

A wide-angle, nighttime photograph of a city skyline, likely Phnom Penh, Cambodia. The image shows numerous high-rise buildings, some with lights on, and a river in the background. The sky is dark with some light from the city lights.

New Environmental Compliance Rules for SMEs in Cambodia: What Business Owners Need to Know Now

Key Takeaways for Your Business:

- **New compliance requirement:** Small and medium factories/projects must now prepare and submit an Environmental Protection Agreement (EPA) to the Ministry of Environment.
- **Who's affected:** Factories/enterprises with machinery/equipment for production and investment capital between USD 50,000 and USD 500,000 across six key sectors (as below).
- **Timeline:** Expect a 30 working day review period once your application is submitted to MOE
- **Risk of non-compliance:** Administrative fines, suspension or revocation of operating permits, and potential criminal liability for severe violations.
- **Action required:** Assess whether your factories/enterprises falls within scope and begin preparing your EPA and related documentation.

What This Means for Your Business

On 26 November 2025, Cambodia's Ministry of Environment ("MOE") introduced Prakas No. 9540, implementing the new procedures and guidelines for Environmental Protection Agreements for small and medium factories/ projects. This regulation affects both existing operations and ongoing projects of private individuals, private companies, state-public entities, and state entities, meaning businesses already in operation—not just new ventures—need to take action.

The owner of the project as mentioned in Annex of Prakas No. 3591 dated 06 May 2025 on Classification of Development Project Required Environmental Impact Assessment ("Prakas 3591") are required to prepare an EPA and submit to MOE or Department of Environment to review and assess.

If your business involves machinery and equipment for production (within the scope of Prakas 3591), you will need to prepare an EPA along with an environmental management plan. This is not just a one-time filing; it creates periodically ongoing compliance obligations.

Industry Sectors Covered under Annex of Prakas 3591:

- Mine, Energy and Industry
- Health
- Water Resources
- Agriculture
- Tourism
- Infrastructure

Business Size Thresholds (based on machinery and equipment investment capital):

Category	Investment Capital Range
Small factories/enterprises	USD 50,000 to less than USD 250,000
Medium factories/enterprises	USD 250,000 to less than USD 500,000

If your business falls within these parameters and operates in one of the listed sectors, you are required to comply with the detail of scope of compliance which is stated in Prakas 3591.

Key Requirements and Timelines:

According to Environmental Code and Prakas 3591 the development project that requires an EPA is the project that has minor impacts on the environment and society. The project owner is not only required to prepare an EPA but also the environmental management plan and submit the same to the MOE/Department of Environment.

The timeframe for reviewing and commenting on an EPA is 30 working days from the date on which the MOE has received the application documents (Prakas 3591).

The obligations Under the EPA:

The Prakas 9540 includes the draft EPA template which mainly requires project owners to guarantee and commit to:

- Implementing the environmental management plan
- Preparing an Environmental Impact Assessment Report if requested by MOE

- Providing regular environmental monitoring reports
- Operating waste treatment systems consistently
- Developing and maintaining wastewater treatment facilities
- Preventing air and noise disturbances affecting workers and nearby communities
- Managing solid waste in compliance with regulations
- Paying an annual environmental endowment fund; and
- Conducting regular campaigns to reduce plastic usage among workers

Compliance Risks

What happens if you do not comply?

The project owner may be subject to any other following sanctions of environmental non-compliance:

- Administrative fines
- Suspension of operating permits
- Revocation of operating permits
- Criminal liability for severe violations under the Environmental Code

Next Steps/Action Items

1. **Assess your exposure:** Determine whether your business falls within the investment capital thresholds and covered sectors under Prakas 3591.
2. **Review your current environmental practices:** Identify gaps between your current operations and the EPA requirements
3. **Prepare documentation:** Begin preparing your EPA and environmental management plan based on new Prakas 9540 and environmental regulations.

Please reach out to us via the contacts below to discuss your specific situation.

Disclaimer: The information provided here is for general guidance only and does not constitute legal advice. For advice tailored to your specific circumstances, please consult with qualified legal counsel.

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