

Q1 2025

Top Risk: Misusing AI Could Harm Your Brand



Global Risk Advisory Council



Message From The Chair

As the Global Risk Advisory Council presents the Q1 2025 Reputation Risk Index™, I want to reflect on the tumultuous marketplace that businesses and organizations must navigate in today's rapidly shifting environment. Throughout my career in government and the private sector, I have engaged with founders and executives across various industries, and one message is unwavering: there is a need for better visibility on emerging risks. I welcomed the opportunity to chair the Council and serve alongside my distinguished colleagues, as I believe we can share helpful insights to build awareness and understanding on how to prepare and proceed around them. I am also looking forward to learning from each of you and forming a community of exchange, as well as expertise in this critical space.

The findings of this quarter's index identified nearly 100 different reputational risks over the course of 3 months. The misuse of artificial intelligence (AI), association with Elon Musk, and backtracking on diversity, equity, and inclusion (DEI) initiatives were the most heightened among these risks. Further, over 86% of Council experts believe that these reputational threats will escalate in the coming quarter. This data is not just numbers; it indicates the complex communications challenges facing organizations constantly. As job creators and leaders, we are at a critical juncture where our decisions must consider the rapidly changing social, political, and consumer environments.

AI misuse stands out as the most severe reputational risk, with approximately 20% of Council respondents rating it a 10 on a scale of one to ten in severity. This risk stems from the potential for AI to generate deepfakes and spread misinformation, as well as from companies rushing AI adoption, which can create concerns from consumers and stakeholders and lead to significant harm to brands. As organizations continue to leverage AI technologies, leaders need to be aware of not only the efficiencies it can deliver but also the negative perceptions. What we have heard from you is how critical it is that AI governance be seen as an integral part of our operational policies, akin to how we manage data or consumer interactions, to build the trust that is essential for success.

Similarly, the impact of association with influential figures in today's heavily divided environment cannot be understated, especially with a deeply polarizing leader like Elon Musk. With his controversial omnipresence in the media landscape, 28% of the Council identified this association as a top reputational risk, highlighting Musk's impact on businesses that extend well past his own. The Index results show that companies must continue to be strategic with their narratives, particularly when high-profile personalities are involved (in reality or even appearance alone).

The issue of DEI reflects broader societal shifts and another deep divide that warrants careful navigation. As companies reassess their commitments, policies and programs in light of political developments and pressures, including the Supreme Court's 2023 ruling on affirmative action and the "War on Woke", organizations must now weigh alienating important stakeholders who expect commitment to these initiatives, against antagonizing the Trump administration, anti-DEI advocates, and their supporters. About 20% of Council members rated DEI backtracking as a critical risk, emphasizing how important it is for organizations to communicate transparently about their policies and foster an inclusive culture.

In today's world of uncertainties, it is critical for leaders and organizations to remain responsive to the changing dynamics that shape our reputations. This is why this Index report will be the first of several that will be released quarterly in the year ahead, aiming to inform leaders of the latest, most visible threats to reputations.

Organizations prioritize reputation management in their strategies. In this environment, it is essential to take reputational risks seriously and engage with the insights provided in this report. Now is the time for organizations to embrace the opportunities that lie ahead while being acutely aware of the risks we face globally. I encourage you to harness the insights from this Index to empower your organizations to thrive in an increasingly complex world.



Isabel Casillas Guzman

Global Risk Advisory Council Chair
Avenida Advisors Founder and President

Global Risk Advisory Council Members Include...



Isabel Casillas Guzman

Former Administrator of the U.S. Small Business Administration

Global Risk Advisory Council Chair

Founder and President, Avenida Advisors

Isabel Casillas Guzman is the Founder and President of Avenida Advisors. As Chair of Global Situation Room, Inc.'s Global Risk Advisory Council, the former Administrator of the U.S. Small Business Administration leads more than 100 preeminent public affairs leaders, from those who were heads of state to ministers and current CEOs. With a career dedicated to understanding and addressing the critical challenges faced by small businesses and startups, Isabel offers perspective on advancing economic opportunity, innovation and competition through entrepreneurship. At the heart of her work is understanding capital markets, market access issues, and support resources necessary for thriving businesses and economies. Isabel's leadership at the SBA delivering transformative reforms and engaging directly with thousands of small business owners nationwide, combined with her personal entrepreneurial experience, positions her with expertise on the key elements that drive organizational growth, impact and success outcomes.



Thórdís Kolbrún R. Gylfadóttir

Former Foreign Affairs Minister of Iceland

Special Envoy on the Situation of Children of Ukraine

Council of Europe

Thórdís Kolbrún Reykþjard Gylfadóttir brings a wealth of experience in international politics and law. Until December 2024, she occupied several ministerial posts in the Icelandic Government, including Minister of Justice, Minister of Finance and Economic Affairs, among others, and notably served as Minister for Foreign Affairs during the Icelandic Presidency of the Committee of Ministers of the Council of Europe in 2023. Today, she is the Special Envoy on the situation of children of Ukraine, reporting to the Secretary General and raising awareness of Ukrainian childrens' plight, fostering international cooperation, and ensuring coordination with the Register of Damage caused by the aggression of the Russian Federation against Ukraine, and the Consultation Group on the Children of Ukraine.



Taylor Bennett
Global Head of Public Affairs
DoorDash

With more than two decades of experience, Taylor has spent his career crafting strategic communications campaigns for some of the biggest and best brands, from global corporations to high-growth unicorn startups. As Global Head of Public Affairs at DoorDash, he is responsible for elevating the brand and advancing the corporate narrative through policy communications and issues management, and amplifying the company's social and community impact. Taylor served in a similar Global Head of Public Affairs role at Lime where he was responsible for crafting stories and fostering an environment that allowed for continued growth and regulatory certainty. Previously, Tyler also worked as Head of Communications for global bikeshare leader Ofo and led public affairs and product communications teams at Pandora. Taylor was Communications Lead at Uber during its early expansion across the globe as one of the first few hundred employees. He spent his early career at communications firms Edelman and Adfero, where he managed communications and reputation campaigns for a variety of high-profile corporate and tech clients.



Maria D. Toler
Founding Partner
SteelSky Ventures

Maria Toler is the Founding Partner of SteelSky Ventures, a trailblazing venture capital fund with a dedicated focus on women's healthcare. Under Maria's strategic stewardship, SteelSky has coalesced a strong portfolio of category-leading companies and forged a rich ecosystem of strategic LPs and advisors, committed to innovating in markets that were once overlooked. Maria is a sought-after speaker at prestigious forums such as the Milken Institute, the Aspen Institute, and the American Hospital Association. She worked with the first-ever White House Initiative on Women's Health Research, traveling with the First Lady of the United States to announce the new \$100M program. She was also invited to join the UNFPA Leadership Council, where she will carry the UN torch to promote women's health globally. Maria's accolades include earning a spot on Forbes' list of top VCs to watch and being recognized by Business Insider on its list of Rising Stars in Venture Capital. Maria earned a B.S. in Information Systems from Wake Forest University, an MBA in Finance and Entrepreneurship from the Stern School of Business at New York University, and a certificate from the exclusive Venture Capital Unlocked Program at Stanford.



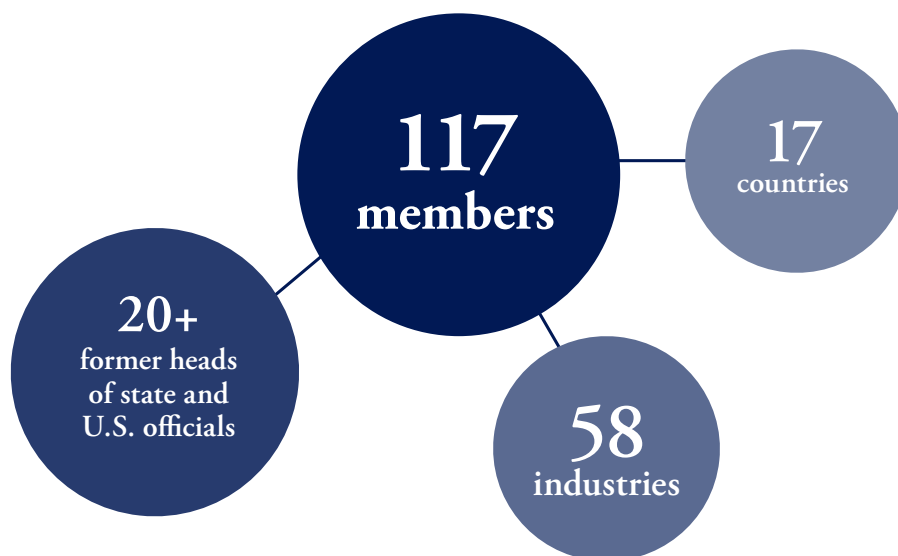
Top Reputational Risks

#1 AI misuse:	Harmful or deceptive use of artificial intelligence, including creating deepfakes, misinformation, biased decision-making, or unethical applications that cause harm or manipulate public perception.
#2 Association with Elon Musk:	Instances where an individual, company, or entity is associated with, targeted by, or publicly criticized by Elon Musk.
#3 DEI backtracking:	Rollback of regulations, policies, or initiatives designed to promote diversity, equity, and inclusion, which aim to ensure fair treatment and full participation for all individuals.
#4 Anticompetitiveness/antitrust allegations:	Business or government actions that restrict competition, leading to higher prices, lower quality, reduced service levels, or less innovation. Includes unfair market practices, monopolistic behavior, and legislation aimed at preventing or regulating trusts and monopolies to ensure fair competition.
#5 Defamation allegations:	Claims that an individual or entity has harmed someone's reputation through false or misleading statements, potentially leading to legal action.
#6 Breach of contract:	When one party fails to meet its agreed-upon obligations in a contract or violates specified terms, leading to potential legal or financial consequences for the affected parties.
#7 IP/copyright infringement:	Claims of copying creative works, inventions, or ownership, including unauthorized use, reproduction, or distribution of copyrighted, patented, or trademarked material.
#8 Whistleblower:	Someone reports or exposes illicit, unethical, or harmful activities within an organization or by an individual.
#9 Price fixing:	Allegations of illegal agreement between competitors to set, raise, lower, or maintain prices for goods or services.
#10 Opioid crisis role:	Criticism of an individual, company, or entity for contributing to the rise in opioid misuse, addiction, and overdose deaths.

Overview

The Reputation Risk Index™ is a barometer of emerging and evolving reputational threats to companies and organizations from Global Situation Room, Inc. It combines data gathering and analysis from GSR's team of crisis experts and is informed by a survey of preeminent public affairs leaders and former heads of state who make up the Global Risk Advisory Council. To keep pace with the rapidly evolving reputational risk environment, the Index is updated and released every quarter.

Global Risk Advisory Council By The Numbers



Key Takeaways

Reputational risks rated as most severe in Q1 were **AI misuse**, association with or criticism from **Elon Musk** and **DEI backtracking**:



The harmful or deceptive use of artificial intelligence most often associated with spreading misinformation, enabling biased decision-making, or engaging in unethical applications that cause harm or manipulate public opinion poses a serious reputational risk. Companies even loosely associated with such incidents are likely to face online scrutiny and media coverage.



Elon Musk surfaced repeatedly in the research, reflecting his heightened public visibility following his endorsement of President Trump and role as the face of the newly formed U.S. Department of Government Efficiency.



Perceived backtracking on diversity, equity, and inclusion commitments was the third top risk for brands. This comes as the Trump Administration continues to aggressively pursue not only universities, but also private firms for the implementation of such programs.



Some of the other issues topping the Index, from allegations of anticompetitive practices to price fixing, suggest that the media and top public affairs leaders are hyper-focused on corporate practices during this period of pronounced economic volatility.



86% believe reputational risks will increase over the next quarter (rating of 6+ on scale of 1-10).



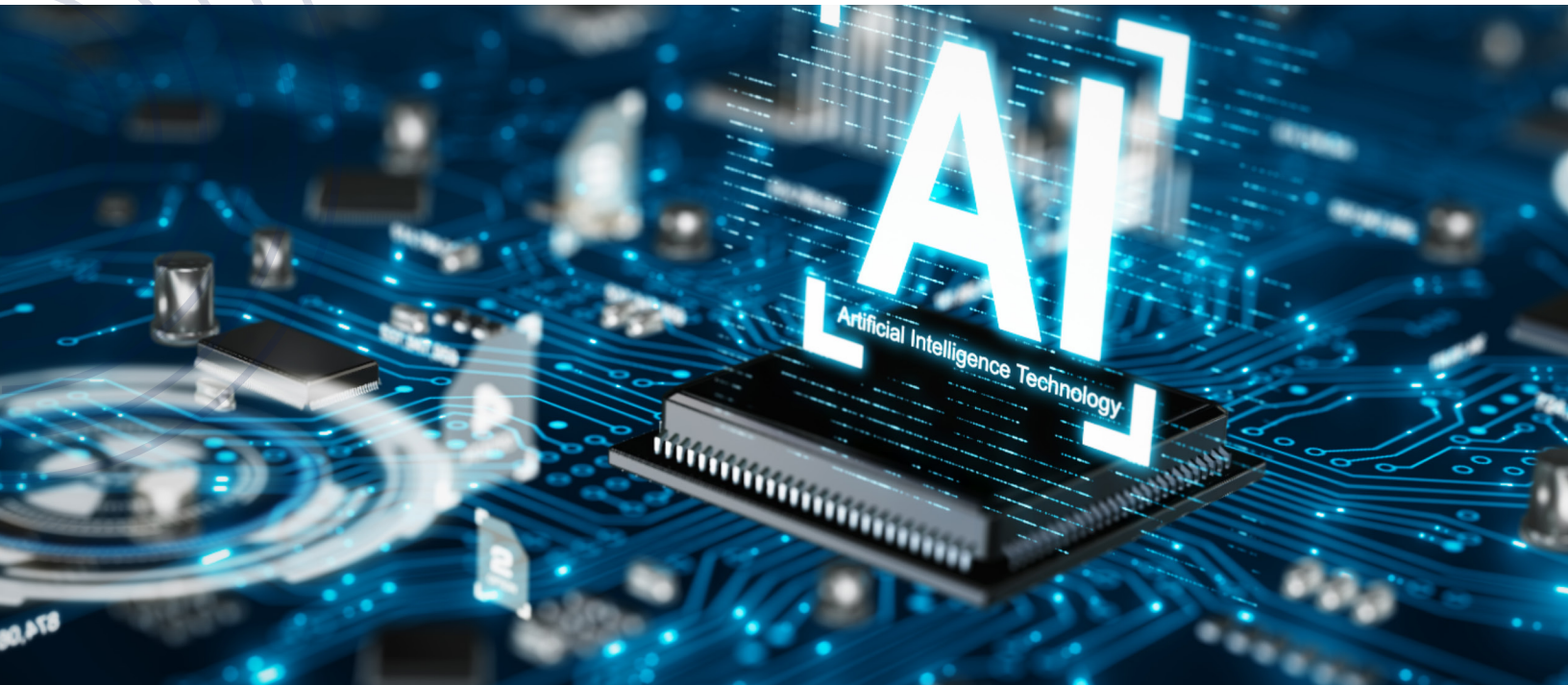
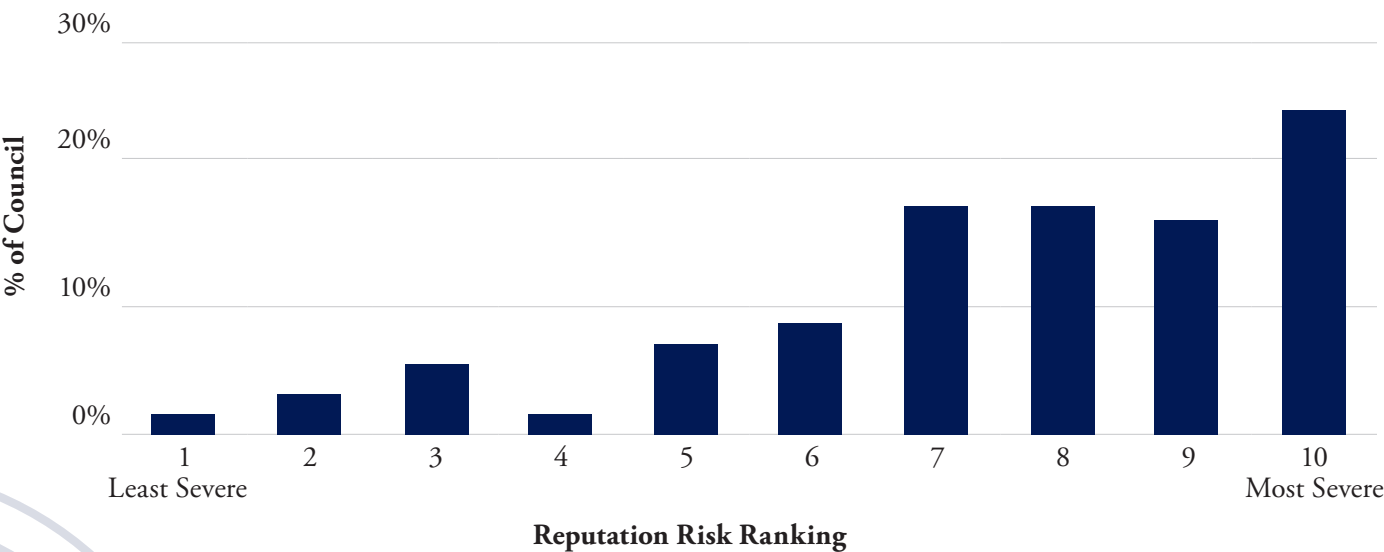
In the coming months, Council experts from around the world will be monitoring reputational risks related to technology, DEI, and geopolitical uncertainties, specifically the shift from traditional U.S. policies and approaches from the Trump administration.

#1 Top Risk: AI Misuse

Stories that feature AI misuse, the harmful or deceptive use of artificial intelligence, including creating deepfakes, misinformation, biased decision-making or unethical applications that cause harm or manipulate public perception, were viewed by the Global Risk Advisory Council as the most severe risk – e.g. the risk most likely to gain negative online news attention. 20% of respondents rated AI misuse a 10 (on a scale of 1-10, 10 being the most severe risk) and the impact as profound. According to one Council member, “AI, if not understood or managed in companies, can have an incredible trickle-down effect that may not be reversible.”

Companies face a variety of reputational risks related to AI misuse, including addressing misinformation about brands, “regulatory whiplash” as governments take different paths to safety, and possible allegations of bias when the technology is utilized to inform decision-making. What’s more, this risk is expected to stick around and potentially increase in the years to come. From one Council expert: “Organizations need to invest in AI policies in the way they do all other operational policies.”

How the Council Ranked AI Misuse



What The Council is Saying About AI Misuse

“

AI misuse will be more prevalent as the marketing industry continues to invest, innovate and have more rules readily available to the masses.”

“

AI misuse seems the most acute and relevant, with wide impact and implications. Watching the space evolve, there are still lots of vulnerabilities, and we have not yet established clear and consistent guardrails or responses to the ‘big one.’”

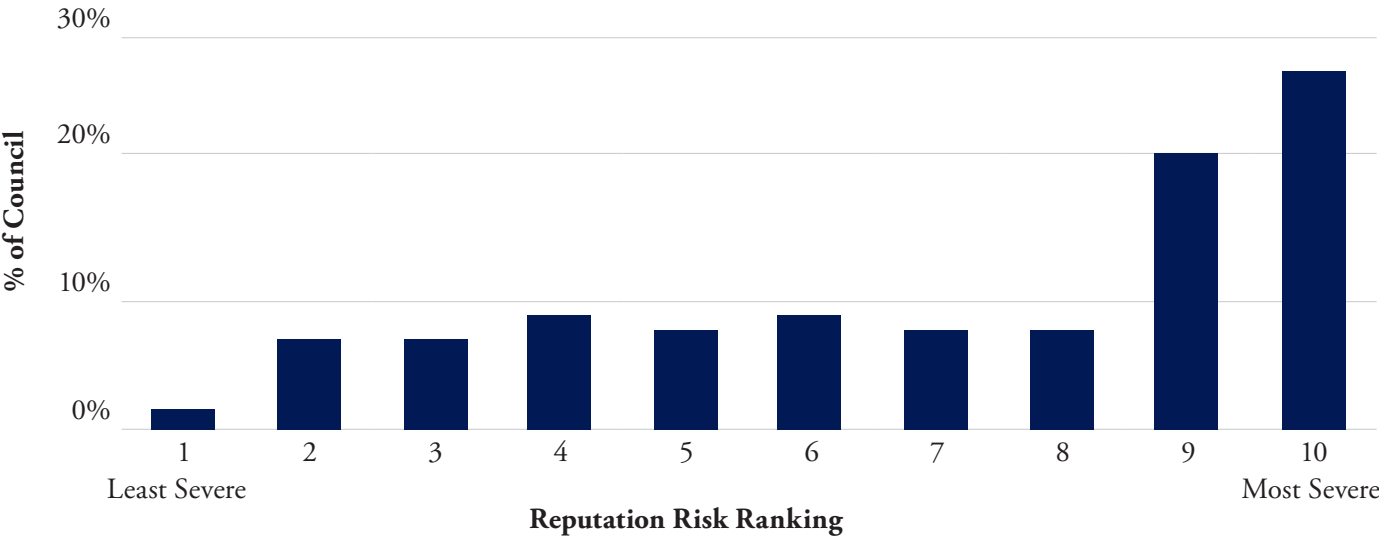
“

The use of AI continues to be the greatest risk to brands, with little restrictions and legal parameters, giving unscrupulous brands a leg up, while penalizing organizations who remain diligent and cautious about its deceptive potential for misleading consumers.”

#2 Top Risk: Elon Musk

As the world’s richest man and owner of the most popular social media platforms, who is also litigiously inclined, Elon Musk has been a public mainstay for years. His profile grew even further as he aligned himself with Donald Trump during his presidential campaign and became the unofficial head of DOGE once the former president won reelection. Musk’s name surfaced repeatedly in Index data gathering, and nearly 30% of Council experts rated affiliation with or being targeted by him a “10”-- indicating a strong likelihood that such an association would trigger heightened scrutiny for a brand. According to at least one Council member, risk and strategy recalibrations are already underway directly due to Musk (and DOGE)’s actions.

How The Council Ranked Elon Musk Association



1 in 5

Council members rated DEI backtracking as a severe reputational risk, signaling a warning that it has led to heightened attention and public backlash.

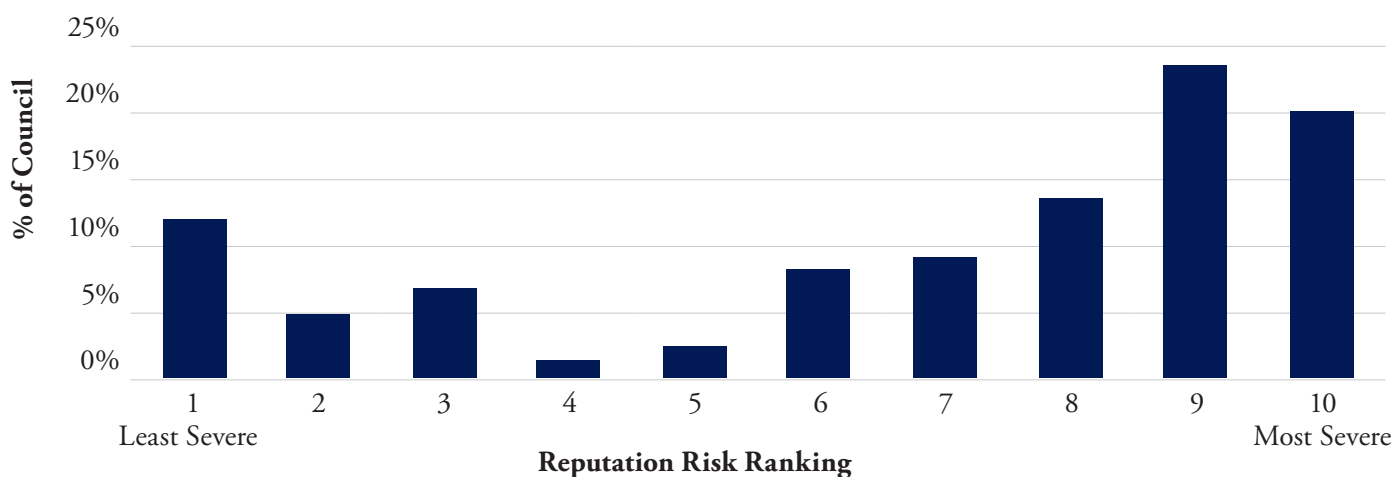
#3 Top Risk: DEI Backtracking

Since 2023's Supreme Court ruling ending affirmative action in higher education, the 'War on Woke' and Trump's return to the White House, companies and organizations have begun to downplay or backpedal efforts around diversity, equity and inclusion – policies and programs once touted during the U.S.'s national reckoning on race following the murder of George Floyd at the hand of police less than half a decade ago. This has reignited national conversations around the role of such programs in business and other sectors. As one Council expert notes, "DEI is a lightning rod issue that is difficult for any organization to address in the current climate."

There is also nuance in the impact. As one Council expert sees it, employees seem more concerned about DEI backtracking than consumers, specifically with regard to attracting and retaining top talent.

Today, one in five Council members rated DEI backtracking as a severe reputational risk, signaling a warning that it has led to heightened attention and public backlash. At the same time, some question the ultimate staying power and impact of this reputational risk in drawing general attention. According to one Council expert, "DEI backtracking is unfortunate but can be reinstated following a change of mindset and administration." Yet another notes, "...DEI backtracking offers real risk, but given the current climate and broad shift by many others in various sectors [this] waters down the impact."

How The Council Ranked DEI Backtracking



What The Council is Saying on DEI Outside of the U.S.

“

DEI backtracking is notable in Europe.”

“

From a European point of view, the divergence between what US companies are stating at home on the DEI agenda versus what they are stating in other international locations has been very apparent and has increased reputational risks.”

“

Anti-DEI, particularly, is impacting corps/ organisations/grantees outside the US where they are ‘taking advantage’ of the US position to change their own DEI policies, or altering their corporate language to reduce risk.”

“

DEI risk is material given the uncertainties and potential inconsistencies across government enforcement, civil litigation, and investor expectations, further complicated by conflicting requirements of potentially applicable local requirements internationally.”



The Future Of Risk

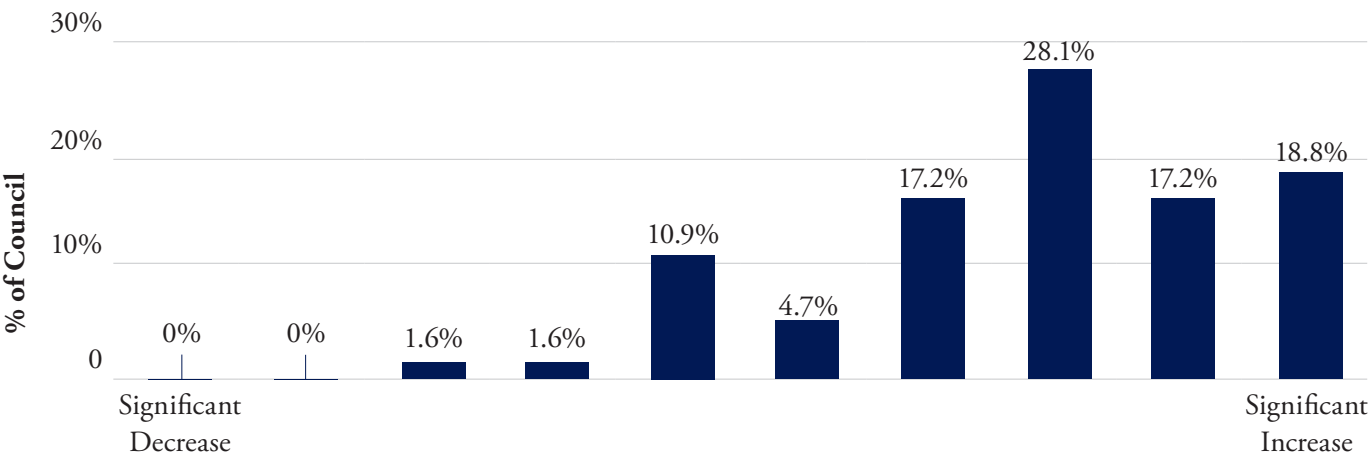
Nearly 86%
believe reputational risks will increase by some amount over the next quarter.

14% of Survey
respondents believe reputational risks will remain the same or lessen in severity over the next quarter.

Nearly 40%
of those surveyed believe reputational risks would “significantly increase” over the next quarter, giving the likelihood of an increase in reputational risks with a “9” (17.6%) or “10” (20%).

Self-Identified
respondents from this group are based in multiple countries (U.K., India, U.S., Ireland) and work in an array of different sectors and industries (retail, M&A, religious communities, tech, higher education, real estate venture capital, social impact, etc.)

On a scale from 1-10 with 1 being a significant decrease, 5 being no change and 10 being a significant increase, how much do you think Reputational Risk increase in severity over the next 3 months?



In the next 3 months

30% of respondents said they will be focused on tech-related reputational risks, including AI misuse, cybersecurity, mis and disinformation, loss of data control, the worsening cyber threat landscape, data leaks, and privacy issues, among others. From one Council expert: “Implementing technology change [is a reputational risk we will be monitoring]. The financial services industry in the EU will be rolling out new technology upgrades to facilitate continent-wide instant payments, better customer-facing apps and technology, and more efficient background technology to improve customer experiences. [This includes] facilitating private sector investment in new critical infrastructure.”

- + Roughly a third of survey respondents will be monitoring what happens with DEI efforts:
 - » “DEI Backtracking and societal and economic impacts to the pendulum swinging too far against diversity in particular which strengthens performance - however you define it.”
 - » “Risk and opportunity for players to fill market gaps around DEI Backtracking.”
 - » “We’ll be monitoring for government and DEI cuts as cover for backtracking on small business programs.”

On Washington Watch

The last several months have been marked by significant geopolitical shifts since World War II. From imposing tariffs, cancelling government contracts, changes to DEI programs, targeting by the U.S. government, uncertain turmoil caused by Executive Orders, the upending of the federal workforce by DOGE, nearly 45% of survey respondents will be closely watching reputational threats directly tied to Trump administrative actions in the coming months:

“

[We're watching] the constant onslaught of executive orders and changing government expectations/decisions, the decrease in visitation to the DC area for travel and other markets due to the negative connotation for the public.”

“

Federal monies being recalled.”

“

Brand tarnish of the US; effect of deportations on prices, labor, etc; DC Metro economy recession.”

“

Fewer consulting opportunities [sic] as a result of agencies being frozen and unpaid.”

“

Trade policy that causes shortages or price increases will impact companies' expectations of delivery and consumers' sentiment of these companies that fail to deliver [sic] fair prices and effective products.”

“

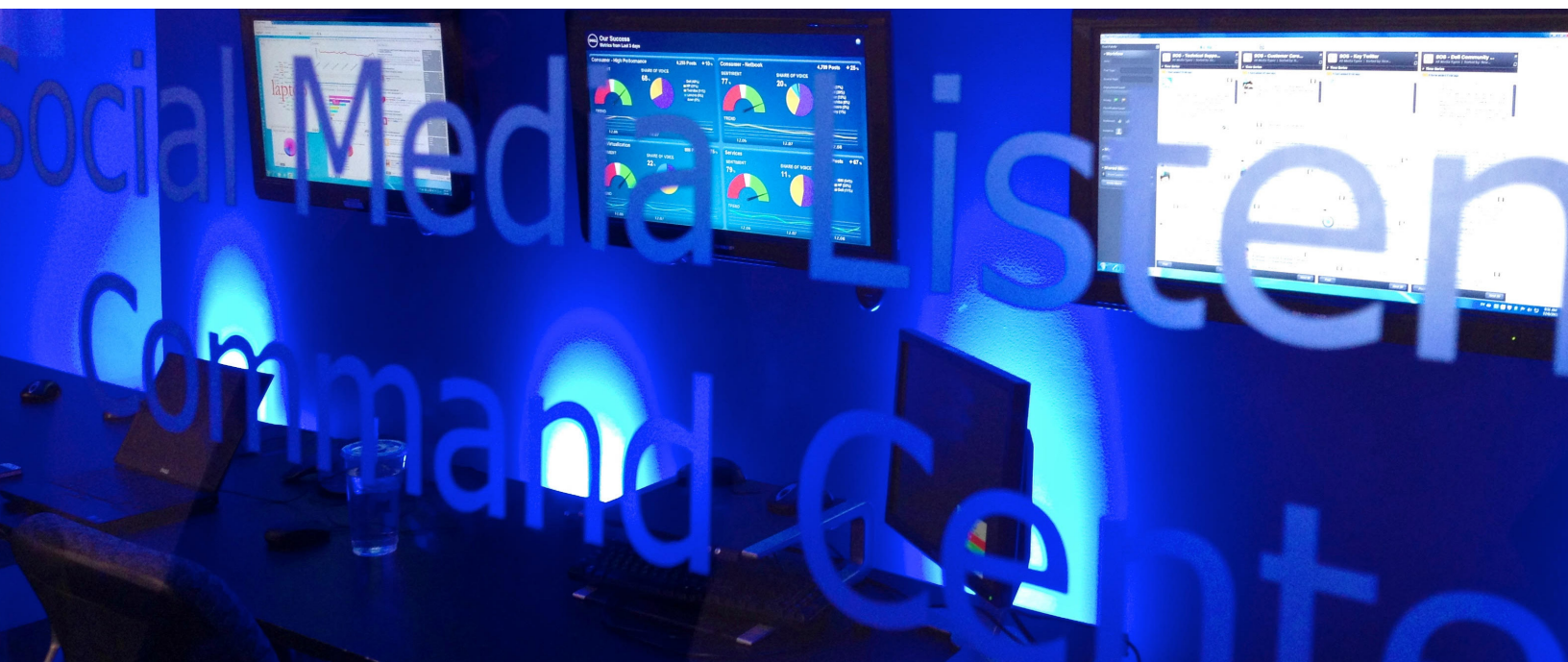
Maintaining organization values that the administration does not support.”

“

Political unrest, Isolationism...”

“

A fundamental change in how we do business with the US DoD. Will it become too complex for a FOCI SME [foreign ownership, control or influence within small and medium-sized enterprises].”





Global Situation Room, Inc.

Complex Communications Challenges ©

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