Talking points of Yuelin Yang

ECGI Patrons Council Roundtable (15 June 2026)

Session 2: Boards and the New Geopolitics – Governing in the Era of AI

ECGI Patrons Council Roundtable

The Role of Boards — Fit for the Current Times

MONDAY, 15 JUNE 2026
Hosted by Norges Bank Investment Management (NBIM)
Singapore

13:30 – 14:30 Session 2: Boards and the New Geopolitics — Governing in the Age of AI

Moderator: ***Prof. Umakanth Varottil***, Professor of Corporate Law, National University of Singapore
Opening Interventions:
Prof. Curtis Milhaupt, Professor of Law, Stanford Law School
Yuelin T. Yang, Independent Director, Verlinvest Asia; Program Committee Member, Pacific Pension & Investment Institute; Council Member, Asian Corporate Governance Association

Macro - Security (national, energy, tech, supply, capital)	Boards ("CIA" = Climate, Interdependence, AI)
•S hareholder (Reagan Thatcher Welch) v State capitalism. - Ownership - dispersed v concentrated (long term, bold) - dispersed's short term v agency of controlling shareholder.	•S tate – more active, less free markets . Capture v Connections. - Purpose - corporate patriotism (JPM Resiliency) - Influential families (chaebols) v minority shareholder
•E conomics - shareholder 1st & globalization – End of history - Future – Buy EU, US Critical Minerals, Alexander Hamilton	•E xternality (of geopolitics): Meta/Manus, Panama port. Shein. - Pro: Govt incentives, procurement, public-private, mini-laterals
•C hokepoints (weaponize interdependence) - China self reliance, shock 2.0 (supply chains)	•C ompliance (investment restrictions, sanctions, bans, AI sovereignty) - AI: geopolitics – energy criticality, security (v climate, affordability)
•U ncertainty of geopolitics now (v. rules based order). - AI: national security, major flashpoint, chips v rare earths	•U nknown unknowns – disclosures of geopolitical risks & opportunity - AI: Mythos, CBRN, bias, privacy, agentic = risk at scale, liability (developer, deployer, user), ES of ESG
•R e-industrialize for security of: - "Ships (national), Chips (tech), Flips (supply chains)". - "Bips" (financial, capital markets nationalism).	•R esponsibility - board (shock absorber). Surfing (unpredictability) - Accountability - GC, CEO, Risk, Audit, Strategy, Ops - Gov't relations to monitor geopolitics + manage reputation - AI: AI fluent directors, seat belt not brake on opportunities, human in loop, trust, explainability, skills, incident reports
•I ndustrial policy. (industrial patriotism) - Islandising (domestic politics and society).	•I nsulate. Supply chains – resiliency, redundancy over efficiency. - higher inflation, cost. Higher interest rates.
•T ik Tok. Private sector on frontline of geopolitics. - AI at tip of spear. (Mag 7 = G7?)	•T est your corporate identity/control, who/where are you? Pro & cons - AI: deploy hybrid tech stacks, locate data accordingly
•Y alta - great & middle powers (hedge, diversify). - Globalization 2.0 v Blocs v Fragment transactionalism. - Yo-yo: volatility = opportunity (surfing, not track meet) - AI: geopolitics – world into 2 techno poles?	•Y es or no (not incremental) decisions sometimes. - Scenarios (Pasteur, every 2 wks by IMF & World Bank). - Octopus organization. (divide, flexible, decentralize) - AI: decision making (past data?), speed, productivity + reshape biz

Intro

When I read Curtis' paper "Corporate Governance in an Era of Geoeconomics", one word kept coming to mind. SECURITY. National, and economic, and of supply chains, technology, capital and energy. Countries are using the SECURITY lens. Businesses also need to.

Lets start with at the macro level.

S - shareholder capitalism has been the mantra. Covered by Curtis. Jack Welch. US style governance. Based on vertical principal agent between management and dispersed shareholding and the investment chain in between. Different in Asia due to prevalence of concentrated ownership. State owned and family controlled companies.

E - economics. The main driver of shareholder primacy and enabled by globalization. Covered by Curtis. World was flat, but now borders matter again. Hopefully geopolitics only reshapes global capital flows and trade. Autarky could arise if fragmentation spirals into more extreme economic nationalism, corporate patriotism. And financial nationalism. Curtis has written about global stock exchange competition. ACGA closely monitors the value up programs in the battle of the bourses in Asia.

C - chokepoints. Interdependence weaponized. Covered by Curtis. China has a long term plan of self-reliance and dominating manufacturing. China shock 2.0.

U - uncertainty. Geopolitics is back and here to stay. Chilling effect on investment flows and redirect them along geopolitical corridors.

R - reindustrialize. Chips, Ships, Flips (reshore of supply chain) and Bips (financial nationalism).   Reversal by US of prioritizing finances over furnaces. Software over supply chains. McKinsey - $2 trillion to ramp up American manufacturing, and 25% of US imports are vulnerable to 2 of 3 of geopolitics, supply chain concentration and criticality.

I - industrial policy. Alexander Hamilton and Xi Jiping both understood the importance of manufacturing and a strong central government. Capital increasingly stay at home to build self-reliance. Investment in heavy assets of AI, clean tech and defense projected to almost double to 30 trillion by 2030.

T - Tik tok. Screening based on national identity. Even capital is no longer anonymous. Covered by Curtis.

Y - Yalta. Era of Great Powers again.

- Middle Powers. Many became countries post WW2.   They are hedging and diversifying. They face issues of collective action, free rider, and scale of their mini-laterals. And Great Powers may try to divide, bribe or coerce them.

- Where do we end up post rupture? Multi-polarity. Pluralateralism. How to avoid over dependence after years of global integration. Or managed interdependence. Mckinsey - up to 30% of trade corridors will realign by 2035. Many scenarios. Here are 3. 1) More optimisitc. Re-globalization based on regionalism and mini-laterals and relatively benign Great Powers. 2) Blocs based on geopolitical distance to gain and protect industrial scale. 3) transactionalism in a fragmented world subject to predatory hegemony.

Now lets look at it from Board level.

S - state involvement and overlap with private sector. Covered by Curtis. Bernie Sanders and Trump agree on government taking stakes in AI companies.

Among the issues:

- Connections and government affairs important but watch for capture.

- In Asia, we have influential families like Samsung's Lee family. Minority shareholder protection is important.
- What is the corporate purpose if asked to do national service?
- Government picking national or domestic champions at expense of competition and innovation

E - externality of geopolitics. Covered by Curtis. Politics and policies over prices.

Government involvement is a double edged sword.

- Advantages include: government procurement for offtake, incentives, public-private partnerships.
- Critical to align with industrial policy in places you do business.

C - compliance. Covered by Curtis. More complex. Regulatory and regime shocks. Fragmenting regulations with increased use of economic statecraft. Where are we most vulnerable to these that are critical to operations?

U - unknown unkowns of geopolitics. Different than risk which is known unknown. How to do disclosures? Board need to play role of shock absorber. Where are we most vulnerable to chokepoints?

R - responsibility. Oversight by the board. Government relations. Reputation management. Covered by Curtis.

I - insulate. Redundancy and resiliency of supply chains. Less efficiency, higher cost and inflation. What are realistic alternatives and timelines to switch?

T - test your corporate identity. And of your key investors, suppliers, partners and customers? Who and where are you and they from? Meta and Manus. Hutchison ports in Panama. China and HK investors banned from Space X IPO.

Y - yo-yo or volatility. Both an opportunity and risk.

- Yes or no type strategic decisions will be more frequent. Not incrementalism. Stay in or exit a market? Use a local partner instead Tradeoff of increased cost of secure supply chains.

- Scenario planning is critical. Louis Pastuer said chance favors the prepared mind. World Bank and IMF doing these every two weeks. Build in more optionality for capital allocation, locations, suppliers, tech and markets. A chessboard of opportunities and a minefield of risks.

- Organization. Regional, decentralized, ring fenced. Like an octopus which 8 arms that can operate independently, collect intelligence and feedback to central brain, 8 arms can work collectively when needed, can lose an arm and regrow, they can change color to adapt to local terrain

Impact of AI with geopolitics on boards:

1. Overload on boards - "CIA" of Climate, Interdependence and AI
2. AI adds fuel to geopolitical rivalry - AI sovereignty and shift to techno blocks? China announced a $2 trillion RMB plan for data centres. US says Alibaba, BYD and Baidu help the Chinese military
3. Geopolitics fuels AI race - fear of missing out, AI governance cannot keep up, LLM capabilities will out pace risk management, and potentially one day a major event
4. Selection and location of your tech stacks and data.
5. AI as decision making tool for geopolitical scenario planning. Useful to get away from cognitive bias. Ensure use the relevant past data, future not same as past 30 years.
6. Capital more scarce and expensive if sucked up for AI and related.

[time permitting. If not, then during discussion]

Conclusion: Where does security driven state involvement with the private sector mean for boards? How do we adapt existing corporate governance and corporate purpose frameworks? I know shareholder capitalism from ACGA and PPI and family controlled. Stakeholder capitalism. Those are not the answers. In certain strategic sectors, how close do we get to state capitalism? In areas like AI, does the private sector become an instrument of the government. A modern day version of the Dutch or British East Indies company. In all sectors, boards need to use a security lens.

END
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If opportunity presents itself during discussion after introductory remarks

<u>Multi-nationals v Family Businesses</u>

The concentrated ownership of family businesses enables them to be bold, long term, adaptable and resilient.

In the rules based order, MNCs had the advantages of the 5 S's. These may now become less of an advantage or liabilities
1. Scale makes it harder to: a) pivot, b) make more and smaller bets (feel the stones across the river), and c) get unfiltered information to HQ for scenario planning.
2. Supply chains will be designed more for resilience and redundancy than efficiency.
3. Spreading into more markets increases the geopolitical risk exposure.
4. Scattered, dispersed shareholders. Allowed access to global capital for cheaper equity. Now, how to get consensus to make difficult long term decisions.
5. Standardised products will increasingly lose out to local brands. Nike and Starbucks in China. Chinese EVs over German autos.

[not covered] <u>For investors:</u>

1. Economic impact: slowing global growth, raising uncertainty, inefficiencies, costs and inflationary pressures, sustained structural shift toward a more fragmented global financial system.

2. Country allocation more important - in an environment of more:

- fragmented financial system - pressure to invest domestically, investment restrictions
- conflict and economic statecraft - how vulnerable is the country directly or collaterally (eg Asian countries and oil)
- industrial policy - corporate patriotism (domestic champions) aligned with national policy to enhance security of supply chains, food, energy, tech
- regional domestic champions (so more dispersed landscape instead of one size fits all global champions, eg Luckin over starbucks in China)