Integrity Principles for Carbon Offsetting

1. INTRODUCTION

Monash is a modern, global, research-intensive university, delivering education and research excellence in Australia and across the Indo-Pacific.

We're making a positive impact on today's global challenges – whether that's by mitigating climate change, easing geopolitical insecurity or fostering healthy communities.

1.1. IMPACT 2030

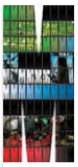
Monash University's research and education is focused on addressing the challenges of the age for the betterment of our communities, both locally and globally.

Our Strategic Plan, *Impact 2030*, charts the path for how the University will actively contribute to addressing these challenges through its research and education, and in collaboration with government, industry, alumni, donors, and community.

In this third decade of the 21st century, among many challenges, three are significant for us all and global in their scale and implications.

Climate change

Climate change threatens the fabric of our planet and the quality of air, water and biodiversity that sustains us.



Geopolitical security

Conflicts, political and digital disruption and eroding trust are undermining the mechanisms for international security worldwide.

Thriving communities

Living well and together requires understanding and solution of medical, health and technological issues, and systemic social issues.

1.2. MONASH AND SUSTAINABILITY

Monash University's Environmental, Social and Governance Statement 2021-2025 was published in 2021. As the second guiding statement of its type for Monash, the document built on environmental, social and governance (ESG) commitments articulated in the first ESG Statement (published 2016) and identified further areas for focus by the University relating to sustainability and responsible practice.

The ESG Statement 2021-2025 identified nine priority areas for focus:

- Research
- Teaching
- Campus
- Gender Equality
- Aboriginal and Torres Strait Islander Peoples
- Modern Slavery
- Governance
- Investment
- Engagement

1.3. NET ZERO INITIATIVE

The Net Zero Initiative, launched in 2017, made a commitment to reach net zero emissions by 2030. To achieve our net zero emissions goal, Monash has prioritised reducing emissions within our operational boundary and supply chain before focusing on carbon removal from the atmosphere. **Removal offsetting will be required to address residual emissions that cannot be mitigated through these efforts. We will need to rely on offsetting to compensate for unavoidable residual emissions and reach our net zero goal.**

1.4. THE ROLE OF OFFSETTING

While carbon offsetting has its critics, it plays a role in global net zero efforts by mobilizing finance for projects that reduce, avoid, or remove emissions. Integrity and transparency in the Voluntary Carbon Market (VCM) are crucial for ensuring carbon credits deliver real climate benefits. By selecting only high-quality offsets aligned with its integrity principles, Monash supports climate action and advances its *Impact 2030* goals, benefiting communities, biodiversity, and nature.

1.5. MONASH OFFSETTING COMMITMENTS

The *Net Zero Transport Roadmap* (endorsed in 2021) recognizes aviation as a major challenge in reducing emissions. While vehicle electrification and transit improvements will help, some emissions—especially from flights—will require offsetting. Monash's *Net Zero Transport Strategy* includes:

- Offsetting emissions from business and student exchange travel by 2025
- Developing an offset program for incoming student travel by 2026
- Ensuring flight offset costs are included in grant funding
- Creating a *Low Carbon Travel Guide*
- Encouraging reduced flight frequency and researching alternatives

Monash has offset fleet vehicle emissions since 2000 and will continue until the transition to electric vehicles powered by renewable energy is complete.

1.6. MONASH'S EMISSIONS REDUCTION HIERARCHY

Monash's *Net Zero Initiative* targets eliminating scope 1 and 2 emissions from campus operations by 2030. Efforts are expanding to include scope 3 emissions, addressing supply chain impacts. Additionally, Monash is adopting *Beyond Value Chain Mitigation (BVCM)*—supporting emissions reductions outside its direct operations—to accelerate global net zero efforts. However, external mitigation does not replace reducing scope 1, 2, and 3 emissions.

1.6.1. Emissions Reduction Priorities

1. **Eliminate and Reduce Emissions Within Operations**
    - Prioritise energy efficiency, electrification, and renewable energy.
    - Minimise fossil fuel reliance and optimise resource use.
2. **Reduce Emissions Within the Value Chain**
    - Engage suppliers to cut emissions in procurement and logistics.
    - Promote circular economy practices and carbon sequestration.

3. **Invest in Climate Action Beyond the Value Chain**
    - Support high-integrity carbon removal projects.
    - Prioritise initiatives with biodiversity and social co-benefits.

Monash's initial *BVCM* approach includes purchasing carbon credits, with ongoing reviews to align with best practices and explore alternative strategies.

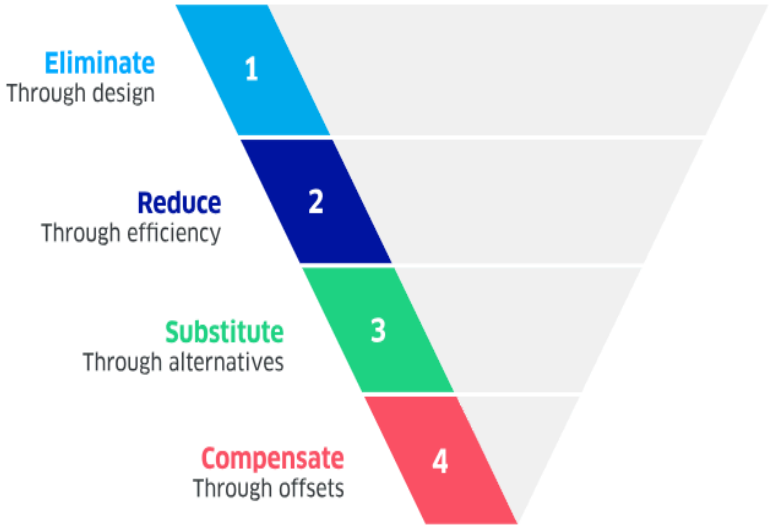


Figure 1: Emissions mitigation hierarchy, in order of priority

2. PURPOSE

This Framework outlines Monash's *Integrity Principles for Offsetting*, providing guidelines for the use, procurement, and application of carbon credits. It includes a background on carbon credits (Section 6) and the Integrity Principles (Section 7), ensuring transparency and adherence to best practices.

3. STRATEGIC OBJECTIVES FOR OFFSETTING

3.1.1. Maximise Planetary Co-benefits

Align with *Impact 2030* goals by supporting environmental protection and climate-vulnerable communities.

3.1.2. Promote Indigenous Participation

Foster Indigenous involvement in carbon projects, ensuring meaningful and long-term partnerships.

3.1.3. Ensure Best Practice and Integrity

Adhere to international integrity standards, with ongoing project reviews to align with Monash's net zero strategy.

3.1.4. Deliver Local Community Benefits

Prioritise social, economic, and environmental improvements in project regions, ensuring sustainable, tangible benefits.

3.1.5. **Achieve Value for Money**

Balance financial efficiency with ethical and environmental goals to maximise strategic impact.

4. AIMS

The aim of this Framework is to establish strong governance around the selection of carbon projects for the purpose of offsetting emissions. This Framework will ensure:

4.1.1. **High Integrity**

A process to carefully select high-quality, independently verified carbon credits or projects that meet strict standards

4.1.2. **Transparency**

Transparency in project selection practices including regularly reporting and communicating on the quality and impact of the carbon credits purchased

4.1.3. **Engagement**

Monash only engages in initiatives that improve the overall quality and credibility of the carbon credit market

5. GOVERNANCE

The *Offset Advisory Panel* provides strategic leadership on carbon credit procurement, ensuring project integrity, financial risk management, and alignment with Monash's evolving strategy. The panel includes representatives from key university departments, offering expertise in procurement, Indigenous engagement, and climate research.

Panel Responsibilities:

- Advise on risks, opportunities, and mitigation measures for carbon projects.
- Oversee Monash's emissions offset strategy and procurement process.
- Endorse carbon levy pricing and make key recommendations.

Buildings & Property Responsibilities:

- Maintain and update the Framework.
- Manage carbon credit procurement and recommend levy pricing.
- Report to executive committees on Monash's offset program.

All carbon credit purchases must align with Monash's *Integrity Principles*.

6. BACKGROUND - CARBON CREDITS AND OFFSETTING

Carbon offsets and carbon credits are related but distinct. A carbon credit represents one tonne of CO_2-equivalent emissions avoided or removed, issued by a crediting program and traded in markets. Offsetting refers to investing in emissions reduction beyond an organisation's boundary, often using carbon credits.

Monash currently has no mandatory carbon credit requirements but may in the future. In Australia, *Australian Carbon Credit Units (ACCUs)* are issued under the Emissions Reduction Fund (ERF) for emissions reduction projects. These can be sold for compliance or voluntary offsetting, with international carbon credits also available.

Carbon credits fall into two categories:

- **Removal** (e.g., tree planting) – physically extracts CO_2 from the atmosphere.
- **Avoidance** (e.g., renewable energy) – prevents emissions from occurring.

Currently, only 3% of projects involve removal, but increasing this share is crucial for net zero by mid-century under the Paris Agreement. Carbon projects are further classified into:

- **Nature-based** (forestry, agriculture).
- **Technological** (solar, wind, carbon capture).
- **Community-based** (alternative fuels for developing nations).

Each type may be either removal or avoidance, contributing to emissions reduction strategies.

6.1. VOLUNTARY CARBON MARKET CHALLENGES

Most carbon credits do not remove existing emissions—only removal projects achieve this, while avoidance projects prevent future emissions. Despite this, carbon credits can support net zero goals and provide environmental and social benefits if projects are carefully selected. To minimise the risk of low-integrity projects, Monash must consider the following factors when offsetting:

6.1.1. QUALITY AND CREDIBILITY

Projects should align with international standards such as the Paris Agreement and be independently verified by reputable bodies (e.g., Verra, Gold Standard, CER). Further due diligence is required beyond third-party verification.

6.1.2. ADDITIONALITY

Projects must represent emission reductions that would not have happened without carbon credit funding. Some categories, like renewable energy, no longer meet this criterion.

6.1.3. DOUBLE COUNTING

Ensuring emission reductions are not claimed by multiple parties is essential to maintaining integrity. Clear accounting and tracking mechanisms are needed, particularly for credits that might overlap with national climate targets.

6.1.4. TEMPORAL, PERMANENCE AND LEAKAGE ISSUES

Projects must ensure long-term impact and prevent emissions from shifting elsewhere (e.g., deforestation in one area leading to clearing in another). Long-term safeguards should be in place to avoid reversals of carbon benefits.

6.1.5. MONITORING, REPORTING AND TRANSPARENCY

Continuous monitoring of the project's carbon sequestration or emission reduction activities is essential, along with regular reporting. Publicly accessible documentation is essential for trust and will allow Monash to take additional due diligence steps in the selection of projects.

6.1.6. SOCIAL AND ENVIRONMENTAL IMPACTS

Some projects may negatively affect communities or biodiversity. High-quality projects should deliver co-benefits such as biodiversity protection and sustainable development.

6.1.7. CARBON MARKET DYNAMICS

As demand for credits grows, monitoring market trends and working with experts will help Monash secure high-integrity projects.

6.1.8. REPUTATIONAL RISK

Investing in low-quality credits could damage Monash's credibility, leading to accusations of greenwashing and loss of trust from stakeholders. High-quality, verified credits are necessary to uphold Monash's climate leadership.

7. INTEGRITY PRINCIPLES FOR CARBON OFFSETTING

This Framework is designed to manage the risks and the factors considered in the previous sections and recommends that Monash should:

1. Establish strong governance for implementing an offsetting strategy
2. Communicate clearly to ensure transparency in decision making for selecting carbon credit projects to support
3. Measure and report regularly the purchase of credits and their associated projects
4. Aim for continuous improvement by regularly reviewing the strategy to ensure best practices are followed in emission reduction and carbon removal projects

The Integrity Principles for procuring carbon credits are summarised in the diagram below.

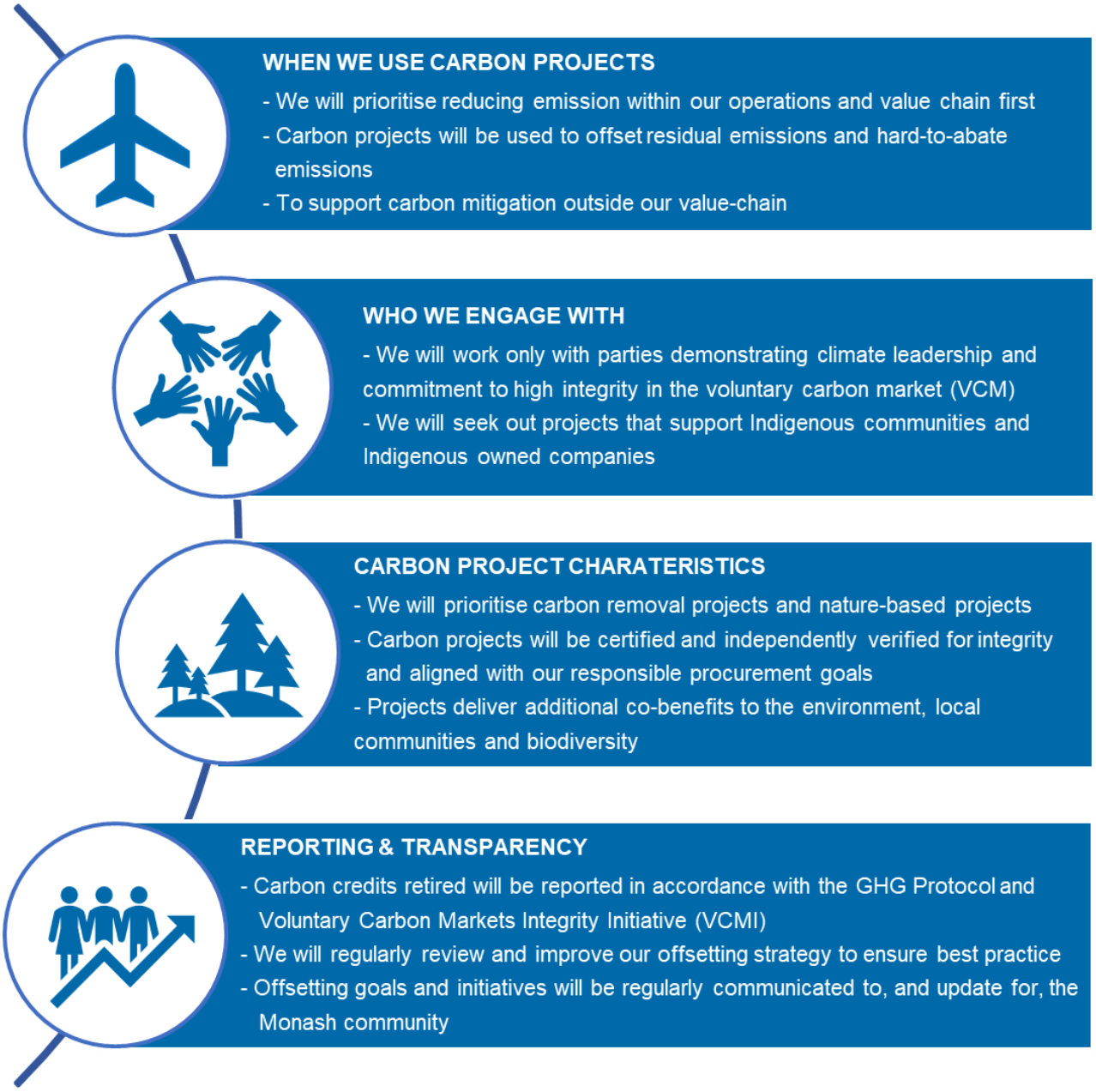


Figure 2: Monash Integrity Principles for carbon offsetting

7.1. SELECTION HIERARCHY FOR MONASH'S OFFSETTING PORTFOLIO

Monash's offset strategy prioritises integrity, sustainability, and alignment with its climate and societal goals. Project selection follows these key principles:

7.1.1. PRIORITISE CARBON REMOVAL PROJECTS

Monash favours removal projects (e.g., reforestation, future technologies like direct air capture) over avoidance projects, as they physically store carbon and are essential for net zero ambitions.

7.1.2. PRIORITISE NATURE-BASED SOLUTIONS

Projects like reforestation provide carbon sequestration alongside biodiversity, water quality, and community benefits, making them a top priority.

7.1.3. SUPPORT INDIGENOUS-LED PROJECTS

Supporting Indigenous-led initiatives strengthens cultural connections, sustains traditional knowledge, and creates economic opportunities.

7.1.4. SEEK PROJECTS WITH DEMONSTRABLE CO-BENEFITS

Projects that deliver biodiversity gains, community benefits, and address social challenges (e.g., health, food security) will be prioritised.

7.1.5. SUPPORT AUSTRALIAN-BASED PROJECTS

Monash will prioritise local projects to maximise regional impact and sustainability benefits while considering projects in other Monash-affiliated regions.

7.1.6. ENGAGE CARBON MARKET EXPERTS

Carbon market specialists will assist in selecting high-quality projects that meet integrity principles.

7.1.7. EXCLUSIONS AND LIMITED INCLUSIONS

Monash will take a cautious approach towards certain project types, excluding or limiting investments where integrity concerns arise:

7.1.7.1. EXCLUSION OF CLEAN ENERGY PROJECTS

Renewable energy projects are no longer deemed additional, as many would proceed without carbon credit funding. The Integrity Council for the Voluntary Carbon Market (ICVCM) has determined that renewable projects often do not meet the additionality requirement due to their financial viability. Monash will exclude these projects from its portfolio unless there is clear evidence of additionality.

7.1.7.2. EXCLUSION OF HUMAN-INDUCED REGENERATION PROJECTS

According to a Nature paper, most Australian Human-Induced Regeneration (HIR) projects fail to meet the Integrity Principles due to:

- Overestimated Carbon Sequestration – Many projects claim carbon storage that significantly exceeds what is actually achieved.
- Lack of Additionality – Some projects receive credits for regrowth that would have occurred naturally, meaning the carbon benefit is not truly additional.
- Permanence Risks – Carbon stored in vegetation is vulnerable to droughts, fires, and land-use changes, making long-term sequestration uncertain.
- Weak Verification & Transparency – Many HIR projects lack rigorous monitoring and independent validation, leading to credibility concerns.

This selection hierarchy will be regularly reviewed and updated to reflect changes in the voluntary carbon market (VCM) and Monash's evolving offsetting strategy. As the market and climate goals progress, Monash remains committed to ensuring its approach aligns with the latest best practices and integrity standards.

7.2. CARBON CREDIT INTEGRITY GUIDE

Monash University will assess the integrity of carbon credits by using established frameworks that uphold rigorous global standards for quality and transparency. Credits will be prioritised based on their adherence to recognised principles of high integrity, ensuring they contribute to real, measurable, and verifiable emissions reductions.

Carbon credits should be purchased through market experts, including brokers, carbon offset providers, or firms with expertise in the carbon credit market. This approach will ensure the selection of credible projects while navigating the complexities of pricing and availability.

To minimise risk and maximise the environmental and social benefits, Monash will diversify its offsets portfolio across different project types and geographies, aligning with strategic co-benefit goals.

7.3. OFFSET PROCUREMENT PLAN

A panel of organisations, selected through a tender process, will be engaged to provide Monash with access to a diverse range of carbon offset projects.

The procurement process for carbon offsets is designed to ensure the transparent, high-integrity, and cost-effective acquisition of offsets that align with the university's Net Zero Initiative and Integrity Principles for Carbon Offsetting. The process involves an annual review of emissions, engagement with a contract panel of suppliers, rigorous project evaluation, and strategic portfolio selection to secure offsets that provide verified emissions reductions and social co-benefits. By forward-purchasing offsets at least 12 months in advance, Monash ensures budget certainty through a structured carbon levy system, while maintaining flexibility to respond to evolving carbon market conditions. The aim is to procure credible offsets that contribute to real climate action, support Indigenous-led and nature-based solutions, and meet best-practice sustainability standards.

7.4. CARBON PROJECT ASSESSMENT

Vendors must provide detailed documentation, including pricing breakdowns, project-specific details (location, type, verification), and standard purchase terms, enabling Monash to assess alignment with its Integrity Principles.

7.5. FRAMEWORK REFERENCES

This framework was developed by referring to a number of sources, most notably the Oxford Principles for Net Zero Aligned Carbon Offsetting for providing a framework for the effective and ethical use of carbon credits in achieving net zero emissions.