



Oxford Offsetting Principles Practitioners Forum

Foundation & Function of the Oxford Offsetting Principles

The Oxford Offsetting Principles (hereafter the Principles) do not take an active stance for or against offsetting.¹ Instead, they reflect the science behind net zero alignment as laid out in the [IPCC's Special Report on 1.5C](#), working backwards from that to what is needed in project portfolios today. At the time the IPCC's Special Report was published (2018-2019), it was evident that carbon market practice was not net zero-aligned. Since then, slow but tangible shifts have taken place in carbon market practices in terms of i) the quality standards for and the quality of carbon credits generated and sold, and ii) the composition of carbon offsetting portfolios. The future pathway for carbon markets requires deeper and more sustained engagement with the Principles as a framework to help stabilise global temperatures and meet the targets of the Paris Agreement. Towards this end, it is crucial to develop a firm understanding of the current function the Principles play in the carbon market ecosystem and how they can be further operationalised in the future.

(1) The Principles' role in the current carbon market ecosystem

The Principles are an independent expert framework as opposed to a fixed standard. They outline the fact that designing and implementing a robust net zero-aligned offsetting strategy requires stepping out of binary approaches to better reflect scientific nuance.

The Principles have a wide range of potential applications in the real and financial economy, as well as in national and international policymaking spaces. To date, implementation of the Principles in these settings has been highly dependent on the practitioners utilising them. For instance, variations include the ways in which i) resources are allocated among different project types and ii) the Principles have been reconciled with other carbon market frameworks, among others. Nevertheless, the Principles can provide an influential science-backed baseline to inform carbon market strategy.

¹ Recognising the controversial history of offsetting projects with evidence to demonstrate poor integrity in some main types of carbon credits used for offsetting purposes. See Probst, B.S., Toetzke, M., Kontoleon, A., Díaz Anadón, L., Minx, J.C., Haya, B.K., Schneider, L., Trotter, P.A., West, T.A., Gill-Wiehl, A. and Hoffmann, V.H., 2024. Systematic assessment of the achieved emission reductions of carbon crediting projects. *Nature communications*, 15(1), p.9562.



(2) Synergies and divergences between the Principles & other frameworks

The Principles exist alongside a continuously evolving suite of standards in the carbon market ecosystem, set out by either voluntary initiatives or regulatory bodies. Similarities and differences between these standards and the Principles can either help or hinder the latter's operationalisation.

Synergies related to the identified need to ramp up high-quality durable carbon dioxide removal for neutralisation purposes exist in both the Principles and standards such as [Science-based Targets Initiative \(SBTi\)](#), the [International Organisation for Standardisation \(ISO\)](#), and the [EU Carbon Removals and Carbon Farming \(CRCF\)](#). However, differences remain relating to the categorisation of projects in portfolios as well as in relation to compensatory versus contributory approaches. Standards which do not distinguish between use cases for different types of projects, such as those guiding the [Carbon Offsetting and Reduction Scheme in Aviation \(CORSA\)](#), also demonstrate further areas of divergence. Further clarity on how the Principles apply to and interact with different standards is needed to facilitate their future implementation. There might also be scope for the Principles to offer guidance on how these divergences can be addressed, providing consistency across standards.

(3) The role the Principles could play in future

The Principles could evolve to better inform the range of use cases for the diversity of audiences in the existing carbon market ecosystem. On the one hand, they could inform the development of net zero-aligned infrastructure, helping to avoid fractures as the carbon market matures. On the other hand, the Principles could be used to develop further user guidance and examples for practitioners to more readily and credibly develop net zero-aligned strategies across different sectors and settings.

Further consideration should be given to incentives for adherence to the Principles, or consequences for not doing so. Further detail would be useful on the scopes and types of emissions the Principles apply to (i.e. residual versus remaining emissions), their role in applying the mitigation hierarchy, as well as their implications for compliance markets, both domestic and international.