Board level strategic response and governance imperatives:

How boards and senior leadership need to recalibrate in the current economic and geopolitical environment

Why This Conversation on geopolitics Matters for India & EMs

- Geopolitics and Economics from an Indian or emerging market perspective, we are not speaking in theory. We are speaking from lived experience—
  - currency volatility,
    - Trade Barriers,
    - Regulatory Shifts,
    - Climate Stress
    - Global Capital Expectations
    - All Arrive At Our Doorstep Simultaneously.”

    - Emerging markets face **compressed timelines** What developed economies faced over decades, EMs face in **years**

    - Boards in India now deal with:

    - Global supply chain re-routing
    - Climate disclosures (BRSR, CBAM, EU regulations)
    - Capital allocation under ESG scrutiny
    - Geopolitical neutrality pressures
- **“For Indian boards, geopolitics is not an external shock—it is a constant operating condition.”**

Geopolitical Awareness as a Board Capability

- **Don’t confine to ‘risk register item’ please move to ‘strategic intelligence’**
- In many Indian companies:
- Geopolitics sits with: Compliance, Legal and Consultants
- That is no longer sufficient.

Boards must institutionalise geopolitical awareness, because it directly affects:

- ***ESG disclosures***
- ***Market access***
- ***Technology partnerships***
- ***Capital inflows***

Indian examples:

- ***ESG-linked lending and ratings influencing borrowing cost***
- ***Climate disclosures shaping investor perception***
- ***Trade agreements redefining competitive advantage***

Board practice suggestion:

- ***Periodic geopolitical briefings***
- ***ESG + strategy discussions together***
- ***External perspectives beyond auditors and consultants***
- ***“For emerging markets, geopolitical awareness is a leadership skill, not a technical one.”***

What Boards Must Do Differently –
Indian Context

- Reality of Indian Board :
    - Policy can change faster than market cycles
    - External shocks arrive without warning (pandemics, sanctions, trade rules)
- **Board-level examples:**
- Export-oriented Indian manufacturers suddenly impacted by **CBAM**
- Infra and energy companies navigating:
    - Domestic climate commitments
    - Global investor expectations
- Tourism, aviation, logistics hit by:
    - Geopolitical instability
    - Fuel price volatility
    - Border and security concerns
- Board questions to ask management:

“What happens to us if access to one market is restricted overnight?”

“What if carbon becomes a trade barrier, not just a sustainability issue?”

“Which assumptions in our strategy are geopolitical assumptions?”

“In India, scenario planning must include policy, geopolitics, climate, and capital—together.”

Geopolitics at the Board Table

- **In our boardroom today, is geopolitics treated**
  - **as a standing strategic input**
  - **only discussed after it has already impacted operations, compliance, or earnings?**

  - **Forces self-reflection on *timing*, not awareness**
    - **Distinguishes proactive boards from reactive ones**
    - **Opens discussion on whether boards need external intelligence inputs**

ESG as the Bridge Between Geopolitics and Strategy

- ESG is often seen as:
  - Compliance
  - Reporting
  - Reputation management
- But globally, ESG has become:
  - A **capital allocation filter**
  - A **trade access condition**
  - A **geopolitical signal**
- Examples:
- Climate commitments influencing export competitiveness
- Supply chain ESG scrutiny affecting vendor selection
- Governance quality impacting valuation and investor confidence

Board-level reframing:

"ESG is no longer about being 'good'. It is about being investable, resilient, and globally relevant."

Resilience-building — beyond compliance

- Resilience in emerging markets is **not optional**, it is existential.

A.Financial resilience

- FX volatility
- Cost of capital sensitivity
- Dependence on global lenders should be limited

B. Supply chain resilience

- Overdependence on single geographies
- Logistics disruptions (ports, borders, fuel)

C. Governance resilience

- Ability to take fast decisions
- Clear escalation frameworks
- Empowered committees

Board insight:

“governance speed matters as much as governance strength.”

Final thought:

- For India and emerging markets, the question is not whether geopolitical and economic disruption will continue. The question is whether boards will continue to treat it as an external risk—or embrace it as a strategic reality.
- Boards that integrate geopolitics, ESG, and strategy will not only protect value—they will shape the future.
- For emerging-market companies like ours, is ESG genuinely influencing capital allocation and strategy but is it still largely positioned as a reporting and compliance obligation

Resilience vs Growth Trade-offs

- When faced with geopolitical uncertainty,
  - if our governance structures encourage management
    - prioritise short-term growth
    - or
    - We have designed to reward resilience, adaptability, and long-term value creation