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Internal Carbon Price

Corporate Sustainability Department

Internal Carbon Pricing

Internal carbon pricing is a management tool that assigns an economic value to greenhouse gas emissions, enabling companies to incorporate the potential cost of carbon into business analysis and decision-making.

It can help organizations better understand their exposure to climate-related risks and evolving carbon regulations, compare alternatives with different emissions profiles, and assess the potential implications of transitioning toward lower-carbon technologies and operations.

By translating GHG emissions into an economic reference, internal carbon pricing provides an additional perspective for evaluating risks, opportunities, investments, and long-term strategic decisions.

Shadow Price

A shadow price assigns a theoretical monetary value to GHG emissions without generating an actual financial charge or internal transfer. This allow companies to estimate the potential economic implications associated with their carbon emissions and incorporate this perspective into sensitivity analyses.

TRAXION's Carbon Price

We use a shadow carbon price as a reference when analyzing our Scope 1 and Scope 2 GHG emissions, providing a consistent economic perspective to assess potential carbon-related exposure across our operations.

To establish our reference price, we use a market-based approach, considering existing carbon pricing mechanisms and regulatory references in Mexico. For 2025, TRAXION used the carbon tax applicable to emissions from fixed sources in the State of Querétaro as its reference benchmark.

Reference Carbon Price

Queretaro, Mexico

MXN 692.13 tCO_2e

The Querétaro carbon tax is used as a regulatory benchmark for the shadow price; it does not imply that this tax is directly applicable to all TRAXION emissions.

TRAXION’s Carbon Price

Integrating a carbon price into our analysis provides an additional economic perspective for understanding the potential implications of GHG emissions and the transition to a lower-carbon economy.

For TRAXION, the shadow carbon price can support the assessment of:

- Climate-related risks and potential exposure to carbon regulations.
- Financial and operational implications associated with GHG emissions.
- Investment projects and alternatives with different emissions profiles.
- Energy-efficiency and lower-carbon opportunities.
- Renewable energy, low-emission vehicles, and alternative-fuel technologies.
- Prospective strategic and financial decision-making.

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