

ANDERSEN®



# CAMBODIA

## LABOR BOOKLET 2026

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## ABBREVIATIONS

Abbreviation	Description
AC	Arbitration Council
CBA	Collective Bargaining Agreement
DOL	Phnom Penh Department of Labor
FDC	Fixed Duration Contract
HR	Human Resources
IR	Internal Regulations
MLVT	Ministry of Labor and Vocational Training
NSSF	National Social Security Fund
TVET	Technical and Vocational Education and Training
UDC	Undetermined Duration Contract



## **SECTION 1: OUR LEGAL TEAM EXPERTS**

## SECTION 1: OUR LEGAL TEAM EXPERTS



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## **SECTION 2: PURPOSE OF THE BOOKLET**

## **SECTION 2: PURPOSE OF THE BOOKLET**

This booklet serves as an essential resource for navigating the intricate labor laws and practices in Cambodia. Designed specifically for investors and businesses, it provides crucial insights on diverse aspects of the Cambodian labor regulations. By offering clear, detailed information, it aims to support effective decision-making and compliance with Cambodian labor laws.



## SECTION 3: LABOR COMPLIANCE

## SECTION 3: LABOR COMPLIANCE

### 7 Essential Things to Know About Labor Compliance Under Cambodian Law

- Annual quota and extra quota application
- Expatriate staff registration
- Cambodian staff registration
- National Social Security Fund (“**NSSF**”) registration and monthly contribution
- Declaration of employee movement (in) and (out)
- Health check
- Corporate information change notification to the Ministry of Labor and Vocational Training (“**MLVT**”) and the NSSF

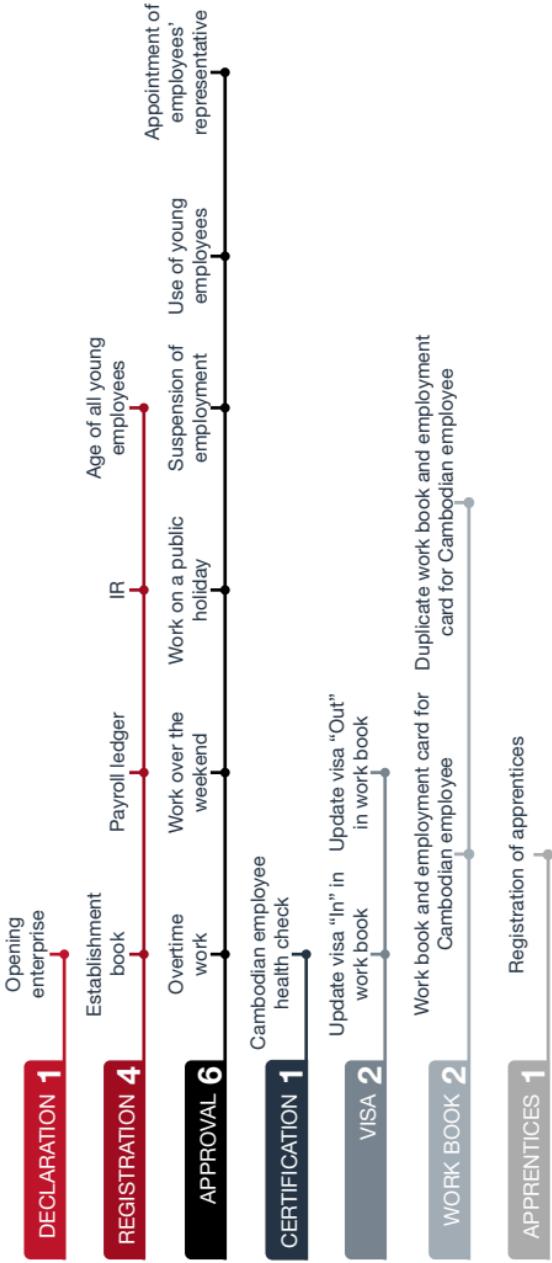
### What to Know About the MLVT Online System

Various labor-related services are available through the MLVT's online system at the links specified below:

- Services related to employment: <https://lacms.mlvt.gov.kh>
- Services related to foreign employees: <https://fwcms.mlvt.gov.kh>
- Services related to technical and vocational training: <https://tvcms.mlvt.gov.kh>

## Summary Table of Employment-Related Services Available via the MLVT's Online System

17 employment-related services must be registered via the MLVT's online system (<https://lacms.mlvt.gov.kh>)



## **Registering of Foreign Employees**

- **Requirements to apply for a foreign employee quota**
  - If foreign employees are to be employed, must apply for a foreign employee quota.
  - Application timeline: From 1 September to 30 November each year, for the following year.
  - General rule: Foreigners can be a maximum of 10% of the total local workforce.
  - Exceptions require approval from the MLVT.
- **Requirements to apply for work permits and employment cards**
  - Application period: 1 January to 31 March (unless the employee is new to the company).
  - Documents needed to apply:
    1. An approved foreign employee quota
    2. An employment contract or offer as permitted by the law and certified by the MLVT
    3. A valid business e-visa for entry into Cambodia
    4. A valid passport and recent passport-sized photo (4 cm x 6 cm)
    5. Proof of residency (e.g. a rental lease) certified by the chief of the Sangkat where the foreigner resides
    6. A health check certificate issued by the MLVT or any private clinic but certified by the MLVT
- **Challenges**
  - Preparation of residential certificate
  - Business e-visa requirement
  - A copy of the visa of the first entry into Cambodia

## Tips for Preparing for a Labor Inspection



### Online self-declaration

**When?**

Twice per year (i.e. June and December)

**Who?**

Self-declaration by the employer

**What?**

Online self-declaration

**How?**

Via the MLVT's online system

**Fee?**

None



### Onsite labor inspection

**When?**

Once or twice per year

**Who?**

Labor inspector from the MLVT

**What?**

Onsite inspection

**How?**

Onsite visit by labor inspector

**Fee?**

None

### Advance preparation for onsite labor inspection

- Read the letter issued by the MLVT!**

The letter from the MLVT will indicate the time, date, identity of the labor inspector, and the documents to be prepared.

- Who should attend the inspection from the company's side?**

There is no specific requirement by the MLVT. Normally, HR handles labor inspections.

- **What to prepare**

The company must ensure that all labor-related documents are properly recorded and readily available. There are several key documents that labor inspectors commonly request. Collect all original employment-related documents to make sure everything is ready for the inspection.

Organize a folder of the following documents before the inspection date:

No.	Documents
1	Declaration of opening enterprise
2	Declaration of employees
3	Approval letter from the MLVT to use a computerized payroll system
4	Enterprise establishment book
5	Declaration of employee movement (in) and (out)
6	Foreign employee quota approval
7	Valid passports and appropriate visas for each foreign employee
8	Work permits and employment cards (both local and foreign employees)
9	NSSF enterprise registration certificate
10	Labor law
11	Articles of incorporation/certificate of incorporation
12	Certified employment contracts

**After the labor inspection:** What does the labor inspector need to provide to you?

- Upon completion of the inspection, the inspector will enter written comments on the company's compliance into the company establishment book.
- For any non-compliance found, the inspector may put the meeting minutes into the company establishment book for rectification and/or penalties.

**Is there any fee to be paid?**

- No official fee needs to be paid for the inspection.

**What are the practical challenges?**

- Misplaced original labor documents
- Not recognizing the documents

# Declaration of Opening Enterprise

ក្រសួងការការងារ និងបណ្តុះបណ្តាលនទ្ទេ:   
MINISTRY OF LABOUR AND VOCATIONAL TRAINING  
លេខរូប: បរិក្សា ៩

ព្រះរាជាណាចក្រកម្ពុជា  
KINGDOM OF CAMBODIA  
ជាតិ សាសនា ព្រះមហាក្សត្រ  
NATION RELIGION KING

## សេចក្តីប្រកាសប្រចាំខែនៅខែ មីនា ឆ្នាំ ២០២២

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៣. នាមអគ្គនាយកដ្ឋានកម្មសាររដ្ឋបាល
៤. កំណត់ប្រាកាសសម្រាកាស
  
៥. តាមរយៈសម្រាកាស
៦. តាមរយៈសម្រាកាស
៧. ក្នុងប្រព័ន្ធគ្រប់គ្រង
៨. កំណត់ប្រាកាសសម្រាកាស

៩. ទីតាំងក្នុងប្រទេសប្រជាធិបតេយ្យ
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## Declaration of Opening the Enterprise

-Enterprise's Name:

-Incorporation Date:

-Tax Identification Number (TIN):

-Telephone:

-E-mail:

-Owner's Name:

-Nationality:

-Director's Name:

-Nationality:

-Form of Enterprise:

-Business Activities:

-Telephone:

-E-mail:

-Number of Estimated Employees: (Female: )

-Number of Foreign Employees: (Female: )

-Kind of Dangerous Machinery and Facilities:

-Number of Working Hours Per day or Per Week: hours/week



## Declaration of Employee Movement (In) and (Out)

## Enterprise Establishment Book

## Computerized Payroll Ledger



## ព្រះនាមេជ្ជាព្យូជកម្ពុជា

## ក្រសួងការាសាស្ត្រ និងបណ្តុះបណ្តាលនៃទំនាក់ទំនង

ମହାଭାଗିତାରେଣ୍ଟରାଜ

## ପାତ୍ରଜଲ୍ଲାମଚିନ୍ମୟାନାମତ୍ତ୍ଵକାରୀ

លេខ:  អត្ថលេខា

ବ୍ୟାଖ୍ୟାତନାମ

ହେଲ ଲୋଟ୍ୟୁଳ

គម្រោង : ការអនុញ្ញាតឱ្យបើត្រាស់បញ្ចីបើកត្រាកំណើលាម្មបៀនុកក្បែង

ଯେଉ : ଲିଖିତଙ୍କୁ ପ୍ରକାଶିତ ହିନ୍ଦୁ ପ୍ରକାଶନ

ភាគសំយដូចនានជាមាបជូនខាងលើ សម លោក នរោតខិត្តនានកិច្ចការការណ៍នៃខេត្ត។

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## ເພົ່າມະນຸຍາ ພາຍະກົມ້າລັບຜົນການ



ទិន្នន័យដែលត្រួម្រាវ គិតមាននៅក្រុងព័ត៌មាន  
<https://www.lacms.mlvt.gov.kh>

ପ୍ରମାଣିତ

-ଶାକ

-លេខទូរស័ព្ទ:

### សុវត្ថិភាព សម្រាប់និលនេ

• លេខទូរសព្ទ: 1297

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## Foreign Employee Quota Approval



## ព្រះរាជាណាចក្រកម្ពុជា

ବ୍ୟାକ

**គច្ចិត្ត៖** ការជាសំរូប្រាស់ហត្ថលក្ខមបន្ទោះសម្រាប់ឆ្នាំ ២០១៩

ແຜນ: - ຖຸກຄູ່ກົດເຫັນໄວ້ການມາດົາການຕົກກູດຫຼັກ  
- ສູງຄະນະຂອງເຄົາກ.ບ.ງ.ກ ດັ່ງລົງທຶນ ໄສນນິກາ ສູ່ເມືອງ ສົງເກດ ສົງເກດຕົກກູດຫຼັກບໍລິສ  
- ສົງເກດຕົກກູດຫຼັກບໍລິສ ດັ່ງລົງທຶນ ໄສນນິກາ ສູ່ເມືອງ

ଗ୍ରମ ଜ୍ଞାନଜ୍ଞାନ୍ୟକ ଉତ୍ସବକାରୀଙ୍କ ମାନନ୍ଦିତ୍ବରେ ।

រាជធានីភ្នំពេញ ថ្ងៃទី០២ ខែធ្នូ ឆ្នាំ២០២១

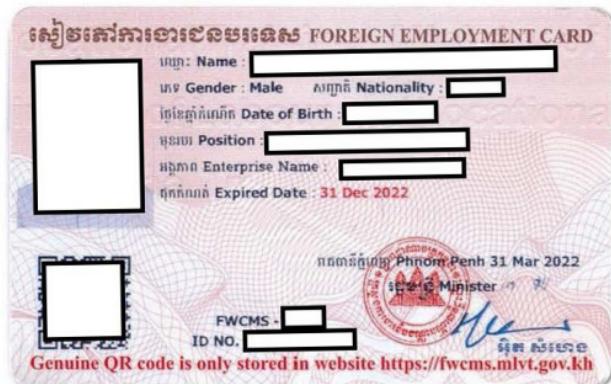


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ଶ୍ରୀମଦ୍ଭଗବତ

## **Khmer Staff Work Book**

## Foreign Work Permit





## SECTION 4: IMPORTANT THINGS TO KNOW ABOUT LABOR COMPLIANCE IN CAMBODIA

## SECTION 4: IMPORTANT THINGS TO KNOW ABOUT LABOR COMPLIANCE IN CAMBODIA

### 1. Employment Contract

Under Article 65 of the Cambodian Labor Law dated March 13, 1997 (“**Labor Law**”), the term “employment contract” refers to the agreement that establishes the working relationship between the person (the employee) who agrees to perform work for another person or company (the employer) in exchange for wages.

As of now, the law does not set restrictions on which languages can be used to form an employment contract. However, it is recommended that the contract be made in Khmer so as to be able to:

- Use it as a supporting document to apply for a foreign employee’s work permit.
- Use as evidence at court in the case of a labor dispute.

There are two main types of employment contracts:

- **Fixed duration contract (“FDC”):** This is an employment contract made for a specified period. There are specific criteria for an FDC, as follows:

- It must be in written form.
- Its cannot exceed two years’ duration per contract.
- It must state the precise start and end date of the contract.

FDCs can be renewed one or more times, as long as the duration does not exceed two years (as for the initial period). In total, the initial period and subsequent renewal periods of an FDC cannot exceed four years.

- **Undetermined duration contract (“UDC”):** This is an employment contract that does not specify an end date, thus its name of “undetermined duration”. A UDC can be made in written or verbal form. An FDC will automatically be considered a UDC in cases where the FDC exceeds the maximum duration of four years (including the initial period and subsequent renewal) or where the written contract does not specify an end date.

## **2. Work Permit and Quota for Foreign Employees**

Entities that wish to hire foreign employees must comply with the quota system regarding the number of foreign employees they can hire and ensure that their foreign employees have a valid work permit.

### ***A. Quota approval for hiring foreign employees***

Under the Labor Law, an entity that employs or intends to employ foreign employees is required to request a foreign employee quota approval from the MLVT between September 1 to November 30 each year. For newly established entities, the foreign employee quota request can be done at any time after the incorporation date.

Under the quota rules, the number of foreign employees cannot exceed 10% of the total workforce. If an entity wishes to employ more than quota limit, it must submit a request to the MLVT for approval, with an explanation to justify the need to hire more foreigners and the reason a local employee cannot fill the position.

### ***B. Work permit for foreign employees***

To legally work in Cambodia, foreign nationals are required to have a work permit, which is issued by the MLVT. They must apply for their work permit and foreign employment card no later than 90 days from the date they first entered Cambodia.

The validity of the work permit is for one year only and must be renewed if the foreign employee will continue to work in Cambodia. The annual period to renew a work permit is from January 1 to March 31 every year.

The following information and documentation is required to obtain a work permit:

- An approved foreign employee quota (from their employer)
- An employment contract or offer as permitted by the law and certified by the MLVT
- The date of their last Cambodian immigration exit stamp (not applicable if they are arriving for the first time)

- A valid business e-visa for entry into Cambodia
- A valid passport and recent passport-sized photo (4 cm x 6 cm)
- Proof of residency (e.g. a rental lease) certified by the chief of the Sangkat where the foreigner resides
- A health check certificate issued by the MLVT or any private clinic but certified by the MLVT

In all circumstances, to protect local employment opportunities, foreigners are prohibited from engaging in the following occupations in Cambodia:

- Driver of all types of transportation as a business
- Street vendor
- Masseuse
- Hairdresser or provider of other beauty treatments
- Shoe shiner or tailor
- Mechanic or tire repairer
- Maker of Khmer souvenirs, musical instruments, or Buddhist statues
- Goldsmith or jewelry maker

### **3. Wages**

The term “wage” refers to the remuneration paid by an employer to an employee for their employment or services. Article 103 of the Labor Law provides a clear definition of wage, which includes, in particular, actual wages or remuneration, overtime payments, commissions, bonuses and indemnities, profit sharing, gratuities, the value of benefits in kind, family allowances exceeding the legally prescribed amount, holiday pay or compensatory holiday pay, and the amount of money paid by the employer during disability and maternity leave. However, wage does not include healthcare, legal family allowances, travel expenses, or benefits granted exclusively to help employees perform their work.

#### ***A. Minimum wage***

The Cambodian government, in collaboration with unions and employer associations, conducts an annual review of the minimum wage to reflect inflation, economic growth, and the cost of living. The MLVT is responsible for implementing changes and issuing a new Prakas every year specifying the new minimum wage. However, to date, the law only specifies the minimum wage for the textile, garment, and footwear manufacturing industries, leaving most businesses unregulated in respect of a minimum wage.

Based on Prakas No. 214/25 on the New Minimum Wage for the Textile, Garment, Footwear, Travel Goods, and Bag Sectors for the Year 2026 dated September 17, 2025, the MLVT has set the minimum wage at US\$208 per month for probationary workers and US\$210 per month for those who have completed their probation.

#### ***B. Wage payment timing and frequency***

The Labor Law specifies that wages must be paid directly to the employee, unless otherwise agreed. Regular employees must be paid at least once per month. Any employee working on a commission basis must be paid at least every three months.

However, from January 2019, based on the MLVT's Prakas No. 442 on the Payment of Wages dated September 21, 2018, all employers are required to pay their employees twice per month, as follows:

- First payment: Must be made in the second week of the month and consist of 50% of the employee's actual wages for the month.
- Second payment: Must be made in the fourth week of the month and consist of the remaining 50% of the actual wages for the month, plus fringe benefits and other benefits the employee is entitled to for the month.

In the case of termination, any wages or indemnity owed by the employer must be paid within 48 hours of termination. If wages are not paid according to these guidelines, the MLVT's labor inspector may set a deadline for the respective wages to be paid by the

employer. In the event that wages are not paid, the matter can be referred to the court for resolution. In addition, the employer must provide the employee with a certificate of employment.

### ***C. Deductions***

Employers are prohibited from making deductions from an employee's wages for any of the following:

- In exchange for job placement
- For refusal to eat at the company canteen
- For misconduct or for refusing to work overtime
- Overcharges for the actual cost for replacing a lost ID card
- For a mandatory medical check

However, employers can deduct from an employee's wages to settle the cost of:

- Company tools or equipment that the employee failed to return.
- Items and materials under the control or use of the employee.
- Amounts owed to the company.

Per Articles 126-127 of the Labor Law, the company must ensure that the deduction will not cause the remaining wage of the employee to fall below the minimum wage.

### ***D. Tax on Salary***

Resident employees are subject to monthly Tax on Salary deductions from their wage payments, according to the following progressive rates:

TAXABLE MONTHLY SALARY					
	Khmer Riel (KHR)		Equivalent to US\$*		Progressive tax rate
From	0	- 1,500,000	0	- 375	0%
From	1,500,001	- 2,000,000	375	- 500	5%
From	2,000,001	- 8,500,000	500	- 2,125	10%
From	8,500,001	- 12,500,000	2,125	- 3,125	15%
Over	12,500,000		3,125		20%

\*Using an exchange rate of KHR4,000:US\$1.

Deductions for dependent family members reduce the monthly taxable base on which Tax on Salary is calculated. A deduction of KHR150,000 per month (approximately US\$37.50) applies for each minor dependent child under 14, or under 25 and in full-time education, and a deduction for the same amount applies for one non-working spouse.

#### **4. Working Hours**

**Normal working hours:** A maximum of eight hours per day, or 48 hours per week. Employees must be given one full day off, meaning 24 consecutive hours, per week. Unless the entity's operations require otherwise, the day off should be taken on Sunday.

**Overtime:** Employers may request that their employees work overtime for exceptional or urgent jobs. Performance of overtime work should be voluntary for employees; thus, an employee cannot be penalized for refusing to work overtime. In addition, employers are supposed to ask the permission of the labor inspector before giving employees overtime work.

Overtime is generally limited to two hours per day for a normal workday, meaning the total working hours including overtime cannot exceed 10 hours per day.

There are specific compensation rates for overtime work depending the time of day and whether it is on a normal workday or a public holiday or weekly day off, as shown in the table below.

Time of Overtime Work	Rate
Overtime on normal working day (for work between 5am and 10pm)	150% of normal wages
Overtime on normal working day (for work between 10pm and 5am)	200% of normal wages
Work on the weekly day off	200% of normal wages
Work on public holidays	200% of normal wages

## 5. Leave Entitlement

During the period of employment, employees are entitled to the following leave:

- Paid public holidays
- Annual leave
- Special leave
- Sick leave
- Maternity leave

### ***A. Paid public holidays***

Employees are entitled to the paid public holidays determined by a Prakas issued by the MLVT at the beginning of each calendar year. Employers must pay employees at their normal wage rate and are not counted as paid annual leave. They are treated as normal workdays in terms of length of service and accruing paid annual leave.

In the situation where an employer requires employees to work on these holidays because of the type of business operation, employees are entitled to receive double their normal wages (as shown in the table below) on a voluntary basis.

### ***B. Annual leave***

All full-time employees are entitled to accrue 1.5 days of annual leave per month, equal to 18 days for 12 months of service. However, employees who work less than 48 hours per week will receive a pro-rated amount of annual leave. In addition, employees are entitled to receive one additional day of annual leave for every three years of service, as shown in the following table for continuous years of service:

Years of service	Days of leave per year
1-3	18
4-6	19
7-9	20
Every 3 years	add one more day

Generally, and based on an entity's internal regulations ("IR"), employees must obtain approval from their employer before taking annual leave. If the employer cannot approve an employee's leave request, the employer and employee should agree on another date when the employee can take their annual leave.

**Carry forward of unused leave:** If an employee does not use all of their annual leave for the year, any unused leave exceeding 12 days can be carried over to the next year. For example, if an employee who has 18 days of annual leave per year does not use any of them, they can only carry forward up to six days of the 18 days to the next year. Furthermore, these unused days can only be carried forward for three consecutive years, whereupon if they are still unused, they will be lost.

#### ***C. Special leave***

An employee can request special leave for up to a maximum of seven business days per year for any events affecting their immediate family, including marriage, illness, or death of a family member. Employers should not refuse special leave for such events. These provisions cannot be reduced or amended in the employment agreement if it is in a way less favorable to the employee.

The employer can deduct days from the employee's annual leave if they have not yet taken all of their annual leave for the year. If they have, the employer cannot deduct those days from the employee's annual leave for the next year, but instead the employer can require them to work to make up the hours of special leave taken.

#### ***D. Sick leave***

##### **Short duration sick leave:**

Short duration sick leave is not regulated thoroughly in the law; nevertheless, it is usual and encouraged that employers implement IR with regard to the number of days that employees can have per year, and the events in which certification by a doctor is required. In practice, most employers give seven days of paid sick leave per year.

### **Long duration sick leave:**

According to the MLVT's standard IR which are currently adopted by most employers, an event of serious illness requiring long-term hospitalization or leave, as verified by a qualified doctor, can result in the suspension of the employment agreement for up to six calendar months. Employment cannot be freely terminated by the employer during the suspension.

In principle, the suspension of the contract means that the employee is not paid during such time. However, based on the standard IR approved by the MLVT and numerous decisions of the Arbitration Council ("AC"), the employee should be paid on the following basis:

- 100% of their wage for the first month.
- 60% for the second and third months.
- Unpaid from the fourth month to the sixth month but still maintain the employee's job.
- After six months, the employer has the right to consider terminating the employee.

### ***E. Maternity leave***

Maternity leave is 90 calendar days and then upon return to work, two months of light work as compared to the tasks performed by the employee before maternity leave. During the 90 calendar days, if the employee has performed at least one year of continuous service, she will receive half of her normal wages and benefits. These provisions cannot be reduced by agreement.

During the period of maternity leave, the employer cannot dismiss the female employee even if she has been given a prior notice of termination.

## **6. Termination of Employment Contract**

### ***A. Termination notice***

The length of notice for termination varies depending on the type of employment contract. If an employer wants to terminate an employee at the end of an FDC, the termination notice period

depends on the length of the contract, as shown in the table below:

Length of contract	Notice period
6 months or less	No notice required
More than 6 months	10 days
More than 1 year	15 days

If no prior notice is given, the FDC is automatically renewed for the same amount of time as the original contract.

For a UDC, notice must be provided in writing and the notice period is based on the length of employment in accordance with the table below:

Length of employment	Notice period
Less than 6 months	7 days
6 months to 2 years	15 days
More than 2 years and up to 5 years	1 month
More than 5 years and up to 10 years	2 months
More than 10 years	3 months

An employer who fails to give proper notice of termination to an employee must pay the wages and benefits that the employee would have earned during the notice period. During the notice period, the employee is allowed two days of paid leave per week to look for new employment. Neither party is required to observe the notice requirement in the following situations: (i) the employee is on probation or an intern; (ii) serious misconduct committed by either party; or (iii) force majeure that makes the performance of contractual obligations impossible.

#### ***B. Termination compensation***

The table below provides a summary of the key items an employee is entitled to depending on the type of employment contract and the reason for termination:

### Unilateral termination by the employer without a valid reason

<b>FDC</b>	<ul style="list-style-type: none"><li>• Unpaid wages</li><li>• Payment in lieu of the remaining unused annual leave</li><li>• Severance pay of at least 5% of the wages paid during the length of the employment contract</li><li>• Damages in an amount at least equal to the remuneration the employee would have received until the end of the contract</li></ul>
<b>UDC</b>	<ul style="list-style-type: none"><li>• Unpaid wages</li><li>• Payment in lieu of the remaining unused annual leave</li><li>• Compensation in lieu of prior notice if the employer does not provide prior notice in accordance with the Labor Law</li><li>• Seniority payment for the period in which the employee is dismissed and any outstanding seniority payments owed to the employee in accordance with the Labor Law</li><li>• Damages paid as a lump sum amount equal to the total amount of seniority pay that the employee received during the employment period</li></ul>

### Termination by the employer due to serious misconduct by the employee

<b>FDC</b>	<ul style="list-style-type: none"><li>• Unpaid wages</li></ul>
<b>UDC</b>	<ul style="list-style-type: none"><li>• Payment in lieu of the remaining unused annual leave</li></ul>

### Termination due to bankruptcy of the entity

<b>FDC</b>	<ul style="list-style-type: none"><li>• Unpaid wages</li><li>• Payment in lieu of the remaining unused annual leave</li><li>• Severance pay of at least 5% of the wages paid during the length of the employment contract</li></ul>
<b>UDC</b>	<ul style="list-style-type: none"><li>• Unpaid wages</li><li>• Payment in lieu of the remaining unused annual leave</li><li>• Compensation in lieu of prior notice if the employer does not provide prior notice in accordance with the Labor Law</li><li>• Seniority payment for the period in which the employee is dismissed and any outstanding seniority payments owed to the employee</li></ul>

In the case of bankruptcy, the dismissed employees are not entitled to damages since it does not negatively impact their reputation or dignity, which differs from the case of dismissal without cause, which could affect an employee's reputation or dignity, and raise doubts among their fellow employees about their productivity and ability.



## SECTION 5: EMPLOYEE RIGHTS AND BENEFITS

## **SECTION 5: EMPLOYEE RIGHTS AND BENEFITS**

### **1. Health and Safety**

According to Article 229 of the Labor Law, entities are responsible for ensuring a safe and healthy work environment for their employees by addressing various aspects of workplace conditions. This includes maintaining the quality of the premises, ensuring regular cleaning, providing hygienic facilities for the needs of personnel, and offering beverages and meals where necessary. If applicable, entities must also provide appropriate lodging for employees. Work stations and seating arrangements should be ergonomically designed, while ventilation, sanitation, and lighting must be properly managed to create a comfortable and safe space. Noise levels should be controlled, and individual protective equipment and work clothes should be provided to safeguard employees.

Furthermore, all establishments and workplaces must be designed and maintained to ensure worker safety, with machinery, tools, equipment, and machines installed in optimal safety conditions. The management of technical work involving tools, equipment, and machinery must be organized effectively to ensure the safety of workers, per Article 230 of the Labor Law.

To ensure that entities are in compliance with health and safety regulations, the MLVT will conduct a physical inspection of the premises every year. This inspection monitors various aspects, including adherence to IR, general working conditions, occupational health and safety rules, and social security rules.

### **2. Anti-Discrimination Laws**

In Cambodia, workplace discrimination and equality are protected under Article 12 of the Labor Law.

This article prohibits employers from making decisions about hiring, work assignments, training, promotions, pay, social benefits, discipline, or termination based on a person's race, color, gender, religion, political opinions, birth, social origins, union membership, or union activities, except where specific laws apply to women,

children, or foreign workers. Distinctions, rejections, or acceptances based on qualifications required for a specific job are not considered as discrimination.

However, while the Labor Law does not provide detailed guidelines specifically for anti-discrimination in hiring practices, its provisions and other relevant regulations strongly suggest that employers adhere to the principles of equality. They imply that employers should avoid discriminatory practices when hiring or promoting employees. In practice, this means that employers are expected to provide equal opportunities to all qualified candidates, irrespective of their gender, ethnicity, or other personal characteristics. This approach ensures fairness and non-discrimination in employment decisions.

Despite the existence of the legal frameworks on workplace discrimination and equality, Cambodia faces challenges in implementing and enforcing anti-discrimination measures. The Labor Law and other legal frameworks may not comprehensively address all forms of discrimination, such as those based on sexual orientation or other factors. Additionally, small and medium-sized enterprises may not always be fully aware of or compliant with anti-discrimination requirements, and enforcement by authorities may be inconsistent.

### **3. Employee Benefits**

In Cambodia, employee benefits are governed by the Labor Law and various regulations issued by the MLVT. The table below provides a summary of the common benefits.

## Mandatory Benefits

<b>Paid Leave</b>	<b>Annual Leave:</b> Employees are entitled to 1.5 days of paid leave per month, totaling 18 days per year (Article 166 of the Labor Law).
	<b>Public Holidays:</b> Employees are entitled to the paid public holidays as determined by the Prakas issued by the MLVT at the beginning of each calendar year.
	<b>Sick Leave:</b> Up to six months of sick leave with a medical certificate.
	<b>Maternity Leave:</b> Female employees receive 90 days of paid maternity leave at 50% of their regular salary (Article 182 of the Labor Law).
	<b>Special Leave:</b> The employer has the right to grant an employee special leave during an event directly affecting the employee's immediate family (up to a maximum of seven days) (Articles 169 and 171 of the Labor Law).
<b>Overtime Pay</b>	Employees receive 150% of their regular wages for overtime on a normal workday (for work before 10pm), and 200% for work during night hours, public holidays, or rest days.
<b>Health Insurance</b>	Employers must provide health insurance through the NSSF, covering medical expenses for work-related injuries.
<b>Social Security</b>	Employers contribute to the NSSF, which provides benefits like healthcare, pensions, and compensation for employment injuries.

## Mandatory Benefits

<b>Seniority Payment</b>	<p>The seniority payment only applies to UDCs and must be paid twice per year, every six months based on work for the period January to June and then the period July to December.</p> <p>The seniority payment must be paid as follows if the employee has worked from 1 to 6 months and until the end of each period:</p> <ul style="list-style-type: none"><li>• 7.5 days of the employee's wages and other benefits, paid in June of each year; and</li><li>• 7.5 days of the employee's wages and other benefits, paid in December of each year.</li></ul> <p>Therefore, on a yearly basis, the total amount of the seniority payment is equal to 15 days of an employee's wages and other benefits, such as overtime, bonus, commission, and profit sharing.</p>
<b>Severance payment</b>	<p>This severance payment only applies to FDCs. When an FDC is terminated or expires, the employee has the right to receive severance pay. However, those in their probationary period do not have this entitlement.</p> <p>The severance payment must be at least 5% of the total wages paid to the employee during the length of the FDC.</p>

Optional Benefits	
<b>Additional Health Insurance</b>	Some employers offer extra health insurance plans beyond the basic NSSF coverage.
<b>Life Insurance</b>	Some employers provide life insurance to offer financial security to employees' families.
<b>Retirement Plans</b>	While not mandatory, some employers offer retirement plans to their employees
<b>Housing Allowances</b>	Due to the rising cost of living, some employers offer housing allowances to help employees with rent or mortgage payments. In practice, housing allowances are mostly given to foreign employees and workers in the textile, garment, footwear, travel goods and bag manufacturing industries.
<b>Transportation Allowances</b>	To offset commuting costs, employers may provide transportation allowances for workers in the textile, garment, footwear, travel goods and bag manufacturing industries or even company transportation services if the employee is on business trip.
<b>Meal Allowances</b>	Meal allowances can help employees cover the cost of daily meals. In the textile, garment, footwear, travel goods and bag manufacturing industries, employer might offer meal allowance to workers who agree to work overtime.
<b>Performance-Based Bonuses</b>	Employers can incentivize performance by offering bonuses based on individual or team achievements.



## SECTION 6: LABOR MARKET DYNAMICS

## SECTION 6: LABOR MARKET DYNAMICS

### 1. Current Labor Market Trends

Cambodia's labor market in 2024 presented a mix of exciting opportunities and challenges, driven by strong economic growth and expanding industries. As the country's economy continues to thrive, sectors such as garment manufacturing, construction, technology, tourism, and finance are playing pivotal roles in shaping the employment landscape. Foreign direct investment is further fueling job creation, particularly in higher-level positions that require specialized skills. According to an announcement by the Council for the Development of Cambodia on December 6, 2024, it approved 40 new investment projects in November 2024, which are expected to create 39,000 employment opportunities.

This growth, however, is tempered by a notable shortage of skilled professionals, particularly in high-demand fields such as technology, manufacturing, and finance, highlighting the need for more investment in education and vocational training.

Emerging sectors like electronics, automotive manufacturing, and eco-tourism are becoming key drivers of new job opportunities, indicating a diversification of the economy beyond traditional industries.

Phnom Penh and Siem Reap remain the main employment hubs, but rural areas are also benefiting from job creation, especially through infrastructure development and agro-industrial expansion. These trends underscore Cambodia's evolving job market, where opportunities are expanding across different industries, although the skills gap remains a significant challenge. Addressing this gap through targeted skills development and training will be essential to fully capitalize on these emerging opportunities and sustain long-term growth.

## 2. Hiring Practices

Cambodia's hiring practices have evolved with its growing economy and a changing labor market. The hiring process remains relatively straightforward, as follows:

- **Job advertisement:** The hiring process typically begins with creating job advertisements that are disseminated through various channels, including online job portals, social media, and traditional media. Job postings should clearly outline the necessary qualifications, skills, and responsibilities associated with the position.
- **Application submission:** Candidates interested in the position submit an application, which may include resumes and cover letters. Some employers may also request additional documentation to assess applicants' suitability.
- **Screening and shortlisting:** After receiving applications, the employer conducts initial screenings to evaluate candidates against the job requirements. This phase often involves reviewing resumes and qualifications before shortlisting candidates for further evaluation.
- **Interviews and assessments:** Shortlisted candidates typically undergo interviews, which may be supplemented by assessment tests to gauge their skills and fit for the role.
- **Reference checks:** Before making a final decision, employers often conduct reference checks to verify candidates' backgrounds and previous employment experiences.
- **Job offer and contract:** Once the selection process is complete, the employer extends a job offer, and a written employment contract is signed. This contract outline the terms of employment, including job duties, compensation, benefits, and duration of the contract (UDC or FDC).
- **Onboarding:** The final step involves onboarding the new employee, which includes orientation sessions and training programs to integrate them into the company culture effectively.

## **Key note on employment contract:**

Per the current practice in Cambodia, it is recommended that employers provide written employment contracts for workers employed for more than one month. These contracts must outline key terms such as salary, working hours, job responsibilities, and other employment conditions. Many employers implement a probation period, typically lasting three months, to assess the employee's performance before committing to long-term employment. For an employment contract with a foreign employee, it is compulsory for the employer to register this contract with the MLVT.

### **3. Training and Development**

The Cambodian government has implemented various policies and regulations to address the current labor market challenges, including the skills gap and skill mismatch. These policies include the National Technical Vocational Education and Training Policy (2017-2025), the National Employment Policy (2015-2025), and the Cambodia Industrial Development Policy (2015-2025).

In addition to these policies, Cambodia's vocational education also provides a wide range of formal and non-formal education. Formal education is under the direct management of the MLVT. There are three programs offered under the formal technical and vocational education and training ("TVET"):

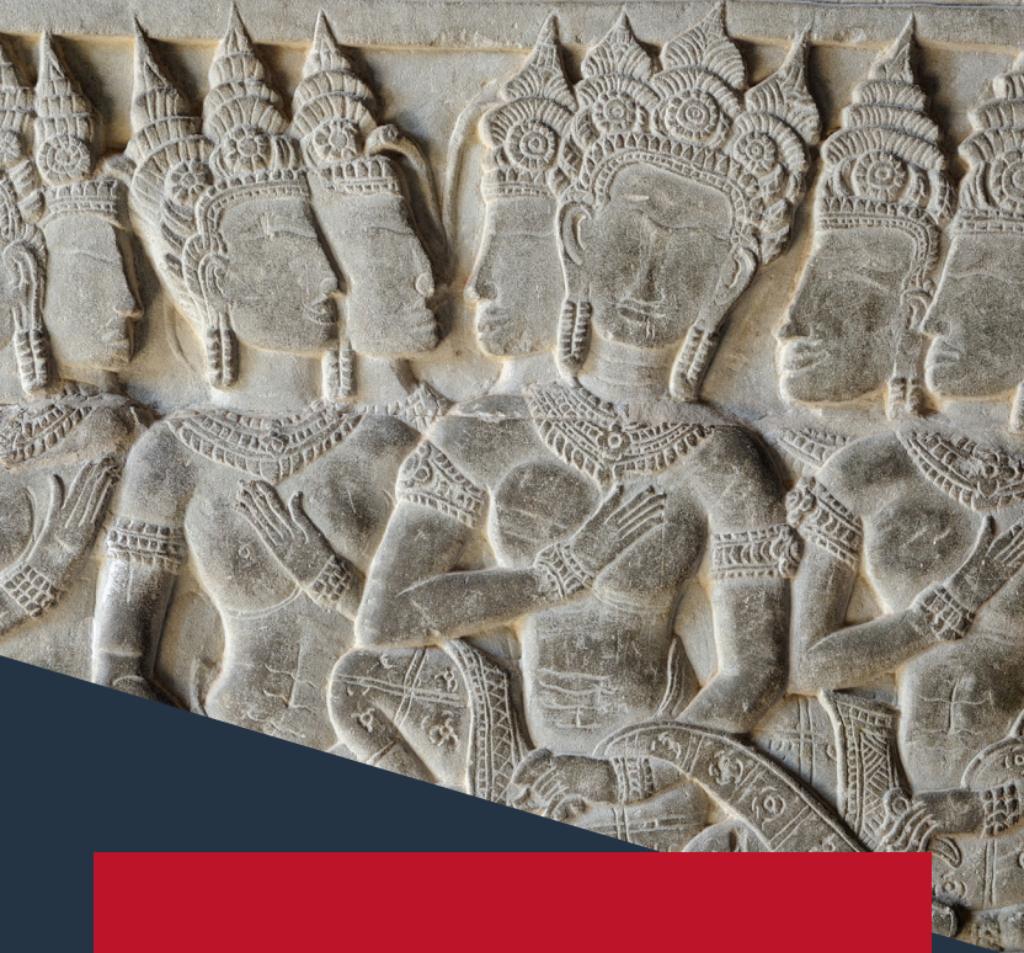
- 1. TVET program:** Students must have completed at least lower secondary school to enroll. The program offers a variety of subjects, including general mechanics, agricultural mechanics, computer technology, electricity, electronics, and civil engineering.
- 2. Vocational diploma:** This requires the completion of general upper secondary school or a vocational upper secondary education. The diploma includes the same areas of study as the TVET program, with additional subjects in business, such as sales and accounting. Upon completion, students can pursue a vocational bachelor's program to qualify for technology-oriented undergraduate studies.

3. **TVET program at the tertiary level:** To enroll in this program, students must have completed a vocational diploma or general upper secondary school. The focus at this level is on industry-relevant skills. Subjects include engineering, applied science, health science, and information and communication technology, all of which prepare students for future careers in the labor market.

Non-formal TVET is primarily provided by provincial training centers and vocational training centers. Other institutions offering non-formal TVET include nongovernmental organizations and community learning centers. The courses are short-term, typically lasting one to four months. These courses mainly focus on training in agriculture, construction, motor repairs, basic vocational skills, and basic food processing.

The government also supports workforce development programs through the National Employment Agency, which provides various programs aimed at improving employment opportunities for job seekers and helping employers find qualified candidates. These programs include career guidance, job matching services, and skills development initiatives tailored to sectors with labor shortages.

Alongside government efforts, private companies also contribute to workforce development by offering in-house training programs that focus on technical, management, and soft skills. Together, these efforts aim to create a more skilled and competitive workforce in Cambodia, ready to meet the demands of a rapidly evolving labor market.



## SECTION 7: LABOR LAW ENFORCEMENT AND BEST PRACTICES

## SECTION 7: LABOR LAW ENFORCEMENT AND BEST PRACTICES

### 1. Key Agencies and Organizations Responsible for Labor Law Enforcement

- **The MLVT:** This is the primary governmental body responsible for overseeing labor regulations in Cambodia. Its key role involves ensuring compliance with labor laws and regulations, social security schemes, and trade union regulations.

The MLVT conducts labor inspections to monitor working conditions, occupational safety, and workers' rights, as mandated by the Labor Law and its subsequent amendments. It is also tasked with conducting both regular and special labor inspections. Regular inspections are planned in advance with prior notice to employers, while special inspections can occur without notice in response to complaints or identified irregularities.

Labor inspectors have the authority to enforce compliance and impose penalties for violations. Additionally, the MLVT plays a vital role in dispute resolution by facilitating mediation in individual labor disputes through its labor inspectors. These preliminary conciliations aim to resolve conflicts between employers and employees before they escalate to the AC or courts.

- **The NSSF:** It is responsible for managing the social security schemes for workers in Cambodia, which include healthcare, pensions, and occupation risk. The NSSF plays a critical role in ensuring that employers comply with the legal requirements for social security contributions, thereby safeguarding the welfare of workers.

To effectively uphold labor rights related to social security, the NSSF works in close collaboration with the MLVT. This partnership is essential for promoting worker welfare and ensuring that employee rights are protected within the framework of Cambodian labor law. Through this collaboration,

both agencies contribute to a more secure and supportive environment for workers in Cambodia.

## **2. Penalties for Non-Compliance**

- **Penalties and fines imposed by the MLVT:** Penalties and fines for non-compliance with labor laws in Cambodia are a critical mechanism to ensure that employers adhere to the regulations set forth in the Labor Law. The MLVT has the authority to enforce these laws by conducting regular workplace inspections or responding to complaints from employees or trade unions.

When employers fail to comply with labor regulations—such as working conditions, wages, working hours, or social security contributions—they can face significant financial penalties. The MLVT, through its Labor Inspectorate, is tasked with ensuring compliance, and when violations are identified, employers are typically given a specified period to correct the issues. If the employer fails to take corrective action within the given timeframe, penalties and fines are imposed.

The severity of these penalties can vary depending on the nature and extent of the violation. For example:

- **Failure to provide proper working conditions or ensuring occupational safety** can lead to fines that may escalate with repeated non-compliance.
- Employers who fail to make **social security contributions** (e.g. for healthcare, pensions, and work-related injuries) risk not only financial penalties but also legal action that could escalate to the suspension of their business operations.
- **Legal actions and complaints by employees:** Employees who feel their rights under the Labor Law have been violated—whether due to unpaid wages, termination, failure to pay severance, or discriminatory practices—can file a complaint with the Labor Inspectorate of the MLVT or the AC, or initiate a civil lawsuit with the court.

- **Reputational consequences:** In addition to financial penalties and legal action, failing to comply with labor laws can harm an employer's reputation. In a globalized economy, companies, especially those in industries such as garment manufacturing, may face external scrutiny from international buyers, nongovernmental organizations, or labor rights groups. Negative publicity about labor violations can lead to the loss of contracts or business partnerships, particularly for businesses that rely on export markets or international supply chains.

### 3. How to Stay Compliant

To ensure compliance, it is important to stay informed about the latest changes in Cambodian labor laws, as these laws are amended periodically. Becoming familiar with key provisions of the Labor Law and its subsequent amendments is crucial, and regularly reviewing updates from the MLVT will help employers stay informed about new guidelines or requirements.

Maintaining proper records is essential, including records of employee information, hours worked, wages, and any other documentation required by the labor laws. This also includes records of training sessions, safety inspections, and IR.

Employers should also be well-prepared for labor inspections conducted by the MLVT. This involves ensuring that all necessary documents, such as employment contracts, payroll records, and social security contributions, are organized and readily available for inspection. By maintaining proper documentation and ensuring compliance with labor regulations, employers can streamline the inspection process and demonstrate adherence to the law. It is also helpful to promptly address any issues identified during inspections to avoid potential penalties or fines, thus maintaining a smooth and compliant operation.

Developing clear and comprehensive human resource (“**HR**”) policies is essential for ensuring a well-managed and legally compliant workplace. These policies should cover all aspects of employment, including hiring practices, workplace safety, anti-

discrimination measures, and termination procedures. To maintain their relevance and effectiveness, it is important to regularly review and update these policies to reflect changes in the law and best practices. Engaging legal experts during this process can help ensure that the policies remain compliant with current regulations, ultimately fostering a fair and transparent work environment that benefits both employees and employers.

#### **4. Labor Dispute Resolution Process**

Some of the main areas where employee complaints arise are shown in the table below.

Category	Common Issues
<b>Termination</b>	Unfair dismissal, insufficient notice, unpaid compensation
<b>Wages and benefits</b>	Overtime pay, holiday pay, bonuses, seniority indemnity
<b>Contracts</b>	Misuse of FDC vs. UDC for employment contracts
<b>Working conditions</b>	Health or safety issues, excessive hours
<b>Union relations</b>	Anti-union discrimination, failure to bargain

On March 4, 2025, the MLVT issued new guidelines for the resolution of both individual and collective labor disputes under Prakas No. 073/25 on the Procedure to Resolve Individual Labor Disputes (“**Prakas 073**”) and Prakas No. 074/25 on the Procedure to Resolve Collective Labor Disputes (“**Prakas 074**”). **Individual labor disputes** occur between one employer and one or more employees as individuals, whereas **collective labor disputes** occur between one employer and a group of employees/union). The dispute resolution processes available under Cambodian law are described below.

#### **A. Conciliation**

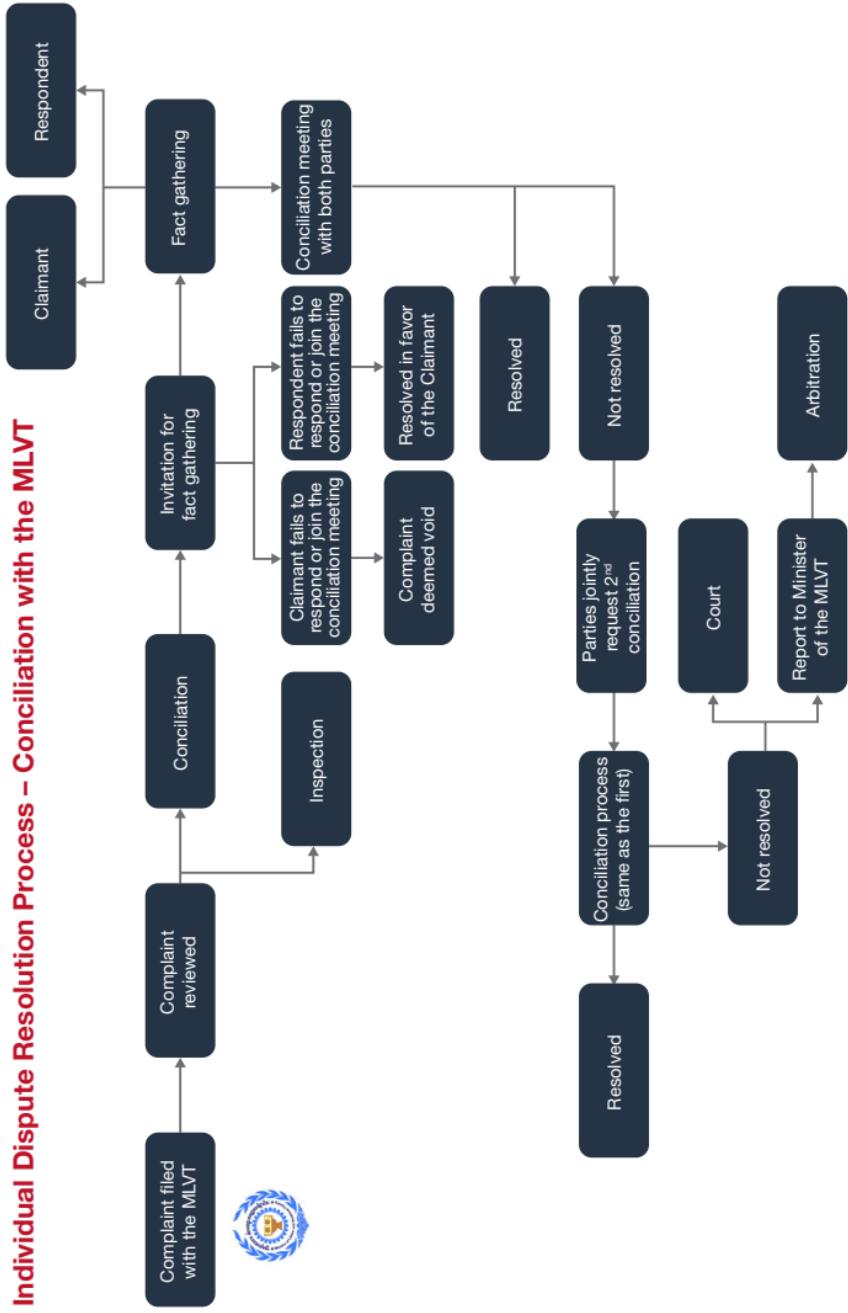
- **Individual disputes:** The conciliation of individual disputes is voluntary; either the employer or the employee may file a complaint with the labor inspector at the MLVT. The inspector reviews the case and attempts to facilitate a settlement within three weeks of receiving the complaint. Prakas 073 imposes strict deadlines and consequences as follows:

- If the claimant (employee) fails to respond without a valid reason within three days of the date specified by the labor inspector, the complaint will be deemed void.
- If the respondent (employer) fails to respond without a valid reason within three days of the date specified by the labor inspector, the conciliation is considered unsuccessful, and the employer is deemed guilty as claimed.

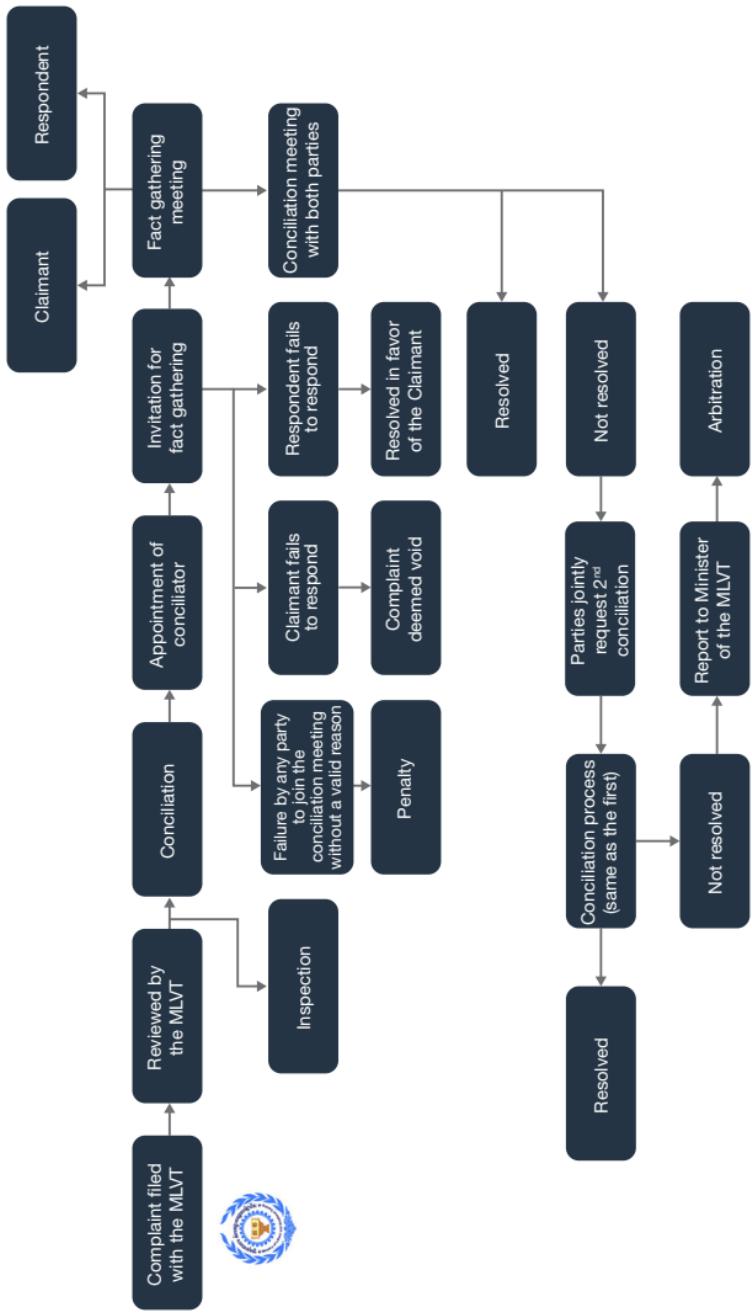
If the dispute is not resolved, the parties can jointly request a second conciliation attempt. If no resolution results from this, then the individual may file a complaint with the court or the parties can choose arbitration (see further discussion below). A graphic laying out the process is provided on the following page.

- **Collective disputes:** The conciliation process is similar to the individual process as described above. In the case of a collective dispute, the MLVT appoints an official conciliator to handle the dispute. If no resolution results from the first conciliation, unless the parties have agreed on a different dispute resolution procedure, they may jointly request a second conciliation attempt by the MLVT. The MLVT may appoint or change the conciliator. If this second attempt fails, no further conciliation may be requested, and the parties must then proceed with arbitration after a report is provided to the Minister of the MLVT. A graphic laying out the collective process is provided below after the individual process.

## Individual Dispute Resolution Process – Conciliation with the MLVT



## Collective Dispute Resolution Process – Conciliation with the MLVT



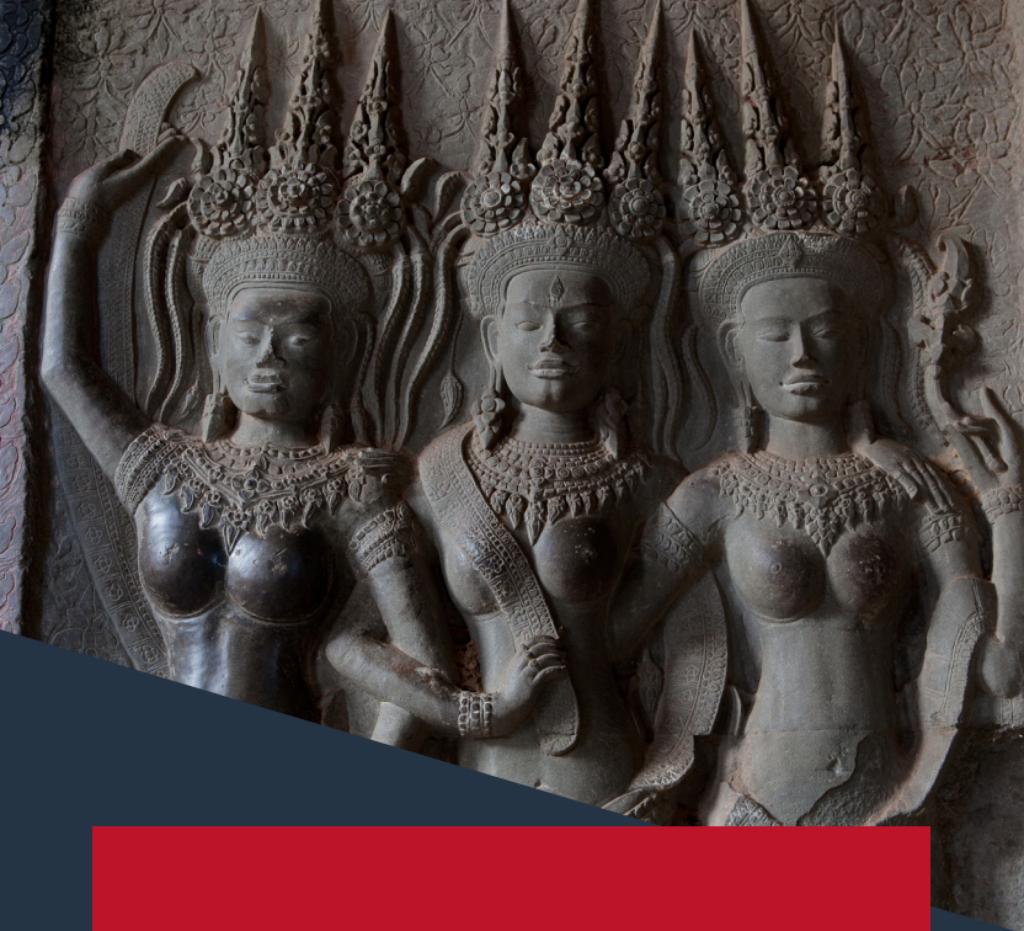
### ***B. Arbitration***

Arbitration is conducted by the AC, an independent, tripartite body.

- **Individual disputes:** Parties may jointly request a referral to the AC to try to avoid a court proceeding.
- **Collective disputes:** The dispute must be referred to the AC. Note that AC awards are generally non-binding unless both parties agree in writing to be bound, or if neither party appeals within eight calendar days of receiving the award, according to Article 40 of Prakas No. 99 on the Arbitration Council dated April 21, 2004.

### ***C. Court proceeding***

Article 385 of the Labor Law states that any labor disputes, both individual and collective, that cannot be settled through conciliation can be brought before the Labor Court. However, a separate Labor Court has not yet been established in Cambodia, thus, labor disputes are brought before the general competent court in the jurisdiction of the dispute.



# COMPLEX MATTERS: FREQUENTLY ASKED QUESTIONS

## **COMPLEX MATTERS: FREQUENTLY ASKED QUESTIONS**

### **1. How should companies handle complex multi-country labor law compliance?**

Managing multi-country labor law compliance in Cambodia requires companies to stay well-informed about local labor laws, build strong legal partnerships, use technology for compliance tracking, and establish clear communication and training systems. By combining these strategies, companies can navigate the complexities of operating in Cambodia while ensuring adherence to both local and international labor laws. This approach minimizes the risk of non-compliance, legal disputes, and employee dissatisfaction.

### **2. What are the implications of labor union negotiations and collective bargaining agreements?**

Labor union negotiations and collective bargaining agreements (“CBAs”) under Cambodian law have several important implications for both employers and employees:

- CBAs improve wages, benefits, job security, and working conditions beyond the minimum legal requirements. They provide protections against unfair dismissal and enhance worker safety. Once a CBA is signed, it is legally binding, and employers must comply with its terms. Non-compliance can result in legal penalties and disputes. Employers may face higher operational costs and must adjust their HR practices to align with the CBA.
- CBAs also help reduce labor strikes by providing structured dispute resolution mechanisms. They also foster worker solidarity, enabling workers to negotiate collectively for better terms.
- Companies that respect CBAs can enhance their corporate reputation and meet international labor standards, especially for multinational businesses. Non-compliance may damage a company’s image and lead to operational disruptions.

### **3. How can businesses navigate complex employment classifications and contractual arrangements?**

Navigating complex employment classifications and contractual arrangements in Cambodia can be challenging, but with the right approach, businesses can manage these effectively.

Firstly, it's essential to understand the two main types of employment contracts: FDCs, which are valid for up to two years and can be renewed one or more times so long as the duration does not exceed a maximum of two years, making them suitable for temporary or project-based work, and UDCs, which are for long-term or indefinite employment, offering greater stability for employees. When drafting employment contracts, ensure they are written in Khmer, include detailed job descriptions and compensation details, and comply with the legal standards outlined in the Cambodian Labor Law.

Secondly, regularly updating HR policies is crucial for staying compliant with changes in labor laws and regulations. This includes consulting legal experts to draft and review contracts, ensuring that they align with the latest legal requirements.

Employers must also maintain accurate records of employment contracts, amendments, and other related documentation to demonstrate compliance during the physical labor inspections conducted by the MLVT. They might also want to consider conducting internal audits as these can help ensure that employment practices meet legal standards.

Engaging with employees through open communication fosters a transparent environment, allowing them to raise concerns about contracts and classifications, and implementing feedback mechanisms can help improve working conditions.

Finally, providing training programs for HR personnel and utilizing resources from the MLVT can further support compliance and best practices.

#### **4. What are the challenges and solutions related to foreign employees and international assignments?**

Businesses in Cambodia can successfully manage foreign employees and international assignments by understanding and addressing key challenges related to work permits, taxation, and labor law compliance. Below are the most common challenges and potential solutions for foreign employees in Cambodia:

Challenge	Solution
Work Permits and Visa Compliance	Foreign nationals need valid work permits and visas to work legally in Cambodia. The process of obtaining and renewing these documents can be time-consuming and complex, with strict requirements. Businesses should work closely with local immigration authorities or hire experts to navigate the visa and work permit process. Companies can streamline the process by ensuring timely applications and renewals, and by staying updated on changes in visa requirements.

Challenge	Solution
Quota System for Foreign Employees	<p>Cambodia imposes a foreign employee quota that limits the number of foreigners a company can hire, depending on the size of the workforce. This can restrict companies' ability to employ a large number of foreign workers, especially in smaller businesses or industries with high local labor availability</p>
Taxation and Social Security Contributions	<p>Foreign nationals working in Cambodia may face complexities regarding <b>taxation and social security contributions</b>. Foreign employees may be subject to <b>Cambodian salary tax</b>, and both employees and employers are required to contribute to the NSSF.</p>

Challenge	Solution	
Employment Law Compliance	<p>Foreign employees are subject to the same labor laws as Cambodian employees, which include regulations on working hours, holidays, leave entitlements, and termination. Ensuring compliance with these laws while managing international assignments can be complex.</p>	<p>Businesses should ensure that expatriate contracts are clear and compliant with Cambodian labor laws, including leave, termination procedures, and benefits. It is advisable to work with local legal experts to ensure all employment terms are in line with the law.</p>
Repatriation and Assignment Termination	<p>At the end of an international assignment, repatriation can be complicated, especially in terms of <b>returning expatriates to their home country</b>, handling <b>taxes</b>, and addressing family relocation.</p>	<p>Plan for repatriation well in advance by including terms in expatriates' contracts, providing support for <b>family relocation</b>, and ensuring that they are aware of the tax implications upon returning home. Companies should also offer career development support for expatriates returning to their home office.</p>

## **5. How should companies handle complex issues related to workplace harassment and discrimination claims?**

To handle workplace harassment and discrimination issues in Cambodia, companies should take a proactive approach to ensure compliance with the labor regulations and protect employee rights. This includes understanding Cambodian labor laws that prohibit discrimination and harassment, and establishing clear anti-harassment and anti-discrimination policies. Companies should create confidential reporting mechanisms, outline transparent procedures, and conduct fair investigations when complaints arise. Additionally, regular training for all employees, particularly managers, is essential to raise awareness and prevent such issues. Companies must also provide support services for victims and ensure a safe, non-retaliatory work environment. Monitoring the workplace, following up with complainants, and seeking legal advice are important steps to reduce legal risks. Finally, promoting a respectful, inclusive culture and leadership commitment is key to fostering a healthy work environment.

## **6. What are the legal considerations for implementing employee monitoring and data privacy practices?**

As of now, Cambodia does not have a comprehensive data protection law. There are some general principles in Cambodian law that touch on privacy and data protection, primarily under the Constitution and Labor Law. These laws focus on protecting personal privacy, particularly in the context of employment and human rights.

Therefore, implementing employee monitoring and data privacy practices in Cambodia requires compliance with the Labor Law and respect for employees' privacy rights.

- Employers must ensure transparency by clearly communicating monitoring policies and obtaining employee consent. Monitoring should be proportional to business needs, focusing on security, compliance, and protecting company assets, without invading personal privacy.

- Data collection must adhere to data protection principles, and sensitive data should be handled with extra care. Employers must take appropriate security measures to protect collected data, ensure its minimal retention, and avoid misuse.
- Monitoring data should be used fairly in disciplinary actions, respecting due process.

By balancing business needs with employee rights and regularly reviewing practices, companies can effectively manage monitoring while ensuring compliance and protecting privacy.

## **7. How can businesses address complex issues related to employee health and disability accommodations?**

To effectively address employee health and disability accommodation issues in Cambodia, it is important to understand the legal framework. In Cambodia, these accommodations are governed by the Constitution, Labor Law, and the Law on the Protection and Promotion of the Rights of Persons with Disabilities dated June 16, 2009 (“**Disability Rights Law**”). The Constitution ensures equal pay, the right to choose employment, and the freedom to form trade unions. The Labor Law protects workers’ rights, prohibits forced and child labor, and supports union formation. The Disability Rights Law mandates non-discrimination in employment and requires reasonable accommodations for employees with disabilities. According to Sub-Decree 108 on Quota for the Recruitment of Disabled Persons dated August 30, 2010, companies with 100 employees or more are required to hire disabled workers in accordance with the Disability Rights Law. Additionally, employers with at least eight workers must establish IR, which may include health and safety measures.

In addition understanding the legal framework, implementing workplace health programs that support both physical and mental well-being, and offering services such as counseling, mental health resources, ergonomic workstations, and on-site medical support can also help to create a supportive environment. Creating clear, inclusive policies that outline the rights of employees with

disabilities and the procedures for requesting accommodations is also crucial. These policies should align with the relevant laws, including the aforementioned Disability Rights Law. Furthermore, businesses should provide reasonable accommodations tailored to the specific needs of employees, such as modifying workspaces for accessibility, offering flexible hours or remote work options, and providing specialized equipment or technology. Lastly, regular training and awareness programs for employees and managers can promote understanding of disability rights and responsibilities. These programs should emphasize inclusive practices and proper procedures for addressing accommodation requests, with a focus on helping managers effectively evaluate and implement accommodations in a respectful manner.

## **8. What are the considerations for managing labor disputes and litigation?**

Under Cambodian law, there are three mechanisms for resolving labor disputes: (i) mediation through the MLVT; (ii) arbitration through the AC; and (iii) litigation through the courts of Cambodia. Parties to a labor dispute may submit a complaint to the MLVT's labor inspector, who will attempt to mediate the dispute. In the event that the parties cannot settle their dispute, any reports or decisions issued by the labor inspectors are not binding.

Following mediation, any party to the dispute may either file a complaint to the AC or the courts. If a labor dispute cannot be resolved through mediation or arbitration, it may escalate to the Cambodian court system, which can be a time-consuming and expensive process.

### ***Key employer considerations for managing disputes***

#### **Focus area 1: Proactive compliance and documentation**

- Employers should ensure that all practices comply with the Labor Law and its regulations, especially regarding wages, seniority indemnity (which is paid semiannually), annual leave, and overtime payment rates.

- Employers should ensure they properly document employment agreements; they should always use written employment contracts that specify all terms agreed between the employee and the employer.
- Employer should ensure their IR are properly registered with the MLVT and clearly communicated to employees.

### **Focus area 2: Termination and disciplinary process**

- When terminating an employee, employers should ensure that they have the legal grounds for termination. Termination of a UDC requires a valid reason (e.g. serious misconduct, financial downturn, or employee aptitude issues). Termination for serious misconduct must follow a proper disciplinary process, including issuing a written warning (unless the misconduct is exceptionally severe) and giving the employee an opportunity to provide an explanation.
- Employers should ensure that the termination notice and payment comply with the Labor Law.
- Be careful with termination for serious misconduct. Since the Labor Law provides a non-exhaustive list, the court's assessment of serious misconduct is a critical and common point of litigation. Employers should meticulously document the facts of the case to justify termination without notice or termination payment.

### **Focus area 3: Dispute tactics and strategy**

- Given the time-bound rules and the risk of being deemed “guilty as claimed” for being non-responsive or not attending at the conciliation stage, employers should be responsive and attend the conciliation and be prepared to negotiate a compromise.
- Employers should be aware of the language requirement for the dispute resolution. All meetings and supporting documents submitted during conciliation must be in Khmer.
- The AC is often the preferred venue for collective disputes due to its labor specialization. However, employers should be aware that its award will become legally binding if they fail to file an appeal within the eight-day deadline.

## **9. How do mergers and acquisitions affect labor relations and employment terms?**

Mergers and acquisitions in Cambodia can lead to significant changes in labor relations and employment terms.

During an M&A, there may be changes to employment terms such as compensation, benefits, work hours, or job responsibilities. The Cambodian Labor Law requires employers to communicate any changes to employees transparently and ensure that these changes are legal and fair. If terms of employment are significantly altered, employees may have the right to challenge these changes, and businesses may need to follow proper procedures for restructuring or terminating contracts.

Additionally, the acquiring company may inherit any liabilities related to employment, including unpaid wages, accrued annual leave days, or unresolved labor disputes. It is important for the acquiring company to conduct a thorough due diligence to understand these potential liabilities and ensure they are addressed appropriately to avoid future complications.

In Cambodia, certain aspects of an M&A may also require regulatory approval, especially if the transaction involves a large number of employees or affects working conditions. The MLVT may also inspect the compliance of the merged or acquired company with the Labor Law. Employers should be prepared for these regulatory processes and ensure full compliance with labor regulations throughout the transition.

## **10. What are the risks and management strategies for labor-related compliance in high-risk industries?**

In Cambodia, high-risk industries refer to construction, manufacturing, and agriculture. These industries are often characterized by complex labor conditions, a high incidence of workplace accidents, and a greater vulnerability to Labor Law violations.

The risks for labor-related compliance in high-risk industries are:

- Non-compliance with the Labor Law
- Unsafe working conditions
- Exploitation of workers
- Worker health and safety issues
- Employee disputes and unfair treatment
- Lack of documentation
- Pressure from trade unions

To mitigate these risks, businesses should implement a range of management strategies.

- Conducting regular compliance audits are essential to identify gaps and ensure adherence to the Labor Law, helping to prevent legal and reputational issues.
- Having a strong focus on health and safety through training, safety equipment, and regular inspections is critical to maintaining a safe work environment.
- Ensuring fair wages and benefits is also key to improving employee morale and avoiding disputes, while providing effective employee training on labor rights and safety promotes compliance and respect for workers' rights.
- Maintaining proper documentation on contracts, payroll, working hours, and safety certifications is vital to demonstrate compliance and minimize penalties.
- Engaging proactively with trade unions can help resolve concerns and prevent labor unrest through collective bargaining.
- Offering worker welfare programs and healthcare access can reduce health risks and improve long-term well-being.
- Conducting regular legal consultations and monitoring labor law changes will help ensure continued compliance.
- Implementing dispute resolution mechanisms, such as grievance procedures, can address employee complaints before they escalate, and investing in corporate social responsibility initiatives can improve the company's reputation and strengthen relationships with employees and the broader community.

## Legal References

- Constitution of Cambodia
- Cambodian Labor Law dated March 13, 1997 (“**Labor Law**”)
- Law on the Protection and Promotion of the Rights of Persons with Disabilities dated June 16, 2009 (“**Disability Rights Law**”)
- Law on Trade Unions dated April 4, 2016
- Sub-Decree 108 on Quota for the Recruitment of Disabled Persons dated August 30, 2010
- Prakas No.10/99 on Payment for Work Performed on Paid Public Holidays dated February 4, 1999
- Prakas No. 99 on the Arbitration Council dated April 21, 2004
- Prakas No. 196 on the Use of a Foreign Workforce dated August 20, 2014
- Prakas No. 195 on Foreigner Work Permits and Employment Cards dated August 20, 2014
- Prakas No. 442 on the Payment of Wages dated September 21, 2018
- Prakas No. 360 on Occupations and Professions Prohibited for Foreign Workers dated August 28, 2019
- Prakas No. 277 on the Use of Foreign Workers in Special Conditions dated August 14, 2020
- Prakas No. 073/25 on the Procedure to Resolve Individual Labor Disputes dated March 4, 2025 (“**Prakas 073**”)
- Prakas No. 074/25 on the Procedure to Resolve Collective Labor Disputes dated March 4, 2025 (“**Prakas 074**”)
- Prakas No. 214/25 on the New Minimum Wage for the Textile, Garment, Footwear, Travel Goods, and Bag Sectors for the Year 2026 dated September 17, 2025
- Instruction No. 50 on the Determination of the Types of Employment Contracts dated May 17, 2019

## **Legal Resources:**

- Ministry of Labor and Vocational Training <https://www.mlvt.gov.kh/index.php>
- Labor Arbitration Council Website <https://www.arbitrationcouncil.org/resources/laws-regulations/law/>
- Cambodian Federation of Employers and Business Associations (CAMFEBA) <https://www.camfeba.com/services/hr-and-labour-practice-consultation/law-and-regulations.html>





# 2026 YEAR CALENDAR



## January

M	T	W	T	F	S	S
				1	2	3
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## February

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## March

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## April

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## May

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## June

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## July

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## August

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31						

## September

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## October

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## November

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## December

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28	29	30	31			



# PUBLIC HOLIDAYS FOR YEAR 2026



No.	Date	No. of Days	Holiday
1	Thu, 1 Jan	1 day	Peace Day in Cambodia
2	Wed, 7 Jan	1 day	Victory Over Genocide Day
3	Sun, 8 Mar	1 day	International Women's Day
4	Tue 14 Wed 15 Thu 16, Apr	3 days	Khmer New Year
5	Fri, 1 May	1 day	International Labor Day and Visak Bochea
6	Tue, 5 May	1 day	Royal Ploughing Ceremony
7	Thu, 14 May	1 day	King Sihanoni's Birthday
8	Thu, 18 Jun	1 day	Queen Mother's Birthday
9	Thu, 24 Sep	1 day	Constitution Day
10	Sat 10 Sun 11 Mon 12, Oct	3 days	Pchum Ben Festival
11	Thu, 15 Oct	1 day	King's Father's Commemoration Day
12	Thu, 29 Oct	1 day	King's Coronation Day
13	Mon, 9 Nov	1 day	Independence Day
14	Mon 23 Tue 24 Wed 25, Nov	3 days	Water Festival
15	Tue, 29 Dec	1 day	Peace Day in Cambodia

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