

Ready for CBAM: What every SME needs to know



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Definition of terms

Term	Definition
CBAM	Carbon Border Adjustment Mechanism
CN	Combined Nomenclature, used within the EU for the purposes of customs tariffs and external trade statistics
CBAM declarant	A person registered in the EU who is responsible for declaring imports, filing a CBAM report, and paying for the certificate
EE	Energy efficiency – using a smaller amount of energy to perform the same task or achieve the same result
EU ETS	European Union Emissions Trading System (EU ETS), the EU’s market-based mechanism for reducing greenhouse gas emissions
Final period	The implementation phase of the CBAM starting from February 2027 (postponed from January 2026), when importers pay for CBAM certificates for imported products with embedded CO ₂ emissions. Emissions from 2026 imports will still be accounted for and charged in 2027.
SMEs	Small and medium-sized enterprises
RES	Renewable energy sources – energy sources that are naturally renewing such as sun, wind, water (hydropower), biomass and geothermal energy
Transitional period	CBAM phase from 1 October 2023 to 31 December 2025, during which quarterly reports are submitted but CBAM certificates are not yet paid
Precursor	An intermediate product used in the manufacture of CBAM products that contains part of the total CO ₂ emissions

01

Introduction

For decades, the European Union (EU) has been developing instruments to combat climate change by reducing greenhouse gas emissions. One of the key mechanisms in this process is the **Carbon Border Adjustment Mechanism (CBAM)**. The CBAM is the result of the gradual development of European climate and trade policies, which led to its formal establishment through a series of strategic decisions and legislative initiatives. An overview of the most important stages of this process is presented in the following retrospective:

The CBAM is an instrument by which the EU establishes a fair price for carbon dioxide emissions arising from the production of carbon-intensive products imported to the EU market. At the same time, this mechanism encourages cleaner industrial production in countries outside the EU. By confirming that the appropriate price has been paid for embedded CO₂ emissions when producing certain imported products, the CBAM ensures that the carbon price for imports is equal to the carbon price for domestic production, thus preventing the EU's climate goals from being undermined.

The CBAM will be fully implemented starting from 1 February 2027, while

the transitional period ran from 2023 to 2025. The gradual introduction of the CBAM is taking place in parallel with the phasing out of free emission allowances under the EU Emissions Trading System (ETS) in order to support the decarbonisation of European industry.

To ensure the proper implementation of the CBAM, the EU has adopted a number of legal acts detailing its aspects:

- *Regulation (EU) 2023/956¹*, which lays down the reporting obligations of the CBAM during the transitional period from 1 October 2023 to 31 December 2025
- *Commission Implementing Regulation (EU) 2023/1773²*, which sets forth the technical rules and template for quarterly reporting in the transitional period (2023-2025), including the content of the CBAM reports and the method for calculating emissions
- *Commission Implementing Regulation (EU) 2024/3210³*, which sets the rules for maintaining the CBAM register
- *Commission Implementing Regulation (EU) 2025/486⁴*,

Figure 1: Objectives of the CBAM



which defines the conditions and procedures for acquiring and possibly withdrawing the status of an authorised CBAM declarant

- *Regulation (EU) 2025/2083 (Omnibus I⁵)*, which introduces major amendments, including the postponement of certificate obligations to February 2027, new exemption thresholds, and simplified compliance rules

From 2027, exporters to the EU who bring in products covered by the CBAM will be required to register with the competent national authorities, through which they will be able to purchase CBAM certificates. The price of the certificate will be determined on the basis of the average weekly auction price of emission allowances under the EU ETS, expressed in EUR/t of CO₂ emitted. Emissions from 2026 imports will still be accounted for and charged in 2027.

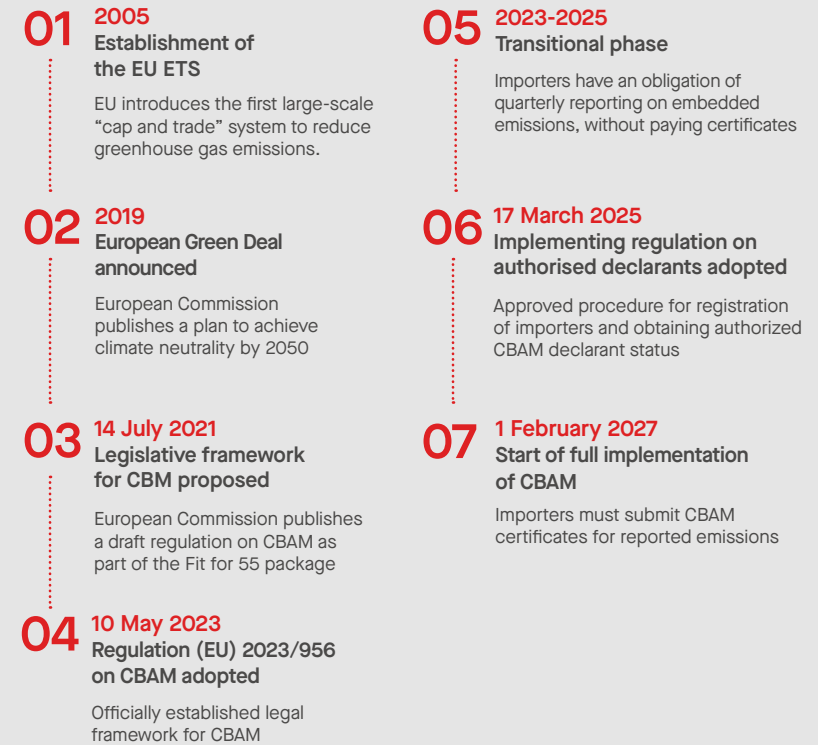
¹ Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a mechanism for cross-border carbon offset, source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32023R0956>

² Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards reporting obligations for the purposes of the Carbon Border Adjustment Mechanism during the transitional period, source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R1773>

³ Commission Implementing Regulation (EU) 2024/3210 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the CBAM register, source: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202403210

⁴ Commission Implementing Regulation (EU) 2025/486 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the conditions and procedures relating to the status of authorised CBAM declarants, source: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202500486

⁵ Regulation (EU) 2025/2083 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) 2023/956 as regards the simplification of the Carbon Border Adjustment Mechanism and postponement of certain obligations, source: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32025R2083>



02 >>>>>>



CBAM – Sectoral and geographical coverage

2.1 Sectoral coverage

The CBAM is currently applied to certain sectors that have been identified for their high risk of “carbon leakage” and high emission intensity, which, when the CBAM is fully implemented, will account for more than 50% of the emissions of the industrial sectors covered by the EU ETS. The following sectors are covered:



The identification of products covered by the CBAM mechanism is carried out on the basis of Combined Nomenclature (CN) codes, which are eight-digit tariff codes used in EU customs procedures. Belonging to a specific sector does not automatically imply an obligation to apply the CBAM; only products that are accurately identified by the relevant CN codes (listed in Annex II, Table I of the CBAM Regulation (EU) 2023/956) are subject to the obligations of this mechanism.

-  CN code **7607 11 11** is covered by the CBAM.
-  CN code **7321 11 90** is not covered by the CBAM.

Potential extensions of the CBAM

The European Commission plans to extend the CBAM to additional sectors to further reduce the risk of carbon leakage and ensure a level playing field for all producers. The inclusion of organic chemicals and polymers, which would include a number of products from the oil and gas industry, is now expected

Industries that may be affected by a future extension of the CBAM should monitor the update of the regulation and prepare for potential liabilities that could arise from the extension of the mechanism.

to begin with legislative proposals in early 2026, followed by phased implementation starting in 2027. By 2030, the scope of the CBAM is expected to be extended to all product groups covered by the EU ETS, including⁶:

- Crude oil and petroleum products
- Inorganic basic chemicals
- Industrial gases
- Synthetic rubber
- Non-ferrous metals

2.2 Geographical coverage

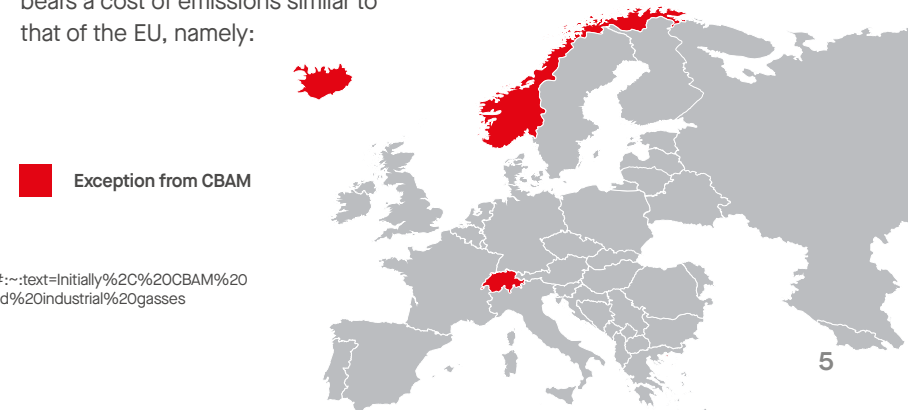
The CBAM applies to imports of covered products from all non-EU countries. The mechanism ensures that greenhouse gas emissions that are embedded in certain goods produced outside the EU are treated in the same way as emissions from production within the EU, which are already part of the EU ETS. Importers from these countries must, as part of the CBAM, report the amount of embedded CO₂ emissions in the covered products on a quarterly basis and, from 2027 (postponed from 2026) onwards buy CBAM certificates at a price equal to the price on the EU emissions market.

However, certain countries are **exempt from the obligation to apply the CBAM** because they already participate in the EU ETS system or are formally linked to it, which means that their industrial production already bears a cost of emissions similar to that of the EU, namely:

- EEA members⁷ (Norway, Iceland, Liechtenstein)
- Switzerland

Imports from these countries are not subject to CBAM obligations because their national emissions accounting systems are considered equivalent to EU rules, which enables them to avoid double carbon taxation for the same product.

The CBAM also applies to electricity produced in non-EU countries and imported to the EU, including those wishing to integrate their electricity markets with the EU. If these markets are fully integrated, and if certain strict commitments are met and appropriate climate commitments are made, these countries may be exempted from the CBAM. The EU plans to review these exemptions by 2030 to ensure consistency with climate targets.



⁶ Source: <https://normative.io/insight/eu-cbam-explained/#:~:text=Initially%2C%20CBAM%20affects%20imports%20of,%2C%20chemicals%2C%20and%20industrial%20gasses>

⁷ European Economic Area

03

Key responsibilities and challenges for SMEs in the framework of the CBAM

3.1 ProCredit's countries of operation in the framework of the CBAM

Although most of the countries where ProCredit operates are not EU Member States, they maintain strong trade ties with the EU, particularly in carbon-intensive sectors. The EU's CBAM, while not directly applicable in these countries, significantly affects their exports to the EU. From February 2027, exporters of CBAM-covered goods – such as electricity, aluminium, iron and steel, cement, fertilisers, and hydrogen – will be required to account for embedded carbon emissions and pay corresponding fees unless their domestic carbon pricing systems align with the EU ETS.

The Western Balkans face particular challenges due to reliance on coal-powered electricity and carbon-intensive industrial production. Serbia, North Macedonia, Montenegro, and Bosnia and

Herzegovina are among the most exposed to CBAM costs, with Serbia alone projected to face over EUR 612.5 million annually in CBAM-related charges.⁸

Despite this, regional efforts are underway to introduce carbon pricing mechanisms and to couple energy markets with the EU, which could eventually lead to partial exemptions or reduced CBAM obligations. Market coupling and renewable energy integration are key steps toward potential CBAM exemptions, especially in the electricity sector.

From 2027, exporters in these countries will need to provide verified emissions data for CBAM-covered goods, and EU importers will pay for embedded emissions unless domestic carbon pricing systems are introduced. This creates both challenges and opportunities for SMEs to modernise production and align with EU climate goals.

3.2 Obligations of SMEs under the CBAM

With the introduction of CBAM by the EU, export-oriented companies from non-EU countries – often referred to as “third countries” under CBAM definitions – are faced with new requirements and obligations in order to ensure competitiveness in the EU market. Although the CBAM formally applies obligations to importers in the EU, the practical burden of reporting and documenting embedded emissions is shifted to companies from third countries. In order to maintain competitiveness and access to the EU market, these companies must establish internal capacities to monitor, calculate and report embedded CO₂ emissions in their products in a timely manner. Below are the key obligations arising from the application of CBAM to companies in non-EU countries.

01 Communication with customers from the EU



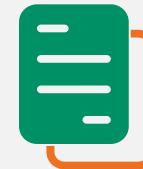
The first step in preparing for the obligations arising from the CBAM is to establish clear and timely communication with EU customers. It is the request of the EU buyer for the submission of the CBAM report that is the basis for initiating activities within the company located outside the EU. If the company has not received such a request so far, it is recommended to proactively initiate communication with customers in order to meet the obligations imposed by the CBAM on exporters outside the EU in a timely manner.

02 Data collection



The basis for the preparation of CBAM reports is systematic data collection. This process encompasses two dimensions: internal data collection within the company (e.g. energy consumption, production processes) and external data collection from suppliers of raw materials and materials (precursors). The establishment of clear internal procedures and information flows significantly contributes to a more efficient fulfilment of the obligations imposed by the CBAM, reduces the risk of errors, and enables more transparent cooperation with EU partners.

03 Preparation of the CBAM report



The CBAM report is a key document that proves the values of embedded emissions per unit of product. During the transitional period (until the end of 2025), reports will be submitted quarterly, while in the phase of full implementation of the CBAM, reporting will be done on an annual basis. Based on the data from the CBAM report and the valid price of emissions per tonne of CO₂, the number of CBAM certificates that the CBAM declarant is obliged to purchase is determined.

04 Monitoring changes in the CBAM regulation



Continuous monitoring of and understanding the changes within the CBAM regulation are extremely important for all companies. Since the beginning of the transitional period, there have been numerous changes and updates in regulations, technical guidelines and accompanying documents. Proper understanding and timely compliance with these changes allows companies to minimise the risk of reporting errors and avoid potential criminal consequences or loss of competitiveness.

⁸ [aea-al.org]

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3.3 Challenges for SMEs under the CBAM

Non-EU companies are facing various challenges in terms of properly implementing and understanding the CBAM. A large number of companies, especially SMEs, are not adequately informed about the obligations that await them and how to meet these obligations. In the absence of systemic support and clear institutional communication, companies often have neither established that their products are covered by the CBAM, nor understand the technical steps that need to be taken. Such a situation increases the risk of unwillingness to apply the CBAM on a regular basis after the end of the transition period, which may have a direct negative impact on exports to the EU and the overall competitiveness of domestic industry. The challenges can be classified into several groups:

- **Institutional challenges** – lack of institutional support and clear guidance from national/entity authorities.
- **Technical challenges** – lack of internal capacities in companies for monitoring and data collection, as well as for the calculation of embedded emissions and the preparation of CBAM reports.
- **Market and economic challenges** – reflected in the increase in costs and risks for market loss. The increased costs relate to new employees, investment in measuring equipment and potentially new technologies for reducing energy consumption, and the use of renewable energy sources. Companies could lose market share if EU buyers opt for suppliers that already meet the requirements of the CBAM and have adopted new technologies.
- **Information challenges** – insufficiently informed companies, often as a result of institutional and technical barriers.
- **Geopolitical and regulatory challenges** – many non-EU countries lack an established emissions trading system (ETS), making it more difficult for companies to meet their obligations for embedded emissions within their country of operation. Introducing an ETS would allow funds to remain in those countries and be reinvested into domestic businesses and new technologies.



04



CBAM Report

4.1 General overview of CBAM reports



What is a CBAM report?

A **CBAM report** contains key information on **products exported to the EU** and the **CO₂ emissions** incorporated into these products during production. In the transitional period, the report only displays embedded emissions, whereas in the final period, the report will also calculate the amount of payments. The CBAM report will also serve as the basis for the verification of embedded emissions by an accredited verifier.

Why is it prepared and what is it for?

The **CBAM report** is prepared to ensure **transparency** and **balance** between **EU companies**, which are already subject to the CO₂ Emissions Trading System (EU ETS), and **non-EU manufacturers** exporting similar products to the EU. The purpose of the report is to determine the embedded emissions associated with the products; thereafter, appropriate CBAM obligations can be introduced – in the transitional period, the report will calculate the embedded emissions, and from 2027 the report will contain the required payment amounts in the form of CBAM certificates.

Who is obliged to prepare a CBAM report?

All importers in the EU whose products are covered by the CBAM regulation are obliged to prepare a **CBAM report**. However, this **obligation** also **applies directly to manufacturers from third countries**, as they are obliged to provide their customers with data on the emissions embedded in their products. In this way, the duty to prepare the CBAM report is transferred to manufacturers outside the EU.

What is the format of a CBAM report?

The **format of the CBAM report** is prescribed by the **Implementing Regulation**, which includes **the identification of the importer**, description of the product (with a CN code), **quantities**, data on **embedded emissions**, the type of production process, and the calculation methods applied. For the transitional period, the European Commission has also published an Microsoft **Excel template**⁹ for preparing the report and facilitating communication between exporters and importers in the EU.

To whom is the CBAM report submitted?

SMEs from non-EU countries submit their **CBAM reports** to their **customers in the EU** who are registered as **CBAM declarants** or hire **authorised representatives** to enter data on embedded emissions into the **CBAM register**.

When is the CBAM report prepared and what are the deadlines for submission?

During the transitional period, **CBAM reports** are prepared on a **quarterly basis**, and the **deadline** for submission is one month after the end of the quarter. For example, the first quarterly report for 2025 covers the period January–March, so the deadline for submission is 30 April. In the **final** implementation phase, the reporting period covers the entire calendar year, with a submission deadline of 30 September of the following year. **Thus, the first CBAM declaration for the year 2026 will need to be submitted by 30 September 2027.** The CBAM declaration, in addition to data on quantities and values of embedded emissions in imported products, includes information on the number of CBAM certificates that must be submitted for embedded emissions, as well as verification data issued by accredited verifiers.

⁹ Available at https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-guidance-and-legislation_en#communication-template

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4.2 Steps to determine embedded emissions

Determining the embedded emissions in a product is carried out with a systemic approach consisting of five key steps (Figure 2). This process requires the engagement of several employees (sectors) of the company in addition to communication with suppliers of input materials, and often the engagement of external companies for the entire process.



1 The first step in properly **calculating embedded** emissions is to define the **boundaries of the system**. This involves **identifying** the production process, including **all inputs – materials, energy flows**, and other resources. This step is **crucial** to ensure that all subsequent activities are carried out correctly and lead to an **accurate calculation of embedded emissions**.

2 It is necessary to identify all inputs of the production process, which defines the elements of the process that will be the subject of **monitoring and data collection**. Monitoring includes data on **input materials, energy sources, heat flows, waste gases and electricity**.

3 Based on the collected data, the **embedded emissions of the company’s production process** are first calculated. During the transitional period, both direct and indirect **embedded emissions are calculated**, while **in the final implementation phase, indirect emissions** will be calculated only for **certain products** (an updated list of these products will be published before the start of the final phase).

4 Data collection also includes **gathering information about input materials (precursors)**. If the precursors are produced outside the installation (purchased from the supplier), it is necessary to collect data on direct embedded emissions (**tCO₂/t**), specific electricity consumption (**MWh/t**), and the electricity emission factor (**tCO₂/MWh**).

5 The **final step** is calculating the **total specific embedded emissions** of the product. These represent the sum of **embedded emissions from the production process and embedded emissions from precursors**. This calculation forms the basis for CBAM reporting on the emissions of the exported product.

Figure 2: Steps to determine the embedded emissions of a product

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The financial impact of the CBAM on exports and production

The CBAM represents a significant financial challenge for all export-oriented companies from non-EU countries whose products are covered by the mechanism. Certain consequences of the CBAM are already being felt, while the greatest impacts will be felt when the final period begins and the payment of the CBAM certificate falls due. The financial impact of the CBAM is reflected in the following ways:

- **Increased labour costs** – The introduction of CBAM reporting can lead to an increase in labour costs, regardless of whether the company has internal capacity or not. In cases where the company already has internal resources to perform CBAM-related tasks, the increase in workload and additional administrative responsibilities often require adequate financial compensation for existing employees, resulting in an increase in labour costs. On the other hand, companies that do not have internal capacities will need to hire additional staff or external consultants to meet the requirements of the CBAM. Both options – internal hiring or outsourcing – lead to an increase in overall labour costs for the company.

- **Increased costs of products when exporting** – Although companies from non-EU countries do not formally purchase CBAM certificates, as this task is performed by an authorised CBAM declarant in the EU, the cost associated with the procurement of certificates will ultimately probably be passed on to exporters. The way this cost is divided between the non-EU company and the EU buyer will depend on their mutual agreement and negotiating position. However, it is certain that the CBAM will present an additional financial burden in the supply chain, which will lead to an increase in the total cost of products when exporting. This may affect the exporters' profit margins and their competitiveness in the EU market.

- **Loss of competitive advantage due to higher export costs** – Companies from non-EU countries may lose their competitive advantage in the EU market due to increased export costs caused by the CBAM. Unlike EU companies that are already included in the ETS and have access to support mechanisms for decarbonisation (subsidies, reliefs, technical support), non-EU exporters face

new regulatory requirements without having developed capacities and institutional support. The additional costs related to emissions reporting, potential CBAM certificate charges, and the modernisation of production processes contribute to higher final product prices. This can make non-EU products less competitive, particularly in sectors where price plays a decisive role in purchasing decisions.

In order to better understand the possible financial impact of the CBAM on export-oriented companies from non-EU countries, an example involving the production and export of iron products is presented below. The initial data used for the calculation and analysis are as follows:

- **The annual volume of exported products** to the EU is **450 t** (equivalent to about **EUR 405,000** of the value of exported products).
- **The specific embedded CO₂ emissions** of the product are **5.50 tCO₂/t**.
- **The company contributes 50% of the embedded emissions**; the other **50%** relates to the **precursor** (assuming that the precursor emissions have been paid).
- **The benchmarking value** for this product is **5.01 tCO₂/t¹⁰**.
- **Price of tCO₂**: from **66 to 79 EUR/tCO₂**.

Table 1: CBAM payment amount by year

Year	Percentage of CBAM payments (%)	Embedded emissions for payment (tCO ₂ /t)	Amount of annual payment (EUR/year)
2025	0.00	0.00	0
2026	2.50	0.62	9,164
2027	5.00	0.74	11,272
2028	10.00	0.99	15,418
2029	22.50	1.62	25,714
2030	51.50	3.07	49,890
2031	61.00	3.55	58,921
2032	73.50	4.17	70,886
2033	86.00	4.80	83,360
2034	100.00	5.50	97,694

$$\text{Embedded emissions for payment} = \text{Specific embedded emissions} \left(\frac{\text{tCO}_2}{\text{t}} \right) - \text{CBAM benchmarking value} \left(\frac{\text{tCO}_2}{\text{t}} \right) \cdot \text{CBAM factor}$$

$$\text{CBAM factor} = 100\% - \text{payment percentage in the current year}$$

$$\text{Amount of annual payment} = \text{embedded emissions for payment} \left(\frac{\text{tCO}_2}{\text{t}} \right) \cdot \text{annual exported quantity} \left(\frac{\text{t}}{\text{year}} \right) \cdot \text{price CO}_2 \left(\frac{\text{EUR}}{\text{tCO}_2} \right)$$

¹⁰ Key message: Default values for the transitional period of the CBAM between 1 October 2023 and 31 December 2025, EUROPEAN COMMISSION: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en#guidance

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The influence of CBAM on price and profit

Figure 3 shows the unit price of the product over the years, adjusted for inflation, along with the unit costs before the implementation of the CBAM. It is clearly visible that the product price has been higher than the unit costs in all years, resulting in a positive business outcome.

After the implementation of the CBAM and the introduction of payments, an additional cost arises for producers (figure 4). If a company maintains the same level of embedded emissions in its products – that is, if it does not invest in more efficient production processes and renewable energy sources – the additional costs for potentially paying for CBAM certificates will increase total costs year by year, ultimately making it financially unviable for the company to export its products.

The introduction of the CBAM has a pronounced negative impact on profitability, with the difference between the profit level before and after the CBAM gradually increasing year by year (figure 5). While the decline in profit is relatively moderate in the initial years (2026–2028), from 2029 onward there is a significant reduction, and during the period 2032–2034, the profit almost completely disappears. This trend clearly indicates the rising costs associated with the CBAM and the need to adapt business operations to mitigate its effects.

The given example should serve as an alarm to all companies that have not yet taken the impact of the CBAM on their business operations into consideration. Although the example presents the simplest case using basic input data, it still shows very concerning results. Of course, this only applies if the company does not invest in more efficient production and renewable energy sources.

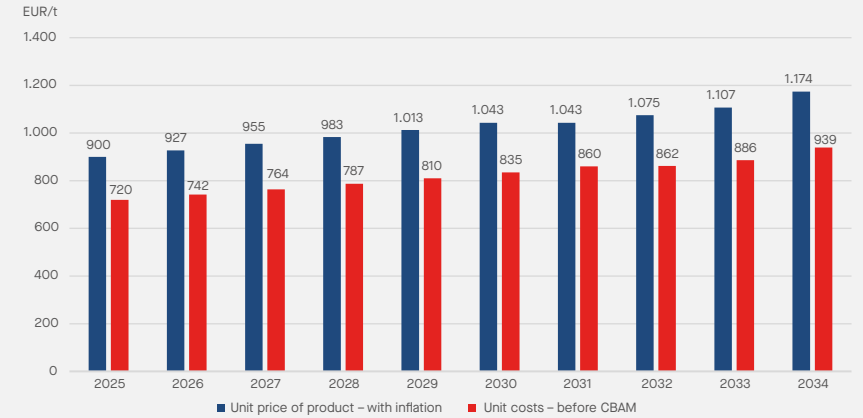


Figure 3: Unit price of the product and unit costs – before the introduction of the CBAM

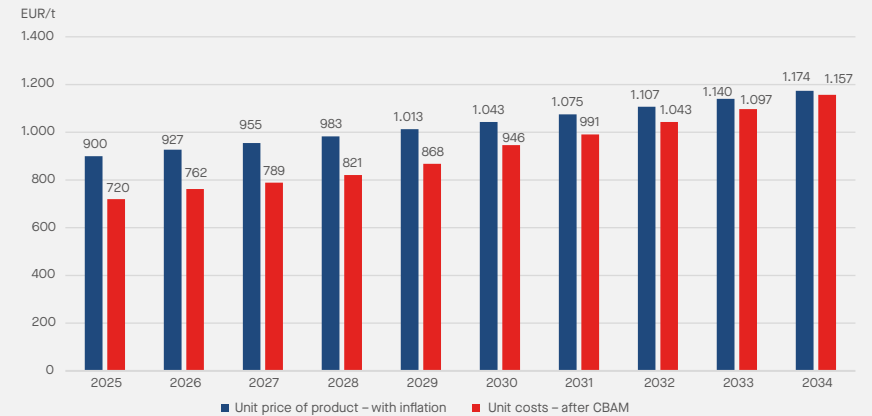


Figure 4: Unit price of the product and unit costs – after the introduction of the CBAM

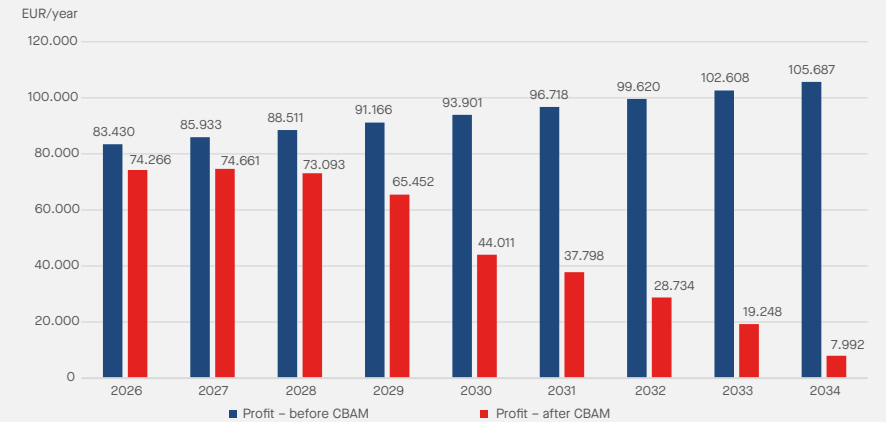


Figure 5: Movement in the value of profits before and after the establishment of the CBAM

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Energy efficiency and renewable energy as a tool for reducing the CBAM effects

6.1 Practical example

The most effective tool for minimising or completely eliminating CBAM payments is energy efficiency (EE) measures and renewable energy sources (RES). More efficient energy use through the most modern and effective machinery for each industry directly reduces electricity consumption and consequently lowers indirect emissions. When renewable energy sources are added – such as generating electricity from solar power, wind farms, and other sources – it becomes possible to minimise or even reduce the value of indirect emissions to zero. Renewable energy sources can also be applied to direct emissions by replacing fossil fuels (coal, natural gas, oil, etc.) currently used in production processes with renewable fuels such as wood biomass, solar or geothermal energy, and other sources.

It is clear that Scenario II and Scenario III require additional investment, and in some cases, significant amounts of financial resources. However, any company that thinks long-term can, through very simple calculations, come to the conclusion that investing in energy efficiency and renewable energy sources is actually a form of capital investment.

Below is an example of a product, its direct and indirect emissions, and the CBAM payment amount across three different scenarios:

- **Scenario I:** Current state
 - **Scenario II:** Replacement of machinery + installation of a solar power plant
 - **Scenario III:** Scenario II + Replacement of energy source
- For this example, the assumption of a 100% CBAM payment (starting in 2034) and a price of 80 EUR/tCO₂ was taken:
- **Scenario I** represents the current state in the company with a total embedded emissions value of 3.8 tCO₂/t and an annual CBAM payment of EUR 136,800.
 - **Scenario II** involves investing in machinery replacement, which should be standard practice for any company focused on efficient production and energy use, along with installing a solar power plant for self-generation of electricity. Self-generation reduces electricity costs, ensures supply security, and decreases or completely neutralises indirect emissions, thereby lowering CBAM payment amounts. By investing in energy efficiency and self-generation, a company can reduce or eliminate indirect emissions. In this example, indirect emissions are eliminated (assuming the solar plant covers all electricity consumption). The CBAM payment amount is directly reduced, which can be seen as savings that contribute to a faster return on investment.
 - **Scenario III** builds on Scenario II, aiming to eliminate direct emissions as well. The company can invest in renewable energy sources by replacing fossil fuels that cause direct emissions. Switching to wood biomass allows the company to neutralise its direct emissions, which, when combined with Scenario II, results in the elimination of total embedded emissions – and therefore eliminates the CBAM payments.

Table 2: Example of a CBAM payment budget for three different scenarios

		Scenario I	Scenario II	Scenario III
CN product code		73089059	73089059	73089059
Exported product quantities	t/year	450	450	450
Direct embedded emissions	tCO ₂ /t	2.1	2.1	0
Indirect embedded emissions	tCO ₂ /t	1.7	0	0
Total embedded emissions	tCO ₂ /t	3.8	2.1	0
Benchmarking value	tCO ₂ /t	4.3	4.3	4.3
Percentage of CBAM payments (2034)	%	100%	100%	100%
CO ₂ price	EUR/tCO ₂	80	80	80
CBAM payment	EUR/year	136,800	75,600	0

Energy costs are inevitable in daily operations, along with new expenses that have emerged, such as the CBAM, and potential future costs that may arise. Energy efficiency (EE) and renewable energy sources (RES) represent the main tools for optimising these costs.

More efficient energy use through the most modern and effective machinery for each industry directly reduces electricity consumption and consequently lowers indirect emissions.

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6.2 Examples of good practice – ProCredit Bank’s support for SMEs

As a long-term partner to SMEs in non-EU countries, ProCredit Bank has successfully implemented numerous projects aimed at improving energy efficiency and promoting the use of renewable energy sources. Below are several examples of support provided in financing the installation of solar power plants and enhancing business efficiency through the acquisition of modern machinery.



**PPT doo, client of ProCredit Bank
Bosnia and Herzegovina**

PPT doo Tomislavgrad produces pellets from forest biomass, sawn timber, and hydraulic hoses, and offers turning services. In response to energy market volatility, the company invested in a 220 kW solar power plant, which now covers 95% of its daytime energy needs from renewable sources. This reduces CO₂ emissions by up to 214 tonnes annually and helps keep pellet prices affordable. ProCredit Bank has supported the company for over 10 years, including financing the solar project.



**Flexograf SHPK, client of
ProCredit Bank Kosovo**

Ever since Flexograf’s establishment in 2012, the company has invested in advancing its technology. In this way, the client ensures that it keeps pace with the times so that it can continue to grow its services and stay competitive with international competitors. Operating in the printing and packaging printing sector, the company’s technology allows it to prepare and produce unique products for each client based on their needs. Flexograf offers high-quality products at the best price in a short amount of time.



**Gelibert SRL, client of
ProCredit Bank Moldova**

With over 20 years of experience in producing and distributing non-alcoholic beverages, the company has shown steady development. In 2020, it acquired business premises in Chisinau through bank financing. By 2022, Gelibert focused on cost-effective products and reduced operational costs. Investments in machinery enabled automation and product diversification, leading to a significant increase in sales.



Dasta, client of ProCredit Bank Georgia

Founded in 2014 and based in Tbilisi, Dasta is Georgia’s first private archive company, specialising in document storage, scanning, and confidential shredding. With over 100 million pages scanned and 65 tonnes of paper recycled, the company has grown steadily. Supported by a guarantee scheme, Dasta expanded its storage capacity and recently installed solar panels with financing from ProCredit Bank, marking a key step toward sustainability.

07

How does the ProCredit group support SMEs in meeting CBAM requirements?

7.1 Previous contribution of the ProCredit group in the implementation and promotion of the CBAM

Education and awareness for the business community

The ProCredit group is committed to supporting the business community across all its markets in understanding and preparing for the Carbon Border Adjustment Mechanism (CBAM). In partnership with relevant industry associations and with support from international organisations and development funds, ProCredit organises expert workshops and informational events to raise awareness about the CBAM and its implications for SMEs. These workshops are designed to:

- Familiarise SMEs with the process of preparing CO₂ emissions reports
- Provide orientation on the CBAM framework and potential future requirements
- Highlight opportunities for decarbonisation and improving energy efficiency

Internal training and capacity-building within the group

In addition to outreach activities directed toward clients and the broader business community, the ProCredit group invests in internal capacity-building by providing specialised training for its staff. These training events focus on:

- The foundations of the CBAM and relevant regulations
- The impact of the CBAM on export-oriented clients
- Solutions and opportunities for decarbonisation

7.2 The ProCredit group's loan products for energy efficiency and renewable energy

The ProCredit group offers specialised financial products designed for SMEs seeking to modernise their operations, increase energy efficiency, and invest in renewable energy sources. These products are aligned with the group's commitment to environmental sustainability and responsible banking.

Investments supported by the ProCredit group contribute directly to reducing CO₂ emissions, enabling SMEs to achieve long-term energy savings and mitigate the financial impact of the CBAM by lowering the emission factor of their products.

ProCredit decarbonisation

The ProCredit group is committed to reaching net zero by 2050, and one of the main components of this strategy is support to its customers on their decarbonisation pathway. To help clients prepare and adapt, we have developed several strategies and tools, including our CO₂ Calculator.

Our client-focused actions include:

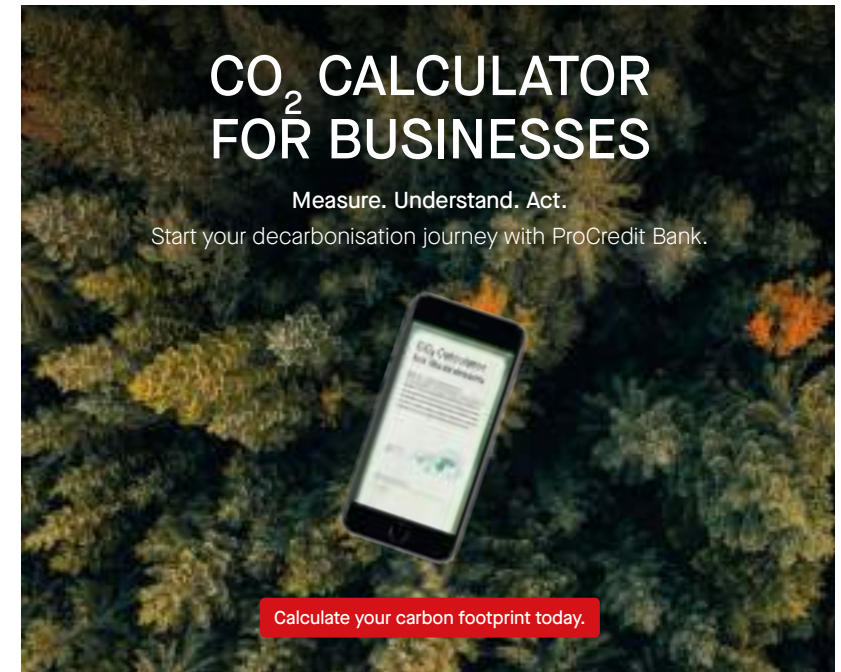
- Supporting clients' transition: We help our clients in their efforts to decarbonise, from emissions accounting and setting reduction targets to getting the financial support they need to implement their strategies. By 2027, we aim to engage with clients responsible for 28% of our financed emissions – primarily in agriculture and manufacturing – so that they can set validated targets under the Science Based Targets initiative

(SBTi). This is part of our broader goal to cover the entire long-term loan portfolio with climate targets by 2040.

- Promoting green electricity (project finance): Our energy project financing focuses exclusively on renewable energy projects, reinforcing our role as a strong financial partner for

decarbonisation in all countries where we operate.

- Increasing support for green investments: We provide financing for green assets such as energy-efficient equipment, photovoltaic systems, green buildings, electric vehicles, and waste management solutions, helping SMEs invest in technologies that reduce emissions and improve sustainability.



07

Addressing challenges and supporting CBAM compliance

SMEs across the ProCredit group's markets often face challenges related to production costs, energy efficiency, and compliance with new regulations such as the CBAM. The introduction of the CBAM has added requirements, including the obligation to prepare emissions reports and implement related procedures, which can be complex for many businesses.

ProCredit banks serve as dependable partners for SMEs by offering expert guidance in preparing CBAM reports and navigating the complexities of regulatory compliance. Their comprehensive approach encompasses providing technical and advisory support to help businesses meet CBAM requirements; financing projects aimed at improving energy efficiency, such as process automation and equipment upgrades; and supporting investments in renewable energy sources like solar power plants.

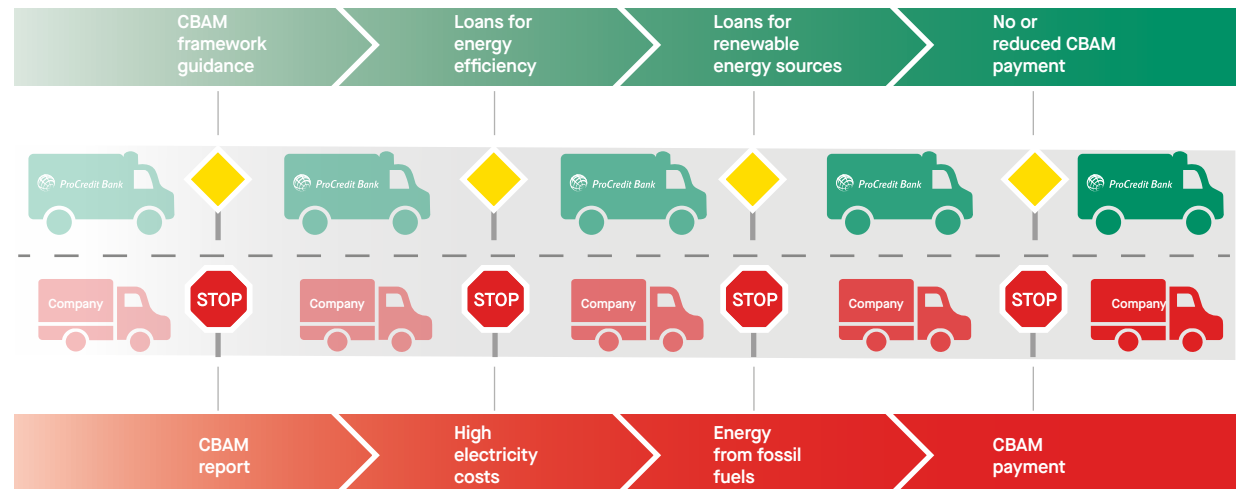
These initiatives help companies achieve:

- Increased energy efficiency and reduced operational costs
- Greater use of renewable energy, contributing to environmental protection and improved workplace conditions
- Significant reduction or elimination of CO₂ emissions in production processes, resulting in minimal or no CBAM-related fees

Through its comprehensive support, the ProCredit group empowers SMEs to take decisive steps towards sustainable and competitive business operations in the European market, meeting both regulatory requirements and their own long-term strategic goals.



Figure 6: Companies' challenges and the banks' solutions on the path to CBAM compliance



08

Important to know

Since its establishment, the CBAM has undergone numerous changes and continuous updates – a trend that will certainly continue, especially until the end of the transitional period. Therefore, it is important to emphasise that while all information contained in this document was relevant at the time of its creation, changes and/or updates may have occurred in the meantime.

As CBAM regulations are constantly changing, it is important to regularly follow the latest updates and stay informed about any changes. There are many publicly available sources and frequent events on this topic that can provide accurate and reliable information.

The European Commission publishes all relevant data, documents, and updates about the CBAM on its official website, which is the most reliable source of information and should be monitored regularly to keep abreast of the latest amendments and additions. The link to this page is provided below:



The latest proposals to amend the CBAM regulation are included in a legislative package called Omnibus I, a set of legislative proposals aimed at reducing the administrative burden of sustainability reporting for companies and simplifying EU rules for businesses. Omnibus I consists of several regulations and directives, one of which is the regulation establishing the CBAM. The European Commission presented the Omnibus I package on 26 February 2025, and it was formally adopted by the European Parliament and the Council in September and October 2025. The regulation entered into force on 20 October 2025, following its publication in the EU's Official Journal.

Key amendments adopted under Omnibus I for CBAM

Item	Original CBAM Rules	After amendment
De minimis threshold	≤ EUR 150	Minimum 50 tonnes per year of product per importer (excluding hydrogen and electricity)
The new threshold excludes around 182,000 currently covered importers (90%), which account for 1% of total emissions, while still covering 99% of emissions. The monitoring of importers near this threshold will be carried out through the European Commission's customs data surveillance system and will be used to inform national supervisory authorities, which may, where applicable, notify importers of their obligations regarding compliance with EU CBAM reporting.		
Import permit below the de minimis threshold	No permit required	Indirect customs representatives (appointed) must submit an application; importers are exempt
Importers below this threshold will have to identify themselves as "occasional importers of the CBAM" when submitting customs declarations.		
Simplified procedures for the calculation of embedded emissions	The calculation is made according to the actual built-in emissions; the default values are not allowed from July 2024.	Declarants would have the freedom to choose between actual embedded emissions and default values with an additional coefficient.
This facilitates the procedure of calculating emissions and creating CBAM reports, but carries the risk that the set values are significantly higher than the actual embedded emissions.		
Deadline for CBAM certifications	May 31 of the current year	September 30 of the current year (date of submission of the CBAM certificate)
Date of purchase of the CBAM certificate	January 2026	February 2027
Verification request	Verification of all declared embedded emissions	Required only for actual values, not for default values
If you choose to use the default values for reporting, then the report will not be included in the verification process.		
Calculation of indirect emissions (from electricity)	Not listed in Annex II of the CBAM Regulation	Would entail that only direct emissions should be taken into account in the calculation of embedded emissions
Production of a large number of aluminium and iron and steel products (e.g. CN 7318, bolts, nuts, etc.)	It is necessary to calculate the emissions of the production process and add the emissions of precursors.	For the final processes (e.g. cutting, shaping) it will not be necessary to monitor the embedded emissions, but only those that are embedded in the precursor.
Evidence of the impossibility of obtaining the value of embedded emissions from the supplier	The CBAM report should be accompanied by evidence of the inability to obtain data on embedded emissions in precursors (from suppliers)	It will not be necessary to provide proof of the impossibility of obtaining data on embedded emissions in precursors (from suppliers).

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Useful links



Item	Link
General information about the CBAM	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en
Legal framework	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-guidance-and-legislation_en#legal-texts
CBAM guidelines	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-guidance-and-legislation_en#guidance
CN code verification	https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en
CBAM report template	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-guidance-and-legislation_en#communication-template
Info sessions	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-guidance-and-legislation_en#info-sessions
CBAM transitional registry	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-registry-and-reporting_en#cbam-transitional-registry
Access for non-EU installation operators	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-registry-and-reporting_en#access-for-non-eu-installation-operators
Information by sector (webinars, info sessions, news)	https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-information-sector_en





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