

RISK & SENSITIVE ISSUES BRIEFING 2026: BRAZIL & LATAM

An analytical editorial
for Spanish leaders with
operations in Brazil and
Latin America.

2026 DEMANDS DISCIPLINE AND MATURITY

For years, reputational risk has been growing due to a combination of predictable factors: turbulent politics, strained institutions, a stagnant economy, and a social calendar that fragments public attention. In Brazil, 2026 brings these elements together and amplifies them. The national electoral cycle - with the first round scheduled for October 4th and the second round for October 25th - tends to intensify polarization, litigation, and scrutiny of companies in regulated sectors, especially those with public contracts, incentives, concessions, or production chains with high local visibility.

At the same time, the World Cup (June and July) and the Latin American pattern of holidays and recess periods create a phenomenon that is frequent in digital markets: the public sphere becomes more emotional, narratives circulate faster, and the 'verification window' shortens. What in other years would be a technical issue — an industrial incident, a labor rumor, a dispute with a supplier, a data breach — can take on symbolic dimensions and be interpreted as a debate about justice, integrity, respect, or sovereignty.

Finally, one institutional element deserves attention: the public debate about the role and limits of the Supreme Federal Court (STF) and, by extension, about the predictability of the legal environment. This is not about taking sides. It is about recognizing that when institutional trust becomes a daily topic in the press and on social media, the transaction costs for companies increase: judicial decisions are interpreted politically, litigation gains a bigger audience, and the feeling of legal insecurity itself becomes a reputational risk.

For Spanish companies—whose symbolic capital is associated with quality, engineering, predictability, and integrity—2026 is not a year for improvisation. It is a year for discipline: governance of sensitive issues ("issues management"), crisis preparedness, robust internal communication, and a messaging architecture that unites European headquarters and local execution without losing cultural nuance. In markets like Brazil and Latin America, reputation is not an ornament: it is an operating license.



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THE SCENARIO IN BRAZIL: political noise, institutional friction, and fragmented attention

High-noise cycle, institutional friction, and reduced verification windows

- 2026 concentrates political noise and a full cycle of renewal across federal and state levels.
- Institutional friction remains high, with disputes increasingly settling in the public arena.
- Fragmented attention reduces the verification window and raises interpretive risk for brands.

Polarization and definition of candidacies

The 2026 Brazilian elections represent a complete cycle of political renewal at the federal and state levels. The electorate will be called upon to vote for President of the Republic, State governors, and members of the legislative branch, including State Representatives, Federal Deputies and Senators, with a renewal of two-thirds (2/3) of the seats in the Federal Senate. This broad dispute intensifies party mobilization and scrutiny of political platforms at all levels.

The scenario is marked by intense political polarization. On one side, President Luiz Inácio Lula da Silva is orchestrating his candidacy for what would be his fourth presidential term (2003-2006, 2007-2010, 2023-2026). The ruling party, with its party and administrative machinery fully operational, is already in the midst of a consolidated campaign mobilization in pursuit of re-election.

On the other side of the spectrum, the right wing is experiencing a moment of uncertainty and intense internal negotiation. The succession of leadership and the choice of a unifying figure have proven complex, with different factions and names vying for the top position. Amid this vacuum, discussions are underway to reorganize the opposition in order to maximize its competitiveness.

Jair Bolsonaro, who governed the country between 2019 and 2022, is currently imprisoned and accused of attempting a coup d'état, which weakens his political maneuvering and the strength of his endorsement. In the race for leadership of the right wing, the nomination of his eldest son, Flávio Bolsonaro, has been put forward, but faces resistance, both in the center-right wing and in the financial market.

The most recent polls reflect this environment of high tension and uncertainty, indicating a polarized and very tight electoral scenario. At this moment, President Lula holds a slight advantage, driven by the political capital of the government machine and the party structure that works cohesively to guarantee his continued hold on power. The final selection of the right-wing candidate will be a crucial factor in shaping the dynamics of the election.

Supreme Federal Court in the electoral context

The Brazilian Supreme Federal Court (STF) has occupied a prominent central place in the Brazilian political and electoral landscape, with decisions that have redefined the national panorama in recent cycles. At a pivotal moment, the Court was responsible for annulling the proceedings against former President Luiz Inácio Lula da Silva, a move that enabled him to run in the most recent elections and defeat then-President Jair Bolsonaro. Later, the STF also played a crucial role in the conviction of former President Bolsonaro, accused of attempting a coup d'état, for resisting the handover of the government to his successor.

Over the past four years, the Court has established itself as the final arbiter of major tensions between the branches of government. There have been numerous instances where decisions involving the Legislative and Executive branches have ended up in the Supreme Court, generating significant friction, conflicts of jurisdiction, and the perception of an attempt at mutual control and interference between the spheres of power. This hyper-judicialization of politics increases transaction costs and legal uncertainty for the private sector, as high-impact decisions are interpreted from a predominantly political perspective.

In 2026, the STF will once again find itself in the spotlight. The uncertainty surrounding an open seat on the Court, whose nomination by President Lula must be submitted to the Senate for approval, adds an element of instability to the situation.

In this context, the Federal Senate stands out as the branch of government with the greatest capacity to generate a direct impact on the STF. This is due to the House's constitutional prerogative to initiate requests for impeachment against Supreme Court justices. With two-thirds (2/3) of its seats being renewed in the next elections, positions in the Senate become strategically vital both for the current government, which seeks to shield its nominations and agendas, and for the right wing, which sees the composition of the Upper House as a way to exert greater counterweight and scrutiny over the Judiciary. Thus, the search for legal predictability is inextricably linked to the political dynamics of Congress.

The National Congress in an election year: focus on the short term.

The dynamics of the National Congress in 2026 will be governed by a complex combination of factors: the election year and the tensions inherited from the difficult relationship between the Executive, Judiciary, and Legislative branches observed in 2025. This institutional friction is expected to continue, with the legislature seeking to reaffirm its space and independence in a polarized political landscape.

In an election year, the work agenda of parliamentarians tends to shift away from major long-term reforms and focus on approving popular measures that generate visibility and directly address the interests of their respective voters and regional bases, regardless of the political spectrum. This can result in a 'decision-making stagnation' on highly complex or unpopular issues, such as structural reforms.

This prioritization of popular issues can sometimes generate regulatory instability or require greater advocacy by companies to protect long-term interests.

Leadership within the Houses gains relevance. In the Chamber of Deputies, the President, elected with the support of both sides (government and opposition), maintains a delicate balancing role, essential for moderating the agenda and ensuring a minimum of dialogue. In the Federal Senate, the relationship between the President and the Executive Branch, which was once more harmonious, is facing increasing strain. The renewal of two-thirds (2/3) of the Senate seats intensifies internal negotiations and the quest for influence over the Supreme Court, transforming Congress into a maneuvering field for both the government and the opposition.

World Cup and cultural projection: factors that amplify the national environment

In addition to the electoral calendar, there is another factor of intense social and emotional mobilization: The World Cup (June and July). Brazil is known as the country of football for a reason, and during the World Cup, the country literally comes to a standstill during the games. Having gone many years without winning the championship, expectations for a good performance from the national team are always high, capturing public attention and sparking debate. Brands and companies are expected to use this period to actively participate in this moment of national celebration and exuberance.

In 2026, this popular mobilization is amplified by Brazil's national prominence in the film industry with the movie "The Secret Agent" and its intense Oscar campaign. The film has received multiple nominations, most notably in the categories of Best Picture and Best Actor, generating a feeling of national pride and cohesion. The nomination will reinforce a strong sense of nationalism in the population, who will cheer for the nominees with the same intensity and passion as for a World Cup final match, which will certainly generate a lot of activity on social media and in the digital public sphere.



LATIN AMERICA: the risk is local, the crisis is regional and global.

Structural volatility, external pressure, and the need for consistent principles

- Political volatility remains structural, with local events scaling into regional narratives faster.
- External pressure and domestic polarization shape policy signals and public debate across markets.
- Consistency of principles, plus local nuance, is critical to reduce exposure and protect growth.

The classic mistake some multinationals make is treating Latin America as a homogeneous bloc. The region is a mosaic: differences in political culture, electoral cycles, regulatory regimes, social expectations, and the intensity of public security vary widely. At the same time, international networks and media amplify these differences: a local incident can escalate to a 'LatAm risk' or a global risk within hours.

The mature response is regional governance with local execution. Common guidelines for integrity, ESG, risk language, and response standards; but with operational autonomy and spokespeople calibrated to the country. The company that masters this orchestration not only reduces crises: it executes its growth more effectively in the region.

The Role of Brazil in Latin America in a recent geopolitical polarization scenario

Brazil, traditionally seen as the economic engine and a natural leader in Latin America, is navigating a period of intense regional polarization. Its role as a facilitator and, in particular, as a leader of Mercosur, is constantly being tested. The region is increasingly presenting itself as a mosaic of political orientations, diverging from the vision of a homogeneous bloc, which demands from Brazil a regional governance with local implementation and great diplomatic nuance.

Mercosur dynamics and the right wing wave

The Mercosur bloc, of which Brazil is the main economy, faces structural challenges amidst ideological realignments among its members. The rise of right-wing governments has been a driver of change, redefining priorities for integration and trade.



Argentina by Javier Milei:

The election of President Javier Milei in Argentina marked a significant shift to the right, introducing an agenda of profound economic reforms and a notable skepticism towards traditional regional blocs. The new Argentine administration is pushing for more flexible agreements within Mercosur, forcing Brazil to renegotiate the bloc's internal balance and the management of its external relations.

Chile and the endorsement of the right wing:

recent elections in Chile have also signaled a shift to the right, reflecting voter dissatisfaction with previous political cycles and reinforcing the trend of polarization in the region.



Colombia and the resistance of the left wing:

in contrast, Colombia remains under a left-wing government, acting as an ideological counterpoint in a scenario where the influence of the right is growing in neighboring countries.

This ideological asymmetry requires Brazil to act with discipline and maturity, seeking cohesion within Mercosur while managing frictions between partners with contrasting worldviews.

The return of the US tension and the risk of interference

Additionally, Latin America has seen a resurgence of attention from the United States (US), which, after a period of focusing on other regions, is once again demonstrating a willingness to interfere with and influence local contexts.



Venezuela:

the US's actions have been notorious in Venezuela, where intense pressure and sanctions are directly aimed at influencing changes in the internal political landscape, raising concerns about sovereignty and future control of strategic resources, such as the country's oil reserves, illustrating a more direct interventionist stance in the hemisphere.

Conditional support in Argentina: the US interference in Argentina under Donald Trump's administration in 2025 was marked by an aggressive political alignment that conditioned financial support on the electoral success of Javier Milei. By promising bailouts of US\$ 20 billion— funds directly linked to the victory of the governing coalition in the October legislative elections — Trump used the power of the US Treasury and his influence in the International Monetary Fund (IMF) to shield the Argentine economy from currency volatility. Although the strategy guaranteed the temporary stability necessary for the election, the maneuver generated harsh international criticism for transforming institutional support into a tool for direct intervention in the political sovereignty of the South American country.

By 2026, reputation and predictability will become operating licenses for companies with a presence in the region. Brazil, as a central player, needs to calibrate its diplomacy to balance economic pragmatism with the political sensitivity of an increasingly polarized Latin America under the scrutiny of global powers.

10 VECTORS OF REPUTATIONAL RISK IN 2026

Structural volatility, external pressure, and the need for consistent principles

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- External pressure and domestic polarization shape policy signals and public debate across markets.
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1 Elections and the 'campaign mode' of the public sector

In election years, the logic of the public sector changes. Part of the state apparatus enters 'campaign mode': prioritizing short-term deliverables, avoiding unpopular reforms, and tending to react rather than lead. This often generates decisional stagnation on complex issues - and opens space for narrative disputes and mutual accusations, including episodes of denunciation and scandals fueled by electoral competition.

For foreign companies, the main implication is simple: what was merely 'regulatory risk' gains a layer of 'interpretive risk'. A technical decision (e.g., investment, pricing, restructuring, supplier policy, environmental projects) can be framed by political actors as a symbol of something larger. The risk here is not politics itself; it is the loss of control over the narrative.

2 Supreme Federal Court: institutional credibility and legal predictability

Brazil has a strong judiciary, and the STF plays a central role in arbitrating major political and social conflicts. In 2026, it is plausible that high-impact decisions especially in the electoral context will be intensely followed by the press and social media. When institutional credibility becomes the raw material of public debate,

the consequence is an increase in judicialization as a strategy: private and public actors resort more to courts, and corporate issues can be dragged into symbolic arenas.

In this context, 'legal certainty' ceases to be merely a legal issue and becomes a matter of communication: the company needs to demonstrate consistency and prudence, show integrity and governance criteria, and maintain consistent records and narratives that withstand public exposure.

3 Judicialization and class actions: when litigation becomes a public arena.

Brazil has robust instruments for collective redress, which in practical terms can resemble class actions especially in consumer, competition, environmental, collective rights, and labor issues. The combination of consumer protection agencies, active Public Prosecutor's Offices, and a sophisticated legal ecosystem can generate significant exposure: a single collective action can seek large-scale reparations, and the litigation often becomes a public narrative.

For companies, the risk is not just financial. It's reputational: accusations (even before sentencing) are amplified, and the company is pressured to explain, in accessible language, what it did, why it did it, and how it will correct it. Prevention involves document governance, process audits, communication of evidence, and a response plan that includes legal and communication aspects from day one.

4 Integrity, anti-corruption and third-party risk

In an election year, anti-corruption rhetoric becomes political language and, frequently, headline language. Even organizations with advanced compliance can suffer by association: suppliers, distributors, customs brokers, local consultants, and construction partners are recurring sources of risk. The central theme here is asymmetry: the market judges the company not by its intentions, but by the behavior of its supply chain.

The safest approach combines third-party due diligence, institutional relationship governance, and communicable transparency—not just the existence of policies, but their translation into practices and evidence that are understandable to the public.

5 Work, unions, productivity and internal climate

Polarized environments amplify labor disputes. Strikes, rumors about layoffs, outsourcing, shift changes, and benefits can escalate rapidly, especially when the company is a key employer in a particular region. For Spanish groups, there is a huge asset: a reputation for discipline and quality. But this needs to be accompanied by empathetic and predictable communication, especially with employees.

By 2026, internal communication will cease to be 'an HR item' and become critical infrastructure. Companies that protect their internal climate reduce the risk of leaks, rumors, and public conflicts, and gain speed in responding to incidents. It happens.

6 ESG and social license to operate

Brazil combines high environmental sensitivity with a strong dependence on land-intensive productive activities. Water, waste, emissions, licensing, and environmental impact are classic triggers for crisis. At the same time, there is a reputational opportunity: Spanish groups can lead through process quality, transparency, and verifiable goals.

The most recurring risk is not 'doing too little', but being perceived as inconsistent — especially when different countries communicate ESG in an unequal way. By 2026, companies need to communicate ESG as evidence: metrics, audits, clear commitments and, above all, corrective governance when something goes wrong.

7 Digital security, GDPR and cyber incidents

Digitization increases the likelihood of incidents. In mature markets, cyber crises are already treated as a reputational issue. In Brazil and Latin America, this movement is accelerating: customers, regulators, and the media are demanding transparency and answers. What is expected of a serious organization is clarity about what happened, what is known, what is still unknown, and how the company protected (or will protect) the people affected.

The crucial point is preparation: 'first day' messages, trained spokespeople, and a consistent update schedule. Those who prepare avoid the worst-case scenario: an information vacuum filled with rumors.

8 Relations with the public sector and regulatory issues

For regulated operations — infrastructure, energy, transport, health, telecommunications, financial services — 2026 is likely to bring increased scrutiny to incentives, contracts, concessions, and licensing decisions. What was once a 'technical matter' may become a 'political matter.' Companies need a strategy that separates legitimate advocacy from perceived favoritism: criteria, records, compliance, and a coherent public narrative.

9 Mercosur–European Union: a strategic opportunity, with embedded reputational risk

One issue that is expected to gain prominence in 2026 is the Mercosur-European Union agreement. Following recent progress—including a formal endorsement by EU countries and the signing of the text in January 2026, with additional approval steps still pending—the debate is likely to intensify in Europe, especially around safeguards, agriculture, and environmental conditions.

For Spanish companies with industrial and commercial bases in the region, there is an obvious opportunity: reduced tariff friction, predictable rules, and market expansion. However, there is also an inescapable reputational dimension: the agreement will be publicly interpreted through the lens of sustainability, traceability, and socio-environmental impacts. The company that anticipates this communicating responsible supply chains, environmental metrics, and governance transforms a macro debate into a micro advantage.

In other words: even when the agreement opens doors, it increases the burden of proof. By 2026, 'trade' and 'reputation' go hand in hand, and reputational preparation must occur in parallel with legal and logistical preparation.

10 The underestimated risk: holidays, weekends and the social media clock

If there's a common pattern in recent crises, it's that many erupt when teams are understaffed: weekends, holidays, late nights. Brazil like much of Latin America experiences periods of low activity that demand real preparedness. In 2026, the combination of the social calendar and mass events is likely to reduce public patience for lengthy explanations and increase the demand for clear, verifiable, and repeatable messages.

HOW TO GET THROUGH 2026 SAFELY - AND WITH AN ADVANTAGE

Map, monitor, and respond with sobriety with clarity

- Start with a sensitive topics map and continuous monitoring to spot early signals.
- Build scenarios and triggers, linked to a clear crisis protocol and decision flow.
- Communicate with sobriety with clarity: principles and evidence, discipline, and fast corrections.

The goal of a mature organization is not to 'avoid headlines'; it is to reduce the likelihood of incidents, limit their impact when they occur, and protect strategic coherence. By 2026, this requires a reputational governance architecture. In practical terms, there are five elements that separate resilient companies from reactive companies:



Map of Sensitive Topics

by country and by stakeholder, reviewed frequently.



Continuous Monitoring

stream of weak signals (media, networks, regulatory, legislative and territorial) with warnings reaching the executive level.



Scenarios and Triggers

what changes, in just a few hours, if there is a complaint, strike, accident, leak, court decision, or political event?



Crisis Protocol

including roles, approval chain, and day-one messages.



Training and simulations

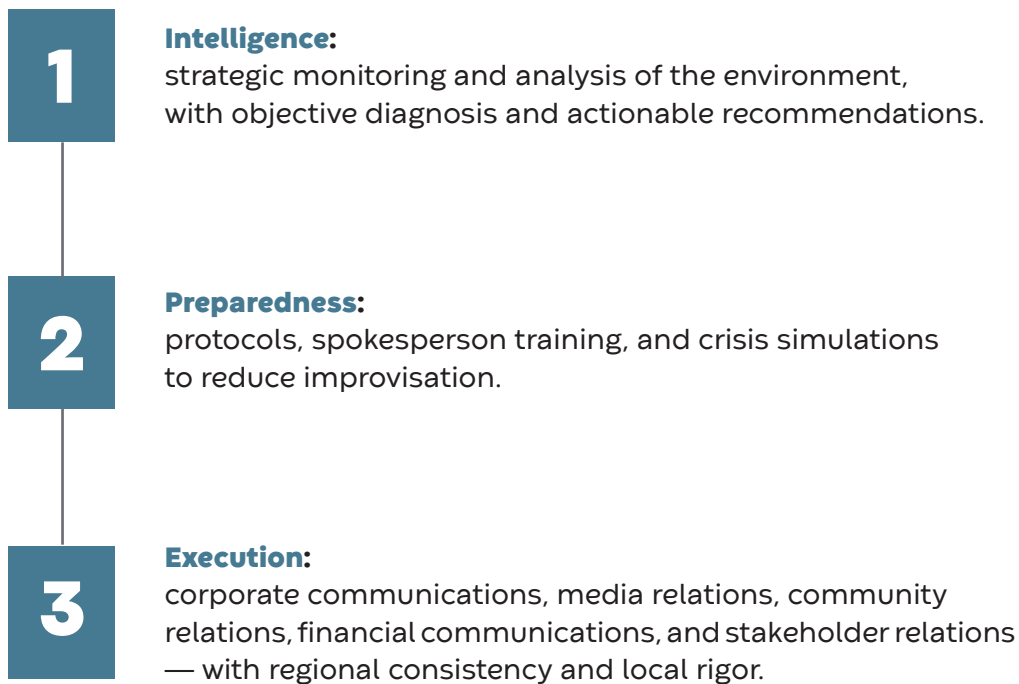
improvisation is the number one enemy of reputation.

There is also a communication principle that is worth its weight in gold in a polarized year: sobriety with clarity. Companies do not need to and generally should not operate as partisan actors. But they do need to communicate principles and evidence: integrity, safety, respect, sustainability, socioeconomic contribution, and the ability to correct mistakes when they fail. The public tends to forgive errors managed with seriousness; it rarely forgives arrogance or opacity.

What can AND, ALL offer Spanish companies in 2026?

At AND, ALL we operate at the intersection of reputation, corporate communication, and crisis management. We have 18 offices and a team of 380 professionals and consultants operating in Latin America, serving hundreds of international clients. This regional presence allows for something rare: a rapid, consistent, and culturally accurate response, without losing alignment with global governance standards a central need for Spanish groups.

In 2026, our contribution can be described in one sentence: transforming volatility into governance. This translates into three complementary capabilities.



The crucial point for Spanish companies is the alignment between their European headquarters and the Latin American reality. AND, ALL helps build that bridge: we translate local risks into boardroom language, and we translate global guidelines into local implementation without cultural interference.

A pragmatic first step

We suggest starting with a short program, four to six weeks long, focused on the year 2026: a Brazil/LatAm Sensitive Issues Scan. This work delivers a risk map by country and stakeholder, crisis scenarios and triggers, mitigation recommendations, and a first-level response protocol (including first-day messages). From this material, it is possible to design a tailored annual program with continuous monitoring and real incident preparedness.

Conclusion: 2026 as a maturity test

Years of polarization and fragmented attention are not just 'difficult years.' They are tests of institutional maturity. Companies that navigate 2026 with sobriety, evidence, speed, and empathy not only avoid damage: they build trust and trust, in Latin America, is a competitive advantage.

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Produced by

AND,ALL

for **Spanish Leaders**
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March 2026

