



ProCredit Bank

Build a more sustainable business

A decarbonization journey for SMEs





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Net Zero for SMEs

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 Serbia?

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



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?

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

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 of Climate Change

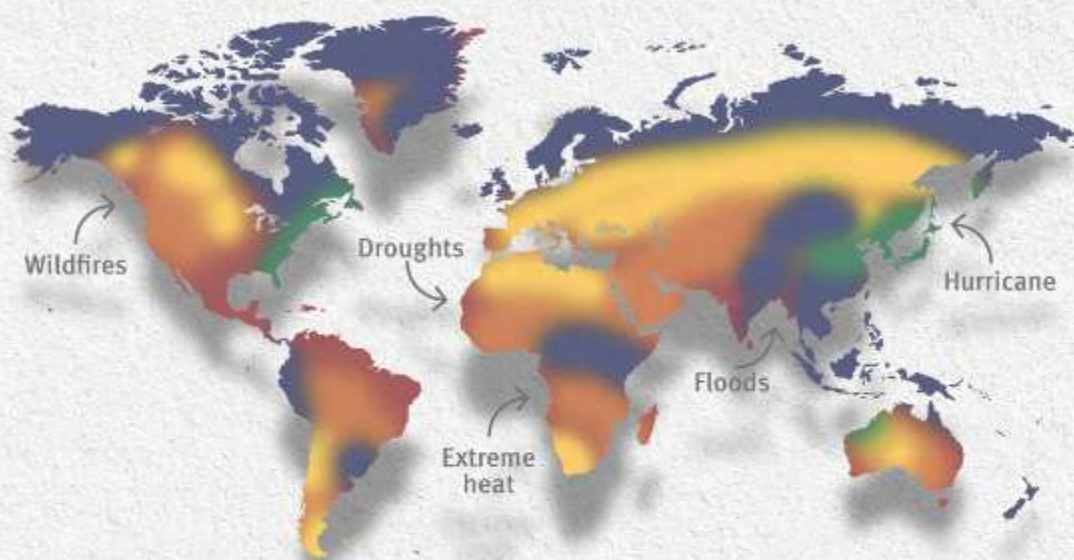


Figure 1: Every Country Has Its Own Climate Risks. What's Yours? - The New York Times

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 Serbia?

The changes in climate and its effects on societies and ecosystems vary by geographical region.

Serbia 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.

Temperature change in Serbia

Relative to average of 1961-2010 (°C)

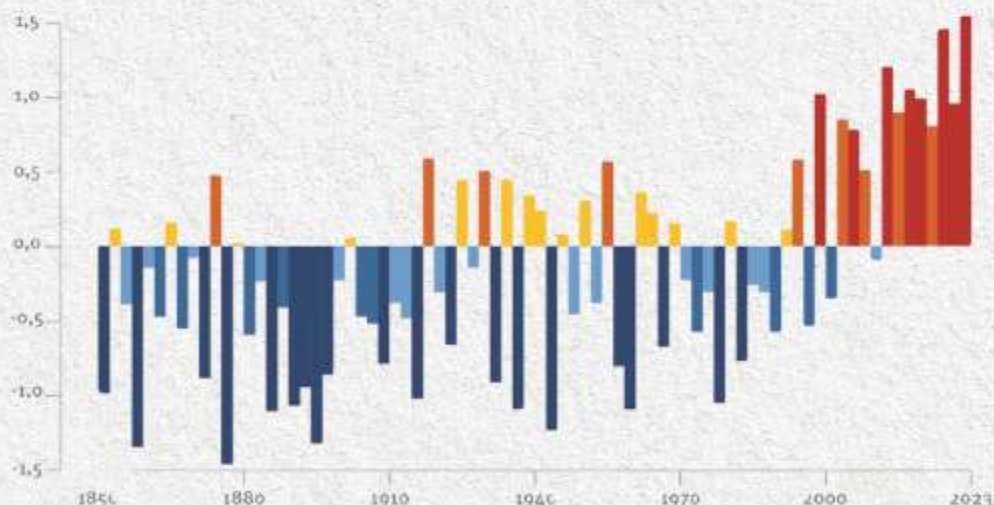


Figure 2: Temperature Change in Serbia

Greenhouse gases (GHG)

What are they?



Figure 3: Where do greenhouse gas emissions come from? University of California

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.



Carbon Dioxide (CO₂)

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

Methane (CH₄)



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



Nitrous Oxide (N₂O)

From fertilizers and crops; a potent contributor.

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

Here you can learn more about [greenhouse gases](#).

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 emission by sector

This is shown for the year 2016 - global greenhouse emissions were 49.4 billion tonnes CO₂eq.

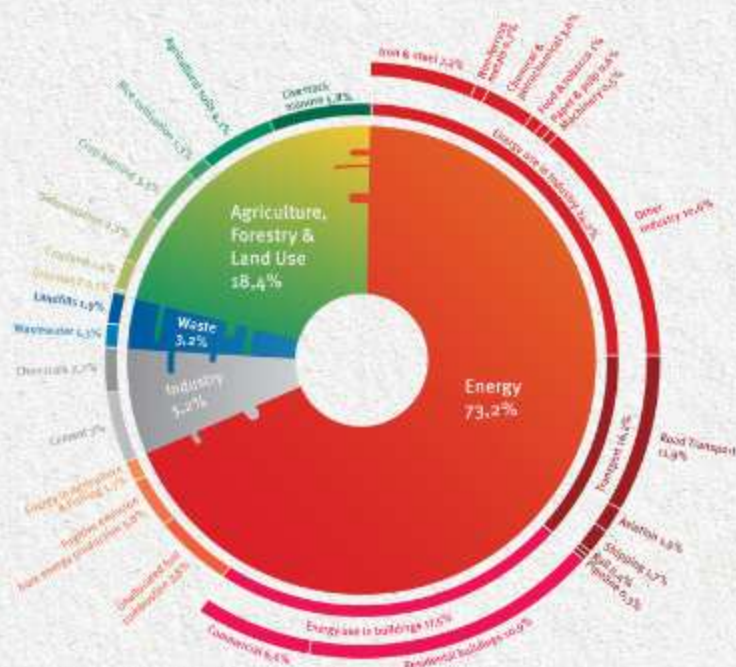


Figure 4: Global greenhouse gas emissions by sector - ourworldindata

This highlights the need for energy efficiency to reduce impact.

Political Response

The Paris Agreement

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

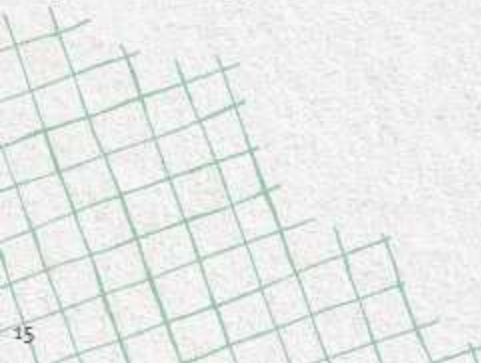
Adopting a Net Zero strategy isn't just about doing good, it's also about staying competitive in an evolving regulatory environment.

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.



CBAM

CO₂ border adjustment system

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

Corporate Sustainability Reporting Directive (CSRD)

CSRD requires EU companies to report impact, with ripple effects on non-EU SMEs.

- **Supply Chain Opportunities:** CSRD pushes EU companies to choose sustainable suppliers, encouraging SMEs to improve.
- **Enhanced Market Access:** SMEs aligned with CSRD goals may benefit from greater EU market access and investor interest.

Overview of interconnection between EU and Serbian national legislation

ASPECTS	EU ETS	MRV (RS)	CBAM
Jurisdiction	Within the European Union	Serbia	Applies at borders - EU
Sectors	A wide range of energy-intensive sectors (industrial sectors + aviation, road transport.)	A wide range of energy-intensive sectors and industries	Cement, steel and iron, aluminium, fertilizers, hydrogen, electrical energy
GHG		CO2, N2O, PFCs	
Income generation	Income from auctions and trade permits	Currently tax free on Carbon (Plant operators pay only republican ones administrative fees)	Income from certificates (from 2028)
Calculation of emissions	At facility level	At facility level	By product CO2/t
Influence	Limited influence on EU members	Limited influence at the level Serbia	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.

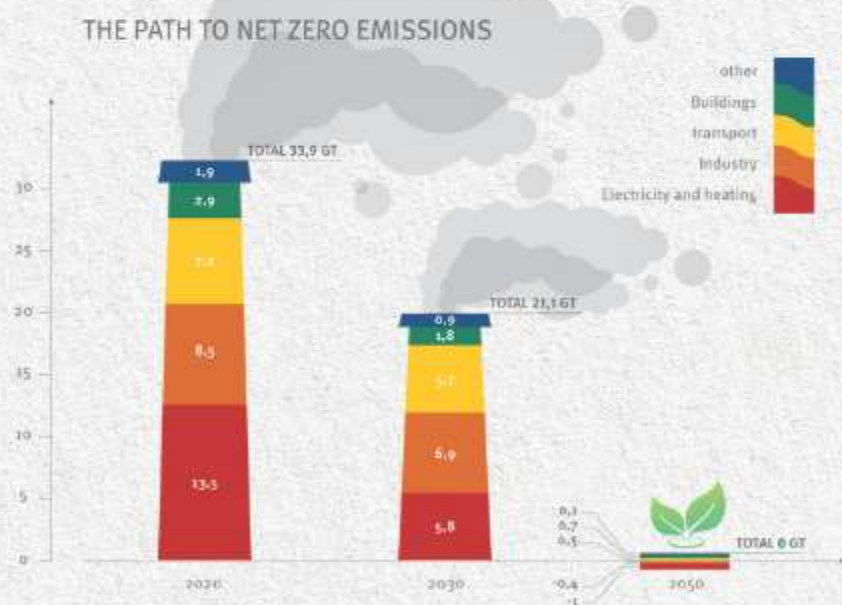


Figure 5: The Path to Net Zero Emissions - exro

Stages to Net Zero



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

3



Set Targets

Set Net Zero targets to **reduce your emissions** based on your impact

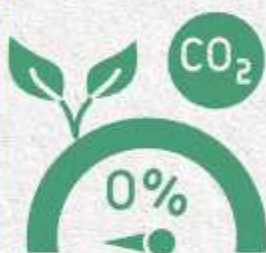
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Implement Decarbonization Measures

Integrate Net Zero **targets** into your business strategy and **start implementing** with support by **ProCredit Bank** and its partners

5



Disclose Progress

Annually disclose progress to **boost credibility and strengthen** Net Zero leadership. ProCredit follow up target compliance



Measure Emissions

To **reduce emissions effectively**, you first need to understand them. ProCredit offers a specialized **CO₂-Calculator** tailored to various industries, from agriculture to manufacturing.

Learn about your options



Depending on your emissions profile, solutions might include transitioning to renewable energy, modernizing production facilities, or adopting sustainable farming techniques. **ProCredit offers counseling and specific investment catalogues** to help you plan and execute these changes.



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**.

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.



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 CO₂-Calculator track and disclose your progress.**

START TODAY! 

Measure your emissions

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

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

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.

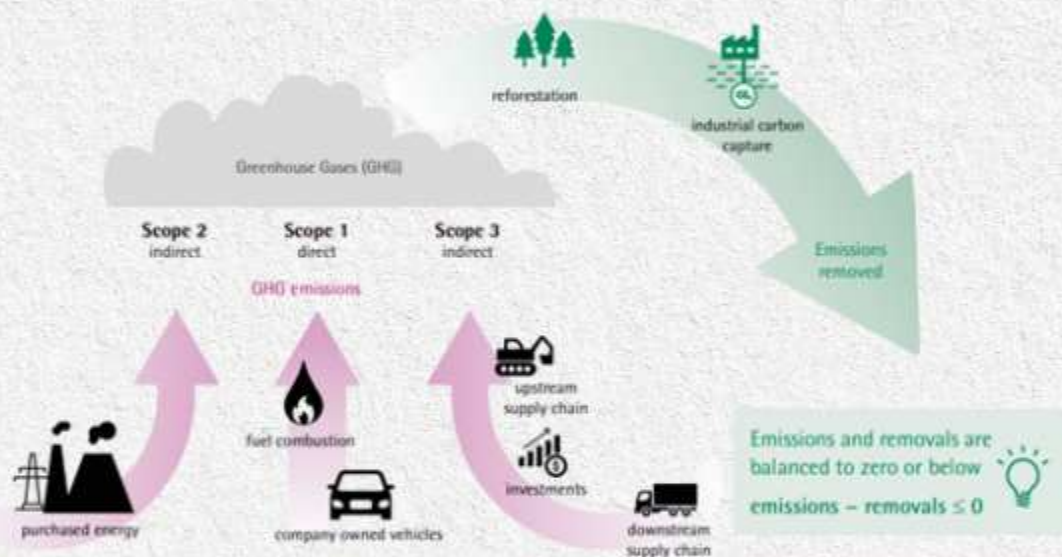


Figure 6: Emission Scopes - ProCredit

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 CO₂-Calculator

Measure Your Emissions

Step-by-Step

The ProCredit CO₂-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:



**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

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 CO₂-Calculator:

- **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 (decares)
 - 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
CO₂-Calculator here:**
[CO₂ Calculator ProCredit Bank](#)

Next Steps

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 Commission](#)

[CO2 Calculator ProCredit Bank](#)

[Corporate Standard | GHG Protocol](#)

[2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories – IPCC](#)



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