

Q2 2025

Top Risk: The Disinformation Dilemma



Global Risk Advisory Council

Message From The Chair

Reflecting the increasingly fragmented global economic landscape, the Global Risk Advisory Council's Q2 Reputation Risk Index™ is focusing on the specific challenges facing organizations operating in Europe. The bottom line is that Europe's reputational risk environment is shaped by distinct factors that require careful navigation and strategic awareness.

The analysis of European findings in the Index revealed a business environment shaped by what we have labeled "values-driven accountability." In contrast to the U.S. market, which has been volatile and more emotionally driven, European reputational risks develop more methodically. That said, however, they also carry longer-lasting consequences: across the pond, institutional memory can endure for decades.

In terms of trends, European consumers, investors, and civil society organizations demonstrate heightened sensitivity to corporate behavior around data privacy, environmental impact, and labor rights. Considering the values-driven accountability framework, this requires companies to operate more deliberately on these issues, as failure to do so can result in fierce backlash. Further, there is no singular strategic approach due to the fragmented nature of Europe—ranging from diverse cultures and languages to varying regulations across member states.

But perhaps most striking is how current American political dynamics are reshaping the European reputational landscape. Our Council members report that association with certain U.S. political movements or parties now poses a risk in European markets—this is a fundamental shift from recent times.

So what does this mean? For organizations operating in or with Europe, this analysis reveals both opportunity and obligation. European markets reward authentic commitment to values-driven business practices but punish perceived violations with regulatory sharpness and sustained stakeholder pressure. When coupled with economic uncertainty, this means companies cannot be reactive: proactive, values-aligned, reputational risk management strategies are essential for success.

As we continue monitoring these dynamics in the Index, we encourage leaders to view European reputational risk management as an opportunity to build sustainable business practices that can strengthen organizations globally. European markets are demanding pioneering approaches to corporate responsibility that may well define global business standards in the years ahead.



Isabel Casillas Guzman
Global Risk Advisory Council Chair
Avenida Advisors Founder and President

The Global Risk Advisory Council

They have sat in the Situation Room and boardrooms around the world. The Global Risk Advisory Council brings together more than 100 former heads of state, government ministers, and senior public affairs executives. Membership is by invitation only and reserved for those with a proven track record of shaping public debate at the highest levels. Council members represent a diverse mix of sectors, countries, and areas of expertise.

Global Risk Advisory Council By The Numbers



20+ countries
5 continents
represented



1 in 3
held roles as
diplomat, ambassador,
or elected official



130+
members



15
CEOs



16
Global Fortune
500 companies
represented



Meet Some of Our Members



Ryan Heath

Former Co-Founder, POLITICO Europe
Head of Communications and PR,
Robin AI



Alexandra Pasternak-Jackson
CEO, Amcham Finland



Laure Pallez
Senior Partner, Mascaret



Mary Whenman

Senior Director, Group Communications
British Business Bank



Tim Cummins

President, World Commerce and
Contracting Association



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Head of Public Affairs, Bank of
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Founder and Managing Partner,
Arbroath Group



Christian Nunes

Founding Partner and CEO,
Equity Bound Solutions LLC



Todd Haymore

*Former Virginia Secretary of
Commerce and Trade*
Managing Director, Hunton



Pete Selfridge

*Former SAP EVP & Global Head of
Government and Public Affairs*
President, Bixio Global Strategies



Lieutenant Colonel Thomas Kenney

*Former National Security Fellow and Commander
of the 416th Civil Affairs Battalion (Airborne),
Camp Pendleton*
Senior Fellow, Belfer Center at Harvard
Kennedy School

Q2 2025 Reputational Risk Trends

Now more than ever, brands are being pulled into politically charged environments, whether they intend to engage or not. From the Israel–Palestine conflict to regulatory responses to U.S. policies, companies are having to navigate real and perceived alignment with controversial positions. While U.S. brands face ever-increasing polarization from the American public, organizations from other parts of the world are grappling with reputational exposure tied to geopolitical alliances, shifting public sentiment, and even external perceptions of U.S. political dynamics.

That’s not all. In our latest survey of Global Risk Advisory Council members, leaders everywhere flagged mounting reputational threats tied to technology. This quarter’s top-ranked risk, disinformation, reflects growing alarm over the rapid spread of false narratives, likely intensified by the rise of generative AI. Close behind is data privacy, driven by heightened scrutiny and escalating regulatory action around digital transparency.

As technology outpaces policy and global power dynamics realign, the ability to track both direct and peripheral reputational risks is no longer optional—it’s mission-critical.



Comparing Q1 and Q2 Rankings

Risk	Q1 Ranking General	Difference	Q2 Ranking Europe Focused
AI misuse	1	—	Not ranked
Anticompetitiveness/ Antitrust	4	↓-5	9
Breach of contract	6	—	Not ranked
CEO controversy	Not ranked	+	6
China ties	Not ranked	+	7
Climate change/ environmental harms	Not ranked	+	8
Corruption	Not ranked	+	3
Data privacy violations	Not ranked	+	2
Defamation	5	—	Not ranked
DEI backtracking	3	—	Not ranked
Disinformation	Not ranked	+	1
Elon Musk	2	—	Not ranked
IP/copyright infringement	7	↓-3	10
Major operational disruptions	Not ranked	+	5
Opioid crisis role	10	—	Not ranked
Organizational ethics failures	Not ranked	+	4
Price fixing	9	—	Not ranked
Whistleblower	8	—	Not ranked

Q2 Top Reputational Risks Ranked

#1

Disinformation

The deliberate spread of false or misleading information which can harm credibility or reputation.

#2

Data privacy violations

Violations of a person's right to control how their personal data is collected, used, or shared.

#3

Corruption

Dishonest or unethical behavior by an organization or its leaders, including bribery or abuse of power for personal gain and pertaining to government.

#4

Organizational ethics failures

When a company violates ethical standards leading to reputational or legal consequences.

#5

Major operational disruptions (*ex: natural disaster, explosion, blackout*)

Events including natural disasters (e.g. wildfires, pandemics) or man-made crises (e.g. shootings, explosions).

#6

CEO controversy

Scrutiny or public criticism of a CEO's behavior, decisions, or potential departure that could undermine investor or public confidence.

#7

Ties to China:

Real or perceived connections to the Chinese government, companies, or foreign nationals, often raising concerns about influence or security.

#8

Climate change/ environmental harms

Actions or impacts that harm the environment or contribute to climate change, such as pollution, emissions, or deforestation.

#9

Anticompetitiveness /antitrust

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.

#10

IP/copyright/trademark infringement

Claims of copying creative works, inventions, or ownership, including unauthorized use, reproduction, or distribution of copyrighted, patented, or trademarked material.

#1 Top Risk: Disinformation

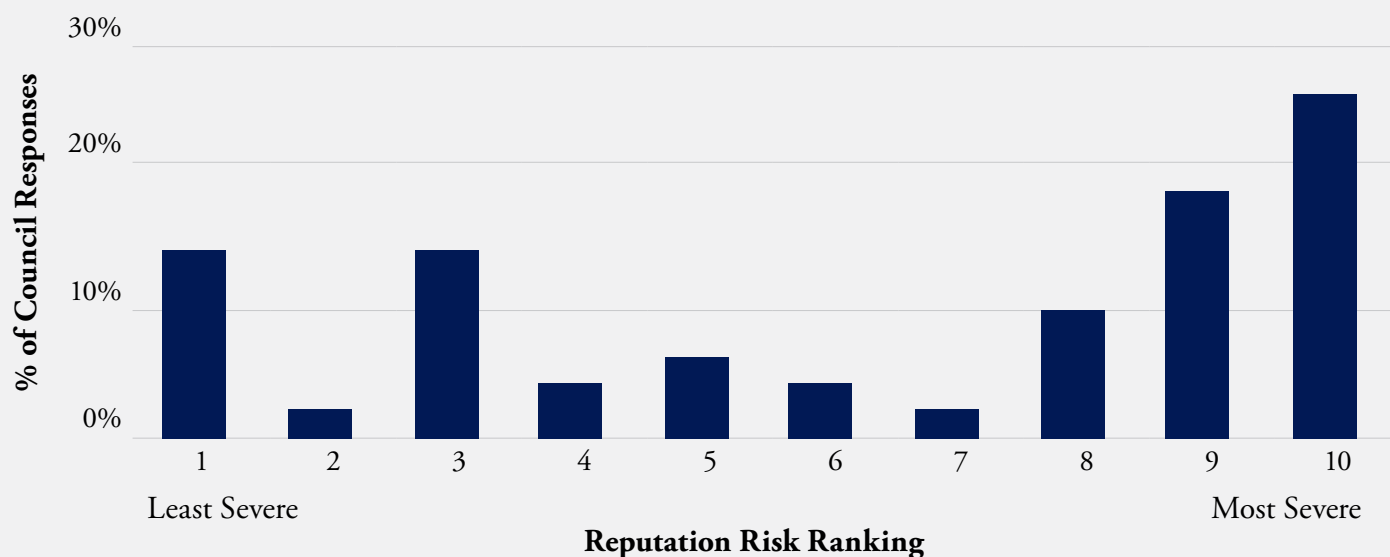
Information integrity remains a top complex challenge that spans sectors and regions. According to Council member Lt. Colonel Thomas Kenney, while disinformation is most often associated with military or government operations, “disinformation campaigns targeting brands or corporations are also likely to rise quickly.”

In Q2, with 1 being the least severe and 10 being the most severe, nearly 60% of Council respondents surveyed ranked Disinformation an ‘8’ or higher. More than a quarter ranked disinformation as the most severe reputation risk.

“Influencers will look to influence where they can, and the propensity for reposting an influencer, regardless of the accuracy or reliability of the source, will create tremendous risk.”

—Lt. Colonel Thomas Kenney, Global Risk Advisory Council member

How the Council Ranked Disinformation



CASE STUDY

In late April, a massive power outage swept across the Iberian Peninsula, bringing essential services to a standstill. In the midst of the blackout, disinformation quickly spread online, including claims that the disruption was the result of a cyberattack led by an antagonistic Russia or North Korea. Another theory blamed a ‘rare atmospheric phenomenon’ in Spain. It wasn’t until nearly a month later that the Spanish government clarified that the cause was a combination of technical and planning failures that left the grid unable to handle a sudden surge in voltage.

When facing a reputational crisis, brand leaders have traditionally focused on resolving the issue at hand. Increasingly, however, their attention is split between crisis management and countering misinformation. Even more damaging is when harmful narratives are proactively spread—i.e., disinformation that can delay resolution, erode credibility, or trigger a new crisis.

That’s why a strong information infrastructure around a brand is essential. Consistently reinforcing key messages through owned channels, maintaining transparent processes, and regularly engaging trusted third-party validators can help defend against both narrative attacks and the crisis itself.

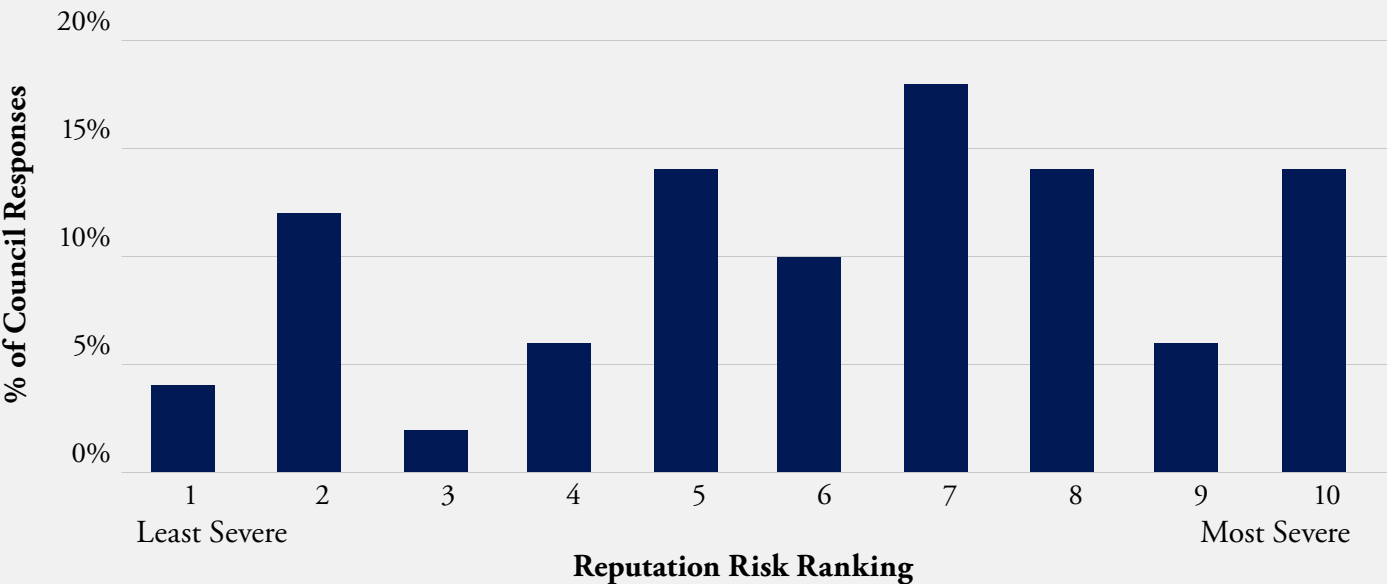
#2 Top Risk: Data Privacy Violations

Data privacy violations remain a high-stakes issue among those in public affairs. With strict frameworks like the General Data Protection Regulation (GDPR), compliance is non-negotiable, and violations can carry serious legal and financial consequences. European stakeholders, including consumers and regulators alike, expect a proactive approach to data protection. According to one Council member, reputational risk in Europe is “shaped by legal and shareholder pressures, but what sets it apart is a heightened expectation of values-led behavior.” In Q2, more than half of Council members rated data privacy violations as a ‘7’ or greater in severity.

“Disinformation, data privacy, and organizational ethics failures all intersect and are extremely concerning as to how they will govern the future.”

—Christian Nunes, Founding Partner and CEO, Equity Bond Solutions

How the Council Ranked Data Privacy Violations



CASE STUDY

In April, Ireland’s Data Protection Commission (DPC) opened an investigation into Elon Musk’s Grok AI model under the EU’s General Data Protection Regulation. While Grok has been available to all X users since late 2024, regulators have raised concerns over whether users’ personal data is processed lawfully and whether the platform complies with the GDPR’s transparency requirements. If found in violation, the company could face fines of up to 4% of its annual global turnover, according to Euractiv. The following month, the same Irish watchdog fined TikTok €530 million for violating EU privacy law by transferring European user data to China.

Tensions between European regulators and Big Tech are well known. As noted in our Q1 report, Elon Musk’s prominent association with his own brands (and even the brands of others) has likely amplified regulatory scrutiny. In TikTok’s case, the added pressure likely stems from a rising concern reflected in this quarter’s rankings: ties to China.

When it comes to data privacy, clearly and consistently communicating transparent policies is essential. Going further by helping audiences understand those policies, for example, through explainer videos or integration into key messaging, not only strengthens credibility but also provides stakeholders with tangible proof points of a brand’s commitment to responsible data practices.

#3 Top Risk: Corruption

Association with corruption or perceived corrupt acts has always invited scrutiny and even as new reputational risks emerge, that hasn't changed. Here, the contrast between European and U.S. regulatory systems comes into focus. As one Council member noted, U.S. companies typically face lower enforcement risk unless they operate in high-priority sectors. Foreign companies, however, may be subject to increased scrutiny, especially if a U.S. firm alleges their conduct creates an unfair competitive advantage.

Even so, private sector leaders caution against complacency or placing too much confidence in this perceived gap. According to one Council member, "Overall, companies need to be mindful not to relax compliance investments in reliance on the current [U.S.] enforcement policy." They note that things can "change on the dime" and that the statute of limitations extends beyond any Administration's term of office. Another Council member anticipates, "growing concerns about public-sector corruption and the erosion of democratic institutions compounded by a decline in anti-corruption enforcement."

“European consumers and investors tend to place higher emphasis on ethics, ESG, labor rights, and data privacy. Companies are expected to lead with purpose and transparency.”

—**Christian Nunes**, Founding Partner and CEO, Equity Bond Solutions

CASE STUDY

In March, Belgian authorities launched a corruption probe that renewed an unflattering spotlight on Chinese telecommunications giant Huawei. The investigation included raids on the homes of more than 20 current and former Members of the European Parliament (MEPs), who were allegedly offered lavish incentives in exchange for political support. Four individuals have been charged with corruption, according to Belgian prosecutors.

The case is ongoing, but the fallout has come swiftly, and the potential consequences are significant. The European Parliament immediately banned Huawei lobbyists and began reviewing those affiliated with the company on a case-by-case basis. According to news publication The European Conservative, the Commission's actions may even signal a "potential future expulsion" of Huawei from the European market.

The Parliament's swift and unequivocal distancing from the alleged corruption reflects what our Council members have noted about reputational standards in Europe. "There are higher expectations for formal, values-driven responses to crises," said Lt. Col. Kenney. "What sets [Europe] apart is a heightened expectation of values-led behaviour," added another Council member.

Prompt, decisive action is exactly what stakeholders expected, and in this case, it served as a clear investment in the Commission's credibility.

Understanding the Transatlantic Divide in Reputational Risk

A decade ago, reputational risks across global markets were more closely aligned. Today, those risks diverge significantly, shaped by regional differences in regulatory approach, political climates, and cultural expectations.

In response to our Q2 survey, members of our Global Risk Advisory Council highlighted that European audiences tend to place greater emphasis on institutional trust, in contrast to American counterparts who have traditionally prioritized individual freedom and personal liberties. This focus on institutional trust reflects the complexity of Europe's regulatory environment. As one Council member observed, "Europe's approach to reputational risk is memorialized in legal frameworks which allow for fostering a culture of compliance and accountability." By contrast, the U.S. operates in a more fluid and often more volatile landscape where reputational risk is shaped by shifting political dynamics and a less consistent regulatory structure. As a result, Council members say that American organizations are often more attuned to legal and financial exposure of reputational risks than to broader societal expectations.

“ It seems that the public and governments are more likely to hold organizations and corporations to account in Europe -- though whether liberal or illiberal forces are ascendant varies by country -- than in the U.S.”
—Global Risk Advisory Council member

In Europe, reputational resilience depends heavily on cultural alignment and values-driven behavior, particularly around fairness, sustainability, and corporate ethics. Compliance is only the baseline; stakeholders expect companies to reflect shared societal norms and values. Meanwhile, in the U.S., Council members noted that “speed” and “emotion” tend to dominate, with reputational issues emerging and fading more rapidly in the news cycle. As one member put it, “A sullied reputation is not quickly forgotten in Europe the way it may be in the U.S.”

For leaders navigating both arenas, there's no longer a one-size-fits-all approach. Success requires strategic sophistication—balancing clarity, caution, and credibility in the face of rising complexity.

“ Compliance alone isn't enough - trust depends on cultural alignment around climate, fairness, and ethics. Not all companies are meeting that bar and those that don't face growing scrutiny.
—Global Risk Advisory Council member

Most Covered Reputation Risk in Europe:

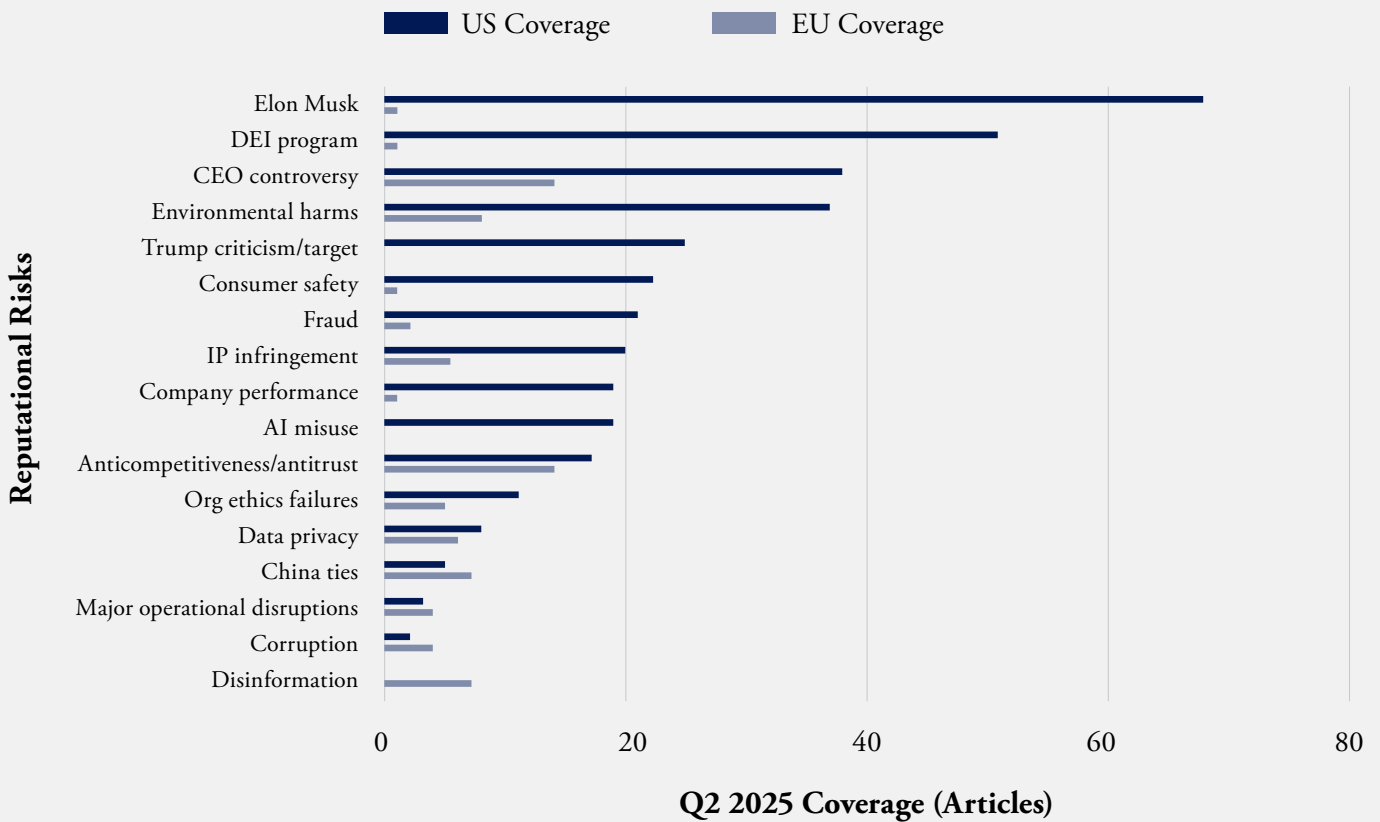
#1	<i>Tie</i> - Anticompetitiveness / Antitrust and CEO controversy
#2	Climate/environmental harms
#3	<i>Tie</i> - China ties and Disinformation
#4	Data privacy
#5	IP infringement
#6	Organizational ethics failures
#7	Major operational disruptions
#8	Corruption
#9	Fraud
#10	<i>Tie</i> - Association Elon Musk, Having a DEI program, Consumer safety and Weak company performance

Most Covered Reputation Risk in U.S.:

#1	Association with Elon Musk
#2	Having a DEI program
#3	CEO controversy
#4	Climate/environmental harms
#5	#5 Targeting by Trump
#6	Consumer safety
#7	Fraud
#8	IP infringement
#9	Weak company performance
#10	AI misuse

“ With the transatlantic relationship severely damaged and with China not seen as a reliable and trustworthy partner, European businesses face difficult choices when it comes to attracting investment or seeking expansion. **In such a fragile environment, a reputational incident could have bigger consequences.**”

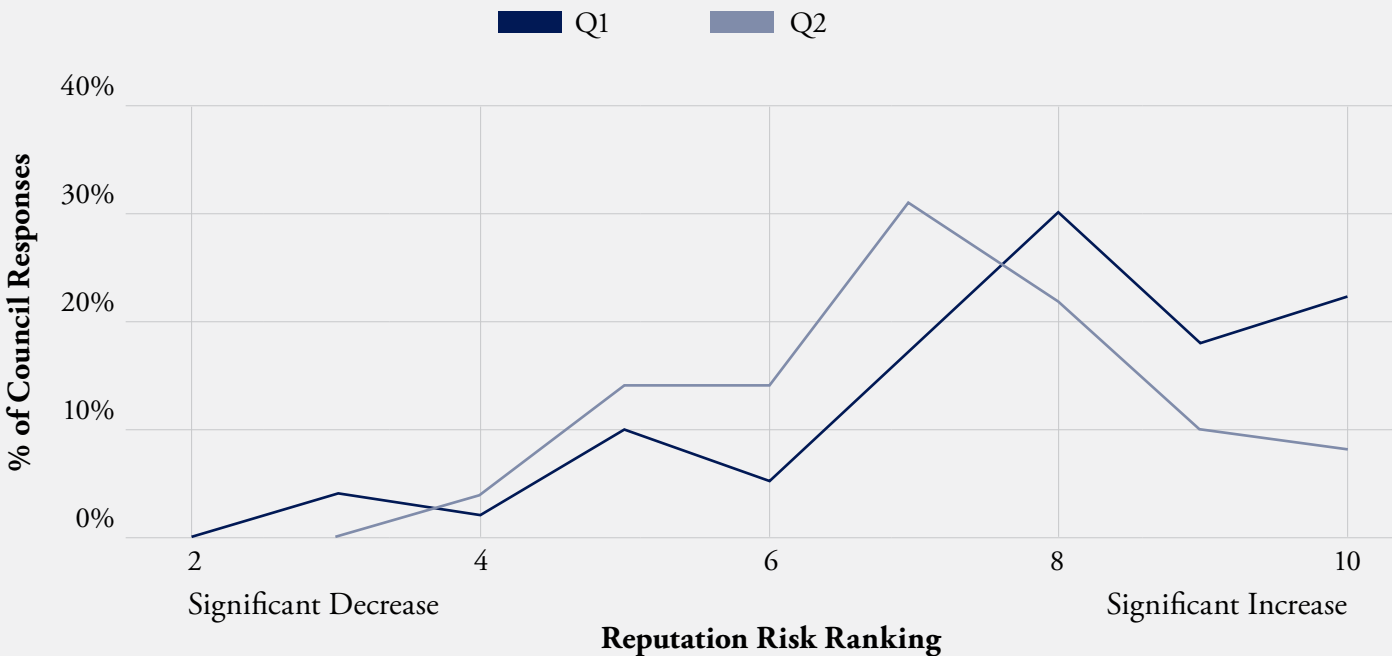
Q2 Coverage Comparison: U.S. and Europe Reputational Risks



Reputational Risks Leaders Are Watching Closely

Council members, by and large, have forecasted that reputational risks will increase on some level each quarter, with a majority rating an increase of ‘7’ or ‘8’ on a scale of 1 to 10, indicating a significant decrease, and 10, indicating a significant increase.

How much do you think Reputational Risks will increase or decrease in severity over the next 3 months?



Notably, topics related to anticompetitiveness, antitrust, and intellectual property infringement appeared in both rankings. This recurrence—despite the shift in regional scope—suggests that associations with these issues may consistently heighten reputational scrutiny, regardless of geography or timing.

This quarter’s ranking reflects a broader evolution in what’s driving reputational scrutiny. The emergence of new reputational risks—such as ties to China and environmental harms—and the absence of others, like brand-related AI misuse, doesn’t mean those earlier risks have diminished. Rather, it highlights how reputational threats evolve rapidly and are shaped by shifting regional priorities and public pressure.



An increasing number of public affairs leaders are broadening their lens to monitor reputational risks that extend beyond their traditional remit. In today's highly politicized, globally interconnected, and emotionally charged landscape, this shift isn't just strategic—it's essential. Here's what members of the Council will be watching closely:

- U.S. Political Volatility and Global Perceptions
- Geopolitical and Government-Driven Pressures
- Technology & AI Accountability
- Economic Instability and Tariff Fallout
- Challenges to Information Integrity
- Leadership Integrity
- DEI Backlash and Stakeholder Expectations
- Operational Vulnerabilities
- Crisis Preparedness

“

Being perceived as unnecessarily or overly critical of U.S. admin policies.”

“

Governmental decisions and cuts that lead to a public with less expendable funds and less life stability, leading them to lean away from paying for non-necessity goods and services.”

“

Tech. Tech. Tech. Including but not limited to: Cybersecurity. Copyright infringement from AI. Cybercrime. Violations of data privacy. AI-related failures.”

“

Navigating the political and social divisions that exist both within our diverse customer set and within our employee base.”





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