

# **BUILD A MORE SUSTAINABLE BUSINESS**

A decarbonization journey for SMEs





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# NET ZERO FOR SMES

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## SO HOW CAN SMES CONTRIBUTE?

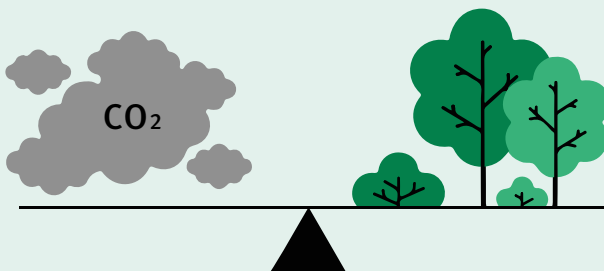
Like the ProCredit Group, **SMEs can commit** to achieving Net Zero.

## WHAT DOES NET ZERO MEAN?

**“Net Zero”** means a state in that a business does not emit any greenhouse gases (GHG) to the atmosphere. Net Zero is not only about saving our planet, it makes business sense too.

**Science is clear:** Climate emissions must reach Net Zero by 2050 for future generations to enjoy habitable living conditions (**IPCC 2023**). But what does this have to do with small and medium enterprises (SMEs) in Kosovo?

SMEs are the backbone of the economy and society, making up 90% of businesses and employing over half the workforce globally. By reducing their emissions, SMEs not only address climate change but can also inspire widespread actions and drive change across industries.



# OPPORTUNITIES & FINANCIAL BENEFITS FOR SMES

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## **COST SAVINGS**

Implementing energy-efficient practices can significantly reduce operational costs. By optimizing energy use and reducing waste, SMEs can experience an increase in productivity.



## **MARKET DIFFERENTIATION**

Net Zero commitment boosts your company's reputation, attracting eco-conscious consumers and large buyers — helping secure loyalty and drive sale growth.



## **ATTRACTING TALENT**

Younger generations prefer working for environmentally responsible companies. Your commitment to Net Zero could make your business a top choice for motivated talent.



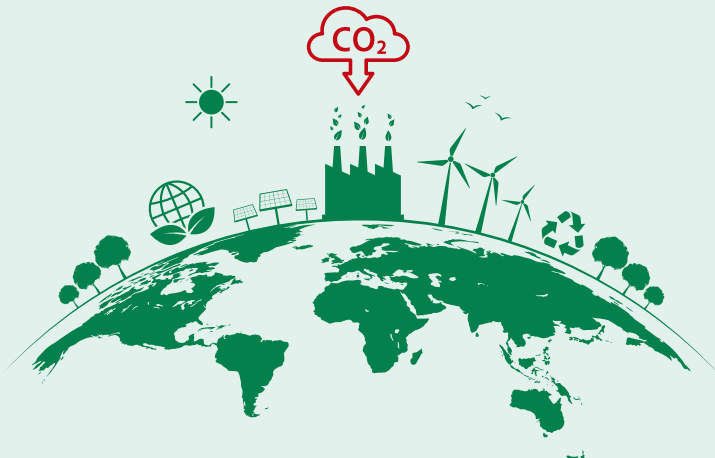
## INNOVATION AND RESILIENCE

The shift to Net Zero encourages innovation, driving development of new products and services. That can open additional revenue streams.



## REGULATORY COMPLIANCE

Governments worldwide are tightening emission regulations. Early adoption of Net Zero strategies positions SMEs to stay ahead of compliance requirements and avoid potential fines and penalties. For example, the EU's **Carbon Border Adjustment Mechanism (CBAM)**, which will be fully implemented by 2026, aims to put a fair price on the carbon emitted during the production of carbon-intensive goods imported into the EU.



# WHY NET ZERO MATTERS?

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Understanding why climate change occurs and how it has impacted the regulatory landscape for businesses is essential to grasp the importance of Net Zero commitments.

**Together, we can make a real difference while strengthening your business. Join us on the journey to Net Zero!**

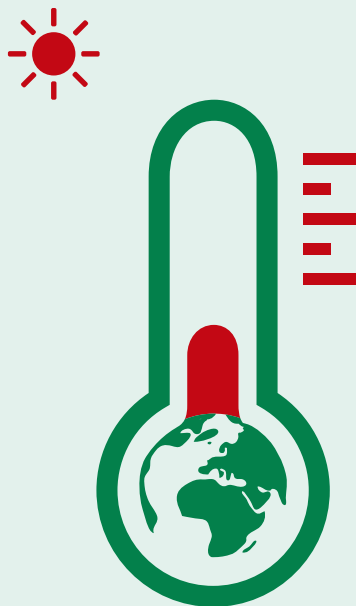


# CLIMATE CHANGE

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Anthropogenic climate change refers to the changes in the Earth's climate caused by human activities, primarily through the burning of fossil fuels, deforestation, agriculture and industrial processes. These activities release greenhouse gases (GHG) like carbon dioxide and methane into the atmosphere, which trap heat and lead to global warming.

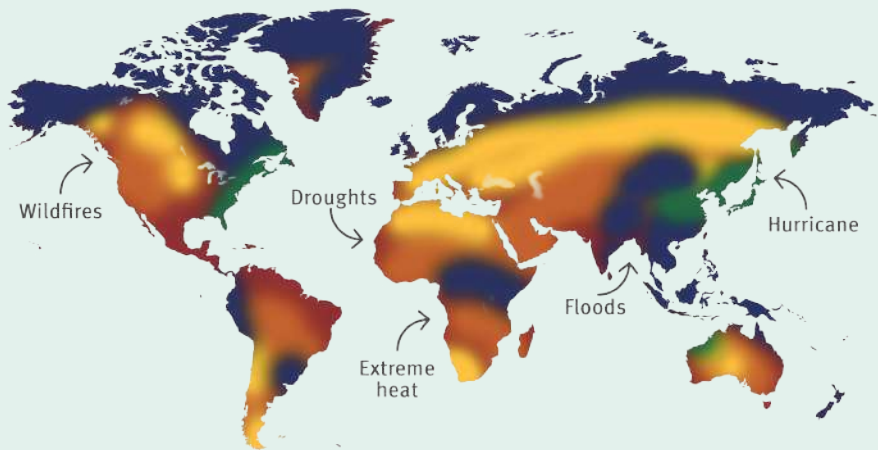
Discover more about climate change on the Website of the NASA, or with this video by **National Geographic**.





# EFFECTS ON CLIMATE CHANGE

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Climate change has severe effects on the environment and society which makes businesses adapt to it inevitable for their success. Joining the journey to Net Zero is an important step towards climate resilience.

## WHAT ARE THE EFFECTS OF CLIMATE CHANGE FOR KOSOVO?

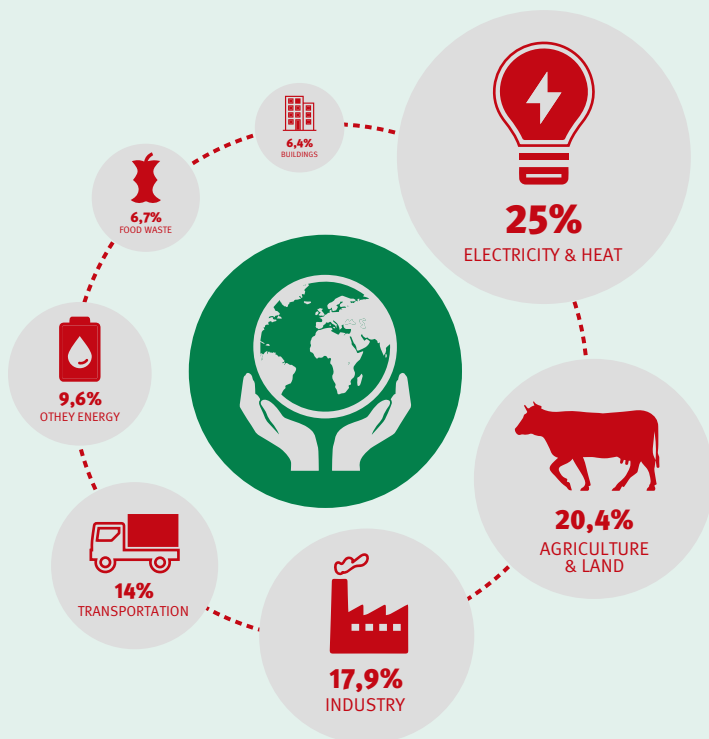
The changes in climate and its effects on societies and ecosystems vary by geographical region. Kosovo is exposed to several climate-related hazards, including floods, landslides, droughts, heat waves and wildfires etc. These hazards affect its water and energy security, agriculture, communities, but also disrupt transportation and road infrastructure.

# GREENHOUSE GASES (GHG) WHAT ARE THEY?

Greenhouse gases (GHGs) are gases in the Earth's atmosphere that trap heat. GHGs are essential for keeping our planet warm, but a high concentration of them leads to dangerous temperature increase.

While essential for life, their overabundance leads to dangerous warming.

Here you can learn more about **greenhouse gases**.





## **CARBON DIOXIDE ( $\text{CO}_2$ )**

From burning coal, oil, and gas; responsible for two-thirds of warming.



## **METHANE ( $\text{CH}_4$ )**

From livestock, decomposing waste, and agriculture; accounts for 15-20% of warming.



## **NITROUS OXIDE ( $\text{N}_2\text{O}$ )**

From fertilizers and crops; a potent contributor.

**By reducing their emissions, SMEs not only address climate change but it makes business sense too.**

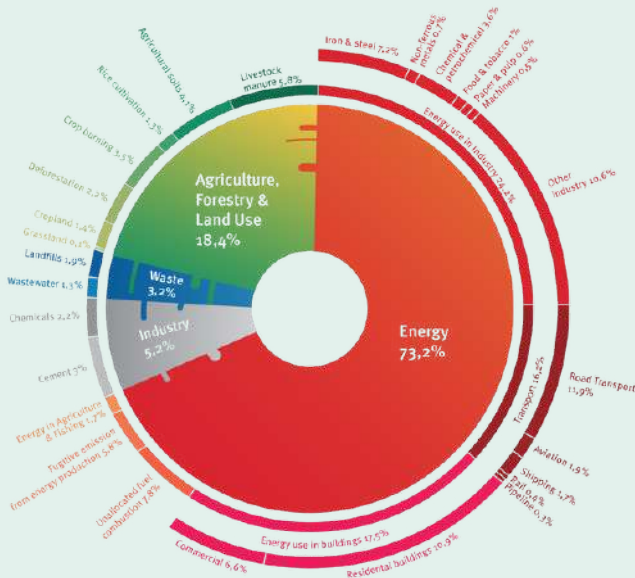
# EMISSIONS PER SECTOR

**Businesses play a significant role in global GHG emissions** with energy use, agriculture, and waste management being major contributors.

- Industrial activities, such as manufacturing, production and transport, consume a significant amount of energy
- Agriculture causes emissions through deforestation and livestock farming

## Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO<sub>2</sub>eq.



Source: Global greenhouse gas emissions by sector - ourworldindata

This highlights the need for industries to adopt more energy-efficient practices and technologies to reduce their environmental impact.

# POLITICAL RESPONSE

## THE PARIS AGREEMENT

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The 2015 **Paris Agreement** unites **195 countries in the fight against climate change**. Its goals include limiting global warming to 1.5–2°C above pre-industrial levels by:

- **Reducing GHG** emissions through nationally determined contributions.
- Supporting adaptation measures and enhancing resilience through **renewable energies**.
  - Aligning financial flows with climate goals.

These international efforts **directly affect SMEs** by shaping market conditions, regulations, and opportunities for sustainable innovation.



# REGULATORY IMPACT ON YOUR BUSINESS

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Adopting a Net Zero strategy isn't just about doing good, it's also about staying competitive in an evolving regulatory environment.

In compliance with the Paris Agreement, the EU and national governments are implementing laws that require businesses to reduce their emissions. While not all SMEs are directly affected, many will experience indirect impacts through supply chain relationships or market expectations.

## **SUSTAINABILITY ADVANTAGES**

**SMEs that adopt sustainable practices early may strengthen their brand, attract conscious consumers, and gain an edge in the EU market.**

The CBAM imposes a carbon price on certain imported goods to the EU, such as steel, cement, and fertilizers. This levels the playing field with EU producers who face stricter carbon regulations. SMEs in Non-EU Countries will experience the spill-over effects.

**For SMEs in non-EU countries, CBAM brings both challenges and opportunities:**

- **New Reporting Requirements:** Producers will need to implement carbon monitoring systems to comply with CBAM.
- **Financial Adjustments:** The introduction of a carbon price could increase short-term export costs but incentivize cleaner practices for long-term savings.

# CBAM

## CO<sub>2</sub> BORDER ADJUSTMENT MECHANISM

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The CSRD mandates companies to disclose their environmental and social impact publicly. While primarily affecting EU companies, non-EU SMEs may also feel its ripple effects.

- **Supply Chain Opportunities:** EU companies aligning with CSRD will look for suppliers with sustainable practices, creating an incentive for SMEs to improve their sustainability.
- **Enhanced Market Access:** SMEs that demonstrate alignment with CSRD's goals may find greater market opportunities in the EU, alongside increased investor interest.

# CORPORATE SUSTAINABILITY

## Reporting Directive (CSRD)

### Overview of interconnection between EU and Kosovo national legislation

ASPECTS	EU ETS	MRV (KOSOVO)	CBAM
Jurisdiction	Within the European Union	Kosovo	Applies at borders EU
Sectors	A wide range of energy-intensive sectors	Limited scope; energy sector and some industrial installations	Applies at borders EU
GHG	CO <sub>2</sub> , N <sub>2</sub> O, PFCs	Mainly CO <sub>2</sub> (limited tracking of other gases)	CO <sub>2</sub> equivalent
Income generation	Income from auctions and trade permits	No carbon pricing; EU support through IPA funds and donor grants	Income from certificates (from 2026)
Calculation of emissions	At facility level	At facility level, per Energy Community requirements	By product CO <sub>2</sub> /t
Influence	Limited influence on EU members	Limited influence; alignment via Energy Community obligations	Potential global impact



Achieving Net Zero aligns your business with a global movement, complying with regulations, benefiting both society and profitability.

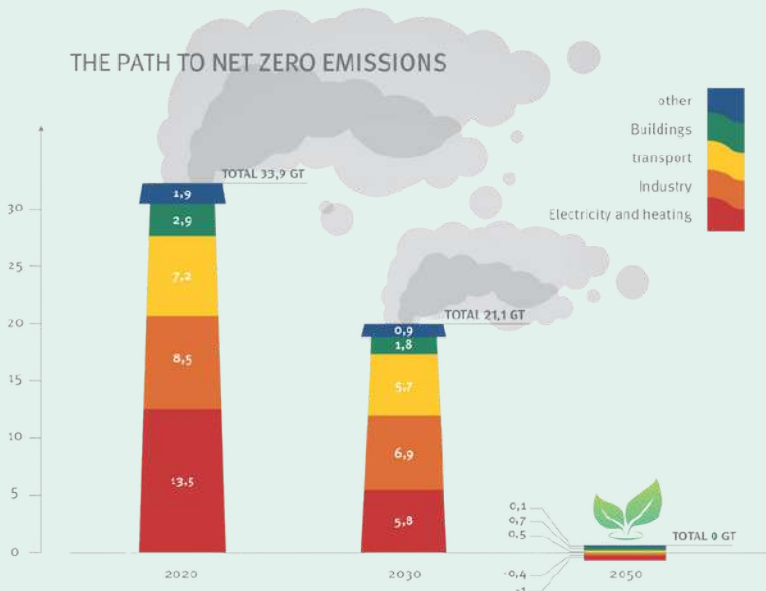


# THE NET ZERO JOURNEY FOR YOUR BUSINESS

Now we have learned why Net Zero is so important. But what does it mean for your business? And how does this journey look like? Let's dive into it:

## What does Net Zero mean?

“Net Zero” means a state in that a business does not emit any greenhouse gases (GHG) to the atmosphere. To reach Net Zero is a journey that will ask for challenging but rewarding changes for your business.



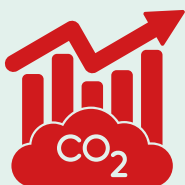
# STAGES TO NET ZERO

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Let's have a look at how this exciting journey towards achieving Net Zero emissions will look like and how **ProCredit can support your business** every step of the way.



1



## MEASURE EMISSIONS

Measure the emissions and impact of your own operations in the environment with ProCredit CO2-Calculator

2



## LEARN ABOUT YOUR OPTIONS

Learn how to transform your operations and reduce your business' impact.

Get to know **special financial conditions** by ProCredit Bank and its partners

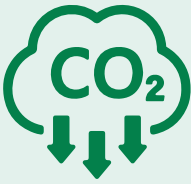
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## SET TARGETS

Once you have a clear understanding of your emissions and opportunities, the next step is **Setting Targets**. We will guide you in establishing ambitious yet **achievable emissions reduction targets**.

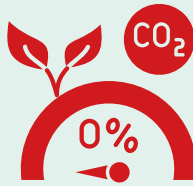
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### IMPLEMENT DECARBONIZATION MEASURES

This stage involves concrete action. Integrate Net Zero targets into your business strategy and start implementing decarbonization measures with support from **ProCredit Bank** and its partners.

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### DISCLOSE PROGRESS

The final stage of the Net Zero process is Reporting. **Transparency is key in this journey.** We encourage you to disclose your progress annually, **using ProCredit CO<sub>2</sub>-Calculator track and disclose your progress.**

**START  
TODAY!**



# MEASURE YOUR EMISSIONS

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**Welcome to your personal journey  
toward Net Zero!**



Measuring your emissions is the foundational step in this transformation.

Understanding your current emissions enables you to identify areas for improvement, set realistic goals, and make meaningful changes.

# QUANTIFY YOUR COMPANY'S EMISSIONS

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It is recommended for institutions to follow the **Greenhouse Gas (GHG) Protocol** if they aim to reduce their emissions. The GHG protocol is one of the internationally leading frameworks for measuring emissions.



# UNDERSTANDING EMISSION SCOPES AFTER GHG PROTOCOL

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## **SCOPE 1: Direct Emissions**

These are emissions from sources owned or controlled by your business, such as:

- Fuel used for internal heating.
- Fuel burned by your vehicle fleet (non-electric vehicles).

## **SCOPE 2: Indirect Energy Emissions**

These emissions are associated with the production of the energy your business consumes, for example:

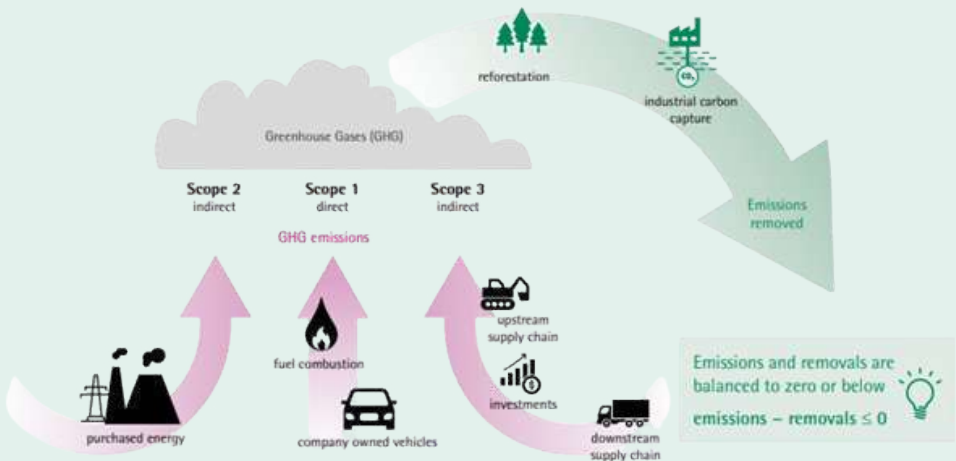
- Electricity generation for your building, heating, cooling, steam



## SCOPE 3: Value Chain Emissions

These are emissions generated up and down your value chain and include:

- **Supplier practices, including emissions from production, delivery, and disposal of goods.**



## SMES FOCUS ON SCOPES 1 AND 2 FIRST

For SMEs, measuring Scope 1 and 2 emissions provide a manageable starting point. Once these are addressed, evaluate if Scope 3 emissions significantly impact your overall carbon footprint.

# PROCREDIT CO<sub>2</sub>-CALCULATOR MEASURE YOUR EMISSIONS STEP-BY-STEP

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The ProCredit CO<sub>2</sub>-Calculator is designed to simplify emissions measurement and provide valuable insights. It is based on the methodology of the **GHG protocol** and on guidelines of the **Intergovernmental Panel of Climate Change (IPCC)** to guarantee scientifically correct numbers.



# HERE'S WHAT IT OFFERS:

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**Accurate calculations for Scopes 1 and 2 for all sectors.**



**Identification of high-emission areas to focus reduction efforts.**



**Comprehensive report and sector comparisons.**



**Scope 3 calculations available for the construction sector.**

# WHAT YOU NEED TO GET STARTED

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First you need to select a reporting year to be the foundation from which you start your journey:

- **The reporting year can lay in the past, but shouldn't be earlier than 2019**
- **You need reliable and complete data from that year**



# PREPARE THE FOLLOWING INFORMATION TO USE IN THE CO<sub>2</sub> - CALCULATOR:

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**Energy Consumption** (in kWh) for electricity and heating

**Fuel Data:** Type and amount of fuel consumed (in liters or other relevant measurement)

**Refrigerant type and volume** (in kg) for air conditioning

**Additional Data** (if applicable):

- On-site waste management details
- On-site wastewater treatment
- Landfills

**Agricultural data:**

- Number, productivity, and weight of animals
- Crop yield (tons/year) and cultivated area (hectares)
- Land-use changes and management updates
- 

**Construction sector data in case of lack of specific fuel data:**

- Vehicle and machinery types and usage time
- Transportation details for own and 3rd party routes

**Start using the ProCredit  
CO<sub>2</sub>-Calculator here:**  
**CO<sub>2</sub> CALCULATOR PROCREDIT BANK**

# NEXT STEPS

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By measuring your emissions, you have laid the groundwork for your Net Zero journey. Next, you will learn how to:

- Learn about emission reduction actions.
- Set ambitious yet realistic reduction targets.
- Implement impactful changes tailored to your business model.
- Monitor and report progress to stakeholders effectively.

**Join us in the next chapters as we explore these topics in detail and guide you closer to achieving your sustainability goals.**

## Sources:

Greenhouse Gas protocol

Infographic: how climate change is affecting

Europe | Topics | European Parliament

Opinion | Every Country Has Its Own Climate Risks.

What's Yours? - The New York Times

#ShowYourStripes

Ever wondered: What is the 'Paris Agreement', and  
how does it work?

Training catalogue

Corporate sustainability reporting - European Com-  
mission

CO<sub>2</sub> Calculator ProCredit Bank

Corporate Standard | GHG Protocol

2019 Refinement to the 2006 IPCC Guidelines for  
National Greenhouse Gas Inventories — IPCC



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