

Allocation Principles

Allocation is the process of distributing environmental impacts among multiple products or co-products that originate from a shared process. This includes impacts from cultivation, ingredient sourcing, manufacturing and processing, packaging, and transportation.

To ensure fair and consistent distribution, allocation can be based on different criteria, such as:

- **Mass-based allocation** – Impacts divided by product weight.
Is suitable for co-products, i.e. comparable products such as beverages.
- **Energy-based allocation** – Based on energy content.
Is probably not applicable, as this type of allocation is only used for the production and sale of different types of energy.
- **Economic allocation** – Based on market value.
Should only be used for by-products, where the by-product has a positive economic value but is significantly lower than the main product (barley vs. straw, wine vs. pomace sold for spirit production).

ISO standards classify allocation as **physical** (mass or energy) or **economic**, and the chosen method should reflect actual physical relationships or economic drivers.

Physical/mass-based allocation is the preferred allocation method.