



Geopolitical disruption: the new state of play for Australian retail

Contents

Executive summary 3

Section 1

Geopolitical disruption: the new state of play for Australian retail 4

1.1 Structural shifts in the balance of power 6

1.1.1 Structural power shifts and consumer sentiment 7

1.1.2 Structural power shifts and global supply chains 9

1.1.3 Structural power shifts and energy markets 9

1.2 Citizen anger and mistrust 10

1.2.1 Civil unrest and business uncertainty 11

1.2.2 Citizen expectations of companies 11

1.2.3 Populism and business conditions 12

1.3 Other geopolitical risks: the tech revolution and climate change 13

1.3.1 Geopolitics, advanced technology, and cyber threats for Australian retailers 13

1.3.2 Climate change, migration, and manufacturing networks 14

1.3.3 The geopolitics of the climate crisis and energy supply 15

Section 2

Take action: navigate risks and optimise opportunities 16

Contacts 22

Executive summary

- Australian retailers are facing a ‘retail recession’.¹
- Geopolitical volatility is behind some of the biggest challenges that Australian retail firms face.
- Global geopolitical instability is not going away.
- Australian retailers must build their geopolitical resilience and take action to mainstream geopolitics into their strategic planning and operations.

What

Geopolitical volatility is the ‘new normal’ operating environment for Australian retail. Global openness and cooperation are being replaced by rising competition and mistrust, and an expanding definition of national interest.

Why

Several geopolitical forces are exacerbating this trend. Structural shifts in the balance of power, citizen anger and mistrust, the tech revolution, and climate change are driving geopolitical volatility.

So what

Ongoing and increasing geopolitical volatility is driving a wide range of specific challenges and risks for Australian retailers.

- Structural shifts in the balance of power between countries mean that trade in goods is increasingly being weaponised, impacting consumer sentiment and raising prices and availability risks for many products.
- Citizen discontent raises stakeholder expectations that companies will come out publicly on the ‘right’ side of contentious issues, but makes the definition of ‘right’ far more contested. Angry citizens also drive civil unrest and create the conditions for populist leaders to emerge, bringing with them a range of economic, political, and social challenges for retail businesses.
- The tech revolution is responsible for what some call a ‘tech cold war’. In addition to competition over tech capabilities, the tech cold war is also raising cyber risks for retail companies.
- The geopolitical impacts of the climate crisis – for example, competition for renewable energy security and mass migration – will disrupt manufacturing networks and export markets.
- The way these forces combine is driving other complex impacts on retailers, including high procurement and energy costs and poor consumer sentiment.

As global geopolitical competition and volatility increase, so too will the difficult conditions for retailers.

At KPMG, we believe a better understanding of geopolitics will increase retailers’ ability to navigate the current challenging business conditions and map a path to resilience and opportunity in the future. They can:

- establish systems and processes to understand and monitor geopolitical risk and volatility
- model risk scenarios to anticipate the specific effects of potential geopolitical developments
- map their sourcing networks and the supply routes that they rely on, considering how geopolitical upheaval could impact their ability to get the things they need
- develop action plans to guide them through the full range of risks and opportunities.



Section 1

Geopolitical disruption: the new state of play for Australian retail





Most Australian retailers are very aware of growing and rapidly changing risks in their operating environment.

After managing the existential threats of COVID-19, retailers now face a painful combination of high costs, supply chain disruptions, negative consumer sentiment, and 'no growth/slow growth' market conditions for the foreseeable future. These difficult conditions are pushing some retail firms to the wall, both in Australia² and around the world.³

For some years now, the world that we know and operate in has been increasingly buffeted by geopolitical volatility. This volatility creates risks for all internationally exposed industries, and Australian retail is no exception.

Geopolitical forces impacting Australian retail business – a polycrisis in play

Something fundamental is changing in the geopolitical environment. What we're experiencing is not just a random combination of incidents, but rather, a broader and deeper shift in international affairs. The world order that we are used to is giving way, unevenly and unpredictably, to something as yet unknown. The World Economic Forum describes what is happening as a 'polycrisis': a series of cascading and connected crises with compounding effects, such that the overall impact exceeds the sum of each part.⁴

This volatility is playing into many of the challenges that retailers are currently grappling with – from borrowing costs to supplier prices,

and from wage rates to consumer sentiment. While these challenges are themselves not new to retailers, the frequency and intensity of their occurrence are set to increase, and the moments of respite between them will become briefer.

Four geopolitical megatrends – structural shifts in the international balance of power; rising citizen discontent; the tech revolution; and the climate crisis – are at the root of the polycrisis. These megatrends are shaping the future of global business and creating challenges, as well as potential opportunities, for the Australian retail sector.

1.1 Structural shifts in the balance of power

For the past 80 years, Europe and North America have wielded significant control over world affairs. Now, the global balance of power is changing.

Power has traditionally been based on economic and military might. However, power also comes from holding a central position in the institutions and agreements that effectively set the rules for international politics and trade.⁵ Today, the centre of economic and geopolitical gravity is shifting away from the West⁶ and towards the developing world.⁷ The IMF notes that over the next two decades, virtually all of the world's population growth is projected to take place in less developed countries.⁸ By 2040, the combined economies of the 'Emerging 7' – Brazil, Russia, India, China, Mexico, Indonesia and Turkey – are predicted to be double the combined size of the current Group of 7 (G7).⁹ Along with this increasing demographic and economic importance comes a desire for a greater say in world affairs.

Increasing numbers of emerging countries are questioning Western global leadership.¹⁰ They are establishing norms and institutions that demonstrate that there are alternatives to some key elements of the Western-led world order. These include the expanding BRICS grouping¹¹ (which some argue aims to one day rival the G7¹²), the Asian Infrastructure Investment Bank¹³ (which provides an alternative source of development financing to the World Bank), and the Shanghai Cooperation Organisation¹⁴ (which can be understood as a potential alternative to the North Atlantic Treaty Organisation). These developments have prompted some political scientists to anticipate a 'post-Western world'.¹⁵

The challenge to Western global leadership is not just affecting norms and institutions, it is also driving tragic

conflicts. For example, the Russian invasion of Ukraine in 2022 (and 2014) is explicitly described by Russian President Vladimir Putin as a battle against the liberalism and 'disgusting, criminal and deadly' ideologies and values of the West. As Putin states, the war in Ukraine is about fighting the 'true enemy of his country', the West. Putin describes the war as an existential conflict against a 'satanic' enemy which at its very core intends to not only destroy Russia, but also 'strangle any sovereign centres of development'.¹⁶

Members of the North Atlantic Treaty Organisation (NATO) are responding in kind, seeing Putin's invasion of Ukraine as a direct challenge to democratic Western global leadership.¹⁷

As mistrust and competition among international actors increases, so too does the likelihood of conflict – both kinetic and otherwise.

For their part, Western countries are working to protect and expand their global power and influence.¹⁸ There is a general trend among Western countries towards reducing economic dependence on the non-Western countries which they consider as threats to the current world order.¹⁹ In some cases, this means trying to constrain their rivals' technological progress by restricting trade in strategic goods.²⁰ For example, US National Security Advisor Jake Sullivan was unequivocal in his remarks in September 2022 about the vital importance of protecting critical technology in the US to prevent the demise of the US role in the world, the decline of liberalism, and the threat of rising authoritarianism.²¹

The struggle for influence over how the global system should function is creating an increasing focus on protecting national security interests. At the same time, the struggle is expanding the definition of national security such that geopolitics and business cannot be separated. The structural shifts in the system are also driving strategic competition and mistrust among nation-states which fundamentally changes how countries interact with each other economically, in both trade and investment. Rather than being understood as neutral exchanges based on efficiencies and a cost/benefit equation, trade and other economic activities are being 'weaponised'²² as tools of 'geo-economic'²³ power. As trust declines and the pursuit and protection of national security interests rises, many countries are pulling back from globalised trade and investment, and instead forming trust-based trading networks with their geopolitical allies.²⁴ Nationalism and protectionism are on the rise, and even countries that were once seen as the stalwarts of open trade are pursuing increased self-sufficiency and reducing dependency on others deemed as politically unreliable.²⁵

This rising mistrust and competition among nation-states jockeying for global influence is having a real impact on Australian retailers in three key ways:

- the shifting power balance is contributing to poor consumer sentiment
- supply chains are being negatively impacted
- energy markets are being disrupted.



1.1.1 Structural power shifts and consumer sentiment

Research shows that around the world, ongoing geopolitical competition directly and indirectly affects consumer confidence.



KPMG's December 2023 *Retail Health Index* report reflects how geopolitical volatility has a negative effect on consumer sentiment, which was in negative territory from early 2022 until the time of writing.²⁶ This period has included Russia's invasion of Ukraine, conflict in Gaza, and growing great power tensions.²⁷ And as consumer confidence falls, spending patterns shift and trend downwards.²⁸

The US Federal Reserve recently drew a direct link between rising geopolitical risks and falling consumer sentiment.²⁹ The war in Ukraine has seen consumer confidence in Europe plummet.³⁰ In the Asia-Pacific region, a recent YouGov poll found that geopolitical tensions represent the third-biggest source of anxiety for consumers.³¹ In many cases, where consumers identify the issues they are most concerned about, geopolitical volatility is not far away. For example, concerns about climate change, or inflation and the rising cost of living, are all inextricably linked to geopolitics.³² Because the geopolitical risk outlook is for continuing and indeed growing volatility, this negative influence on consumer sentiment is likely to continue, adding to difficult conditions for retailers.

How geopolitical shocks hit consumer confidence (and GDP, inflation, and almost everything else)

The US Federal Reserve conducted a detailed analysis³³ that found that elevated geopolitical risks have a significant negative impact on global consumer confidence, and other macroeconomic variables.

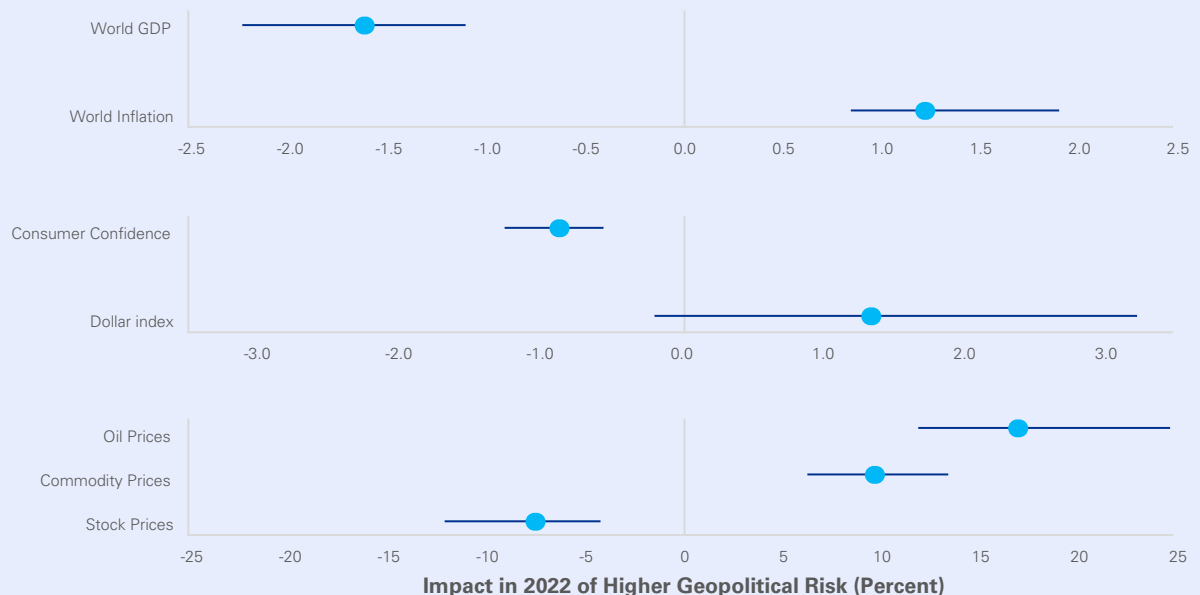
Figure 1. The geopolitical risk index



Source: Federal Reserve, May 2022

The study found that the heightened geopolitical risk environment in 2022 – especially associated with the Russia–Ukraine war – resulted in lower global economic growth, higher inflation, and lower consumer confidence than would have been the case in a no-war scenario. This report was released in May 2023, some months before the current Israel–Hamas conflict.

Figure 2. Transmission mechanisms of higher geopolitical risk on macroeconomic variables



Source: Federal Reserve, May 2022

Copyright/trademark: Unless otherwise indicated, information on Board’s website is in the public domain and may be copied and distributed without permission. Please cite to the Board as the source of the information. For any photo, graphic, or other material that is identified as being associated with a non-Board (such as materials with a copyright or trademark) permission to copy and distribute such photo, graphic, or material must be obtained from the non-Board source.

1.1.2 Structural power shifts and global supply chains

It is no secret that conflict disrupts supply chains,³⁴ and structural power shifts in the international system mean that conflict around the world is increasing.

Competition over the shape and structure of the international order are driving a rise in tensions³⁵ and the United Nations reports that we are facing 'a new era of conflict and violence.'³⁶ We have already experienced how the Russia–Ukraine war exacerbated and extended the chaos in supply chains caused by the COVID-19 pandemic.³⁷ More recently, violence in the Middle East significantly disrupted the global supply chain through the Red Sea. These shutdowns and disruptions have made it harder and more expensive for Australian businesses to import goods.³⁸ They have prompted some supply chain experts to conclude that efficient, 'just in time' supply chains are only suitable for periods of geopolitical stability.³⁹ This is because the most efficient supply chains tend to be the least resilient in the face of geopolitical shocks.⁴⁰ Many retailers and their suppliers are now choosing to hold more inventory at key stages of their previously lean supply chains, which adds to their costs.⁴¹ In effect, operating a 'just in case' inventory model.

Given the ongoing competition for international power, it is critically important for Australian retail businesses to be prepared for growing tensions and conflict both among and within states, and the potential for more disruptions to their supply chains.

1.1.3 Structural power shifts and energy markets

Tensions arising from nation-states jostling for power and influence on the global stage also disrupt global energy markets.⁴² The Russia–Ukraine war is a current example, pushing high and volatile global energy prices.⁴³ Conflict in the Middle East has also disrupted energy supplies and could reshape the region's economies in the longer term.⁴⁴ This conflict–energy link is not an anomaly – researchers have noted a strong causal connection between events during a regional conflict, and movements in both renewable and conventional energy markets.⁴⁵ As geopolitical rivalries intensify, competition for energy security will increase – although in the future it will be driven more by the need for critical minerals and metals essential for renewable energy, rather than oil and gas. Countries will compete to shore up their own access to these important inputs and may try to restrict their rivals' ability to access them – indeed some already are.⁴⁶

Intensifying geopolitical tensions mean that disruptions to energy markets are increasingly likely in the years ahead. For example, the Asia-Pacific region includes multiple areas that several countries lay claim to. Some of these contested areas could erupt into conflict, with varied and complex implications for Australia. In the South China Sea, at least seven East and Southeast Asian countries have competing claims to islands and exclusive economic zones.⁴⁷ As the balance of power shifts and rising powers are more willing to challenge the status quo, one or more countries in that region could spark conflict to stake territorial claims. Even if Australia is not drawn into such a conflict, the impacts on our ability to export and import could be significant. A significant proportion of Australia's seaborne trade passes through the South China Sea,⁴⁸ so any deterioration in the security environment will impact retailers' ability to import goods to sell, and to service overseas customers.



1.2 Citizen anger and mistrust

Citizens of industrialised countries are becoming increasingly angry and mistrustful of mainstream politics.⁴⁹ At the root of the anger and mistrust are perceptions of inequality – people all around the world feel that the past few decades of globalisation have benefitted elites at the expense of the majority.⁵⁰

This anger at the political status quo motivates citizens to take to the streets in protest, which can result in civil unrest and violence. Indeed, the evidence is clear – protests and riots are increasing in many parts of the world, even those that used to be stable.⁵¹ The Carnegie Endowment for International Peace publishes a Global Protest Tracker that has registered over 400 such events since 2017, with 83 breaking out in 2023 alone.⁵² Insurer Allianz identified the main drivers of this growing civil unrest around the world as being inequality and distrust of governments.⁵³

A key effect of increasing citizen anger towards governments and political institutions is the rising expectations that angry citizens have of companies. The Edelman Trust Barometer shows that as mistrust of mainstream politics has grown, citizens have increasingly expected corporations to fill the trust gap.⁵⁴ People now think companies should help solve persistent societal problems, rather than just seek profits. A Harvard Business School survey of 14,000 people in 14 countries found that 73 percent of respondents believe that businesses should work to benefit all stakeholders, including customers and communities, rather than focusing on financial results for their shareholders.⁵⁵ Almost two-thirds of consumers believe that companies should punish countries that do not meet human rights norms.⁵⁶ Consumers also believe businesses can and should influence geopolitics – for example, by boycotting goods made in countries that invade their neighbours.⁵⁷ Employees and communities expect companies to take a stand on social issues as well, but as discussed in section 1.2.2, companies are finding that doing so can anger as many people as it pleases.

Another impact that flows from citizen anger is the space it creates for populist leaders to emerge, a phenomenon which tends to create challenging conditions for business. Anger at political elites is motivating citizens to move away from mainstream centrist politicians and political parties and towards the extreme left and right.⁵⁸

They are seeking alternatives in leaders who set themselves up as representing something entirely new and different, as being ‘one of the people’ and against the elites.⁵⁹ Populist leaders understand that this hollowing out of the political middle ground brings citizens towards them, so they do what they can to drive more anger and mistrust.⁶⁰ This can result in major political shocks.

Populist politics driven by citizen anger and mistrust have been a major factor in some major political developments over the past decade. One example of such a populist-driven shock was Great Britain’s decision to exit the European Union.⁶¹ While this surge of populism is occurring most obviously elsewhere, Australia should not consider itself immune. As Lowy Institute analyst Sam Roggeveen points out, although Australian citizens have largely maintained faith in their political institutions over the past few tumultuous years, this could change. If Australians begin to think that the country’s leadership is no longer delivering what they expect, it is not inconceivable that populist approaches – such as an anti-elite and/or anti-institutional candidate, or an inward turn away from engagement with our region – could gain support.⁶²

Rising citizen anger and mistrust around the world have very real implications for Australian retail businesses. Civil unrest creates uncertainty, new demands and expectations are placed on businesses, and populist instincts drive policy fragmentation, regulatory uncertainty and generally serve to make business conditions more volatile.





1.2.1 Civil unrest and business uncertainty

Rising geopolitical volatility means that the risks retailers face from civil unrest are going to continue to increase. These risks are all along retailers' supply chains, from manufacturing, to transportation, and all the way to retail stores themselves.

Unrest disrupts factories where goods are made, making it harder for retail companies to procure stock.⁶³ It also affects how goods are moved, with transport and warehousing impacted by strikes and acts of sabotage.⁶⁴ In addition, the stores where goods are sold are often a target for public anger.⁶⁵ Recent years have seen an uptick in this kind of damage and disruption to the sector.⁶⁶ Insurance experts warn that civil unrest now represents a bigger threat to businesses than terrorism.⁶⁷ Even when these events happen overseas, they can impact Australia's retailers. For example, civil unrest in a country that exports manufactured goods for sale to Australia can lead to production and supply chain disruptions. Protests and riots in a country that is a key export market for Australian retailers could endanger overseas staff, and negatively impact commercial opportunities.

1.2.2 Citizen expectations of companies

Research by Edelman and others shows that as the geopolitical climate drives increasing citizen anger and mistrust, people are losing faith in their elected leaders but increasing their expectations of companies. This growing trust can be good news for retail firms, but with great trust also comes great responsibility.

Customers, employees and communities increasingly expect companies to take a stand on contentious social issues,⁶⁸ which can include LGBTQI+ and indigenous rights, as well as climate change and other environmental concerns. In Australia, retailers are facing pressure to speak up on these issues,⁶⁹ and on geopolitical developments too. For example, many consumers have expected Australian companies to stop doing business with Russia following the 2022 invasion of Ukraine,⁷⁰ to apply economic pressure to countries deemed to be aggressors,⁷¹ and to publicly speak out on issues of political importance.⁷² But knowing when and how to take a stand is a complex and risky proposition for retail companies (see Box – Doing the right thing, or 'woke-washing'?).

Doing the right thing, or 'woke-washing'?

As rising geopolitical uncertainty drives citizen anger and mistrust in political institutions and governments, and citizens expect more from companies, retailers around the world are being asked to step up and take a stand – but the challenge is, which stand? There are numerous instances in which a company has taken a strong values-based position, only to be lauded by some, and reviled by others. The stakes are high – one survey found that 67 percent of US consumers say their buying decisions are affected by the political stance taken by retail brands.⁷³

- In the US, some companies and investors have adopted progressive policies on a range of Environmental, Social and Governance (ESG) issues including LGBTQI+ rights⁷⁴ and decarbonisation.⁷⁵ While these moves were welcomed by many, some state governments pushed back, accusing companies of 'woke-washing', and of harming the interests of important local fossil fuel industries. In some cases, state political leaders have called on constituents to boycott brands that do not reflect their conservative values.⁷⁶
- In 2022, the United Nations released a report about alleged forced labour in China's Xinjiang province.⁷⁷ The Chinese Government's response argued that the accusations were groundless.⁷⁸ Some major apparel brands responded to consumer pressure about the UN report by pledging to avoid goods originating from Xinjiang.⁷⁹ This stance was met positively by some, including civil society organisations.⁸⁰ At the same time, there was a strong reaction to these pledges within China. Some of the brands faced boycotts in the Chinese market which hit their sales and share prices.⁸¹ But on the other hand, companies which did not take a stand faced pressure in Western countries to do more.⁸²

These examples demonstrate how complex it is for retailers and other companies to grapple with consumer expectations around social and political issues. Deciding to speak up or stay silent on a given issue is likely to appease some stakeholders, while angering others.



1.2.3 Populism and business conditions

The global rise in populism that is driven by geopolitical competition and citizen mistrust creates risks for Australian retail firms in two ways.

Firstly, populist leaders' approaches tend to undermine democratic norms and institutions within a country. Researchers from the Carnegie Institute found that populist leaders – even those who position themselves as pro-business – create negative outcomes for companies. This is because they promote polarisation and unrest, and deliberately weaken institutions like a free press, rule of law, and the independence of courts and the central bank.⁸³ Civil unrest and eroding faith in democratic institutions all make the broader global business environment less stable for retailers and creates the kind of volatility that disrupts supply chains from their very starting point. Australian retailers should not assume that this is only something that happens overseas. As noted in section 1.2, any significant decrease in public faith in Australia's political elite could deliver a populist leader, or at least populist-type policy settings, in Australia too.

Secondly, populist leaders' instincts of nationalism and protectionism mean they tend to favour policies that undermine free and open international trade.⁸⁴ For example, researchers have noted that both far-right and far-left populist politicians prefer protectionist trade settings, such as high import tariffs and technical barriers to foreign-made goods. These policy decisions are frequently based on political – rather than economic – logic: by protecting domestic industries from foreign competition, populist leaders can increase their appeal to their disgruntled base.⁸⁵ The high tariffs and other technical barriers that result can make it more difficult and expensive for retail businesses to access imported equipment and goods for sale.

Protectionist policy settings in key export markets for Australian retailers can make Australian products more expensive, and/or result in subsidised local competitors. The combined effect of these populist policy settings is an erosion of the rules-based global trading system, reducing the economic benefits of free trade. Oxford University researchers have calculated that the negative economic impact of populist protectionist policies adopted in recent years runs to the trillions of dollars.⁸⁶ This drag on global economic growth is another challenge that the retail industry must manage.

1.3 Other geopolitical risks: the tech revolution and climate change

In addition to structural shifts in the balance of power and citizen anger and the rise of populism, there are other geopolitical forces that have important implications for Australian retailers.

Two other highly consequential ways in which geopolitics will affect Australian retailers are the growing international competition over advanced technology, and the geopolitical impacts of climate change. These trends impact retailers in a variety of ways. For example, in addition to the competition for critical resources, the geopolitics of advanced technology will also increase cyber risks. Furthermore, the geopolitics of the climate crisis will create refugee flows that will disrupt manufacturing networks and make energy supply and prices more volatile.

1.3.1 Geopolitics, advanced technology and cyber threats for Australian retailers

In addition to the growing competition over tech capabilities set out in section 1.1, rapid advances in revolutionary technologies are both driving and being driven by geopolitical competition and the pursuit of national interests.⁸⁷ This competition is sometimes described as a ‘tech cold war’, reflecting the central importance of technology for protecting a nation-state’s interests. These interests include national security, economic prosperity, and quality of life.⁸⁸ Another important implication of this geopolitical tech competition for Australian companies is the way that it is impacting their cyber threat environment.

Geopolitical competition and actual and potential conflicts are raising cyber threat levels for all companies, including retailers. As the tech cold war gains traction, countries are leveraging cyber capabilities to gather intelligence and conduct attacks on both commercial and government networks.⁸⁹ Researchers note that in recent years, state-sponsored cyberattacks are becoming more and more frequent.⁹⁰

Three parallel trends are making retailers more common targets for these attacks:

- the sheer volume of sensitive data that retail companies hold⁹¹
- the importance of the retail sector to Australia’s economic security⁹²
- the fact that some retail subsectors such as food and groceries are now considered a part of Australia’s critical infrastructure.⁹³

Global tech cold war

Achieving dominance in emerging technologies is the world’s most important battle for economic power.

The winner of the race to master breakthrough technologies like AI and supercomputing could well dominate the coming decades, both economically and geopolitically. Right now, the race is tight.

Eurasia Group (KPMG Alliance Partners)⁹⁴

Because of the tech cold war, retail businesses can no longer consider themselves insulated from issues of international relations and national security. New technology, often adopted by retailers to improve the efficiency of their operations, may create vulnerabilities by providing malign actors with openings to steal money and/or data, and disrupt operations.

As global geopolitical dynamics become more fragmented, Australia’s increasingly complex international relationships mean other governments may be motivated to sponsor cyberattacks on Australian commercial targets.⁹⁵

At the same time, international governance and norms are not keeping pace with this rapidly evolving threat environment.⁹⁶ Retail companies, especially those in the food and grocery sector, are increasingly expected to manage their cyber risks for both their own sake and the sake of Australia’s national security, resulting in more regulations and reporting obligations.

1.3.2 Climate change, migration, and manufacturing networks

In the years ahead, the unprecedented numbers of people seeking refuge from the impacts of the climate crisis will have major geopolitical effects, in turn creating new and complex challenges for Australian retailers.⁹⁷

In what became known as the European migrant crisis of 2015, large refugee flows profoundly unsettled the EU, causing a range of geopolitical effects which we still feel today. In 2015, over one million asylum seekers arrived in Europe, mainly fleeing the Syrian war. The challenges of rehousing them sparked a rise of populist and right-wing parties across Europe, whose influence and impact continues to grow, domestically, regionally, and internationally.⁹⁸

Refugee flows spurred by climate change in the next decades are predicted to dwarf all past episodes of mass migration. In 2021, United Nations data showed that the number of people displaced by climate change related disasters, shortages of food and water, rising sea levels, and difficulties in accessing natural resources has risen to 21.5 million since 2010.⁹⁹ Analyses estimate that there could be 1.2 billion climate refugees by 2050.¹⁰⁰ Australia's neighbours are particularly vulnerable to climate risk, and many of them are among the least able to adapt and mitigate.¹⁰¹

The increased risk of civil and interstate conflicts arising from this unprecedented movement of people within and across borders will disrupt economic activity around the world, including places that currently provide manufactured goods for Australia's



retail companies. This is particularly relevant for those retailers who source from East and Southeast Asia. These source countries have built up their manufacturing industries thanks in part to their relatively inexpensive labour costs.¹⁰²

When these countries are impacted by the conflict and tensions that climate migration will cause, workers may be forced to seek refuge abroad and manufacturing businesses themselves could relocate in unpredictable ways. For Australian retailers, any disruptions in these source countries will lead to price and availability challenges for goods and equipment.

Australian retailers will need to consider how these demographic and regional security changes – and the associated economic disruptions – could impact their corporate strategies in the years ahead.

1.3.3 The geopolitics of the climate crisis and energy supply

In an increasingly competitive world, governments recognise that if they want to retain – or increase – their geopolitical power, they will need secure access to renewable energy and to the critical commodities that renewable energy relies on.

Competition for these commodities, including rare earths and critical minerals, has already started ramping up, with countries trying to find geopolitically ‘friendly’ sources of supply.¹⁰³ Australia’s critical minerals sector may benefit from such developments – we have already seen governments and investors

in the US, Asia and Europe seek to develop supply partnerships with Australia.¹⁰⁴ But these values-based supply relationships, where trade is driven by political rather than economic logic, could eventually drive up energy costs.

The competition over key renewable energy commodities will make it increasingly challenging for retail companies to affordably access the energy they need. The International Energy Agency has forecast that after decades of reductions, solar costs will increase by 10 to 15 percent in the next couple of years, driven by a range of factors including the Russia–Ukraine conflict and associated supply chain and inflation challenges.¹⁰⁵ As countries compete to shore up supply of critical minerals for strategic reasons, these price pressures on renewable energy systems are expected to persist. In addition to higher prices, as geopolitical competition intensifies, critical commodities and renewable

energy itself may become harder to procure. According to the Organisation for Economic Cooperation and Development (OECD), many countries have already applied export restrictions that aim to maintain control of key technologies and materials that renewable energy relies on.¹⁰⁶ It is no great leap to imagine these restrictions could materially affect the ability of some countries to build the renewable energy capacity that their industries require.

Retailers need to consider how these price and availability pressures will impact their access to energy, and the flow-on effects that will create – including, of course, higher costs. High energy costs are not just a problem in and of themselves. For example, the Victorian Chamber of Commerce and Industry has found that higher energy costs negatively impact businesses’ ability to invest for the future and hire new staff.¹⁰⁷



Section 2

Take action: navigate risks and optimise opportunities





Australian retailers are aware that they face historically difficult business conditions, including inflation, poor consumer sentiment, rising operational costs and supply chain disruptions. Geopolitical volatility is a significant contributor to all of these challenges.

Some firms may hope that they can wait out this difficult environment and re-emerge when things go back to normal. However, the nature of 'normal' has changed. Rather than long periods of geopolitical calm punctuated by relatively short moments of crisis, we now face a world in which the periods of calm are the anomaly.¹⁰⁸

The geopolitical megatrends we explore in this report are not going away, and neither are the challenges they drive for Australia's retailers. The polycrisis has only just begun.

Even if some specific challenges do subside – for example, if producer prices ease, or consumer confidence recovers somewhat – the contested geopolitical environment will continue to drive volatility and unpredictability for the sector. As well as the existing challenges faced by Australian retailers, new risks and threats – as well as new opportunities – will emerge as geopolitical volatility persists and intensifies.



In this complex 'new normal' environment, retail companies can find themselves pivoting from one crisis to the next, constantly putting out fires.

For Australian retail firms to survive and thrive in the years ahead, they need to first understand how geopolitical volatility affects them, and then build their resilience.

Rather than hoping for trading conditions to return to normal, it is important for companies to adapt to this new context of heightened volatility.

Understanding the geopolitics and managing its impacts will help Australian retailers adapt. As well as responding to present dangers, Australian retail firms must plan and prepare for the risks and opportunities that are around the corner. Leading businesses are already taking a range of measures to help manage the risks and seize the opportunities.

Staying on top of developments

Geopolitical trends play out over months and years. By staying on top of major geopolitical events and changes in risk outlook, senior decision-makers can improve their ability to anticipate and adapt to material events. Board committees, regular expert briefings and geopolitical risk monitoring processes all help companies navigate these changes.

Connect with the [Australia Geopolitics Hub](#).

Check out the [ARWIN Intelligent Data Platform](#) for automated risk monitoring.

Planning out scenarios and mapping multidimensional risks

Retailers may not be able to control the future, but they can anticipate and simulate different paths that events could take. Doing so allows companies to stress test their operations and policies and identify the most important risks and opportunities. [Dynamic Risk Assessments](#) help companies understand not just the severity and likelihood of each risk, but also how they are interconnected.

Talk to KPMG's [Economics](#) team about scenario modelling.

Contact the [Risk, Strategy & Technology](#) team to learn more about [Dynamic Risk Assessments](#).

Understanding supply chain vulnerabilities

Retailers should build a detailed understanding of the complex supply chains their suppliers, traders and transporters rely on, identify where geopolitical developments could cause bottlenecks, and develop contingency plans for transport of important goods. Operations need to be flexible and resilient enough to adapt and adjust in real time to changes in trade flows, new regulations, changing customer expectations, climate change, trade tensions and other geopolitical movements. Digital tools can support decision-making by providing constant monitoring and early warning of key developments.

Contact the [Operations Centre of Excellence](#) to find out more.

Governance structures that are fit for purpose

Managing geopolitical risk should not be the responsibility of any single person or team. Some of the functional leads that need to be engaged and connected include those responsible for organisational strategy, marketing, procurement strategy, acquisitions, operations, and human resources. Companies need to align all these functions to create a shared understanding of the risks and opportunities that flow from geopolitical developments. In this way, geopolitical trends can be comprehensively assessed, and strategic planning for the future can consider the full breadth of the company's interests.

Contact the [Governance, Risk & Controls](#) team to find out more.

“Understanding geopolitics and managing its impacts will help Australian retailers adapt. As well as responding to present dangers, Australian retail firms must plan and prepare for the risks and opportunities that are around the corner.”

Endnotes

1. Robert Stockkill, [Australia's retail 'recession' runs to three consecutive quarters](#), *Inside Retail*, 4 August 2023
2. Karen Maley, [The worrying rise in corporate busts](#), *Australian Financial Review*, 17 October 2023
3. Dietrich Knauth, [U.S. business bankruptcies rose 30%, court stats show](#), *Reuters*, 27 October 2023
4. Simon Torkington, [We're on the brink of a 'polycrisis' – how worried should we be?](#), *World Economic Forum*, 13 January 2023
5. [Bretton Woods System - an overview](#), *ScienceDirect*, accessed 26 February 2024
6. Throughout this paper, we will use the terms 'West' and 'Western' to refer to the countries classified by the World Bank as high income and politically democratic, noting that some (such as Japan and South Korea) are not geographically located in the Western hemisphere. This is in line with: William H. McNeill, [Western Civ in World Politics: What We Mean by the West*](#), *Foreign Policy Research Institute*, accessed 26 February 2024.
7. Throughout this paper, we will use the terms 'developing' and 'emerging' to refer to countries in Asia and Latin America that are classified by the World Bank as either low, lower-middle or upper-middle income ([The World by Income and Region](#), *The World Bank*, accessed 26 February 2024). We note that some organisations no longer use the term 'developing country'.
8. David E. Bloom, [Population 2020](#), *International Monetary Fund – Finance & Development*, March 2020
9. [Economic power shift](#), *Sydney Business Insights*, accessed 26 February 2024
10. Jorge Heine, [The Global South is on the rise – but what exactly is the Global South?](#), *The Conversation*, 3 July 2023
11. Carien du Plessis, Anait Miridzhanian & Bhargav Charya, [BRICS welcomes new members in push to reshuffle world order](#), *Reuters*, 25 August 2023
12. Joseph Cotterill, James Kyng & Arjun Neil Alim, [China urges bigger, stronger BRICS to rival G7](#), *Australian Financial Review*, 21 August 2023
13. [AIIB - Asian Infrastructure Investment Bank](#), accessed 27 February 2024
14. Aslı Aydıntaşbaş, Marie Dumoulin, Ellie Geranmayeh & Janka Oertel, [Rogue NATO: The new face of the Shanghai Cooperation Organisation](#), *European Council on Foreign Relations*, 16 September 2022
15. Gülnur Aybet, [Making the most of a post-Western world](#), *Daily Sabah*, 29 April 2017
16. [In Victory Day Speech, Putin likens Western 'ideology of superiority' to Nazism](#), *Euractiv*, 9 May 2023.
17. Bobo Lo, [The Ukraine Effect: demise or rebirth of the global order?](#), *Lowy Institute*, 11 May 2023
18. Thomas Wright, [The return to great-power rivalry was inevitable](#), *Brookings*, 12 September 2018; Camille Grand, [Defence spending: sustaining the effort in the long-term](#), *NATO Review*, 3 July 2023
19. Yasmeen Serhan & Kathy Gilsinan, [Confronting the West's Dependence on China](#), *The Atlantic*, 24 April 2020
20. Christina Knight, [US chip sanctions may not be enough to deter China's military ambitions](#), *East Asia Forum*, 30 August 2023
21. [Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit](#), *The White House*, 16 September 2022
22. William Alan Reinsch, [Weaponizing Trade](#), *Center for Strategic and International Studies*, 7 December 2021
23. Marianne Schneider-Petsinger, [Geoeconomics explained](#), *Chatham House*, 9 December 2016
24. Stephen Olson, [In search of trust in global trade](#), *Hinrich Foundation*, 15 November 2022
25. [What America's protectionist turn means for the world](#), *The Economist*, 9 January 2023; [Protectionism Is Failing to Achieve Its Goals and Threatens the Future of Critical Industries](#), *The World Bank*, 29 August 2023
26. [Retail Health Index: December 2023](#), *KPMG Australia*, accessed 27 February 2024
27. [Great Power Competition: Implications for Defense— Issues for Congress](#), *Congressional Research Service*, 10 January 2024
28. Ferhat Pehlivanoğlu, Saffet Akdağ & Andrew Adewale Alola, [The causal nexus of geopolitical risks, consumer and producer confidence indexes: evidence from selected economies](#), *Quality & Quantity*, Volume 55, 19 October 2020 (*Springer Link*)
29. Dario Caldara, Sarah Conlisk, Matteo Iacoviello & Maddie Penn, [The Effect of the War in Ukraine on Global Activity and Inflation](#), *Federal Reserve*, 27 May 2022
30. Ivan Pollard & Klaas de Vries, [Early read on impact of war in Ukraine: Consumer Confidence in Europe plummets, but not uniformly](#), *The Conference Board*, 1 April 2022
31. Samuel Tan, [These are the five issues that consumers across APAC are most worried about](#), *YouGov*, 22 June 2023
32. [An update on European consumer sentiment: Mixed feelings remain](#), *McKinsey*, 26 January 2024
33. Dario Caldara, Sarah Conlisk, Matteo Iacoviello & Maddie Penn, [The Effect of the War in Ukraine on Global Activity and Inflation](#), *Federal Reserve*, 27 May 2022
34. Texas A&M University, [The Takeaway: Warfare is a "Train Wreck" for Global Supply Chains](#), accessed 27 February 2024; Juan Camilo Serpa, [Using International Supply Chains For Peace in Times of War](#), *Delve*, 18 March 2022; [The supply chain and global conflict: Strategies for success](#), *Truist*, accessed 27 February 2024
35. Win Aung, [Conflict Trends in 2023: A Growing Threat to Global Peace, Vision of Humanity](#), accessed 27 February 2024
36. [A New Era of Conflict and Violence](#), *United Nations*, accessed 27 February 2024
37. Eric Hamilton, [The global supply chain consequences of the Russia-Ukraine war](#), *UF News – University of Florida*, 21 February 2023; Jim Kilpatrick, [Fragile Supply Chains Confront Ongoing Threat From the Russia-Ukraine War](#), *Wall Street Journal*, 9 August 2022; [Immediate and long-term impacts of the Russia-Ukraine war on supply chains](#), *KPMG US*, accessed 27 February 2024
38. Ken Kim, Meagan Martin & George Rao, [Russia-Ukraine war impact on supply chains and inflation](#), *KPMG US*, accessed 27 February 2024
39. Thomas Y. Choi, Torbjorn H. Netland, Nada Sanders, ManMohan S. Sodhi & Stephan M. Wagner, [Just-in-time for supply chains in turbulent times](#), *Production and Operations Management*, Volume 32, Issue 7, July 2023 (*Wiley Online Library*)
40. Dr Merriden Varrall, [Geopolitical impacts on global supply chains](#), *Thomson Reuters Insights*, 17 November 2020
41. Willy C. Shih, [Global Supply Chains in a Post-Pandemic World](#), *Harvard Business Review*, accessed 27 February 2024
42. At the time of writing, conflict between Israel and Hamas was entering its fourth month, and the Russia-Ukraine conflict had been underway for almost two years.
43. [The impact of Russia's invasion of Ukraine on global energy markets](#), *International Energy Agency*, accessed 27 February 2024
44. John Bluedorn & Taline Koranchelian, [Middle East Conflict Risks Reshaping the Region's Economies](#), *International Monetary Fund*, 1 December 2023
45. Jiangze Du, Zhiwei Li & Jun Wang, [The reaction of energy markets to regional conflict: evidence from event study approach](#), *Procedia Computer Science*, Vol 214, 2022, 8 December 2022 (*ScienceDirect*)
46. See for example: Jane Nakano, [The Geopolitics of Critical Minerals Supply Chains](#), *Center for Strategic & International Studies*, 11 March 2021; [The Changing Geopolitics of Critical Minerals and the Future of the Clean Energy Transition](#), *Wilson Center*, accessed 27 February 2024; and [Geopolitics and the Australian minerals industry](#), *KPMG Australia*, 19 August 2021
47. [Center for Preventive Action, Territorial Disputes in the South China Sea](#), *Council on Foreign Relations*, 9 February 2024
48. Professor Sascha-Dominik (Dov) Bachmann, [Conflict In The South China Sea And Why It Matters For Australia](#), *Australian Institute of International Affairs*, 27 June 2022
49. Gergana Dimova & Eva Polońska-Kimunguyi, [Anti-Politics: Anatomy of Public Anger](#), *London School of Economics and Political Science*, 30 April 2020
50. Richard Wike, Laura Silver & Alexandra Castillo, [Many People Around the World Are Unhappy With How Democracy Is Working](#), *Pew Research Center*, 29 April 2019; and [Globalisation has marginalised many regions in the rich world](#), *The Economist*, 21 October 2017
51. [Geopolitical megatrends and business resilience](#), *KPMG Australia*, 1 June 2021
52. [Global Protest Tracker](#), *Carnegie Endowment for International Peace*, accessed 27 February 2024
53. [Strikes, riots and civil commotion outlook 2023](#), *Allianz*, February 2023
54. [Geopolitical megatrends and business resilience](#), *KPMG Australia*, 1 June 2021; [2023 Edelman Trust Barometer](#), *Edelman*, accessed 27 February 2024
55. Scott Van Voorhis, [People Trust Business, But Expect CEOs to Drive Social Change](#), *Harvard Business School Working Knowledge*, 21 October 2022
56. [The Geopolitical Business](#), *Edelman*, accessed 27 February 2024
57. *Ibid.*
58. William A. Galston, [The populist challenge to liberal democracy](#), *Brookings*, 17 April 2018

Endnotes

59. Graham Ward, [What Leaders Can Learn From the Rise of the Outsider](#), INSEAD Knowledge, 13 December 2016
60. Jörg Friedrichs, Niklas Stoehr & Giuliano Formisano, [Fear-anger contests: Governmental and populist politics of emotion](#), *Online Social Networks and Media*, Vol 32, November 2022 (ScienceDirect)
61. Researchers have identified that a common motivation for voting Leave was a desire 'to teach British politicians a lesson.' See: Dr Noah Carl, [People's stated reasons for voting leave or remain, UK in a Changing Europe](#), 31 July 2018
62. Sam Roggeveen, [Something is broken in the way we are conducting Australian politics](#), *The Mandarin*, 22 March 2021
63. Jessica Dickler, [Why so many workers are striking in 2023: 'Strikes can often be contagious,' says expert](#), CNBC, 9 October 2023
64. Sarah Schiffling & Nikolaos Valantasis Kanellos, [5 challenges facing global supply chains](#), *World Economic Forum*, 7 September 2022
65. [Retailers, Battered by Pandemic, Now Confront Protests](#), *The New York Times*, accessed 27 February 2024
66. Tom Meehan, [How Elections and Retailers Can Be Impacted When Civil Unrest Turns Violent](#), *Loss Prevention Magazine*, 5 October 2020
67. Ryan Smith, [Businesses should brace for rise in civil unrest – report](#), *Insurance Business Magazine*, 15 June 2022
68. Ore Ogunbiyi, [Companies are expected to take a stand on more social issues](#), *The Economist*, 18 November 2022
69. Shane Wright & Mathew Dunckley, ['Stand for something': Big business backed to speak out on issues](#), *Sydney Morning Herald*, 16 September 2019
70. David Aidone, [ALDI and Coles are the latest companies to boycott Russian liquor. More are set to follow](#), *SBS News*, 1 March 2022
71. Forrester, [Speaking Up For Ukraine: Consumers Want Businesses To Pull Out Of Russia](#), *Forbes*, 11 March 2022
72. Jessica Vredenburg, Sommer Kapitan, Amanda Spry & Joya A. Kemper, [Brands Taking a Stand: Authentic Brand Activism or Woke Washing?](#), *Journal of Public Policy and Marketing*, Vol 39, Issue 4, 14 August 2020 (Sage Journals)
73. Bernd Debusmann Jr, [If US companies 'go woke', do they really go broke?](#), *BBC News*, 21 June 2023
74. Javier E. David, [The financial toll of right-wing backlash: At least \\$28B in market value](#), *Axios*, 16 June 2023
75. Steven Mufson, [The conservative battle against 'woke' banks is backfiring](#), *The Washington Post*, 28 February 2023
76. Joshua Green, [No One Understands Corporate Boycotts Like This Former Trump Researcher](#), *Bloomberg*, 25 October 2023
77. OHCHR [Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China](#), United Nations – Office of the High Commissioner for Human Rights, accessed 27 February 2024. For other reports, see also: Amy K. Lehr, [Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region: Toward a Shared Agenda](#), *Center for Strategic & International Studies*, 30 July 2020
78. [Fight Against Terrorism and Extremism in Xinjiang: Truth and Facts \(Annex A\)](#), United Nations – Office of the High Commissioner for Human Rights, accessed 27 February 2024
79. Vanessa Friedman & Elizabeth Paton, [What Is Going On With China, Cotton and All of These Clothing Brands?](#), *The New York Times*, 2 April 2021
80. [Western brands caught between US and China over human rights](#), *Financial Times*, accessed 27 February 2024
81. Ben Westcott & Laura He, [Xinjiang cotton: H&M and Nike are facing a boycott in China over Uyghur forced labor statements](#), *CNN Business*, 26 March 2021
82. [China: 83 major brands implicated in report on forced labour of ethnic minorities from Xinjiang assigned to factories across provinces; Includes company responses](#), *Business & Human Rights Resource Centre*, 1 March 2020
83. Rachel Kleinfield, [How Does Business Fare Under Populism?](#), *Carnegie Endowment for International Peace*, 13 June 2023
84. Pierre Lemieux, [Populism and Protectionism](#), *Cato Institute*, accessed 27 February 2024
85. [Protectionist Populism](#), *European Center for Populism Studies*, accessed 27 February 2024
86. Kent Jones et al., [Chapter 8: Assessing the Cost of Populism to Global Trade | Populism and Trade: The Challenge to the Global Trading System](#), *Oxford University Press*, May 2021
87. Dan Ciuriak, [The Digital Revolution Has Transformed Geopolitics](#), *Centre for International Governance Innovation*, 19 July 2023
88. Riley Callanan, [US-China tech "Cold War" is on](#), *GZERO*, 2 June 2023; Olga Petricevic & David J Teece, [The structural reshaping of globalization: Implications for strategic sectors, profiting from innovation, and the multinational enterprise](#), *Journal of International Business Studies*, Volume 50, 28 October 2019 (Springer Link)
89. Gatra Priyandita, Bart Hogeveen & Ben Stevens, [State-sponsored economic cyber-espionage for commercial purposes: tackling an invisible but persistent risk to prosperity](#), *Australian Strategic Policy Institute*, 16 December 2022
90. See [Cyber Operations Tracker](#), *Council on Foreign Relations* (accessed 27 February 2024) for a comprehensive database of suspected state-sponsored cyberattacks by year.
91. [ASD Cyber Threat Report 2022-2023](#), *Australian Government – Australian Signals Directorate*, 14 November 2023
92. [Economic structure and performance of the Australian retail industry](#), *Australian Government – Productivity Commission*, 9 December 2022
93. [SOCL Act 2018 for food and grocery, Cyber and Infrastructure Security Centre](#), accessed 27 February 2024
94. Ian Bremmer & Cliff Kupchan, [Risk 3: Global tech cold war](#), *Eurasia Group*, 2 January 2018
95. Renju Jose & Byron Kaye, [Australia says hacks surging, state-sponsored groups targeting critical infrastructure](#), *Reuters*, 16 November 2023
96. Lorraine Finlay & Christian Payne, [Why international law is failing to keep pace with technology in preventing cyber attacks](#), *The Conversation*, 20 February 2019
97. Robert Glasser, Anastasia Kapetas, William Leben & Cathy Johnstone, [The geopolitics of climate and security in the Indo-Pacific](#), *Australian Strategic Policy Institute*, 24 February 2022
98. James Horncastle, [The EU shows its weaknesses again amid another looming migration crisis](#), *The Conversation*, 8 February 2023
99. Tetsuji Ida, [Climate refugees – the world's forgotten victims](#), *World Economic Forum*, 18 June 2021
100. [Ecological Threat Register Press Release](#), *Institute for Economics & Peace*, 9 September 2020
101. [Climate Change: Development Cooperation Factsheet](#), *Australian Government – Department of Foreign Affairs and Trade*, May 2023
102. [East Asia Pacific At Work: Employment, Enterprise, and Well-Being?](#), *The World Bank*, accessed 27 February 2024
103. Bentley Allan, Noah Gordon & Cathy Wang, [Friendshoring Critical Minerals: What Could the U.S. and Its Partners Produce?](#), *Carnegie Endowment for International Peace*, 3 May 2023
105. [Appendix A: International Partnerships | Critical Minerals Strategy 2023–2030](#), *Australian Government – Department of Industry, Science and Resources*, accessed 27 February 2024
106. [Renewable Energy Market Update: Outlook for 2023 and 2024](#), *International Energy Agency*, accessed 27 February 2024
107. [Raw materials critical for the green transition: Production, international trade and export restrictions](#), *Organisation for Economic Co-operation and Development*, 11 April 2023
108. [Growing business concern over energy impacts](#), *Victorian Chamber of Commerce and Industry*, 1 March 2023
109. Zorig Dashdorj, [Scenarios for a 'new normal' in geopolitics](#), *Geopolitical Intelligence Services*, 21 July 2023

Contacts

Geopolitics

Merriden Varrall

National Lead, Australia Geopolitics Hub

E: mvarrall@kpmg.com.au

T: +61 2 9335 8223

Jon Berry

Associate Director, Australia Geopolitics Hub

E: jberry8@kpmg.com.au

T: +61 3 8663 8087

Retail insights

James Stewart

National Sector Lead, Consumer and Retail

E: jhstewart@kpmg.com.au

T: +61 3 8667 5728

Scenario modelling

Brendan Rynne

Chief Economist

E: bjrynn@kpmg.com.au

T: +61 3 9288 5780

Risk (including Dynamic Risk Assessment)

Kevin Smout

Global Lead, Governance,
Risk and Assurance Services

E: ksmout@kpmg.com.au

T: +61 8 9263 7105

Supply chains

Peter Liddell

Global Lead, Operations Centre of Excellence

ARWIN

E: pliddell@kpmg.com.au

T: +61 3 9288 5693

Strategy

Ryan Wolton

National Lead, KPMG Strategy

E: rwolton@kpmg.com.au

T: +61 7 3237 5554

Governance, Risk and Controls

Clare Power

National Lead, Governance, Risk and Controls

E: clarepower@kpmg.com.au

T: +61 3 8663 8125

*With thanks to Antonia Robson for
research and writing support.*

KPMG.com.au

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

©2024 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Liability limited by a scheme approved under Professional Standards Legislation.

April 2024. 1267200849C&M