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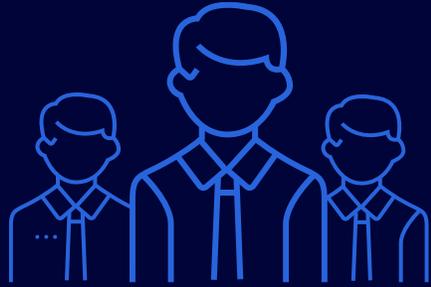
Action by Employer during Covid19 pandemic in Mongolia

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Employment

The employment relationship is regulated by the Labor code of Mongolia approved on 14 May 1999.

“Employment agreement” is a mutual agreement between an Employee and an Employer under which an Employee undertakes to perform certain work in conforming with the internal labor regulations and regulations established by the Employer in accordance with the law, and

the Employer undertakes to pay to the Employee remuneration according to the Employee's work results and to ensure the working conditions provided in law, collective contracts and agreements.

Employment agreement and its legal requirements

The Employment agreement must included the following terms:

- Name of position;
- Duties specified under Job description;
- Amount of base salary and;
- Work condition (normal or abnormal).

if one of the above basic terms has not been specified the Employment agreement, the Emp. Agreement shall be deemed as invalid.

The Employer shall not make amendment on any clause of employment agreement solely.

The Employment agreement shall be effective when both parties signed on it.



Employer's obligations



1. Employer is obliged to draft and adopt internal labor procedure;
2. Employment agreement shall be executed in writing and employee is entitled to have a copy of employment agreement;
3. Employment agreement shall be executed for permanent position;
4. Without written employment agreement, the Employer shall not demand Employee to perform any work or duties;
5. It is prohibited to demand the Employee to perform any duties which are not specified in the employment agreement;
6. There is a list of working condition and jobs which is prohibited to be performed by the minors;
7. Employer is obliged to provide by work, safe environment and hygiene conditions.

Employer's obligations during COVID19



In accordance with Article 13 of Law on Prevention, fighting and reducing adverse social and economic impacts during COVID19 pandemic dated 26 April 2020, the legal entity and company has the following obligations:

1. To adhere resolution, procedure, demand, warning and recommendation on quarantine, traffic and hour restriction regime of competent authority instruction;
2. To have frequent ventilation, disinfection and decontamination;
3. To create condition to prevent citizen and employee from infection in accordance with instruction and recommendation of the competent organizations;
- 4. To keep workplace of employee who is in quarantine, traffic restriction and isolation regime;**
5. Not to organize public event and meeting in form of breaching procedure on quarantine, traffic and hour restriction and communicate from distance;
6. To create an environment to operate by using IT means or online form.

Measures to be undertaken by Employer during the COVID-19

1. To grant the annual holiday;
2. To pay the adequate payment;
3. To terminate the employment agreement;
4. To reduce or postpone the salary;
5. To agree with employee to have unpaid leave.



1.To grant the annual holiday

In accordance with the Labor Code of Mongolia, every Employee has a right to basically get annual holiday of 15 working days in person and the period of the regular holiday shall be different depending on seniority. An annual holiday payment shall be established by the average salary of that working year. The Employer needs to prioritize this measure during short - term economic hardship or crisis.

2.To pay the adequate payment

- In case the Employee is unable to perform the obligation specified in his/her job description, the Employer shall transfer company or business operation into idle time mode. In this circumstance, the amount of idle time payment shall be at least equivalent 60 percent or more of Employee's basic salary.**
- In case the employee is unable to go to his workplace due to a natural or public disaster, or another good reason, the Employer shall be obliged to compensate 50% of his or her basic salary for non-worked period.**

3.To terminate the employment agreement

The Employment agreement may be terminated by the initiative of Employer.

If company, its branch or unit(or department) has liquidated on basis of:

1. decision of the owner or the designated body, or a body authorized by the founding documents;
2. court ruling about liquidating on the grounds of considering the person bankrupted, or repeated or serious breaching of the law, or other grounds stipulated in the law;
3. own decision on discontinuing its activities due to its term expiration or accomplishing its goals;
4. decision of the competent founder of the legal person;
5. any other grounds provided by law.

3.To terminate the employment agreement (Cont.,)

- ❖ Abolished position means abolished some positions and workplace from the organizational structure of the legal entity and organization. In this case, employment agreement of employee of the abolished position shall be terminated.
- ❖ To reduce the employee numbers means abolished a certain number of positions from a number of positions in the same organizational structure of a legal entity or organization.

The position has been abolished, however 3 months later it has been reinstated, and has been determined that the abolishment of the position has been unreasonable, the given employee shall be reinstated to his job or position.

Termination procedure

The Employer shall undertake to terminate the Employment agreement according to followings procedures:

- ❖ To deliver a written notice about terminating the Employment agreement to employee at least 30 days (if 2 or more employees' employment will be terminated 45 days notice)
- ❖ To allow to work employees during notice period;
- ❖ To pay redundancy allowance equal to an average wage of one month or more (in case of the mass discharge of employees, the Employer shall negotiate redundancy compensation with representatives of the employees).
- ❖ To issue the resolution on employment termination (Director's Resolution) by Executive Director or an authorized officer;
- ❖ To complete and provide the employee with the social insurance and health insurance records together with the termination resolution on the last day of employment;
- ❖ To give reference letter to Employee per request.

Any step of termination procedure is not skippable. If skip one of step, it shall be considered as a procedural breach during labor dispute.

Retaining the job or position of the employee

It is forbidden to terminate the employment agreement of an employee, whose position or job has not changed by the initiative of the Employer except for cases of liquidation of a business entity or organization.

- If an employee is performing the appointed duties of a state organization, for not more than 3 months;
- if an employee is on a regular (annual) holiday;
- if an employee is going through medical examinations, or executing duties of a donor, or is on leave with permission from the administration or with a doctor's certificate;
- if an employee is on pregnancy, maternity or baby care leave;
- if an employee is participating in discussions and negotiations in the course of entrance into collective contracts and agreements or a legally organized strike;
- until an army call-up committee issues a decision that an employee who received an order to join the army has been activated to the active army;
- mother who has a child under three years of age and single father with a child under three years of age.

Other measures to be undertaken by Employer during COVID19

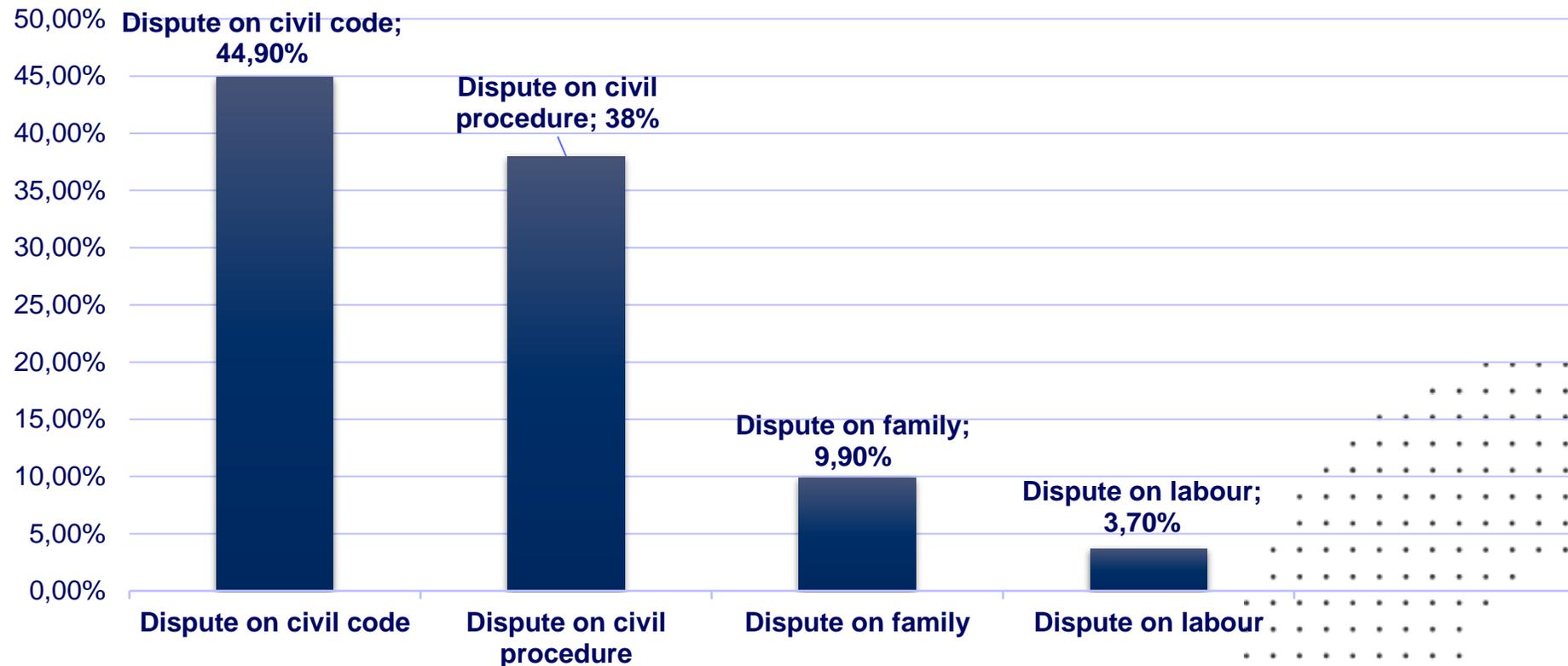
4. To reduce or postpone the salary; or

5. To agree with employee to give unpaid leave.



Labor dispute statistics

Types of civil dispute

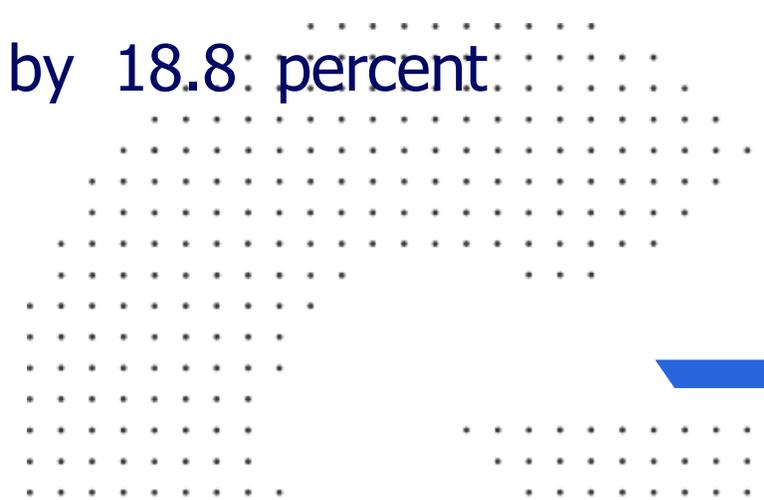


Labor dispute statistics

As for dispute settled by labor code,

- ❖ Unreasonable dismissal by Employer (48.8%);
- ❖ Incorrectly transferred from work (6.3%);
- ❖ Dispute on compensation (38.7%).

In 3rd quarter of 2019, labor dispute is reduced by 18.8 percent compared to same quarter of previous year.



THANK YOU!



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