

# Corporations that NGOs loved and hated in 2015

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SIGWATCH Ltd, 71-75 Shelton St, Covent Garden, London, WC2H 9JG, UK Tel +44 20 7470 8850 Fax +44 20 7379 0801  
SIGWATCH GmbH, Leopoldring 3, 79098 Freiburg im Breisgau, Germany Tel +49 761 2908 3251 Fax +49 321 2102 5351

Plus representatives in Virginia, U.S.A. and Calgary, Canada

E-mail: [sigwatch@sigwatch.com](mailto:sigwatch@sigwatch.com)

# Contents

<b>Contents</b>	<b>2</b>
<b>Executive summary</b>	<b>3</b>
How NGOs choose their targets	3
Most criticized and most praised corporations in 2015	3
<b>Methodology</b>	<b>6</b>
<b>How NGOs choose corporate targets</b>	<b>7</b>
Large vs small	7
Consumer vs industrial	9
<b>NGO loves and hates in 2015</b>	<b>11</b>
Global	11
<b>What you are missing from the full report...</b>	<b>14</b>
<b>About SIGWATCH</b>	<b>15</b>

## Executive summary

*NGO or non-governmental organization, is a term covering a wide range of non-profit, citizen-based groups, from charities, watchdogs, research-driven policy organisations, industry lobby and pressure groups to activist and grassroots collectives. Examples include Friends of the Earth, WWF, Amnesty International, Oxfam, Greenpeace, and PETA.*

### How NGOs choose their targets

#### Multinationals disproportionately targeted

In all sectors except finance, the ten biggest corporations by market share attracted 50% to 70% of all NGO attention. The rest was aimed at smaller companies when they were accused of behaving badly or niche players setting a good example (when they got a lot of praise). Medium-sized companies however were virtually ignored by NGOs unless they did something conspicuously bad. This rule seems to apply at national, regional and global levels except in the financial sector where most players except the smallest were targeted.

#### NGOs favor consumer, financial corporations over industrials and extractives

The most praised of the consumer-oriented companies received almost as much praise as criticism in 2015, while companies in the arms and chemicals industry received no praise at all. Healthcare companies showed a wide range of praise (and therefore engagement) with NGOs, while the automotive sector seems to be struggling to recover the NGOs' confidence post-'dieselgate'.

The financial sector is being treated more like a consumer sector than an industrial one, and many financial institutions are changing policies to suit NGOs. This could have interesting ramifications for its commercial relationships with industry, especially those in the fossil fuel sector.

#### NGO pressure makes corporations change 'non-core' rather than 'core' activities

SIGWATCH praise data indicates that corporations are most likely to be praised for (and therefore to have reformed) 'non-core' or supply chain issues, such as environmental impacts or sourcing of raw materials, rather than core activities, such as ending drilling in a sensitive location, or changing the nutritional profile of a food product.

### Most criticized and most praised corporations in 2015

During 2015 SIGWATCH logged nearly 6,000 NGO campaigning actions globally, of which 3,600 occurred in North America, 3,200 in Europe, 600 in Latin America and 400 in Asia-Pacific (the regional figures add up to more than the global total because many actions affect or take place in more than one region). These numbers reflect the relative number and strength of NGOs in each region and therefore capacity for campaigning.

#### Globally

Shell, Monsanto and the World Bank were the most heavily criticized by NGOs and have been major targets for some years.

Volkswagen (because of 'dieselgate'), Adani and EDF joined the global 20 most criticized corporations for the first time.

Nestlé led the global 20 most praised corporations list, with Marks & Spencer second, McDonald's third and Unilever fourth. Seven retailers, including Walmart, H&M and Tesco and Sainsbury as well as M&S made the global top 20 for NGO praise, as did seven financial institutions, of which four were French.

### UK

Nine of the top 20 most criticized companies in the UK were oil, coal or mining companies. Shell, BP and Rio Tinto took the top three places for criticism, followed by Volkswagen. Three banks, Standard Chartered, Barclays and HSBC, were in the top 10 for NGO criticism.

M&S, Unilever and Nestlé were the most praised companies in the UK. Tesco, Associated British Foods (which owns Primark), IKEA, Sainsbury, Coca-Cola and John Lewis Partnership also made the 10 most praised, and retailers comprised eight of the 20 most NGO-praised firms in the UK.

### Europe

Fossil fuel energy companies were the main targets for criticism by NGOs in Europe.

Food companies, retailers and financial institutions were the most praised with Unilever, Marks & Spencer, Crédit Agricole (French bank), Nestlé and Rewe (German supermarket chain) the favorites. Eight of the 20 most praised were retailers and seven were financial institutions.

### North America

Shell was the most criticized company in the U.S., up from 13 in 2014, largely because during 2015 the focus of the Greenpeace-led global campaign against Arctic drilling moved from Europe to Seattle.

Climate change, carbon divestment for financial institutions and funds, supply chain responsibility for food firms also became more important for NGOs in the region during 2015, while oil sands activism fell back sharply although TransCanada (Keystone XL) continued to be the second most criticized company in North America, with a second pipeline company, Enbridge, being number four.

McDonald's was the most praised company in 2015, with Whole Foods in second place, Nestlé in third, and Apple in fourth. Goldman Sachs, Morgan Stanley and Société Générale all appeared in the 20 most praised companies for the first time.

### Latin America

Activism in Latin America was dominated by concerns over the extractives and agricultural sectors, hydro power and threats to indigenous peoples. Of the 20 most criticized corporations in 2015, only one was not a mining or power company (it was Burger King).

The list of most praised companies in Latin America was led by the World Bank, followed by McDonald's. Although regional firms dominated this list, several international concerns made it into the top 20 including Cargill, HSBC, Facebook, Walmart, Microsoft and Hyundai.

### Asia-Pacific

Companies linked to coal, fossil fuel divestment, ag biotech and deforestation linked to palm oil plantations dominated criticism in 2015 in Asia-Pacific. Adani was the most criticized because of its controversial coalmining expansion plan in Queensland, Australia. Another coalminer, BHP Billiton, was the fourth most criticized. Chemical and ag biotech firms Monsanto, Syngenta and Bayer also did badly.

NGOs in Asia-Pacific found consumer firms and banks more deserving of praise than industrials or extractives. Apple was the most praised, up from 14<sup>th</sup> place in 2014, for its commitments on supply chain transparency, paper sourcing, and renewable energy. Google and Facebook and regional Asian companies such as Naver and SK C&C were praised on energy sourcing. Coca-Cola was praised by Asia-Pacific NGOs for its animal experimentation ban.

# Methodology

## Definitions

**NGO** or non-governmental organization, is a term covering a wide range of non-profit, citizen-based groups, from charities, watchdogs, research-driven policy organizations, industry lobby and pressure groups to activist and grassroots collectives. Examples include Friends of the Earth, WWF, Amnesty International, Oxfam, Greenpeace, and PETA.

**SIGWATCH** is a private research organization and consultancy which tracks and records NGO campaigning across the world. For details, see the end of this report.

## About the data used in this report

All charts and tables have been generated from SIGWATCH's online analytical tools which use data collected from tracking over 7,500 NGOs and their campaigns during 2015.

Each working day SIGWATCH uploads up to 40 new reports of NGO campaigning 'actions' in or close to real time. An action might be the launch of a new campaign, a change of target or tactics, a new publication or report, the filing of a lawsuit, or a direct action or street protest. By focusing on the 'new', SIGWATCH aims to catch the start of significant new NGO activities as they happen.

As well as describing each action and summarizing its purpose, SIGWATCH records when corporations, brands or projects are mentioned by the NGO. These mentions are scored for 'reputational impact', a rating system invented by SIGWATCH which aims to quantify the potential impact of an NGO action on a corporation's or industry's character and trust.

Reputational Impacts are calculated using the following formula:

$$\text{Reputational Impact} = \Sigma\{(\text{NGO influence}) \times (\text{Sentiment}) \times (\text{Prominence})\}$$

*NGO influence* accounts for the geographical influence of the NGO (from 0.5 for a local group up to 2.75 for a global coalition). *Sentiment* rates the tone of the NGO's comments on the corporate (from -1.5 for very critical to 0 for neutral, to +1.5 for strong praise). *Prominence* records how strongly the corporate is identified in the NGOs' own messaging (from 1 for being mentioned only in an accompanying report, up to 2.5 if it is named in the headline or title of the NGO's communication).

When multiple NGOs are involved in the same action, separate reputational impact scores are calculated for each NGO, and the scores summed to give an overall score for the action.

Praise, criticism and neutral scores are tallied separately for each corporation. By recording these values separately, varying or changing NGO attitudes to corporations are clearly revealed.

Reputational Impact scores are uniquely valuable because they are derived from the NGOs' perspectives, rather than from media coverage of their actions and words which can be distorting. This data helps users to understand where NGOs are focusing campaigns and provides an early warning of emerging reputational problems for corporations and industries.

# How NGOs choose corporate targets

## Large vs small

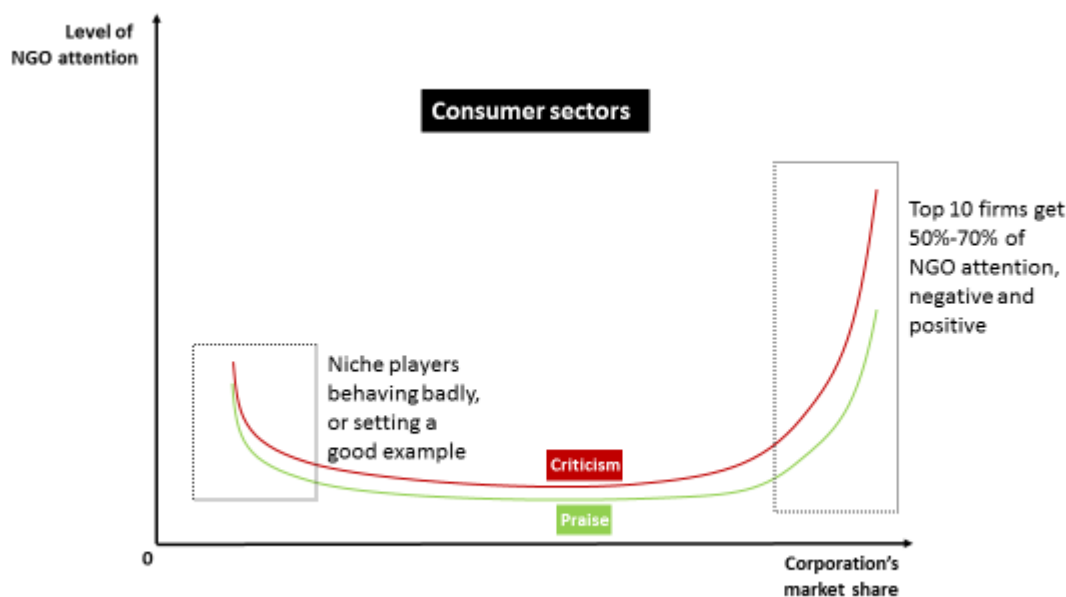
SIGWATCH data shows clearly that NGOs distinguish between companies of different sizes and sector when deciding which to target and how to criticize or praise them. Not only are some sectors more aggressively targeted than others, but for all sectors except finance, the ten biggest corporations by market share attract a disproportionate share of NGO attention, from 50% to 70% of all the campaigning where one or more companies are named.

NGOs do target small companies outside the top ten in each sector, but only when they are accused of behaving badly, or because they are niche players praised for setting a good example. Otherwise, medium and small corporations are virtually ignored. This rule seems to apply at national, regional and global levels. The financial sector is treated differently, in that here, most players except the smallest are targeted.

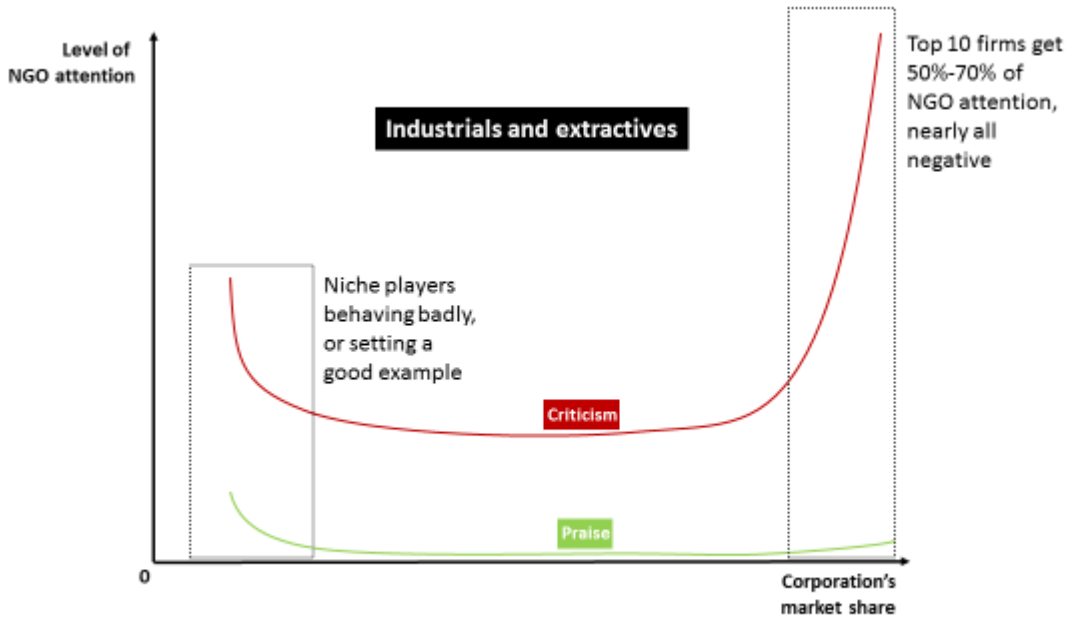
Consumer and financial sector corporations get far more praise from NGOs than corporations operating in industrial or extractive sectors. Even in the praised sectors however, it is very rare for a corporation to receive more praise than criticism.

The charts below plot SIGWATCH data to show how NGO criticism and praise is typically distributed by sector and size eg. market share or in the case of financial institutions, assets under management.

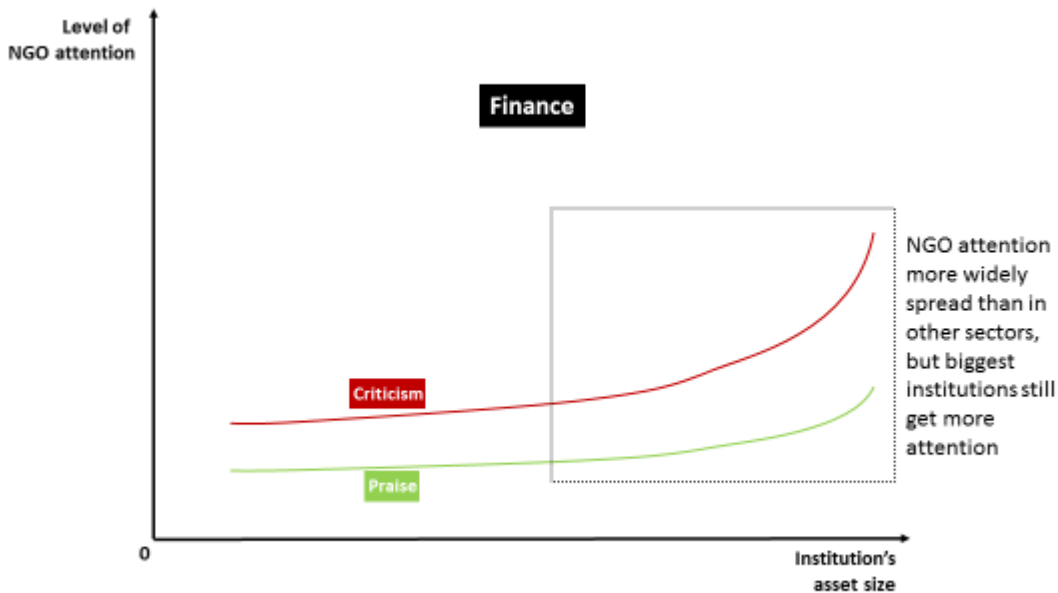
Distribution of NGO attention by size of organization: consumer sectors



**Distribution of NGO attention by size of organization: industrials and extractives sectors**



**Distribution of NGO attention by size of organization: finance sector**



This unequal distribution of NGO attention might appear to be unfair to large multinationals, who doubtless feel that some competitors are being allowed to fly under the NGOs' radar. However the NGOs' targeting strategy helps maximize their campaigning efficiency. Targeting the biggest brands gets more media attention (the media is more interested in news about well-known corporations), and changing the behavior of very large companies given their huge buying power creates maximum economic impact as reforms ripple through their supply chains. For this reason, medium-sized firms cannot ignore NGOs even if they themselves are not targeted, since their commercial environment will be challenged whenever competitors change the way they do business.

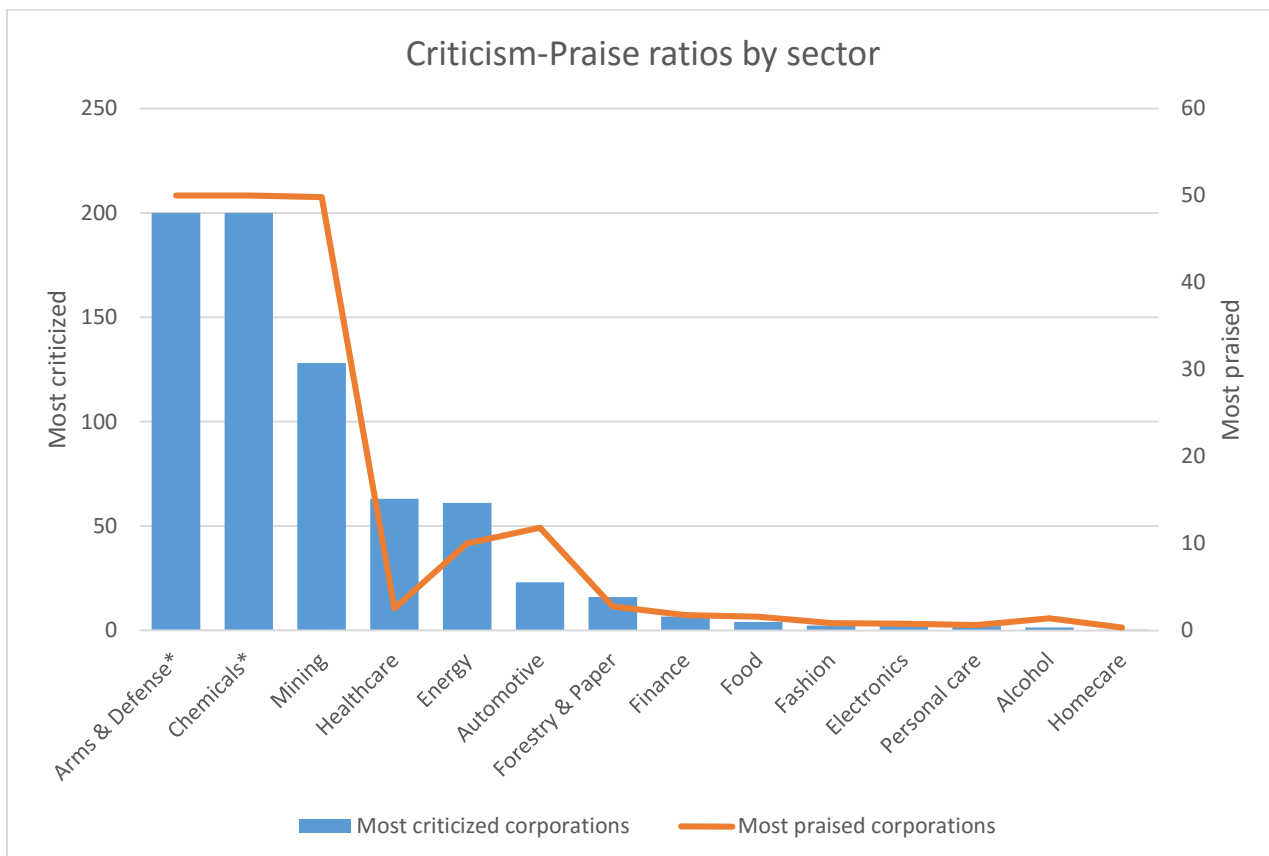


## Consumer vs industrial

As well as showing how NGOs select the best corporate targets, SIGWATCH data reveals which types of companies NGOs are inclined to cooperate with, and which they seem to want to avoid. For this purpose, Criticism-Praise ratios - total NGO criticism divided by total NGO praise - are useful to compare numerically how favorably NGOs view a corporation or groups of corporations (eg. an industry sector).

Because NGOs criticize more than they praise, criticism-praise ratios are always greater than one ('unity'). However in practice, we find any criticism-praise ratio of less than three indicates that NGOs are quite favorably disposed to those companies, whereas ratios of 10 or 20 or more indicates a marked level of dissatisfaction. When no praise is given out, the criticism-praise ratio is mathematically indeterminate since the calculation involves a division by zero. In such cases a high value is assigned to indicate that NGOs are severely dissatisfied.

In the chart below, criticism-praise ratios are plotted as a 'spread' between two extreme values for each sector. The lowest value is calculated collectively for the 20 most praised corporations (when praise will be at its highest and criticism at its lowest), and the highest value is calculated collectively for the 20 most criticized corporations (when praise will be smallest and criticism highest).



\*Values for Arms and Chemicals sectors have been set to large numbers for completeness, although mathematically their criticism/praise ratios are indeterminate since the calculation involves division by zero, for nil praise in 2015.

The charts expose clearly the difference in NGO attitudes between sectors. Whereas criticism-praise ratios for consumer-oriented sectors are close to unity for the most praised companies (which means they receive almost as much praise as criticism), for industrial sectors like arms and defense, and chemicals, they are effectively off the scale, as they get no praise at all (involving division by zero). The wide spread in ratios for the healthcare sector shows that some companies are doing much better than others, while the high values for the automotive sector suggests it is struggling to recover NGOs' confidence after 'dieselgate'.

Strikingly, the financial sector and enviably low ratios is definitely looking more like a consumer sector than an industrial one, reflecting its efforts to reform policies in line with the NGOs.

Just as NGOs consider some companies essentially 'good' (or at least acceptable) and others 'bad', they also tolerate some sectors more than others. In part this reflects NGOs' ability to influence corporate behavior in different sectors. NGOs have developed significant influence and levels of engagement with companies in consumer sectors and finance, but only limited influence, usually on narrow technical matters, in mining and extractives, and virtually none at all in chemicals and arms sector - or at least none that NGOs care to admit to, which is revealing in itself.

#### What corporations are praised for

When corporations were praised, it was almost always for taking action on 'non-core' or supply chain issues, such as environmental impacts, sustainable sourcing of raw materials or tackling labor or animal abuses by suppliers. In the case of financial institutions, it was usually for stricter policies on environmental and social issues. NGOs were rarely found praising firms for reforming core activities, for example, an oil company voluntarily ending drilling in a sensitive location, or a food firm changing the nutritional profile of its product. Almost certainly this is because firms rarely do change core activities in response to NGO pressure, and it is not because the NGOs do not welcome such changes when they happen.

# NGO loves and hates in 2015

## Global

In 2015 SIGWATCH logged 6,000 NGO actions globally across which Shell, Monsanto and the World Bank, in that order, were the most heavily criticized. Shell suffered for its Arctic drilling activities and continued fall-out from its Nigerian operations but will probably be much less exposed in 2016 now that the Arctic play has been cancelled. Monsanto is a classic perpetual target for many environmental, agricultural and consumer NGOs for whom it stands for the whole of the ag biotech and GMO sector. The World Bank is similarly regularly targeted, although in this case the pressure is being exerted in the expectation that it will change policies, and thereby change the whole of the financial sector, especially on issues concerning climate change and decarbonization.

The list of 20 most criticized corporations is noteworthy for being relatively stable: 12 of the 20 were also in 2014's top 20. Making the top 10 for the first time in several years were Volkswagen ('dieselgate') and Adani (Australian coal development) and EDF (French power company sponsoring the Paris climate conference).

The list of top 20 most praised corporations was led for the second year running by Nestlé, a recognition of their commitments in a number of areas relating to commodity sourcing, climate and water, and all the more remarkable since as recently as 2010 the company was still frequently singled out for criticism by NGOs, most spectacularly in Greenpeace's 'KitKat' campaign over palm oil and deforestation.

Just as remarkable is Marks & Spencer's position as the second most praised corporation globally, given that it is a British retailer with relatively little presence outside the UK. In fact seven retailers, including three British ones (M&S, Tesco and Sainsbury) figure in 2015's global top 20. Another seven of the top 20 are financial institutions, of which four are French. The reason these retailers won above-average praise from NGOs could be that they are used to responding quickly to consumer concerns and NGOs are being taken equally seriously. In the case of the financial institutions, 2015 has seen a lot of pressure from NGOs on banks and investors to decarbonize their portfolios and all these firms won praise for new climate commitments.

McDonald's reached third place for praise, up from 12, in recognition of recent policy shifts on antibiotics in food production, pay levels in its supply chain, nutritional labelling and animal welfare commitments. Unilever was fourth, keeping it in the top five global most praised corporations for another year as it continues to give sustainability performance a high priority across the business.

BNP Paribas and Walmart uniquely made it into the top 20 most criticized and most praised corporations for 2015. NGOs have high expectations for both organizations but clearly they are also receiving due recognition of their reforms.

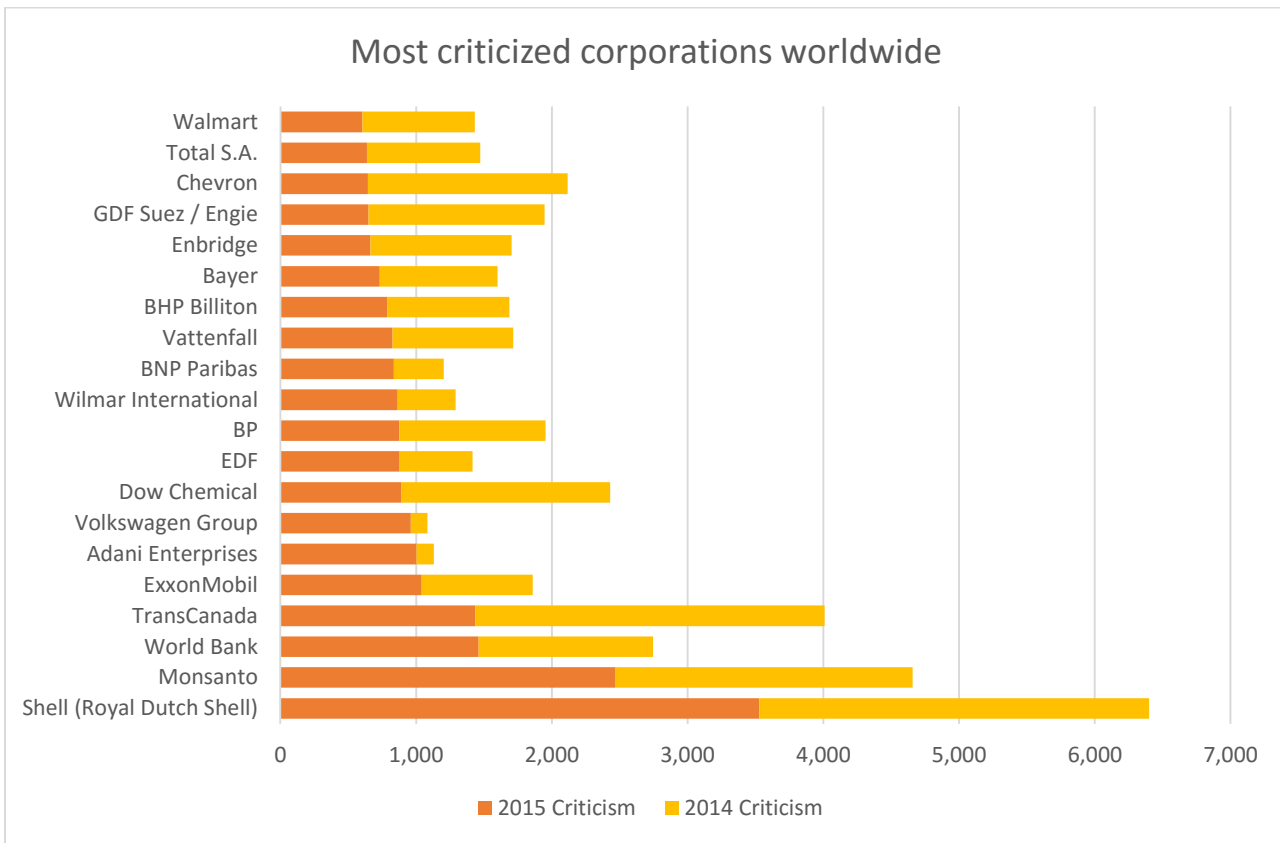


Chart bars are not additive: 2015 values are the orange bars only, 2014 values are the yellow bars only. Criticism and praise values are the sums of Reputational Impact (RI) scores for all the campaigning actions associated with each corporation. Typically a single action generates an RI of 5-10 points but scores can exceed 50 if several NGOs are involved. For details, see the section on Methodology.

Global: most criticized	2015 Criticism rank	2014 Criticism rank	Change year on year
Shell (Royal Dutch Shell)	1	1	0
Monsanto	2	3	+1
World Bank	3	7	+4
TransCanada	4	2	-2
ExxonMobil	5	*	-
Adani Enterprises	6	*	-
Volkswagen Group	7	*	-
Dow Chemical	8	4	-4
EDF	9	*	-
BP	10	9	-1
Wilmar International	11	*	-
BNP Paribas	12	*	-
Vattenfall	13	15	+2
BHP Billiton	14	13	-1
Bayer	15	17	+2
Enbridge	16	10	-6
GDF Suez / Engie	17	6	-11
Chevron	18	5	-13
Total S.A.	19	*	-
Walmart	20	*	-

\*2014 rank was greater than 20 so outside the range of this ranking.

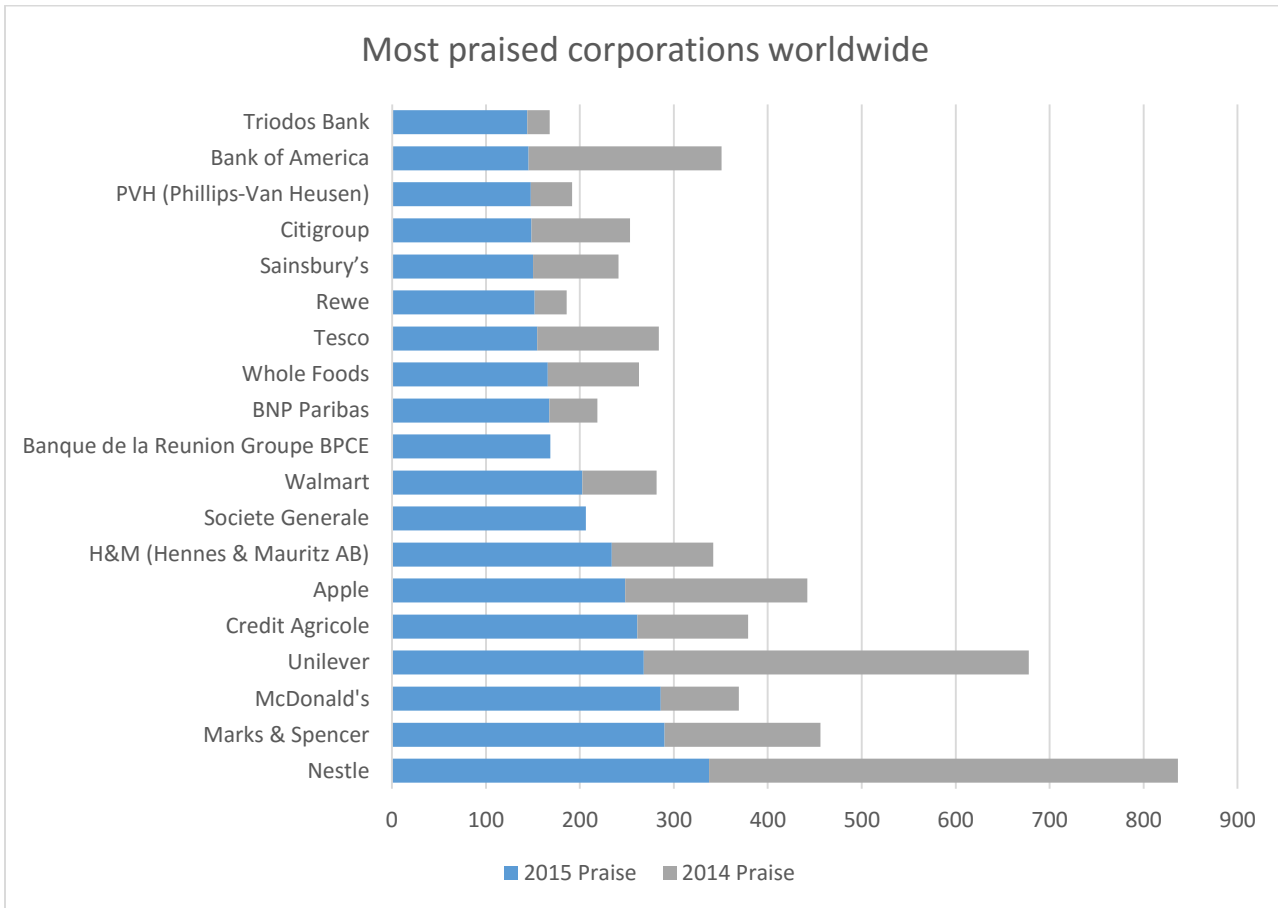


Chart bars are not additive: 2015 values are the blue bars only, 2014 values are the gray bars only. Criticism and praise values are the sums of Reputational Impact (RI) scores for all the campaigning actions associated with each corporation. Typically a single action generates an RI of 5-10 points but scores can exceed 50 if several NGOs are involved. For details, see the section on Methodology.

Global: most praised	2015 Praise rank	2014 Praise rank	Change year on year
Nestlé	1	1	0
Marks & Spencer	2	12	+10
McDonald's	3	*	-
Unilever	4	2	-2
Crédit Agricole	5	18	+13
Apple	6	7	+1
H&M (Hennes & Mauritz AB)	7	*	-
Société Générale	8	*	-
Walmart	9	*	-
Banque de La Réunion Groupe BPCE	10	*	-
BNP Paribas	11	*	-
Whole Foods	12	*	-
Tesco	13	16	+3
Rewe	14	*	-
Sainsbury's	15	*	-
Citigroup	16	*	-
PVH (Phillips-Van Heusen)	17	*	-
Bank of America	18	6	-12
Triodos Bank	19	*	-

\*2014 rank was greater than 20 so outside the range of this ranking.

## What you are missing that's in the full report...

	<b>Page</b>
<b>NGO corporate targeting analysed by geography</b>	
UK	14
Europe	17
North America	20
Latin America	23
Asia-Pacific	26
<b>NGO corporate targeting analyzed by industry sector</b>	29
Alcohol / drinks industry	29
Arms & defense	31
Automotive	33
Chemicals	36
Electronics & digital	38
Energy	41
Fashion	44
Finance	47
Food	50
Forestry & Paper	53
Healthcare	56
Homecare	58
Mining & metals	60
Personal care & toiletries	63

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## About SIGWATCH

**SIGWATCH specializes in tracking and understanding activism and NGOs to help business manage global activist risk. Its clients include many of the world's leading multinationals in energy, chemicals, mining, FMCG, financial services, healthcare, retail and communications.**

Founded in 1997, SIGWATCH now has offices in London, Germany, the U.S.A. and Canada. SIGWATCH's latest and most sophisticated range of online and bespoke services was launched in July 2008, and upgraded in 2010 to measure how activists target corporates and their brands globally. SIGWATCH currently tracks the campaigns of over 7,500 NGOs and their impact on over 800 issues and more than 11,000 companies, projects and brands.

SIGWATCH helps businesses to anticipate *direct threats* – such as activists attacking its brands – and *issue threats* – when activists raise the temperature of an issue or introduce new issues that increase businesses' operating costs, and to manage those threats better by understanding their implications and where appropriate, through practical engagement with NGOs.

SIGWATCH provides services in four areas: real-time information about activist campaigns and intentions; insight into NGO strategies to help manage issues and predict emerging problems; counseling and training to better understand activist psychology and motivation; and advice and assistance in NGO communication, engagement and partnership building.

To provide current information on NGO campaigns, SIGWATCH is able to monitor a wide range of languages - not only English, but also French, Italian, Spanish, Portuguese, German, Dutch, Swedish, Danish, Finnish, Greek, Norwegian, Romanian, Bulgarian, Polish, Russian, Ukrainian, Japanese, Chinese, Indonesian, Malay and Thai.

*For further information, contact Juliet Wu on [juliet.wu@sigwatch.com](mailto:juliet.wu@sigwatch.com)  
or Robert Blood on [robert.blood@sigwatch.com](mailto:robert.blood@sigwatch.com)  
or call +49 761 2908 3251 (direct line).*