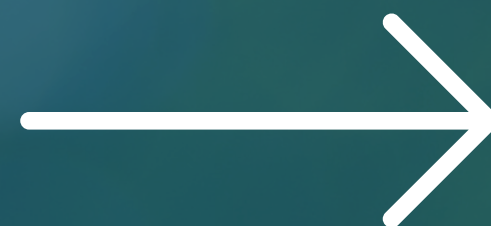


A YEAR OF CLIMATE &
ENERGY INSIGHTS

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**CREDIBLE
GREEN CLAIMS
INCENTIVISING
INVESTMENTS IN
GREENER
PRODUCTION**



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THE BUSINESS CASE FOR GREEN PREMIUMS

Nearly 7,000 companies have set voluntary science-based decarbonisation targets under the **SBTi** framework, with approximately half committing to net-zero goals. Achieving these targets necessitates substantial investment in low-emission technologies, often more costly than traditional alternatives.

Therefore, many companies seek to claim the associated emission reductions to justify a green premium on their products, thereby offsetting the additional costs of decarbonisation. Furthermore, offering a green product can provide a competitive edge over traditional alternatives.

MAINTAINING CREDIBILITY IN GREEN CLAIMS

The allocation of emission reductions to final products is a complex process. Maintaining transparency and credibility in linking emission reductions to final products is crucial. This is essential for claims to be both accurate and impactful, while also protecting companies from the risk of greenwashing allegations.

WHAT CAN BE CLAIMED AS GREEN?

While the EU Taxonomy and Green Claims Directive provide valuable guidance, uncertainty prevails. Voluntary schemes such as the SBTi have yet to determine rules for allocation mechanisms for certain products.

Customers are increasingly demanding robust chain of custody systems and documentation to justify paying a premium for emission-reduced products. Additionally, third-party-verifiers may also advocate their own standards.

Thus, a one-size-fits-all solution does not exist but will have to be tailored to the product, the value chain, and the operator's level of ambition.

Companies considering the adoption of a carbon allocation system to support green claims should, however, think about the following questions to guide their decisions:

- What is the primary goal of implementing the carbon allocation system?
 - Does the company have the resources and accurate data to measure and manage carbon emissions effectively?
 - Will the system enhance the value proposition and transparency for the company's customers (i.e., are they willing to pay for it)?
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A NOTE FROM THE CLIMATE, ENERGY & NATURAL RESOURCES TEAM AT CE

As 2024 draws to a close, our Climate, Energy & Natural Resources team is excited to share the progress we have made and insights we have gained this year.

We are pleased to present key highlights from our completed and published projects, along with updates on ongoing and upcoming initiatives focused on energy transition, electrification, demand-side flexibility, and green claims.

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