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Why corporate boards must have a geopolitical risk committee

Synopsis
Geopolitics now dictates business strategy. Indian companies face disruptions from global events. A semiconductor chip shortage halted a major product launch, highlighting a critical gap. Boards need structured geopolitical insight. A Geopolitical Risk Committee is essential for anticipating and managing these evolving challenges. This proactive approach ensures resilience and long-term success in a volatile world.

No board can afford to treat geopolitics as an occasional briefing or a footnote in an annual risk report. It demands structure.

As **geopolitics** reshapes supply chains, technology choices and capital flows, Indian boardrooms must institutionalise foresight—or risk being caught unprepared.

I began the discussion at a recent PAFI–ISPP Executive Programme on Public Policy and Geopolitics with a story from 2021. An Indian automotive company was days away from what was expected to be its most successful product launch in years. Bookings were strong, dealers were optimistic, and marketing campaigns were ready. Then a single semiconductor chip—worth barely ?500—failed to arrive. Stuck in a port thousands of miles away due to tensions in the South China Sea, that missing component brought a multi-crore launch to a grinding halt.

The CEO later summed it up with disarming honesty: “Our strategy didn’t fail. The world changed—and we weren’t reading it.”

This is how I opened the programme, because it captures the operating reality facing corporate India today. Geopolitics has moved from being a distant backdrop to becoming the defining operating environment for business. Supply chains, technology choices, market access, data governance, regulatory exposure and even capital allocation now sit at the intersection of politics, policy and national security. Indian companies can no longer build global ambitions on domestic assumptions. The world no longer sits outside the boardroom. It sits inside it.

Over the next two days, as diplomats, policymakers, strategists, corporate leaders and senior delegates engaged in candid discussions, this reality became impossible to ignore. Conversations ranged from shifting alliances and sanctions regimes to export controls, energy security, technology decoupling and regulatory divergence. Delegates spoke openly about how these forces were already reshaping their businesses—often faster than their organisations were able to respond.

What struck me most was a recurring refrain from the room. Several delegates said, “Our CEOs need to hear this. This needs to reach the board.” Awareness existed, but there was a clear sense that geopolitical insight was not being absorbed into corporate governance in any structured way.

As discussions deepened, an uncomfortable gap became evident. While geopolitical risk was widely recognised, there was no clear answer to a simple question: where does this intelligence go once the conference room empties? How does it travel from panels and presentations into board deliberations? How is it translated into strategy, capital allocation, risk appetite and institutional memory?

It was in these moments—watching insight meet uncertainty—that a larger realisation took shape. Corporate India does not suffer from a lack of geopolitical understanding; it suffers from a lack of geopolitical governance. Boards are simply not designed to systematically absorb, interpret and anticipate geopolitical risk. In today’s environment, that gap is not theoretical—it is a strategic vulnerability.

Boards have traditionally focused on performance, compliance, financial oversight and enterprise risk. Yet the most consequential disruptions of the last decade have come from outside the commercial arena: trade wars, sanctions, export controls, supply-chain fragmentation, energy shocks, conflicts, technology bans and climate emergencies.

For India, the stakes are even higher. The country is positioning itself as a trusted global manufacturing and technology hub even as the global order becomes more fragmented and volatile. Great-power rivalry, competition over critical minerals and the politicisation of technology are reshaping markets, regulations and capital flows simultaneously. No board can afford to treat geopolitics as an occasional briefing or a footnote in an annual risk report. It demands structure.

This is why corporate boards must have a **Geopolitical Risk Committee** (GRC).

Geopolitics today directly drives financial outcomes. A sanctions update, **tariff** revision, border flare-up or export restriction can alter revenues, operating models and supply chains overnight. What was once considered external risk has become balance-sheet risk.

Strategy itself now requires geopolitical alignment. Decisions on manufacturing locations, market expansion, technology adoption, vendor selection and compliance frameworks are increasingly geopolitical choices. Boards must actively consider scenarios: What if technology decoupling accelerates? What if regulatory regimes diverge sharply across markets? What if geopolitical alliances redraw access to capital, data or customers?

Investors are already asking these questions. Global capital increasingly values resilience and foresight. Companies that demonstrate preparedness for geopolitical shocks are seen as better long-term stewards of capital. A dedicated Geopolitical Risk Committee signals seriousness, stability and maturity.

Technology further sharpens the case. AI, semiconductors, 5G, cloud infrastructure, fintech and cybersecurity now sit squarely within national-security frameworks. At the same time, supply chains are being rewritten through friend-shoring, de-risking and diversification. In this context, Public Affairs and External Affairs must evolve from advocacy roles into strategic intelligence functions feeding directly into board oversight.

A Geopolitical Risk Committee cannot simply mirror existing management structures. It must be deliberately constructed to reflect the complexity of the external environment. Boards should include former diplomats who understand global negotiation dynamics and regional fault lines; public policy experts who track regulatory evolution; geoeconomics and trade specialists who analyse supply chains and market access; and technology policy advisors with deep expertise in AI, data, semiconductors, quantum technologies and cybersecurity. Risk and intelligence professionals with national-security or global-risk backgrounds add essential scenario-building capability.

Academics from leading policy institutions, experts in energy and climate security, former multilateral officials and seasoned corporate affairs leaders who have navigated complex cross-border environments can further strengthen the committee. The objective is not commentary, but interpretation—anticipating second- and third-order consequences before they materialise. A well-designed GRC becomes the board's strategic radar.

As the programme concluded, I left participants with four simple mantras — principles that increasingly define leadership in a geopolitical age:

See Beyond the Balance Sheet.

Policy Is the New Power.

Geopolitics Is the Invisible Hand of Business.

Leaders Interpret the World.

The next decade will reward companies whose boards institutionalise geopolitical foresight—and punish those that continue to treat it as background noise. A Geopolitical Risk Committee is no longer optional. It is fast becoming a prerequisite for serious governance in a volatile world.

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