KEP Trust

Responsible Finance • Sustainable Growth • Community Impact

Biannual Greenhouse Gas Inventory Report

2024–2025

Operational and financed emissions overview prepared with reference to GHG Protocol, ISO 14064-1:2019, IPCC AR6, and PCAF where applicable.

Reporting Period

January 1, 2024 – December 31, 2025

Prepared by

KEP Trust

Report date: May 2026

Contents

1. Definitions and Abbreviations

Term	Definition
CO_2e	Carbon dioxide equivalent — a unit used to compare the warming potential of greenhouse gases to carbon dioxide.
GHG Protocol	Greenhouse Gas Protocol — a standardized approach for calculating and reporting greenhouse gas emissions.
ISO 14064-1:2019	International standard for quantifying and reporting greenhouse gas emissions.
IPCC AR6	Intergovernmental Panel on Climate Change Sixth Assessment Report.
Scope 1	Direct emissions from sources owned or controlled by KEP Trust.
Scope 2	Indirect emissions from purchased electricity.
Scope 3	Other indirect emissions, including supply chain, travel, and financed activities.
tCO_2e	Tons of carbon dioxide equivalent.
CAGR	Compound annual growth rate.
WTT	Well-to-Tank emissions — upstream emissions from fuel extraction and processing.
PCAF	Partnership for Carbon Accounting Financials — a global standard and methodology framework used by financial institutions to measure and disclose financed emissions.
TCFD	Task Force on Climate-related Financial Disclosures — a globally recognized framework for disclosing climate-related governance, strategy, risk management, metrics, and targets.
EF	Emission factor — coefficient used to calculate emissions from activity data.

2. Introduction

For the financial sector, the carbon footprint refers to the total greenhouse gas emissions resulting from operational activities ("direct" emissions) as well as emissions generated by clients' activities because of the financing provided ("indirect" emissions).

In the microfinance sector where KEP Trust operates, greenhouse gas emission sources include energy use, transportation, heating, cooling, lighting systems in branches, digital infrastructure, and financing processes.
This biannual report covers the reporting periods of January 1, 2024 - December 31, 2024, and January 1, 2025 - December 31, 2025, providing a comparative analysis against the baseline year 2023.
This report also reflects KEP Trust's commitment to continue developing its greenhouse gas accounting and climate-related disclosure practice. As this work is still in its beginning phase, the institution views the current reporting cycle as an important step in building a more systematic, reliable, and decision-useful approach to climate-related measurement, monitoring, and disclosure over time.
In strengthening this practice, KEP Trust seeks to progressively align its methodology, governance, and disclosure approach with recognized international best practices, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD**)**. In particular, the institution aims to improve over time the integration of climate-related considerations into governance, risk management, strategic planning, and the use of metrics and targets, while recognizing that this remains an evolving process that will require further refinement in future reporting cycles.

Key Highlights

- While total emissions rose over the period, the loan portfolio grew by 46.3%, whereas emissions per €1 million lent increased by only 7.9%, suggesting that portfolio growth far outpaced the increase in emissions intensity.
- Operational emissions declined by 6.9%, indicating continued improvement in the efficiency of KEP Trust's direct operations.
- Portfolio emissions intensity reached 388.89 tCO_2e per €1 million financed in 2025, making intensity per financed volume the primary marker for monitoring portfolio-related climate performance, while absolute financed emissions increased by 57.9% over the baseline period.
- Operational efficiency improved, with emissions per employee decreasing by 4.9% year over year.

3. Purpose and Scope

This report has been prepared to serve as a foundation for KEP Trust's sustainability goals and to support the gradual development of its greenhouse gas accounting and climate-related disclosure practice for the benefit of all relevant stakeholders. At this stage, the report is intended not only to quantify emissions,

but also to help establish a more structured internal basis for future climate-related measurement, monitoring, analysis, and disclosure in line with evolving institutional practice and recognized international recommendations.

- Support the continued development of KEP Trust's climate-related measurement and disclosure practice.
- Establish a baseline and internal foundation for future target-setting and improvement.
- Quantify the climate impact of operational and financed activities using recognized methodologies.
- Provide year-over-year comparison to monitor trends and support continuous improvement.
- Identify priority areas for data quality enhancement, emission reduction, and stronger alignment with evolving international good practice.

4. About KEP Trust

KEP Trust, founded in 1999, is Kosovo's leading microfinance institution providing a wide range of financial products and services.

With 32 offices (31 branches and a Head Office) across Kosovo, KEP Trust makes its services easily accessible with a mission to improve living standards and support the country's economic development.
2024-2025 Operational Data:

- Total Offices: 31 Branch Offices and 1 Head Office
- Total Staff: 265 (2024) → 275 (2025)
- Total Operating Area: 6,185 m²
- Total Portfolio: €116.09M (2024) → €139.69M (2025)

5. Organizational Boundaries

KEP Trust has applied a "control approach" which includes greenhouse gas emissions occurring in branches under its financial and administrative control. The 32 branches included in the inventory are listed in Table 1A and 1B.

Table 1A: Inventory Boundary Summary

Inventory Boundary Item	Value
Head Office included	1
Branch offices included	31
Total offices included in the inventory	32
Total operating area covered	6,185 m²
Boundary approach	**Financial and administrative control**

Table 1B: Detailed Branch Inventory by Office Area

No.	Branch / Office	Area m²	No.	Branch / Office	Area m²
1	Head Office – Prishtinë	1,390	17	Klinë	224
2	Prishtinë	201	18	Lipjan	110
3	Mitrovicë	196	19	Malishevë	159
4	Besianë	74	20	Mitrovicë (Veri)	84
5	Deçan	80	21	Pejë	350
6	Dragash	69	22	Prizren	336
7	Drenas	107	23	Rahovec	163
8	Ferizaj	550	24	Fushë Kosovë	118
9	Graçanicë	132	25	Shtime	88
10	Gjakovë	287	26	Skënderaj	74
11	Gjilan	300	27	Suharekë	134
12	Gjonaj	104	28	Shtërpcë	45
13	Istog	143	29	Vushtrri	112
14	Kaçanik	83	30	Viti	128
15	Kamenicë	100	31	Xërxë	83
16	Kastriot	60	32	Zubin Potok	100
	Total operating area	6,185 m²			

6. Calculation of Greenhouse Gas Emissions

KEP Trust's 2024 and 2025 Greenhouse Gas Inventory has been calculated based on activities conducted during each calendar year.

The calculations presented in this report have been prepared internally by KEP Trust based on available activity data, methodological assumptions, and the referenced standards and emission factors, and have not been subject to external assurance or independent verification.

Methodological compliance and assurance note: This report has been prepared with reference to the GHG Protocol Corporate Standard, ISO 14064-1:2019, IPCC AR6 global warming potential values, and, for financed emissions, PCAF and GHG Protocol Scope 3 Category 15 principles. The methodology follows the scope and categorization logic of these frameworks where applicable; however, selected emission factors, particularly for financed emissions, capital assets, and green loan treatment, rely on internal assumptions or proxy estimates due to the current absence of borrower-specific or independently verified data. Accordingly, the reported results should be interpreted as internal management estimates and screening-

level figures designed to support monitoring, transparency, and progressive improvement, rather than as externally assured or fully verified emissions disclosures.

Table 2: Activity Sources by Scope and Category for KEP Trust

Scope	Category	Emission Source	Included Gases
Scope 1	1.1	Stationary combustion – diesel generator	CO_2, CH_4, N_2O
Scope 1	1.2	Mobile combustion – company vehicles	CO_2, CH_4, N_2O
Scope 1	1.4	Refrigerants and fire extinguishers	HFCs, CO_2
Scope 2	2.1	Purchased electricity consumption	CO_2, CH_4, N_2O
Scope 3	3.1	Transportation of purchased materials	CO_2, CH_4, N_2O
Scope 3	3.1	Well-to-Tank emissions from diesel, gasoline, and electricity	CO_2, CH_4, N_2O
Scope 3	3.3	Employee commuting	CO_2, CH_4, N_2O
Scope 3	3.5	Business travel, including bus, flights, and accommodation	CO_2, CH_4, N_2O
Scope 3	4.1	Purchased materials, including paper, stationery, and promotional materials	CO_2, CH_4, N_2O
Scope 3	4.2	Capital assets	CO_2, CH_4, N_2O
Scope 3	4.3	Water and waste treatment	CO_2, CH_4, N_2O
Scope 3 / Financed	Category 15	Portfolio emissions from loan products	CO_2, CH_4, N_2O

Standards and Guidelines Used:

- GHG Protocol Corporate Standard
- ISO 14064-1:2019
- IPCC Sixth Assessment Report (AR6)

Emission Factor Sources:

- DEFRA 2024/2025 Emission Factors
- Ecoinvent Database (Kosovo electricity factor)
- IPCC Guidelines for National GHG Inventories

Key Assumptions:

- Refrigerant leakage rate: 2%
- Fire extinguisher leakage rate: 4%

• Kosovo grid electricity emission factor: 1.199 kg CO_2e/kWh
• For the financed portfolio, upper proxy emission factors were applied across loan product categories as a conservative assumption in the absence of borrower-specific emissions data.

7. Emission Calculation Results

KEP Trust's total emissions for the biannual period are summarized below. The distribution by scope shows significant dominance of portfolio emissions (financed activities), while operational emissions have shown improvement. This overall profile is broadly consistent with the characteristics of the financial and microfinance industry, where financed emissions generally represent the most material share of total emissions because the principal climate impact arises from lending activities rather than from the institution's own offices and operations. In this context, KEP Trust's results appear directionally in line with industry practice: when portfolio emissions are included, total emissions are overwhelmingly driven by financed activities, whereas when portfolio emissions are excluded, the remaining emissions are comparatively modest and reflect the more typical operational footprint of a branch-based financial institution, consisting mainly of electricity use, vehicle fuel, commuting, travel, and other indirect operational sources.

Table 3: Total Emission Amount and Ratio by Scope - Three Year Comparison

Emission Category	2023	2024	2025	2025 Share	2024–2025 Change
Scope 1 – Direct emissions	161.54	167.72	166.43	0.30%	↓ 0.8%
Scope 2 – Electricity emissions	718.64	671.88	662.67	1.20%	↓ 1.4%
Scope 3 – Other indirect, excluding portfolio	173.87	162.91	152.61	0.28%	↓ 6.3%
Operational subtotal	**1,054.05**	**1,002.51**	**981.71**	**1.78%**	**↓ 2.1%**
Portfolio emissions – financed activities	34,414.40	44,327.50	54,323.92	98.22%	↑ 22.6%
Total emissions	**35,468.44**	**45,330.01**	**55,305.64**	**100.00%**	**↑ 22.0%**

Key finding: Although total emissions increased by 22.0% year on year, operational emissions declined by 2.1%. This indicates that the increase in total emissions was driven by portfolio growth (+22.6%), while KEP Trust's direct operations became more efficient.

7.1 Scope 1 – Direct Emissions

Scope 1 emissions include direct emissions from stationary combustion (generators), mobile combustion (company vehicles), and fugitive emissions from refrigerants and fire extinguishers.

Table 4: Scope 1 Emissions Breakdown by Source

Emission Source	2024 tCO_2e	2024 Share	2025 tCO_2e	2025 Share	Change
Stationary combustion – diesel generator	5.71	3.40%	5.54	3.30%	↓ 3.0%
Mobile combustion – company vehicles	160.10	95.50%	159.16	95.60%	↓ 0.6%
Diesel vehicles	28.64	17.10%	26.47	15.90%	↓ 7.6%
Gasoline vehicles	131.46	78.40%	132.69	79.70%	↑ 0.9%
Refrigerants and fire extinguishers	**1.92**	**1.10%**	**1.73**	**1.00%**	**↓ 9.9%**
Total Scope 1	**167.72**	**100.00%**	**166.43**	**100.00%**	**↓ 0.8%**

The Scope 1 profile observed should also be viewed considering operational improvements implemented over the last two years. During this period, KEP Trust progressively replaced older air-conditioning units with newer inverter technology systems that are more energy efficient and use more modern refrigerants with improved environmental performance. In parallel, the institution renewed part of its vehicle fleet with newer petrol vehicles and introduced a limited number of fully electric cars. These measures support the gradual reduction and modernization of direct emission sources and are consistent with the relatively stable to improving Scope 1 trend reflected in the inventory.

Key Insight

Mobile combustion from company vehicles accounts for approximately 95% of Scope 1 emissions. Diesel vehicle emissions decreased by 7.6%, while gasoline emissions increased marginally by 0.9%. Refrigerant emissions account for only approximately 1% of Scope 1.

7.2 Scope 2 – Electricity Emissions

Scope 2 emissions result from purchased electricity consumption across all 32 offices.

The Kosovo grid electricity emission factor of 1.199 $kgCO_2e/kWh$ was used (source: Ecoinvent Database).

Table 5: Scope 2 Emissions Summary

Metric	2024	2025	Change	Trend
Electricity consumption (kWh)	560,367	552,688	↓ 1.4%	↓
Emissions (tCO_2e)	671.88	662.67	↓ 1.4%	↓
Emission factor (tCO_2e/kWh)	**0.001199**	**0.001199**	—	→

Table 6: Top 5 Branches by Electricity Emissions (2025)

Branch	kWh	Emissions tCO_2e	Share of Scope 2
Head Office – Prishtinë	88,586	106.21	16.00%
Ferizaj	40,960	49.11	7.40%
Gjilan	29,496	35.37	5.30%
Gjakovë	19,959	23.93	3.60%
Istog	15,685	18.81	2.80%
Other branches	357,002	428.24	64.90%
Total Scope 2	**552,688**	**662.67**	**100.00%**

A comparison of the top five branches by electricity emissions against staffing and office area suggests that absolute emissions are influenced primarily by operational scale, but not by size alone. Head Office and Ferizaj combine relatively high staff numbers with large office areas and therefore rank among the highest emitters in absolute terms. At the same time, branch-level efficiency indicators show some variation: based on 2025 electricity emissions, Head Office records approximately 1.58 tCO_2e per employee and 76 $kgCO_2e/m^2$, while Ferizaj records about 3.27 tCO_2e per employee and 89 $kgCO_2e/m^2$. Gjilan and Gjakovë are closer to each other in scale, but Gjilan shows a somewhat higher electricity intensity per m^2, whereas Istog stands out with a comparatively high emissions profile relative to both its staff count and office area. Overall, this indicates a broad positive relationship between emissions, staffing, and floor area among the top five branches, while also suggesting that branch-specific operating patterns, equipment use, and occupancy intensity may explain part of the remaining variation in efficiency.

Table 6B: Emissions Efficiency by Staff and Area (2025)

Indicator	Least Efficient Branches	Value	Most Efficient Branches	Value
Emissions per employee	Rahovec	5,830 $kgCO_2e$/staff	Besianë	1,271 $kgCO_2e$/staff
	Viti	5,421 $kgCO_2e$/staff	Kastriot	1,710 $kgCO_2e$/staff
	Xërxë	5,287 $kgCO_2e$/staff	Mitrovicë (Veri)	1,752 $kgCO_2e$/staff
	Kaçanik	5,128 $kgCO_2e$/staff	Prizren	2,153 $kgCO_2e$/staff
	Shtërpcë	3,906 $kgCO_2e$/staff	Dragash	2,229 $kgCO_2e$/staff
Emissions per m²	Shtërpcë	347 $kgCO_2e/m^2$	Prizren	77 $kgCO_2e/m^2$
	Drenas	178 $kgCO_2e/m^2$	Head Office	77 $kgCO_2e/m^2$
	Rahovec	143 $kgCO_2e/m^2$	Pejë	86 $kgCO_2e/m^2$
	Skënderaj	137 $kgCO_2e/m^2$	Ferizaj	89 $kgCO_2e/m^2$
	Kaçanik	132 $kgCO_2e/m^2$	Gjilan	118 $kgCO_2e/m^2$

Overall, the branch efficiency review indicates that scale matters: larger branches generally record higher total electricity consumption but tend to perform better on a per-employee and per-square-meter basis, suggesting some economies of scale. By contrast, smaller branches are more likely to show higher intensity ratios, particularly where fixed energy use is spread across fewer staff or limited office area. This pattern is reflected in the top five branch comparison and is further supported by the correlation analysis presented in Table 6C, helping explain why certain locations appear less efficient despite having lower absolute emissions.

Table 6C: Correlation Analysis

Relationship	Direction	Interpretation
Staff size vs emissions per employee	**Negative**	Larger branches tend to record lower emissions per employee, indicating economies of scale in energy use.

Area vs emissions per m²	**Negative**	Larger office areas tend to show lower emissions per square meter, suggesting comparatively better spatial efficiency.
Area vs total emissions	**Positive**	Larger branches generally produce higher total emissions, although this is partly offset by stronger efficiency indicators.
Staff size vs total emissions	**Positive**	Higher staff numbers are associated with higher total emissions, while per-capita emissions tend to decline.
Location vs Scope 1 emissions	**Variable**	Remote branches may show relatively higher Scope 1 emissions due to greater reliance on generators and vehicle use.

7.3 Scope 3 – Other Indirect Emissions Excluding Portfolio

Scope 3 emissions (excluding portfolio) include upstream emissions from purchased materials, well-to-tank fuel emissions, employee commuting, business travel, capital assets, and waste/water treatment.

Table 7: Scope 3 Emissions by Category (Excluding Portfolio)

Category	Emission Source	2024 tCO_2e	2025 tCO_2e	Change
3.1	Transportation of purchased raw materials	4.49	4.20	↓ 6.5%
3.1	**Well-to-Tank emissions**	**64.70**	**61.70**	**↓ 4.6%**
	Diesel WTT	7.93	7.50	↓ 5.4%
	Gasoline WTT	31.90	30.20	↓ 5.3%
	Electricity WTT	24.87	24.00	↓ 3.5%
3.3	Employee commuting	44.01	42.50	↓ 3.4%
3.5	Business travel	28.93	27.80	↓ 3.9%
4.1	Purchased materials, embodied emissions	29.44	27.52	↓ 6.5%

4.2	Capital assets	16.17	15.50	↓ 4.1%
4.3	Waste disposal and water treatment	1.08	1.04	↓ 3.7%
Total	**Scope 3 excluding portfolio**	**162.91**	**152.61**	**↓ 6.3%**

The largest contributor remains employees commuting at 27.8% of this category, followed by gasoline well-to-tank emissions (19.8%) and business travel (18.2%). The reduction across all categories reflects operational efficiency. Purchased materials (embodied emissions) showed the strongest improvement at -6.5%, indicating more sustainable procurement practices because of continuous process optimization across all operations. Well-to-tank emissions, which account for the upstream fuel extraction and processing impacts, represent a combined 40% of other indirect emissions—highlighting that even indirect fuel chain impacts are significant. Waste and water treatment remain minimal at <1%, reflecting the service-based nature of KEP Trust's operations.

7.4 Portfolio Emissions – Financed Activities

Portfolio emissions represent the financed activities through KEP Trust's loan products. These emissions are calculated using sector-specific emission factors applied to the outstanding portfolio value by loan product category.

Table 8: Portfolio Emissions Overview

Metric	2023	2024	2025	2-Year Change	CAGR
Total portfolio (€M)	95.50	116.09	139.69	↑ 46.3%	21.0%
Portfolio emissions (tCO_2e)	34,414.40	44,327.50	54,323.92	↑ 57.9%	25.6%
Intensity (tCO_2e/€1M financed)	**360.36**	**381.83**	**388.89**	**↑ 7.9%**	**3.9%**

Table 9: Portfolio Emissions by Loan Product

Loan Product	EF	2024 Portfolio	2024 Emissions	2025 Portfolio	2025 Emissions	2025 Share
Business Loan	450	28.02	12,611	35.30	15,885	29.2%
Housing Loan	400	26.08	10,432	27.99	11,196	20.6%

SME	450	13.98	6,290	20.07	9,030	16.6%
Agro Micro Loan	350	15.39	5,387	18.40	6,438	11.9%
Super Express Loan	220	21.98	4,835	24.31	5,348	9.8%
Agro Medium Loan	520	6.41	3,332	10.09	5,249	9.7%
Express Housing	300	0.85	255	1.05	315	0.6%
Agro Input Loan	480	0.64	309	0.63	304	0.6%
Green Loan (offset)	**-20**	**5.57**	**-111**	**3.82**	**-76**	**-0.1%**
Total		**118.92**	**43,340**	**139.69**	**53,689**	**100.0%**

From an industry perspective, KEP Trust's overall emissions structure remains broadly consistent with financial institutions and microfinance lenders, for which financed emissions typically represent the dominant share of total climate impact and portfolio composition is a key determinant of reported intensity. In this context, the current portfolio profile indicates that KEP Trust is still more heavily exposed to conventional lending categories with relatively higher proxy emission factors, while the contribution of clearly identifiable green or lower-emission financing remains comparatively limited. This does not place the institution outside normal expectations at this stage, particularly given the early development of financed emissions methodologies and the widespread reliance on proxy data in microfinance. At the same time, it highlights an important area for future improvement: as KEP Trust continues to strengthen the classification and marking of loans that can be confidently identified as contributing to the growth of the green portfolio, the institution will be better positioned to demonstrate portfolio transition more accurately, improve the visibility of lower-carbon lending activities, and assess over time whether portfolio emissions intensity is moving more clearly in line with its strategic sustainability ambitions.

KEP Trust's reported portfolio emissions intensity of 388.89 tCO_2e per €1 million financed falls within the broad range often associated with microfinance institutions focused on rural development and agricultural value chains. This comparison should be interpreted with caution, however, as portfolio intensity outcomes depend significantly on methodology, proxy assumptions, portfolio composition, and data quality.

Figure 1: Portfolio Emission Trend

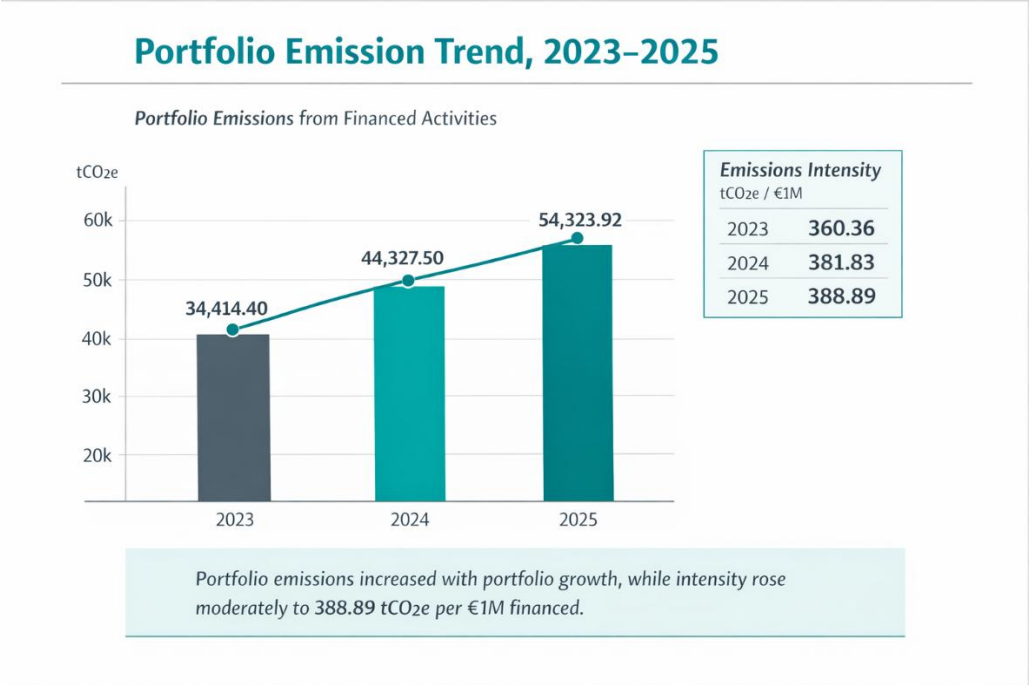
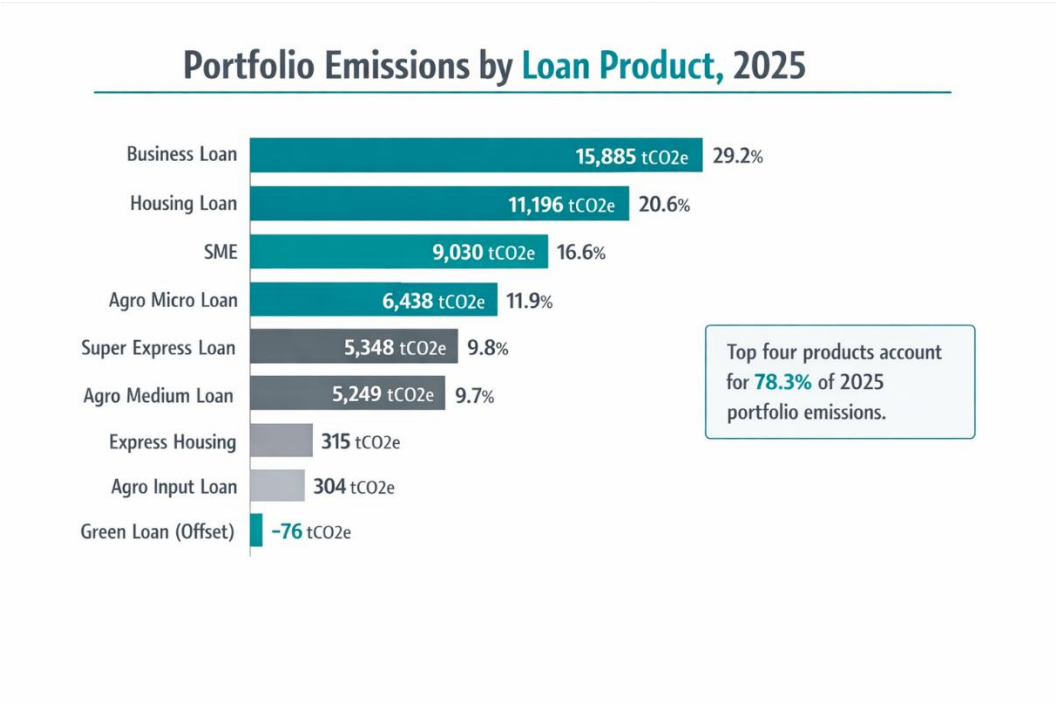


Figure 2.: Portfolio Emissions by Loan Product (2025)



8. Greenhouse Gas Emission Intensity

Emission intensity metrics allow comparison of environmental performance normalized by operational scale, making it possible to assess whether changes in emissions are driven simply by the size of the institution or by underlying improvements in efficiency. In the context of KEP Trust, these indicators are particularly important because staff numbers increased over the reporting period while total office area remained unchanged, meaning that changes in intensity provide a clearer view of operational performance than absolute emissions alone.

The following tables summarize emissions intensity by area, employees, and branch. They should be read together with the branch efficiency analysis, which shows that larger branches often benefit from economies of scale, while smaller branches may appear less efficient where fixed energy use is spread across fewer staff or smaller premises. At institutional level, KEP Trust improved both emissions per employee and emissions per square meter, confirming overall operational efficiency gains.

Table 10: Emission Intensity Summary (Operational Emissions Only)

Metric	2024	2025	Change	Insight
Total staff	265	275	↑ 3.8%	+10 employees
Total area (m^2)	6,185	6,185	—	No change
Operational emissions Scope 1+2 (tCO_2e)	839.60	829.10	↓ 1.3%	Decreasing
Emissions per employee (tCO_2e)	**3.17**	**3.01**	**↓ 4.9%**	**Improved**
Emissions per employee ($kgCO_2e$)	3,168	3,015	↓ 4.9%	Improved
Emissions per m^2 (tCO_2e)	0.136	0.134	↓ 1.3%	Improved
Emissions per m^2 ($kgCO_2e$)	135.8	134.1	↓ 1.3%	Improved
Emissions per branch (tCO_2e)	**26.24**	**25.91**	**↓ 1.3%**	**Improved**

Table 11: Branch Efficiency Outliers (2025)

Category	Branch	Value	vs Average
Highest per employee	Rahovec	5,830 $kgCO_2e$/employee	+93%
Highest per m^2	Shtërpcë	347 $kgCO_2e/m^2$	+159%
Lowest per employee	**Besianë**	**1,271 $kgCO_2e$/employee**	**-58%**
Lowest per m^2	**Prizren**	**77 $kgCO_2e/m^2$**	**-43%**

Key Insight

Despite the increase in employees, emissions per employee decreased by 4.9%, indicating meaningful operational efficiency gains. Rahovec remains the least efficient branch per employee, while Shtërpcë has the highest emissions per square meter due to its small area.

9. Year-over-Year Comparison (2023–2024–2025)

This section provides a comprehensive three-year comparison to identify trends and track progress against the 2023 baseline.

Table 12: Year-over-Year Emission Trends

Category	2023	2024	2025	2023–2024	2024–2025	2-Year	CAGR
Scope 1	161.54	167.72	166.43	↑ 3.8%	↓ 0.8%	↑ 3.0%	1.5%
Scope 2	718.64	671.88	662.67	↓ 6.5%	↓ 1.4%	↓ 7.8%	-4.0%
Scope 3 excluding portfolio	173.87	162.91	152.61	↓ 6.3%	↓ 6.3%	↓ 12.2%	-6.3%
Operational total	**1,054.05**	**1,002.51**	**981.71**	**↓ 4.9%**	**↓ 2.1%**	**↓ 6.9%**	**-3.5%**
Portfolio emissions	34,414.40	44,327.50	54,323.92	↑ 28.8%	↑ 22.6%	↑ 57.9%	25.6%
Total emissions	**35,468.44**	**45,330.01**	**55,305.64**	**↑ 27.8%**	**↑ 22.0%**	**↑ 55.9%**	**24.9%**

KEY CORRELATIONS IDENTIFIED:

The correlation analysis highlights several important relationships that help explain the underlying drivers of KEP Trust's emissions profile. In particular, the findings show that branch size, staff levels, office area, geographic location, and portfolio composition all influence both total emissions and efficiency indicators. While larger branches generally generate higher absolute emissions due to their scale of operations, they also tend to perform better on a per-employee and per-square-meter basis, indicating economies of scale. At the same time, remote branch locations and changes in portfolio mix appear to have a meaningful effect on direct and financed emissions. Together, these correlations provide a more structured understanding of where efficiency gains are being achieved and where targeted interventions may be required.
Branch size and operational efficiency appear to be inversely related, with smaller branches generally recording higher emissions on a per-employee basis, reflecting the absence of economies of scale.

Office area shows a moderate positive relationship with total emissions, as larger premises generally require greater energy consumption; however, larger facilities also tend to demonstrate improved emissions efficiency on a per-square-meter basis.
Geographic location also appears to influence Scope 1 emissions, with more remote branches such as Dragash and Malishevë showing relatively higher reliance on generators and vehicle use, whereas urban branches depend more heavily on grid electricity.
Portfolio composition demonstrates a positive relationship with emissions intensity, as growth in higher-emission lending categories contributed to an increase in portfolio intensity from 381.83 to 388.89 tCO_2e per €1 million financed.
Overall, operational emissions show a declining trend (CAGR: -3.5%), while portfolio growth (CAGR: +25.6%) remains the principal driver of total emissions growth. This indicates that KEP Trust's direct operations are becoming more efficient even as the lending portfolio continues to expand.

10. Assessment and Conclusion

This reporting cycle represents an important step in the continued development of KEP Trust's greenhouse gas accounting and climate-related disclosure practice. As this work remains at an early stage of development, maintaining complete, reliable, and regularly updated data across all emission sources and branches will be essential to strengthening the quality, consistency, and usefulness of future reporting.

Key Achievements (2024-2025):

- Operational emissions decreased 6.9% over the baseline year (1,054 → 982 tCO_2e)
- Scope 2 emissions reduced 7.8% through energy efficiency measures
- Emissions per employee improved 4.9% despite staff growth
- All three scopes (1, 2, 3 excl. portfolio) showed YoY improvement

Areas for Improvement:

- Portfolio emissions increased 57.9% over baseline, driving total emissions growth
- Portfolio intensity worsened from 360 to 389 tCO_2e/€1M (+8%)
- Green Loans declined 31% (€5.57M → €3.82M)
- High-intensity branches require targeted intervention

The inventory indicates that financed emissions now represent most total emissions, highlighting the importance of progressively strengthening KEP Trust's approach not only to operational measurement, but also to portfolio-related climate analysis and management.

While KEP Trust has demonstrated encouraging progress in reducing operational emissions, the next phase of development should increasingly focus on improving financed emissions methodologies, borrower engagement, portfolio steering, and the broader integration of climate-related considerations into institutional disclosure.

Overall, the report should be viewed as both an analytical assessment of current emissions trends and a foundation for the continued maturation of KEP Trust's climate-related governance, risk management, metrics, and disclosures in line with evolving good international practice.

11. References and Methodological Sources

11.1 Emission Factor Sources Used in the Calculator

• **Ecoinvent Database** – used for the Kosovo grid electricity emission factor.
• **UK Government GHG Conversion Factors for Company Reporting 2024/2025 (DEFRA)** – used for fuel, transport, commuting, business travel, well-to-tank, waste, water, and selected material-related emission factors.
• **2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapters 2 and 3** – used as reference guidance for stationary and mobile combustion.
• **IPCC Sixth Assessment Report (AR6)** – used for global warming potential values and CO_2e conversion logic, particularly for refrigerants and other greenhouse gases.
• **ICAO Carbon Emissions Calculator methodology** – used as a supporting reference for air travel emissions where applicable.
• **ADEME Base Carbone / life-cycle inventory references** – used as supporting references for selected capital asset and embodied-emission assumptions.

11.2 Internal Data and Calculation Sources

• **KEP Trust GHG Carbon Footprint Calculator** – used as the primary internal calculation tool for consolidating activity data, emission factors, assumptions, and CO_2e results.
• **KEP Trust internal activity data** – including electricity consumption, fuel use, fleet data, branch information, staff numbers, office area, travel, procurement, water, waste, and portfolio balances.
• **Portfolio emission factors by loan product** – developed as internal proxy factors with reference to financed-emissions logic, in the absence of borrower-specific emissions data.
• **Green loan treatment** – applied as an internal screening assumption only and not presented as a certified offset, verified avoided emission, or removal.

11.3 Observational Alignment References

The GHG Protocol Corporate Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Standard, ISO 14064-1:2019, and PCAF Global GHG Accounting and Reporting Standard are referenced for methodological orientation, scope categorization, and disclosure logic where applicable. These frameworks support the structure of the inventory but should not be interpreted as external assurance or full verification of all figures.

Reporting Period	Standards Used
January 1, 2024 – December 31, 2025	GHG Protocol, ISO 14064-1:2019, IPCC AR6