

Best Practice Complement

To complement Planet Tracker's research paper that highlights the misalignment between management statements on climate transition and the trading associations of which they are members – see '[Climate Transition Mismatch for Corporates and Trade Associations](#)' – the following best practice indicators for corporates are recommended as follows:

1. Climate Advocacy:

Take a proactive stance on climate policy advocacy. This involves consistent lobbying for bold climate policies, aligning political contributions with climate transition leadership, and actively participating in or leading pro-climate coalitions.

2. Proactive Auditing:

Regularly conduct thorough audits of trade associations using established guidelines, such as those provided by [InfluenceMap](#) and [The B Team](#), to assess alignment with stated corporate climate goals.

Make the results of these audits public and commit to regular re-audits to ensure ongoing transparency. Before joining a trade association, this audit should always take place.

3. Strategic Membership

Establish explicit criteria for joining and continuing to be a part of a membership association. This should include clear guidelines and steps taken to correct any identified misalignment, as well as a disassociation plan in the case of a permanent policy misalignment.

Historical examples, such as [Mars, Nestlé, and Unilever leaving the Grocery Manufacturers Association to form the Sustainable Food Policy Alliance](#) (with Danone North America), and [Shell's departure from the American Fuel & Petrochemical Manufacturers Association](#), could be used to guide the development of clear guidelines for leaving associations that conflict with corporate climate objectives.

4. Transparency Commitment

Publicly disclose positions, actions, and outcomes related to trade association memberships, climate policies, and advocacy efforts. Transparency is crucial for building trust among stakeholders, including investors, regulators, and the public, and is aligned with best practices recommended by organizations like the World Resources Institute.

[Bayer's Industry Association Climate Review](#) and [LyondellBasell's Climate Advocacy Report](#) are a couple of good practice examples.

5. Engagement and Accountability:

Actively engage with investors, acknowledging their fiduciary duty to understand the company's strategy, and address their concerns related to potential greenwashing strategies promptly. Please see '[The Greenwashing Hydra](#)'.

These best practice indicators provide a simple framework for companies to navigate the complexities of trade association alignment, fostering transparency, accountability, and proactive leadership in the pursuit of a true climate transition.