



## Insights #3



### KEY HIGHLIGHTS OF THE 2026–2027 COLLECTIVE AGREEMENT IN THE INDUSTRIAL AND MINERAL RESOURCES SECTOR



#### In brief

On 30 October 2025, the Ministry of Industrial and Mineral Resources, the Association of Energy, Geology, and Mining Workers' Trade Unions of Mongolia, and the Mongolian National Mining Association concluded the 2026–2027 Collective Agreement for the Industrial and Mineral Resources Sector (“**Collective Agreement**”). The Agreement was registered with the Ministry of Family, Labor and Social Protection on 14 November 2025 and will be in force for a two-year term from that date. The Collective Agreement applies to enterprises and organizations operating in the industrial and mineral resources sector, irrespective of their form of ownership, where labor relations exist. These entities are required to conclude and implement a collective agreement at the organizational (enterprise) level. Many provisions of the sectoral Collective Agreement therefore function as a framework, setting out baseline standards and conditions that must be further detailed and implemented through enterprise-level collective agreement. A key feature of the new Collective Agreement is the introduction of a structured monitoring mechanism. Enterprises and organizations must submit regular implementation reports, which the parties jointly review and evaluate on an annual basis. In this insight, we highlight some key provisions and practical implications of the 2026–2027 Collective Agreement, particularly those affecting salary, benefits, and other employment-related matters for companies in the sector.



#### Key highlights of the Collective Agreement

**1. Base salary.** The Collective Agreement stipulates that base salaries must be increased annually during the first quarter of each year, taking into consideration factors such as the annual inflation rate, production efficiency, labor productivity, and both consumer and production price levels. The adjustment is to be made through the enterprise-level collective agreement; if no collective agreement is in place, the employer must agree on the adjustment directly with the employee. Compared to the previous 2024–2025 Collective Agreement which only required salary adjustments through a collective agreement and specified no timeframe for negotiation the new Collective Agreement provides greater clarity in defining the timing and mechanism for adjusting base salaries.

#### 2. Overtime pay.

- According to the Collective Agreement, when an employee working regular hours performs overtime work, the employer must provide compensatory rest within 30 days unless otherwise agreed. If, due to the nature of production or operational requirements, compensatory rest is not provided, the overtime hours must be paid in the same month at a rate of 1.5 times the employee's average salary. While the Labor Law does not set a specific time limit for granting compensatory rest leaving it open for agreement between the employer and employee the Collective Agreement establishes a stricter rule: unless the parties specifically agree otherwise, overtime payment must be made in the same month.



## Key highlights of the Collective Agreement

### 2. Overtime pay (cont.)

- Clause 3.16 of the Collective Agreement provides that if an employee working on a shift or roster-shift schedule works more than 8 hours and is not granted compensatory rest, the excess hours shall be considered overtime and paid at 1.5 times the employee's average salary. This clause appears to be a regulation with significant implications for employers. In particular, depending on how the compensatory rest period is defined and applied, the requirement to pay overtime payment may arise.

#### Employees working regular shifts:

Under Article 87.3 of the Labor Law, an employer may, by agreement with the employee, extend the duration of a shift by up to 4 additional hours, allowing the employee to work up to 12 hours per day. In such cases, if the employee works more than 40 hours in a week, the employer must pay overtime pay in accordance with Article 109.1 of the law. However, under the Collective Agreement, if a shift employee who works 12 hours per day is not granted compensatory rest for the 4 hours exceeding the standard 8 hours, those hours must be treated as overtime and paid at 1.5 times the employee's average salary. How this provision aligns with Article 87.3 of the Labor Law remains unclear.

#### Employees working roster-shifts:

Article 92.3 of the Labor Law provides that the duration of a working day for employees working roster shifts must not exceed 12 hours, and overtime pay must be calculated in accordance with Article 109.1, following Article 87. In practice, however, companies apply this differently. In other words, some companies treat any hours worked in excess of 8 hours per day as overtime and provide overtime pay, while other employers only treat hours that exceed the employee's regular monthly working hours as overtime hours.

The sectoral collective agreement is one of the acts that establish labor law norms, and Article 2.5 of the Labor Law stipulates that if such acts conflict with one another, the provision that is more favorable to the employee shall apply. Clause 3.16 of the collective agreement obliges employers in this sector to treat hours worked in excess of 8 hours as overtime and provide overtime pay if the employee has not been granted **compensatory rest**. Accordingly, depending on how the concept of granting compensatory rest to roster-shift employees is defined, it is possible to calculate regular working hours and overtime hours in a manner consistent with the Collective Agreement.

### 3. Rewards and Bonuses – Employees with Disciplinary Sanctions

Rewards and bonuses are components of remuneration. Employers have the right but not the obligation to grant bonuses, and may determine at their discretion to whom, how, and when bonuses are awarded. In practice, employers often establish criteria that exclude employees with disciplinary sanctions from receiving bonuses. However, the Collective Agreement states that, except in cases under Articles 123.2.4 and 123.2.5 of the Labor Law (disciplinary measures), the imposition of a disciplinary sanction cannot serve as a basis to exclude an employee from receiving bonuses which is a part of remuneration.



## Key highlights of the Collective Agreement

**4. Allowance for Employees on Childcare Leave.** The Collective Agreement newly introduces a provision requiring employers to pay a monthly allowance equal to the minimum wage to mothers (or single fathers) who are on childcare leave to care for a child up to three years of age. Under the Labor Law, employers are obligated to retain the employee’s position during childcare leave, and social insurance premiums must be paid monthly based on the minimum wage. However, the Collective Agreement imposes an additional obligation on employers by requiring them to provide a monthly allowance equal to the minimum wage to female employees (or single fathers) on childcare leave. It should also be noted that the Collective Agreement does not clarify whether “minimum wage” refers to the national minimum wage or the sectoral minimum wage, which may lead to uncertainty in implementation.

**5. Retirement Allowance.** Under the Collective Agreement, an employee who retires after having worked in the sector is entitled to a one-time retirement allowance calculated by multiplying twice the sectoral minimum wage by the number of years the employee has worked in the sector. This provision was also included in the 2024–2025 sectoral Collective Agreement. The new Collective Agreement introduces an additional provision granting the retirement allowance to the family members of an employee who has worked for more than 10 years in the organization but passes away before being granted an old-age pension.



## Conclusion

The Collective Agreement introduces more detailed regulations concerning base salary, overtime pay, allowances, and bonuses compared to previous collective agreements, thereby placing additional obligations on employers while establishing more favorable conditions for employees. Provisions such as increased overtime pay and the allowance for employees on childcare leave are likely to raise employer labor costs and may potentially give rise to disputes between employers and employees going forward.

## Let’s talk!

If you would like to discuss the Collective Agreement or any other employment-related matters, please feel free to contact us. To read the full text of the Collective Agreement, please click [here](#).

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