

The court shall decide whether a strike or temporary denial of access to the workplace is unlawful.

If the court decides that the strike or temporary denial of access to the workplace is unlawful, the parties shall immediately stop such actions.

#### **Article 124. Guarantees of the rights of employees related to the settlement of a collective labour dispute**

124.1 Intermediaries and labour arbitrators shall be granted a leave of absence from their regular work and shall receive compensation in the amount equal to their average salary during their participation in the settlement of a collective labour dispute.

124.2 It shall be prohibited to impose a disciplinary sanction, transfer or dismiss at the administration's initiative during settlement of a collective labour dispute any representative of the employee participating in the settlement of a collective labour dispute.

124.3 An employee who participates in a strike which is not declared unlawful shall not be deemed in breach of the labour discipline and may not be imposed a disciplinary sanction.

124.4 During the settlement of a collective labour dispute the parties may decide to provide compensation to the employees who participated in the strike.

124.5 If a court renders a decision declaring a strike or temporary denial of access to the workplace unlawful, an employee who did not participated in the strike, but has not been able to perform his work due to the strike or denial of access to the workplace, shall be paid compensation equal to his or her average salary.

## **CHAPTER ELEVEN**

### **INDIVIDUAL LABOUR DISPUTES**

#### **Article 125. Settlement of individual labour disputes**

125.1 Individual labour disputes between an employer and an employee shall be resolved by the labour dispute settlement commission or court according to their respective jurisdictions.

#### **Article 126. Labour disputes to be resolved by the Labour Dispute Settlement Commission**

126.1 The Labour Dispute Settlement Commission shall initially investigate and resolve labour disputes, except for those to be referred to court pursuant to law.

126.2 The charter of the Labour Dispute Settlement Commission shall be approved by the Government.

#### **Article 127. Appeals against the decisions of the Labour Dispute Settlement Commission**

127.1 If either an employer or employee disagrees with a decision of the Labour Dispute Settlement Commission, such employer or employee shall have the right to appeal the decision to the relevant soum or district court within 10 days from receipt thereof

#### **Article 128. Labour disputes to be resolved by court**

128.1 The following labour relations disputes shall be decided by court:

128.1.1 . an appeal pursuant to Article 127 of this Code against a decision of the Labour Dispute Settlement Commission;

128.1.2. a complaint by an employee concerning wrongful dismissal or wrongful transfer to another work;

128.1.3. an employer's claim for compensation for damage to a business entity or organization caused by an employee in the course of performance of his or her labour obligations;

128.1.4. an employee's claim for compensation for the damage to his or her health caused in the course of performance of his or her labour obligations;

128.1.5. disputes pertaining to the matters specified in Article 69 of this Code;

128.1.6. disputes related to employment agreements between citizens;

128.1.7. employees' complaints about wrongful imposition of disciplinary sanctions;

128.1.8. employee's claim that the employment agreement contains terms less favourable than those of the labour legislation and collective agreement;

128.1.9. an employee's claim that other orders and decisions that govern internal labour rules and labour relations established by employer by adjusting to own special conditions are not in conformity with the legislation;

128.1.10. labour disputes between the persons who join their property and labour, unless otherwise provided in law or contract;

128.1.11. other disputes that fall within the jurisdiction of court as provided in the legislation.

### **Article 129. Limitation period for complaints concerning disputes**

129.1 Except as provided in Article 129.2 of this Code, a party to an employment agreement shall submit complaint to the labour dispute settlement commission within three months from the date on which the party knew or ought to know of the violation of its rights.

129.2 An employee shall submit to court a complaint concerning wrongful dismissal or wrongful transfer to another work within one month from receipt of employer's decision.

129.3 If the limitation periods specified in this article were missed due to a valid reason, the court may restore the limitation period and resolve the matter.

## **CHAPTER TWELVE**

### **INTERNAL LABOUR REGULATIONS, LABOUR DISCIPLINE AND MATERIAL LIABILITY**

#### **Article 130. Internal labour regulations**

130.1 An employer shall establish and enforce internal labour regulations in accordance with the law considering proposals and suggestions from the representatives of employees.

130.2 The internal labour regulations shall contain organization of labour, rights, obligations and liability of the employer and employees.

130.3 Special disciplinary rules may be approved and enforced by relevant state bodies.

#### **Article 131. Disciplinary sanctions**

131.1. An employer or his authorized representative or official shall impose, by issuing a decision, the following disciplinary **sanctions** on an employee who has breached the employment agreement or internal labour regulations:

131.1.1. warning;

131.1.2. decrease by up to 20 percent of the employee's basic salary for a period of up to 3 months;

131.1.3. dismissal.

131.2 Disciplinary sanctions may only be imposed within 6 months from the disciplinary breach and within 1 month from its discovery.

131.3 No multiple forms of disciplinary sanctions may be imposed for one disciplinary breach.

131.4 Upon the expiration of a period of one year from the imposition of a disciplinary sanction the employee shall be deemed as not having record of disciplinary sanctions.

### **Article 132. Grounds for imposing material liability**

132.1 Material liability may be imposed on an employee who has caused material damage through his or her fault to the organization in the course of performance of his or her labour obligations, irrespective of the imposition of disciplinary, administrative, or criminal liability.

132.2. The amount of damage shall be determined by the direct loss, not including loss of potential profits.

132.3. An employee shall not be responsible for inevitable damage incurred during the testing or commissioning of machinery.

132.4. An employee shall not be responsible for loss or damage caused by the failure of the employer to comply with the applicable safety regulations with respect to the assets for which the employee was responsible.

### **Article 133. Limited material liability**

133.1 Except for the cases specified in Article 135 of this Code, an employee who has caused material damage through his or her fault to the organization in the course of performance of his or her labour obligations shall be subject to limited material liability, which shall not exceed the employee's average monthly salary.

### **Article 134. Material liability imposed under a contract**

134.1 Except as specified in Article 135 of this Code, an employee working under a contract who has caused material damage through his or her fault to the organization in the course of performance of his or her labour obligations shall compensate for such damage, but in no event shall the amount of compensation exceed the employee's average salary for 6 months.

### **Article 135. Full material liability**

135.1. An employee shall be subject to full material liability in the following cases:

135.1.1. if a court determines that the employee's actions causing damage constitute a criminal offence;

135.1.2. if the law provides for full material liability of an employee who has caused material damage to the organization in the course of performance of his or her labour obligations;

135.1.3. if an employee fails to return assets or valuables released to him or her with later accounts settlement under a power of attorney or similar document;

135.1.4. if an employee who has no custodial responsibility negligently fails to preserve working and safety tools, special clothing or other assets given under his or her complete responsibility; or

135.1.5. if an employee who is under the influence of alcohol or psychotropic substances causes damage to the organization while he or she was not performing his or her job duties.

135.2 Special rules of compensation for the damage caused by misappropriation or loss of certain types of assets may only be established by law.

135.3 An employer shall enter into an agreement for full material liability with an employee according to the schedule of jobs and positions at which full material liability may be imposed.

135.4 If no agreement for full material liability was concluded with an employee and no provision to this effect was included in the employment agreement no full material liability may be imposed on the employee.

### **Article 136. Determining the amount of damage caused to the organization**

136.1. The amount of damage caused to the organization shall be the actual damage calculated from the book value of the relevant asset, less accumulated depreciation.

136.2 If assets have been misappropriated, deliberately destroyed or damaged, the amount of damage shall be the market value of such assets.

136.3 Damage caused by more than one employee shall be allocated to each such employee based on the type of material liability and the degree of fault of each employee.

## **CHAPTER THIRTEEN MANAGEMENT AND ORGANIZATION OF LABOUR**

### **Article 137. System of management of labour**

137.1 The system of management of labour shall consist of the state central administrative body in charge of labour matters, employment and inspection authorities, the aimag, capital city and district employment offices, and soum labour inspectors or officers.

The state central administrative body in charge of labour matters and the implementing agency shall operate under the guidance of the Member of the Government in charge of labour matters and the local authorities under the guidance of the relevant Governors respectively.

The state central administrative body in charge of labour matters shall provide local authorities with professional and methodological guidance.

Governors of all levels shall, within the scope of their respective authority, exercise labor management.

### **Article 138. Tripartite National Committee of Labour and Social Consent**

A National Committee of Labour and Social Consent composed of representatives of the Government and national organizations representing the rights and legitimate interests of employees and employers shall be established within the Government.

The number of the representatives from the three parties shall be equal.

138.1 The Regulations of the National Committee shall be approved by the Government, with the consent of the national organizations representing the rights and legitimate interests of the employees and employers.

The Prime Minister shall appoint the Chairman of the National Committee for a term of 6 years and shall approve the composition of the National Committee; the vice Chairman shall be appointed for a term of 2 years from the representatives any of the three parties, as agreed among the parties.

138.5 The National Committee shall exercise the following powers:

138.5.1. guide the development and enforcement of the state policies concerning labour matters, and develop the system of tripartite social consent;

138.5.2. settle collective disputes within the scope of protecting citizens' right to employment and related economic and social legitimate interests;

138.5.3. monitor performance of the national agreement of social consent, and consult on common economic and social policy issues;

138.5.4. other powers as provided in the legislation.

## **CHAPTER FOURTEEN**

### **LABOUR INSPECTION**

#### **Article 139. Monitoring the enforcement of labour legislation**

139.1. The following persons shall monitor enforcement of the labour legislation:

139.1.1. national monitoring shall be implemented by the State Ikh Khural, the Government, Governors of all levels, authorities exercising control, and other authorities and officials authorized by legislation organizations or within their respective powers;

139.1.2. the local Governor and monitoring offices shall exercise state labour monitoring at the aimag, capital city, soum and district level;

139.1.3. organizations representing and protecting the rights and legitimate interests of employees, non-government organizations, and the public shall exercise public control over implementation of the labour legislation within their respective authority.

### **Article 140. Labour monitoring procedure**

The state inspection authority shall exercise labour inspection at the national level, and the local labour monitoring offices – in the province respectively.

Labor monitoring shall be regulated by the Rules of the State labor inspection.

140.3. The rules of the State labour inspection shall be approved by the Government.

## **CHAPTER FIFTEEN MISCELLANEOUS**

### **Article 141. Liability for the breach of the Labour Code**

141.1 If a breach of the labour legislation is not subject to criminal liability, the following administrative punishments shall be imposed on the person responsible:

141.1.1. An official who illegally forces to work an employee shall be subject to a fine of 5,000 to 30,000 togrogs, a business entity or organization -of 100,000 to 250,000 togrogs imposed by a judge;

141.1.2. if an industrial accident, occupational disease, or acute poisoning has occurred at the fault of an employer, or an industrial accident, occupational disease, or acute poisoning was concealed, or the business entity or an organization failed to pay the compensation for an industrial accident, occupational disease, or acute poisoning, the labour inspector or judge shall impose on a business entity or an organization's official a fine from 10,000 to 50,000 togrogs and a fine on the business entity or an organization from 100,000 to 250,000 togrogs;

141.1.3. for discrimination, limitations or advantage established with respect to employment based on the ethnicity, nationality, race, social origin or status, sex, wealth, religion or political affiliation; or limitation the rights and freedoms of an employee in a manner unrelated to the nature of his or her work when hiring a citizen or in the subsequent labour relations, a judge shall impose a fine on an official of 5,000 to 25,000 togrogs and on a business entity or organization of 50,000 to 100,000 grogs;

141.1.4. an official who refuses employment of a disabled person or a midget because of his or her physical condition in the case where the physical condition of a disabled person or a midget does not prevent him or her from working, or when the labour conditions are not hazardous for such person, shall be subject to a fine of 5,000 to 25,000 togrogs, and a business entity or organization -of 50,000 to 100,000 togrogs imposed by a judge;

141.1.5. a business entity or organization which fails to timely make the payment specified in Article 111.2 of this Code shall be subject to a fine of 50,000 to 100,000 togrogs imposed by a state labour inspector or judge;

141.1.6. an official who requires women or minors to do work that is prohibited to be performed by them, to lift or carry loads exceeding the prescribed limits, has required an employee under 18 years age to work in a workplace that

adversely affects his or her mental development or health, or in obnoxious labour conditions, or compels them to work overtime or on public holidays or weekends in violation of Article 74 of this Code shall be subject to a fine of 15,000 to 30,000 togrogs imposed by a state labour inspector;

141.1.7. a business entity or organization which fails to comply with labour safety and sanitary regulations shall be subject to a fine of 150,000 to 200,000 togrogs imposed by a state labour inspector; and the business entities which jointly possess manufacturing buildings or facilities that do not meet the requirements of Article 85 of this Code shall be subject to a fine of 50,000 to 100,000 togrogs imposed by a state labour inspector or judge;

141.1.8. an official who evades from participating in negotiations concerning conclusion or amendment of a collective agreements and bargaining, fails to timely commence them, or refuses without justification to submit a dispute to an intermediary or labour arbitration shall be subject to a fine of from 10,000 to 50000 togrogs imposed by a judge;

141.1.9. an official who hires a replacement employee for an employee who is participating in the settlement of a collective labour dispute, or unlawfully imposes a disciplinary sanction, transfers to another job, or dismisses representatives of employees who participated in the settlement of a collective labour dispute shall be subject to a fine of 10,000 to 50,000 togrogs imposed by a judge;

141.1.10. a third-party citizen who interferes with the negotiation of collective agreements and bargaining, organization of a strike or temporary denial of access to the workplace, or with the freedom of choice of participants in a collective labour dispute, shall be subject to a fine of 5,000 to 20,000 togrogs, an official -of from 50,000 to 100,000 togrogs, and a business entity or organization- of 50,000 to 150,000 togrogs imposed by a judge;

141.1.11. an official who hires an employee without a written employment agreement shall be subject to a fine of 5,000 to 20,000 togrogs; a business entity or an organization- of 50,000 to 100,000 togrogs imposed by a state labour inspector;

141.1.12. an official who unlawfully terminates at the employer's initiative the employment agreement of an employee whose job or position is being retained in cases other than the liquidation of the business entity or organization shall be subject to a fine of 5,000 to 25,000 togrogs imposed by a judge;

141.1.13. an official who fails to make or delays the payment to an employee during idle time which occurred not at the fault of an employee or makes such payment in an amount lower than that set in law shall be subject to a fine of from 5,000 to 15,000 togrogs imposed by a judge;

141.1.14. a citizen or an official who, in violation of Article 122.1 of this Code, organizes a strike at an organization where a strike is prohibited shall be subject to a fine of 40,000 to 50,000 togrogs, and the business entity or organization- of 100,000 to 200,000 togrogs imposed by a judge;

141.1.15. a state inspector shall impose a fine of 40,000 to 60,000 togrogs on an official who failed to approve and enforce internal labour regulations, list of jobs and positions, position description and reference book, production norms or basic salary scheme and standards;

141.1.16. a state labour inspector shall impose a fine of 30,000 to 60,000 togrogs on an official and 100,000 to 50,000 on a business entity or

organization who failed to obtain approval by inspection authorities and a sanitary conclusion when constructing buildings for manufacturing or servicing purposes, installing, renovating, or giving into exploitation of machinery or equipment;

141.1.17. a judge shall impose a fine of 25,000 to 50,000 togrogs on an official and members of a medical labour commission who wrongly defined the cause and percentage of loss of working ability;

141.1.18. a state inspector shall impose a fine of 30,000 to 60,000 togrogs on an official and 100,000 to 250,000 on a business entity or organization who failed to issue an order to employ an individual from the date of concluding the employment agreement, failed to open a social and health insurance books at own fault and to make an appropriate entry.

141.2. If, as a consequence of the action specified in Article 141.1.6 of this Code, an employee suffers deterioration to his or her health, the harm shall be compensated for in accordance with the provisions of the Civil Law concerning harm.

141.3 If it has been determined that an employer delayed or not made the timely payment of an employee's salary, a judge shall impose a penalty for late payment equal in amount to 0.3 percent per each day of such delay, and shall be paid to the employee.

#### **Article 142. Entry into force**

142.1. This Code shall come into force on 1 July 1999.

CHAIRMAN OF THE  
STATE IKH KHURAL

R. GONCHIGDORJ