



RED5

IN THE PUBLIC EYE

REPUTATIONAL
RISK AND
IMPACT ON
ENTERPRISES



Navigating the Complexities of Reputational Risk

Reputational risk stems from the public's negative perception of a company, which involves multiple factors that can endanger the organization.

Negative perception can lead to various types of damage to a corporation, creating adverse effects on:



**Company Finances
and Stocks**



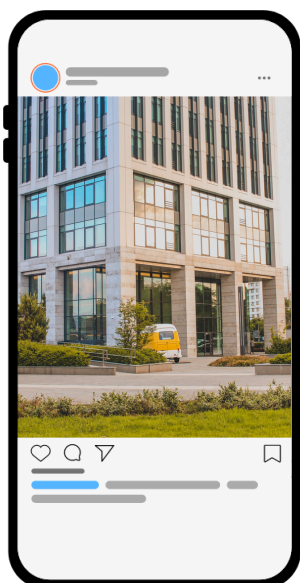
**Destruction of
Facilities**



**Threats to
Employees**



**Friction to Public
Trust**



Social media can drive **negative perceptions** and actions taken against corporations and executives by **magnifying public scrutiny** and mobilizing opposition against suspected wrongdoing.

Whether it be **political, environmental, or ethical**, there is likely to be an increase in reputational risk that can lead to extra public scrutiny and sometimes the target of violence.

Political Reputation

Tesla recently saw an increase in reputational risk in the beginning of 2024 with the current US administration.

REPUTATION

~66%↓

According to an Axios Harris poll on American brand reputations, Tesla dropped from the 63rd rank in 2024 to 95 in 2025 (as of May 20).

Meanwhile, SpaceX (not ranked in 2024) placed only slightly higher at 86.

STOCK PRICE

~50%↓

Tesla's stock price fell from around \$428 on January 15 to \$222 on April 8.

By early June, the company had lost roughly \$380 billion in market capitalization during 2025.

Simultaneously, Tesla dealerships, charging stations, and even privately-owned vehicles were targeted via data leaks and physical vandalism.

In Loveland, Colorado, one dealership was targeted multiple times, with suspects attacking the site with molotov cocktails and graffiti. The wide range of attacks prompted investigations by the FBI, and highlighted the fact that reputational risk can even ensnare a brand's customers.



ESG Reputation

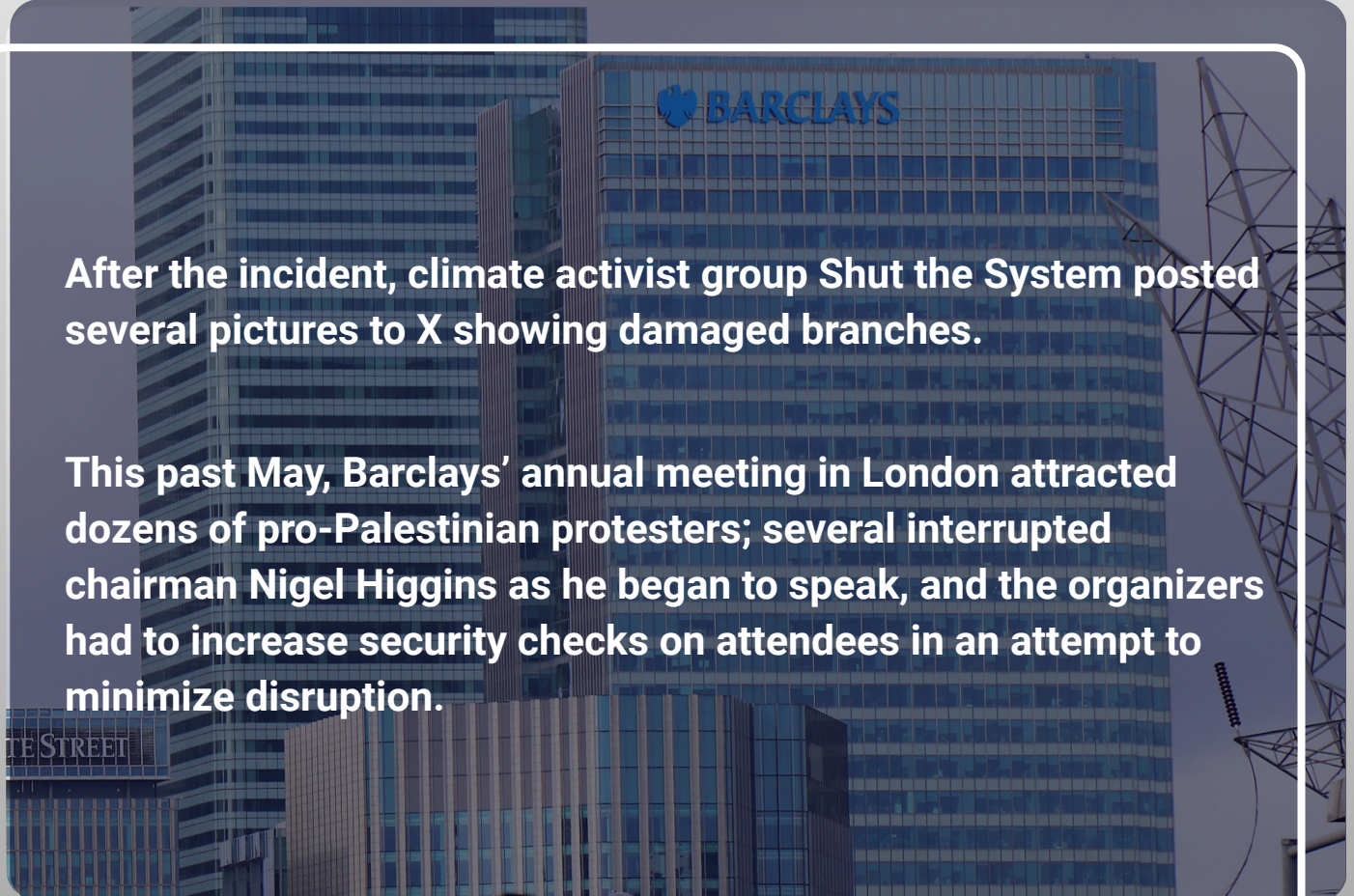
Controversial business activities and/or partnerships are also a key driver of reputational risk, such as those within the Environmental, Social, and Governance (ESG) sphere.



In June 2024, approximately 20 Barclays locations across the United Kingdom were vandalized; the protesters' main grievances included the bank's financing of companies selling weapons and technology to Israel, as well as high polluting industries, particularly fossil fuels.

After the incident, climate activist group Shut the System posted several pictures to X showing damaged branches.

This past May, Barclays' annual meeting in London attracted dozens of pro-Palestinian protesters; several interrupted chairman Nigel Higgins as he began to speak, and the organizers had to increase security checks on attendees in an attempt to minimize disruption.



Ethical Reputation

Poor perceived handling of crises - especially those impacting consumers, such as data breaches - can damage trust and increase reputational risk.

In late 2013, Target suffered a data breach that was the largest breach of its time, and occurred during the holiday shopping season.



Many customers were unenthused by the firm's response, including its slow revelation of the breach.

The firm later estimated the total cost of the breach around \$200 million, and its CEO Gregg Steinhafel was forced to step down the following May.

REPUTATION

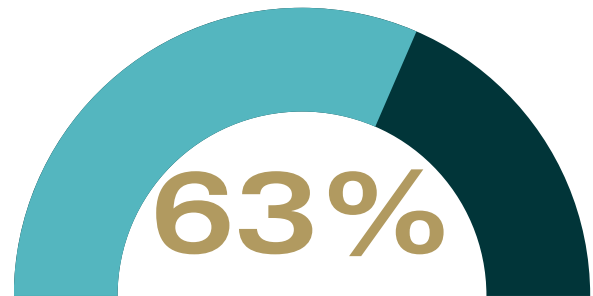
50%↓

Moreover, according to BrandIndex, Target's consumer perception rating plummeted after the breach.

It did eventually recover, but the turnaround required several years and numerous visible initiatives.

Safeguarding Your Business: Understanding Reputational Risk and Protection Strategies

A widely-cited study conducted in 2020 by Weber Shandwick found that global executives attribute their company's market value to its overall reputation.



**MARKET VALUE ATTRIBUTED TO
REPUTATION**



**Knowing how to protect your
business is vital in our current
global landscape.**

**Learn how Red5 provides
comprehensive risk assessments
that will safeguard your
organization from physical and
digital threats.**

The relevance and dangers posed by reputational risk are more significant than ever, with both physical threats and huge financial damages as potential consequences.