

# Rules redrawn

## Preparing for futures you can't predict

Questions board members should ask about geopolitical risk

Board Leadership Centre

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**Geopolitical risks are no longer limited to a series of isolated shocks but a set of systemic, long running trends reshaping the business environment. The volatility we are witnessing – from conflicts and technology rivalries to trade fragmentation and state intervention – is not temporary noise but the structural context in which organisations now operate.**

The greatest risk for companies is not mis forecasting individual events but assuming the stability of the 90s and early 2000s will somehow return. Chairs need to guide their boards to look beyond prediction and instead focus on how geopolitical shifts alter assumptions, exposures and opportunities over time. This means elevating geopolitical trend analysis to the strategic level, stress testing plans against multiple possible futures, and embedding resilience into governance and decision making.

In this environment, foresight is less about asking what will happen and more about preparing for what could happen. Here are some considerations for boards and their committees around five key themes:

- 01** ▶ **Geopolitical volatility and macro risk**
- 02** ▶ **Trade restructuring and tariffs**
- 03** ▶ **Technology and digital fragmentation**
- 04** ▶ **Supply chain resilience**
- 05** ▶ **Investor confidence and strategic messaging**

## 01 | Geopolitical volatility and macro risk

### Theme:

Volatility is no longer episodic – it's systemic. Stability will not return by default

### Why it matters:

Strategic assumptions shaped by the post cold-war era of globalisation and effective global leadership are becoming less dependable

### Questions for boards

- What geopolitical shifts could fundamentally alter our business model or cost base?
- How are geopolitical scenarios reviewed and updated?
- How could escalating conflicts impact our operations, markets or workforce?
- How can we broaden our approach to “what if” thinking so that we explore a range of plausible futures rather than focusing on what we believe is most likely?
- How do we capture both risks and opportunities arising from geopolitical change?
- What did we learn from our preparedness and scenario planning of previous macro-events e.g. the financial crisis and pandemic?



Elevating the assessment of geopolitical trends to board level is essential today. I refer deliberately to trends rather than risks, because it is just as important to understand the opportunities they create. Establishing a clear framework that identifies the baseline exposure of a particular business to these trends is crucial, recognising that no two organisations experience the same geopolitical forces in the same way.



**Stefano Moritsch, Global Geopolitics Lead – KPMG International**

## 02 | Trade restructuring and tariffs

### Theme:

Trade policy is increasingly being reshaped by national priorities rather than by economic efficiency

### Why it matters:

Since 2024, more than 3,000 trade-restrictive measures have been introduced globally, indicating a notable and continuing shift in the international trading environment

### Questions for boards

- What would our supply chains look like under scenarios where tariffs continue or increase, and how resilient might they be?
- To what extent are we assuming tariff reductions in the future, and what would it mean for us if current tariffs were to remain in place?
- How are we diversifying our supply chain footprint to reduce concentration risk?
- How exposed are we to shifting trade agreements?
- How have we assessed the risks and opportunities linked to domestic reshoring trends?
- What are the trade-offs of pursuing “China plus one” (strengthening operational resilience by diversifying dependencies beyond mainland China), “World minus one” (a global economic and trade framework where nations co-operate without relying on US leadership) or “friend shoring” trade diversification with politically and economically aligned nations?

## 03 | Technology and digital fragmentation

### Theme:

The growing strategic competition in advanced technologies and what some call the “AI Cold War” is accelerating progress but also introduces risks around standards, compliance, data, and infrastructure

### Why it matters:

US and China technological decoupling in AI, quantum computing, semiconductors, data localisation rules and even energy technology is increasingly shaping future competitiveness

### Questions for boards

- How does our technology align with different geopolitical spheres, and what could that mean for us over time? (US aligned, China aligned, hybrid)?
- How dependent are we on particular technologies or vendors that may face sanctions or export restrictions?
- How could diverging global technology standards influence the way we operate across different markets?
- What factors shape the resilience of our data infrastructure, especially in relation to geopolitical uncertainties or constraints on resources such as energy and water?
- How prepared are we for an increasingly fragmented and regulated digital environment?
- Where is our sensitive data physically located today, and can we ring fence it by jurisdiction within 30 days if data localisation or cross border transfer rules harden?

## 04 | Supply chain resilience

### Theme:

Resilience is becoming a strategic priority, rising above pure efficiency, even if it comes at a cost

### Why it matters:

Lean, single region or vulnerable trade routes can heighten exposure, underscoring the value of more diversified and dependable supply pathways

### Questions for boards

- How do we map supply chain exposure to conflict zones and geopolitical “shock points”?
- Where are our single points of failure?
- How dependent are we on critical minerals or technologies that may face export restrictions, price shocks or geopolitical contestation?
- How could approaches such as nearshoring, friendshoring or ‘multi-sourcing’ broaden our options and reduce concentration risks?
- How would disruptions to energy, data, logistics, or critical inputs affect us?
- How are we balancing cost efficiency and resilience in light of shifting geopolitical conditions?

“ Identify where the vulnerabilities lie, but also where the opportunities exist to reposition elements of the supply chain – whether in energy, data, logistics, imports or exports – to enhance overall resilience rather than focusing solely on efficiency. I recognise that this comes with additional cost, but in an increasingly volatile world, investing in resilience is becoming essential. It provides confidence and stability, reducing the need for constant crisis management.

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**Stefano Moritsch, Global Geopolitics Lead - KPMG International**

## 05 | Investor confidence and strategic messaging

**Theme:**

The UK’s competitiveness rests more and more on agility, global connectivity and the strength of its trusted services

**Why it matters:**

Investment attractiveness increasingly depends on clarity, predictability, and international positioning

**Questions for boards**

- Do we clearly articulate our resilience strategy and the implications of geopolitical shifts for future growth to investors and stakeholders?
- Are we investing in skills, infrastructure, and regulatory readiness that investors expect?
- How are we ensuring that our international footprint remains attractive, coherent and interoperable across jurisdictions?
- How do current UK geopolitical positions influence our attractiveness as a business?

For more on ‘How geopolitics is shaping business’ listen to KPMG’s ‘The Insight in 15’ podcast on [Spotify](#) [Apple Podcasts](#) and [YouTube](#).



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