



Independent Review of PwC Australia's CTC Action Plan

Prepared by Webb Henderson

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Table of Contents

1. Executive Summary	1
1.1 Summary of our Observations	1
1.2 Summary of Tom Bathurst KC's Observations	3
2. The Switkowski Review.....	3
3. The CTC Action Plan.....	4
4. Webb Henderson's Role as Independent Monitor	4
5. Tom Bathurst KC's Role.....	5
6. Action 1.1	6
7. Action 1.2	8
8. Action 1.3	10
9. Action 2.1	12
10. Action 2.2	15
11. Action 2.3	17
12. Action 3.1	21
13. Action 4.1	25
14. Action 5.1	27
15. Action 6.1	30
16. Action 7.1	33
17. Action 7.2, 15.1 and 21.2	36
18. Action 7.3	42
19. Action 8.1	45
20. Action 8.2	47
21. Action 9.1	50
22. Action 9.2	52
23. Action 9.3	55
24. Action 10.1	57
25. Action 10.2	59
26. Action 11.1	61
27. Action 11.2	63
28. Action 12.1	66
29. Action 13.1, 13.2 and 13.3.....	68
30. Action 13.4	73
31. Action 13.5	75

32. Action 13.6	77
33. Action 14.1	79
34. Action 14.2	82
35. Action 15.2	84
36. Action 16.1	86
37. Action 17.1	88
38. Action 18.1, 19.1 and 19.2.....	90
39. Action 19.3	95
40. Action 20.1	98
41. Action 20.2	100
42. Action 21.1	102
43. Action 22.1	105
44. Action 22.2	107
45. Action 23.1	109
46. Action 24.1	112
Appendix 1- CTC Action Plan Actions	114
Appendix 2 – Glossary	119

1. Executive Summary

On 15 May 2023, PwC Australia announced the appointment of Dr Zygmunt Switkowski to lead an independent review of PwC Australia's governance, accountability and culture. The report prepared by Dr Switkowski was published in full on 27 September 2023 (the **Switkowski Review**). On that day, PwC Australia's response, its Commitment to Change Action Plan (the **CTC Action Plan**), was published.

The CTC Action Plan lists forty-seven Actions to address the findings in the Switkowski Review. Webb Henderson has been engaged to independently review and assess if there is sufficient evidence to demonstrate that PwC Australia has addressed the Design and Implement stages of each Action. Tom Bathurst KC has been engaged by Webb Henderson to review our findings and, independently of PwC Australia and Webb Henderson, provide his own observations.

PwC Australia have provided us closure packs, and accompanying evidence, for all forty-seven Actions in the CTC Action Plan.

Our original scope contemplated our review continuing until March 2026. Given the progress made by PwC Australia in respect of both the Design and Implement closure criteria of the Actions in the CTC Action Plan, we recommended an earlier conclusion to our review, which PwC Australia accepted. Accordingly, this report contains our concluded views in relation to the CTC Action Plan.

1.1 Summary of Our Observations

The forty-seven Actions in the CTC Action Plan vary in complexity and scale. The Implement stage for some Actions were completed prior to the commencement of our engagement, others were completed during the course of our engagement and a final category of Actions will be completed in the future. For the first two noted categories of Actions, we sought further updates closer to the publication of our report to ensure the currency of our findings.

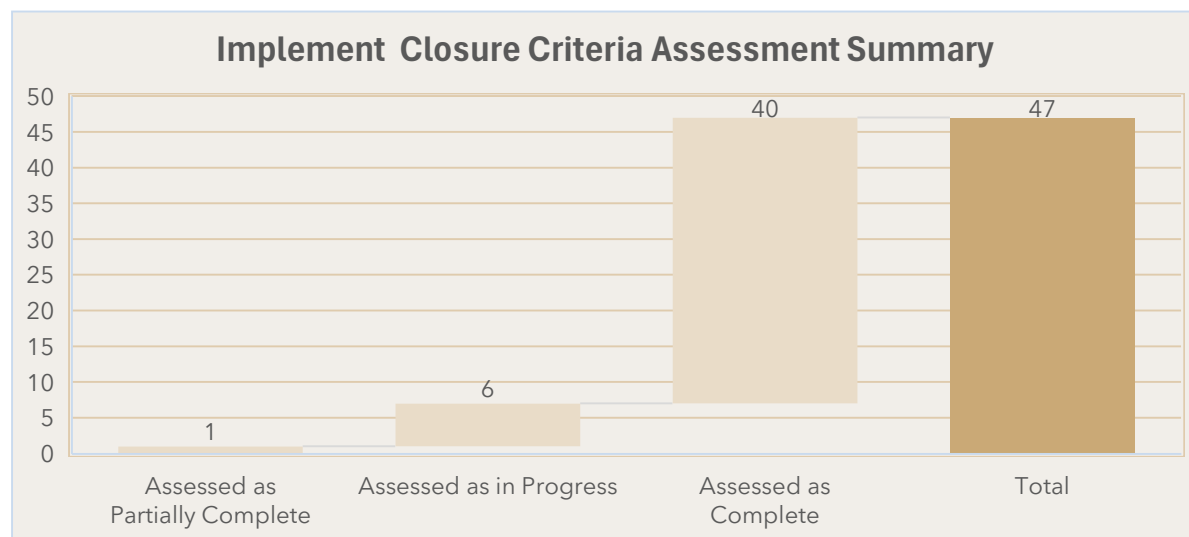
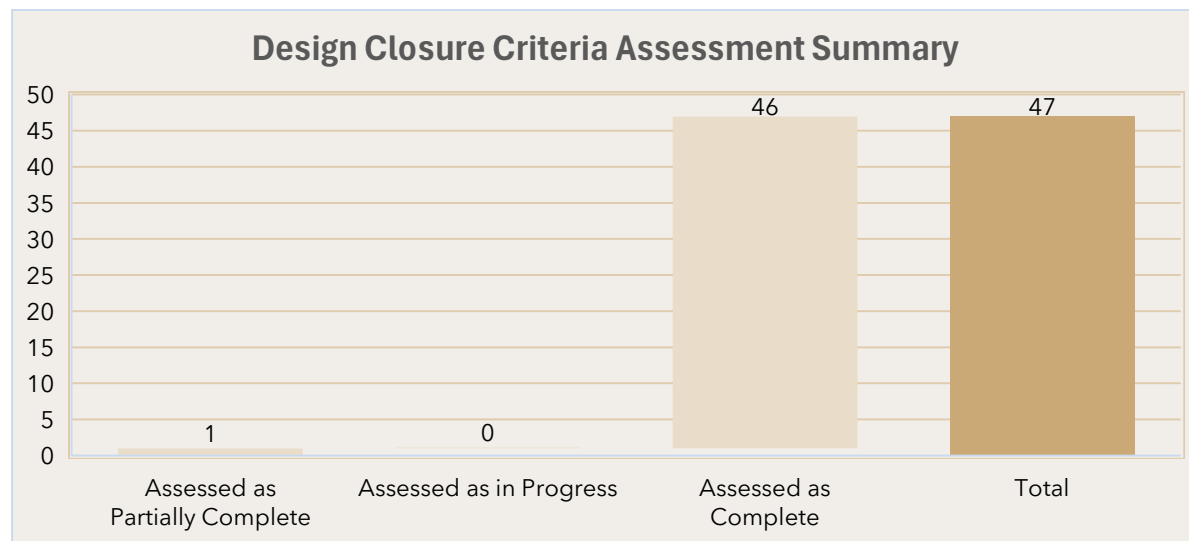
For the Actions where implementation will be completed in the future, we engaged closely with PwC Australia to assess the work that has been completed to ensure that the manner of implementation would be sufficient to address the Implement closure criteria in the future. We are satisfied that is the case for those Actions.

The Design closure criteria of forty-six of the forty-seven Actions are assessed as complete, with implementation complete or well in progress.

One Action, Action 1.2,¹ is assessed as partially complete in both design and implementation because although the Partnership Agreement allows for the appointment of independent non-executives to the PwC Australia Governance Board (which has occurred) it does not allow for a majority of independent non-executives without the approval of the PwC Australia partners.

¹ Action 1.2 states that "Changes to the Partnership Agreement will be proposed to allow for a majority of independent non-executives."

Our findings are summarised below:



The six actions where we have assessed the Implement closure criteria as “in progress” are Actions 10.2, 18.1, 19.1, 19.2, 19.3 and 24.1.² We consider that PwC Australia has taken sufficient steps to address the Implement closure criteria for those Actions such that they are progressed and the continued manner of implementation will achieve the stated closure criteria as implementation is further undertaken.

Our observations on the above, and other, Actions in the CTC Action Plan are detailed in this report.

1.2 Summary of Tom Bathurst AC KC’s Observations

Mr Bathurst AC KC’s role is described in paragraph 5 below. Mr Bathurst AC KC has reviewed our work and has confirmed that he agrees with the conclusions we have made.

² Actions 18.1, 19.1, 19.2 and 19.3 relate to PwC Australia’s cultural actions, Action 10.2 relates to the implementation of a three lines model and Action 24.1 relate to the publication of audited financial statements and other disclosures in September 2025.

2. The Switkowski Review

On 15 May 2023, PwC Australia announced that it had appointed Dr Zygmunt Switkowski AO as an independent expert to conduct a review of PwC Australia's frameworks and practices relating to governance, accountability and culture.

The Switkowski Review was prompted by, and conducted in the context of, a number of external investigations and inquiries, including by regulators and parliamentary proceedings.

The Switkowski Review was published in September 2023. It identified a number of key shortcomings relating to PwC Australia's governance, culture and accountability, reflected in a number of themes which included:

- A lack of independence and external "voices" within PwC Australia's ultimate governing body;
- Excessive power being conferred on PwC Australia's CEO/CSP;
- A disproportionate focus on revenue growth and market leadership as the strategic organisational imperatives;
- The business model was too decentralised and without sufficient whole of business overview;
- Complexity and fragmentation contributing to ineffective structures and processes;
- Unclear responsibilities and accountabilities creating gaps and risks; and
- An "overly collegial" culture inhibiting constructive challenge.

Section D of the Switkowski Review contained twenty-three recommendations of which sixteen related to governance, four related to culture and three related to accountability.

Following the Switkowski Review, PwC Australia announced a significant suite of commitments to change under the CTC Action Plan. Some of the recommendations and actions planned by PwC Australia respond specifically to Switkowski Review. Other actions in the CTC Action Plan are in response to both the Switkowski Review and other external reviews and recommendations about PwC Australia and in consequence of internal consideration by PwC Australia.

3. The CTC Action Plan

The CTC Action Plan is intended to serve as a roadmap to provide the foundation for remediation and an articulation of the firm's future in Australia. The CTC Action Plan consists of forty-seven actions relating to five core commitments. Those core commitments are:

1. Putting PwC Australia's purpose and values at the core of everything it does.
2. Increase the independence and effectiveness of PwC Australia's Governance Board.
3. Improve the discipline and rigour of decision making.
4. Strengthen risk and conflict management and accountabilities.
5. Embed a culture and practice of constructive challenge.

The forty-seven Actions are reproduced in diagrams in Appendix 1.

4. Webb Henderson's Role as Independent Monitor

Webb Henderson was engaged by PwC Australia in late July 2024 to independently review PwC Australia's progress against the Design and Implement closure criteria of the forty-seven Actions in the CTC Action Plan.

The primary source of materials for our review takes the form of closure packs. The closure packs set out the closure criteria for each of the three stages of PwC Australia's closure process:

1. **Design** - this typically involves planning, defining and approving the framework, structure and components needed to achieve a specific outcome.
2. **Implement** - involves the initial rollout of the activity, strategy, process or framework as outlined in the Design phase.
3. **Embed** - involves testing or reviewing the operational effectiveness of the implemented action and integrating its outcomes into ongoing operations, culture and systems.

Our terms of engagement limit our role to reviewing and assessing if there is sufficient evidence to ensure that the Design and Implement Closure Criteria have been satisfied. Our role does not extend to reviewing:

- a) the formulation of the design or appropriateness of the CTC Action Plan;
- b) the enterprise-wide implementation of the CTC Action Plan through independent investigation. Our assessment is based upon the material in the closure packs, requests for information (**RFI's**) and briefings we have attended;
- c) the "Embed" stage of the forty-seven actions in the CTC Action Plan; or
- d) PwC Australia's remediation and transformation processes outside the CTC Action Plan.

Under our terms of engagement and independence protocols, Webb Henderson has the right to request information, through requesting materials or briefings with appropriate PwC Australia personnel, to supplement or clarify the information provided to us in the closure packs.

Where we considered further information was required to perform our role, we have exercised that right and requested further information through formal RFI's, informal requests for clarifications or briefings with relevant PwC Australia personnel.

Our work has progressed against the backdrop of a number of external reviews, including most recently the release of the final report by the Parliamentary Joint Committee on Corporations and Financial Services (the **PJC**) inquiry into Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry. Our scope does not include consideration of the PJC's findings and recommendations, nor does it include consideration of other external reviews or processes that are underway.

The information we have assessed is limited to that contained in the closure packs and provided to us in response to RFI's and/or at briefings.

5. Tom Bathurst KC's Role

Tom Bathurst KC has been appointed to review and provide an independent assessment of Webb Henderson's review. This provides an additional control over our process and an additional level of verification over our conclusions.

In forming his opinion Tom Bathurst KC:

- reviewed Webb Henderson's observations, findings and conclusions;
- reviewed materials provided by PwC Australia, including key materials underpinning our conclusions;
- participated in briefings with key PwC Australia personnel; and
- requested further information from PwC Australia and Webb Henderson.

Tom Bathurst KC's conclusions and views are independent of Webb Henderson and PwC Australia.

The balance of this report follows a similar pattern in relation to each Action. First, we note the Action, we then note PwC Australia's closure outcomes, design and implement closure criteria. We then set out our observations for the relevant Action under consideration.

6. Action 1.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The Governance Board will appoint three independent non-executives to the Board as soon as possible. This goes beyond the announcement of 8 May 2023 to appoint two independent non-executives to the Board. An external search firm has been appointed to assist the firm in this process.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Appoint three independent non-executives to the Governance Board. Enhance the independence and effectiveness of the Governance Board by including independent board members with complementary skills and experience to enhance the Firm's governance capabilities.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia engaged and worked with an external consultant to develop the desired skills, experience and attributes of prospective Governance Board members. Designed a revised recruitment structure to dictate the interview process and standardise an assessment and due diligence of candidates.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> PwC Australia, with the external consultant, commenced the recruitment process for the Chair of the Governance Board and two other Governance Board members. Candidates were interviewed by and met with Governance Board members and Management Leadership Team (MLT) members. Further checks were performed by PwC Australia's Enabling Functions teams. PwC Australia's Governance Board appointed the three non-executives to the board as Appointed Board Members.

Our Observations

1. This Action concerns the appointment of independent non-executives to PwC Australia's Governance Board. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. Our review of this Action includes consideration of:

- (a) PwC Australia's announcement in May 2023 on appointing two independent non-executive directors to the Governance Board³;
 - (b) Assessments required for Appointed Board Member candidates;
 - (c) Information provided by external search consultants in the course of their engagement with PwC Australia;
 - (d) The Governance Board paper and related materials regarding the appointment of the new board members; and
 - (e) Our briefings with PwC Australia relating to the Governance Board and with the three Appointed Board Members.
3. We note that the non-executive board members were appointed to the Governance Board as Appointed Board Members. The PwC Australia Partnership Agreement stipulates that Appointed Board Members must not be partners. This matter is discussed further in the sections of our report on Actions 1.2 and 1.3.
4. We further observe that there are limited policies applying to Governance Board member independence. PwC Australia has a set of policies relating to audit independence matters that would also apply to Governance Board members. These policies may be waived, in certain circumstances and if permitted by law, for Appointed Board Members. We understand this is an issue PwC Australia may address, particularly in light of commitments made concerning the adoption of ASX Corporate Governance Principles. The adoption of those principles is discussed further in the sector of our report on Action 24.1
5. We have not observed anything that raises concerns about the independence of the current Chair of the Governance Board and two other Appointed Board Members. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

³ <https://www.pwc.com.au/media/2023/pwc-announces-further-actions-230529.html> (accessed 12 May 2025).

7. Action 1.2

PwC' Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Changes to the Partnership Agreement will be proposed to allow for a majority of independent non-executives.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Propose changes to the Partnership Agreement to allow for a majority of independent non-executives and present the changes to the partners. Conduct a vote of the partners to enact the changes to the Partnership Agreement. Partnership Agreement clauses which allow the Governance Board to have a majority of Appointed Board Members (i.e. independent non-executives).
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Review, with reference to the ASX Corporate Governance Principles, the composition and size of the Governance Board. Matters considered include: <ul style="list-style-type: none"> Retaining the CEO as a Governance Board member. The average ASX-listed entity's Governance Board size being 7.5 members. Vacancies and time for onboarding. Balancing the need for flexibility and requirement for independence. Changes to the Partnership Agreement were proposed to, among other things, vary the composition of the Governance Board to constitute a minimum of seven and a maximum of eleven Governance Board members. Those members will be made up by: <ul style="list-style-type: none"> 3-6 Appointed Board Members (ABMs); and 4-8 Elected Board Members (equity partners).
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> PwC Australia communicated proposed changes with stakeholders and sought feedback from partners through engagement sessions between November 2023 and February 2024. The draft Partnership Agreement and Partner Explanatory Memorandum were distributed among the Management Leadership Team and Governance Board Members for their review and feedback.

- PwC Australia's partners voted to approve the changes to the Partnership Agreement. The successful vote outcome was announced in March 2024.

Our Observations

1. This Action concerns amending the Partnership Agreement to allow for a majority of independent non-executive members on the Governance Board. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. We have reviewed the materials provided and principally the Partnership Agreement.
3. Clause 10.1(c) of the Partnership Agreement states:

"The Governance Board must consist of a minimum of 7 and a maximum of 11 members (in total), comprising:

...

(c) with effect on and from 1 July 2024, a minimum of 3 and a maximum of 6 Appointed Board Members who collectively must not constitute a majority of the members of the Governance Board without approval by a Majority of Partners."
4. Clause 10.12 of the Partnership Agreement states:

"The Governance Board must not:

(a) appoint a person as an Appointed Board Member where such appointment would result in the number of Appointed Board Members constituting a majority of the members of the Governance Board; or

(b) reappoint a person who is or has previously been an Appointed Board Member,

without approval by a Majority of Partners."
5. Clauses 10.1(c) and 10.12 prohibits the appointment of Appointed Board Members to constitute the majority of Governance Board Members without approval of a majority of PwC Australia partners.
6. The Partnership Agreement does not stipulate an independence requirement for ABMs beyond stipulating that Appointed Board Members must not be partners. We note that there are individuals who are not partners who may not satisfy the requirement of independence. For instance, a non-partner may still be an employee, consultant or non-partner executive and not meet the standard of an independent non-executive.
7. There have been changes to the Partnership Agreement. Although the Partnership Agreement allows for the appointment of independent non-executives to the PwC Australia Governance Board, which has occurred, it does not allow for a majority of independent non-executives without the approval of the PwC Australia partners. Our view is that the Design and Implement stages of this Action are partially complete.

8. Action 1.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The current Partnership Agreement requires that a PwC partner be the Board Chair. A proposal to remove this requirement will be put to partners, and PwC will move to appoint an independent chair as soon as practicable.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> The Partnership Agreement clause no longer restricts the appointment of Board Chair to a PwC Partner. This allows the Governance Board to be supported by the leadership of an independent Chair. The PwC Governance Board is led by an independent Chair with sufficient skills and experience.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia reviewed and consulted on its Partnership Agreement to develop changes to its Partnership Agreement. PwC Australia's Office of General Counsel instructed an external law firm to draft changes to the PwC Australia Partnership Agreement.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The proposed changes to the Partnership Agreement were communicated to the PwC Australia partners. A vote of the PwC Australia partners occurred in February 2024. The successful outcome of that vote was communicated in March 2024. PwC Australia engaged an external search firm to assist in selecting a candidate for Chair of the Governance Board. Following its processes, PwC Australia appointed an Independent Chair to the Governance Board.

Our Observations

1. Action 1.3 concerns modifying PwC Australia's Partnership Agreement (the 'Partnership Agreement') to allow for someone who is not a partner to be appointed as Chair of PwC Australia's Governance Board. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. Our review of the Action includes consideration of the following:

- (a) The relevant clause in the original Partnership Agreement and the updated Partnership Agreement dated 7 March 2024.
 - (b) The amendments to the Partnership Agreement as documented in the Partner Explanatory Memorandum dated 22 February 2024.
 - (c) Documentation of the work conducted by PwC Australia's external executive search consultant.
 - (d) PwC Australia's public announcements regarding the appointment of the new Chair of the Governance Board.
 - (e) Briefings with the Chair of the Governance Board and Appointed Board Members.
- 3. We observe that the relevant change to the Partnership Agreement removes the requirement that the Chair of the Governance Board be a PwC Australia Partner.
 - 4. Under the Partnership Agreement, all Governance Board members must either be Elected Board Members or Appointed Board Members. Elected Board Members are partners of PwC Australia that are elected to the Governance Board by PwC Australia partners.
 - 5. Appointed Board Members are members appointed by the Governance Board subject to the Partnership Agreement. The Partnership Agreement stipulates that Appointed Board Members must not be partners. While the Partnership Agreement does not require the Chair of the Governance Board to be independent, we have not seen or observed anything that raises doubts of the independence of the current Chair of the Governance Board.
 - 6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

9. Action 2.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> A comprehensive review of the powers, duties and responsibilities of the Governance Board and the CEO is already underway to ensure that the requisite authority is provided to the Board in respect of strategy, risk, finance, culture and succession planning.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Undertake a comprehensive review of the Partnership Agreement to clarify and restate the powers, duties, and responsibilities between the Governance Board and CEO. Clarified and enhanced articulation of the governance role of the Governance Board with respect of strategy, risk, finance, culture and succession planning.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia conducted a review of the Partnership Agreement. Part of this review involved a comparison of powers, duties and responsibilities of the PwC Australia Governance Board and CEO/CSP and that of other professional services firms. Changes to the PwC Australia Partnership Agreement were developed in consultation with the PwC Global Office of General Counsel. An external law firm was engaged to draft changes to the Partnership Agreement. The proposed changes to the Partnership Agreement were communicated to PwC Australia partners through engagement sessions held between November 2023 and February 2024. An explanatory memorandum was distributed to the partners. Partners voted from 22 February to 7 March 2024. The successful outcome from the vote was communicated to partners on 7 March 2024.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The implementation of the changes commenced with an update to the Governance Board's charter and the terms of reference for the Governance Board's subcommittees (Risk, Finance Audit and Operation, Partner Matters, Governance and Public Interest Committees). Prompt and formal implementation of the revised articulation of the Governance Board's strategic governance role.

Our Observations

1. This Action concerns the review of PwC Australia's Partnership Agreement to ensure that the Governance Board has requisite authority relating to strategy, risk, finance, culture and succession planning. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. We note that at the time of our engagement, the review contemplated by this Action had already occurred and PwC Australia's partnership had already voted to approve changes to the Partnership Agreement.
3. Our review of this Action includes consideration of the following:
 - (a) Materials comparing PwC Australia's Partnership Agreement with publicly available partnership firms from other large professional services firms.
 - (b) Materials from PwC Australia's legal team regarding the proposed changes to the Partnership Agreement.
 - (c) The Partner Explanatory Memorandum dated 22 February 2024, which set out details of the changes proposed to the Partnership Agreement.
 - (d) Evidence of the Board of Partners (the predecessor to the Governance Board) approving the changes.
 - (e) The Partnership Agreement from 7 March 2024, which remits to the Governance Board the power and responsibility to review and approve, among other things, PwC Australia's strategy, statement of values, risk management framework, risk appetite statement, financial report and approval of any major investment or major financial commitment.
 - (f) Minutes of the Governance Board on 15 April 2024 documenting the Governance Board's approval of the proposed strategy under the Partnership Agreement.
 - (g) PwC Australia's Governance Board Charter.
 - (h) The then Terms of Reference of PwC Australia's Board subcommittees relating to risk, finance, audit and operations, partner matters, governance and public interest. We note that following the appointment of recent Governance Board members, the charters for these committees have since been reviewed and updated. This is further discussed in the sections of the report on Actions 2.2 and 3.1.
4. The Embed Closure Criteria for this Action deals with evaluating the effectiveness of the exercise of power by the Governance Board and the CEO/CSP under the updated Partnership Agreement. Our engagement is to review the design and implementation of the Actions in the CTC Action Plan. Therefore, we do not comment on the effectiveness or suitability of the proposed and implemented changes to the Partnership Agreement.
5. However, not all the changes proposed in the Partner Explanatory Memorandum dated 22 February 2024 were implemented in the current Partnership Agreement.
6. We observe that in the summary section of the Partner Explanatory Memorandum dated 22 February 2024, the following change was proposed:

"Insert general discretions and powers of the Governance Board which may be used in the exercise of its specific powers and functions, including:

(a) taking any action or making any requests the Governance Board deems necessary in its absolute discretion for the proper exercise of its powers and discharge of its duties, including without limitation requesting and receiving any information (including copies of correspondence, documents, reports, notices and other materials) from the CSP or persons holding Management positions..."

7. The equivalent clause in the Partnership Agreement from 7 March 2024 reads:

"Without limiting the general nature of clause 13.1A, the Governance Board shall have the following powers, duties, functions and responsibilities:

General

(a) taking any actions, and receiving any information (including copies of correspondence, documents, reports, notices and other materials) requested of the Country Senior Partner or persons holding Management Positions, as required to discharge its duties, functions and responsibilities...."

8. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

10. Action 2.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The Governance Board is currently redesigning its sub-committee structure and related terms of reference to increase the focus and independence of oversight of risk, ethics and public interest matters. This will also include an expansion of the remit of the Leadership, Succession and Nominations Committee.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Review and redesign the sub-committee structure and develop a 'Terms of Reference' defining the power, duties and responsibilities of these sub-committees. Enhance the independence of the Governance Board's oversight of the firm's management of risk and ethics practices by ensuring clear responsibility and accountability.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The Governance Board conducted a review of the sub-committee structure. That review entailed consideration of delegations of authority from the Governance Board to its sub-committees, the terms of reference of each sub-committee, the skills and experience of the sub-committee members and balancing internal Elected Board Members and external Appointed Board Members. Terms of Reference for each sub-committee were drafted. Those terms include the roles, membership, key executive alignment, delegations, reporting back to the board and the structure and operation for the sub-committees. As a result of its review, PwC Australia decided to retain or establish the following sub-committees in March 2024: <ul style="list-style-type: none"> Risk Finance Audit & Operations Partner Matters Governance Public Interest
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The terms of reference of the sub-committees were disseminated following their approval by the Governance Board. The sub-committees will be populated following the appointment of the new board members.

Our Observations

1. Action 2.2 concerns the redesign of PwC Australia's Governance Board committees to increase the focus and oversight of risk, ethics and public interest matters. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. We observe that PwC Australia's Partnership Agreement was modified in March 2024 to provide more power and authority to the Governance Board. The review that led to those changes is described in the section of this report relating to Action 2.1. As a result of those changes, the Governance Board established the sub-committees described in the Design Closure Criteria of this Action.
3. We have reviewed the terms of reference for those sub-committees that were originally produced with the Closure Pack. Those terms of reference were superseded from 1 December 2024.
4. Following the reconstitution of the Governance Board with three Appointed Board Members, PwC Australia reviewed and reformulated its Governance Board sub-committees. Effective from 1 December 2024 the following Governance Board sub-committees will be in operation:
 - (a) Finance, Audit & Sustainability Committee - constituted of three Elected Board Members, one of which is the Chair of this sub-committee, and one Appointed Board Member.
 - (b) Partnership, People & Culture Committee - constituted of four Elected Board Members and one Appointed Board Member, who serves as the Chair of this sub-committee.
 - (c) Risk Committee - constituted of three Elected Board Members and one Appointed Board Member, who serves as the Chair of this sub-committee.
 - (d) Nominations & Public Interest Committee - constituted of one Elected Board Member and three Appointed Board Members. The Chair of the Governance Board, an Appointed Board Member, serves as the Chair of this sub-committee.
5. The terms of reference for the Nominations & Public Interest Committee requires there be a majority of Appointed Board Members, in line with Action 3.1, and contributing to an increase in the independent oversight of public interest matters.
6. The Partnership, People & Culture Committee has, as part of its delegated powers, duties, functions and responsibilities under its terms of reference, oversight of and the right to make recommendations on code of conduct themes and trends along with the ability to receive and consider reports on material ethical breaches or incidents. The Chair of this sub-committee is an Appointed Board Member.
7. The Risk Committee is similarly chaired by an Appointed Board Member.
8. At the time the CTC Action Plan was published PwC Australia's Governance Board and sub-committees were constituted solely of partners of the firm. Since then, and in line with Action 1.2, PwC Australia moved to appoint three independent Appointed Board Members. Those individuals now serve on all the sub-committees.
9. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

11. Action 2.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> • More timely and comprehensive reporting of issues to the Board by the CEO and Management has commenced and will be further improved with reference to the [Switkowski] Review's findings. • Adherence to these protocols will form part of the performance assessment of the CEO and Management going forward.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> • Implement improvements for timely and comprehensive reporting of issues by the CEO and MLT on matters identified in the Review, including legally sensitive matters/Troublesome Practice Matters (TPMs). • Include measures relating to adherence to protocols in the performance assessment criteria of the CEO and MLT. • Establish a culture of escalation and disclosure of material issues by the CEO and MLT to the Board so that the Board can appropriately discharge its obligations under the Partnership Agreement.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> • The Governance Board and CEO/CSP considered the findings from the Switkowski Review. • A thorough review of the CEO/CSP report was conducted by the Chair of the Governance Board and the CEO/CSP. The report was restructured to provide a view on significant and current matters relating to: <ul style="list-style-type: none"> • Risk, ethics and regulatory matters; • People and firm matters; and • Client and market matters. • The structure of reporting, where it is concerned with legally sensitive matters from the MLT to the Governance Board, was developed with the CEO/CSP, General Counsel and Chair of the Governance Board. • Adherence to these reporting protocols will form part of the performance assessment of the CEO/CSP and, where relevant, the MLT into the future. The annual review process is typically conducted in August.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> • The CEO/CSP and Chair of the Governance Board typically meet weekly to discuss material and emerging matters. • From August 2023, the CEO/CSP's report was restructured to reflect the CEO's/CSP's, and the MLT's, focus on PwC Australia's material projects, risk, ethics, regulatory matters, remediation and transparency.

- The reporting structures were further revised in December 2023 and May 2024.
- The first written Office of General Counsel report to the Governance Board was issued in May 2024. The General Counsel (or a delegate) attends Governance Board meetings.

Our Observations

1. Action 2.3 concerns uplifting the reporting of issues to the Governance Board by the CEO/CSP and MLT. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. The Action refers to taking into account the findings of the Switkowski Review. The two sections on reporting to the Governance Board are reproduced below:

"2.2.4 Board reporting lacks the rigour and transparency that would enable effective discussion and more informed decision-making at meetings of the Board of Partners

It was observed, from the sample materials made available by PwC Australia, that reporting and papers provided to the Board of Partners [the predecessor to the Governance Board] do not support effective governance or the discharge of the oversight responsibilities of the Board. For example, agendas and Board papers do not consistently include clear framing of matters being presented or specific recommendations to the Board. For efficiency, the Board of Partners sometimes receives the same version of a report provided to the Executive Board, without refinement to reflect input from the senior leadership team or the differing accountabilities of these two bodies. Risk reporting to the Board of Partners, as well as to the Executive Board [the predecessor to the MLT], has also lacked sufficient insight to support effective oversight in respect of risk. This is discussed in more detail in Chapter 4: Risk Governance and Compliance Frameworks.

Overall, there is also a perception among partners that there tends to be limited transparency for the Board of Partners of legally sensitive matters, including matters referred to internally as 'troublesome practice matters' (TPMs).

TPMs are described in firm policy as matters that call into question the quality of services provided by the firm or which might damage the firm's reputation. Under the firm's policies, TPMs might include client complaints, and formal or informal claims for damages, costs or compensation. It was observed from the materials provided for review that legal updates from the Office of the General Counsel (OGC) to the Board Risk Committee were generally verbal. While it is appropriate to thoughtfully manage the confidentiality of sensitive matters and legally privileged information, it is not clear that in recent years there has been a culture that supported proper transparency to the Board of Partners in some areas. Without proper visibility, there is reduced ability for a governance forum to challenge a 'legally-led' position, and consider more balanced approaches.

...

4.2.6 Risk reporting to the Executive Board and Board of Partners does not provide a robust enterprise-wide view of risk to enable effective firm-wide management and oversight

While the firm's internal risk handbook suggests the various risk-related management committees should support the Executive Board in undertaking risk management activities, in practice it does not appear that these forums consistently report to the Executive Board. Contrary to the handbook, some interviewees suggested this was not the purpose nor the intention. The lack of clarity with respect to the role and practices of these forums, and the number of forums with potentially overlapping remits, creates complexity. These factors appear to have led to misplaced confidence as to coverage and visibility of critical risk issues at the Executive Board and Board of Partners levels. These issues are also discussed in Chapter 3: Senior Leadership Oversight.

Quarterly risk reporting provided to the Board Risk Committee, while relatively lengthy, has typically lacked adequate risk insight to enable effective oversight and inform enterprise-level decision making. The reporting appears to have provided limited insights on emerging risks, reasons for changes to material risk ratings, or additional controls or actions to bring risks within target risk ratings. The reporting also gave an overall impression of limited urgency, particularly in view of the significance of some of the matters noted."

3. In the course of our review, we sent an RFI to PwC Australia to request further information regarding PwC Australia's consideration of the findings of the Switkowski Review. PwC Australia's response, dated 13 November 2024, referred to the first excerpted section of the Switkowski Review (2.2.4) and stated, relevantly, that:

"Action 2.3 sought to address the observations made in the Report regarding the reporting of legally sensitive matters by Management to the Board, which was articulated in Action 2.3 as "improved reporting with reference to the Review's findings". As noted in the closure pack, to improve and facilitate more comprehensive reporting of legally sensitive matters to the Board, the General Counsel developed a written report for legally sensitive matters which first presented to the Board in May 2024."

4. The response to the above RFI further noted that:

- (a) There were no policy or procedure documents drafted pertaining to the restructured reporting regime so as to "facilitate an environment of continuous improvement"; and
- (b) The CEO's personal plan was in the process of being drafted and will include a specific requirement for timely and comprehensive reporting to the Governance Board. The plan will further include an objective for the CEO to include Governance Board feedback in the MLT's performance assessments.

We have since been informed by PwC Australia that the part of their response to our RFI stating that there were "no policy or procedure documents" was produced in error.

5. PwC Australia provided an update to the above RFI response on 19 November 2024 (the 'Updated RFI Response'). The Updated RFI Response provided the following extract from the CEO/CSP's Personal Plan (or objectives) for FY25:

"Developing our relationship with the new Governance Board will be key to our success encompassing comprehensive, transparent and timely interactions and reporting."

The above is one of the CEO/CSP's key objectives for FY25.

6. The Updated RFI Response further stated that the individual MLT member Personal Plans include objectives relating to the comprehensive and timely reporting to the Governance Board. We observe that the MLT is accountable to the CEO/CSP and the objectives of the CEO/CSP will, as a consequence, mirror the objectives of the MLT. We have reviewed the

Accountability Statement for MLT members, which lists Governance Board members as a key stakeholder for engagement.

7. In a briefing with the General Counsel, we were informed about the now comprehensive reporting provided by the OGC to the MLT and Governance Board including of Troublesome Practice Matters (TPMs). We sighted reports to the MLT and Governance Board on TPMs, including the inaugural OGC written report to the Governance Board in May 2024. The briefing provided further details regarding the process for TPMs, which require OGC involvement to consider and report, as appropriate, these matters to the MLT and Governance Board. These reports provide enterprise-wide risk assessment and analysis, noting also broader trends for consideration and possible action. We regard the OGC reports to the MLT/Governance Board as the equivalent of what might be expected of an ASX-listed entity.
8. We have reviewed the CEO/CSP's FY25 objectives. The objectives include key requirements of enhancing PwC Australia's governance and includes:

"Developing our relationship with the new Governance Board will be key to our success encompassing comprehensive, transparent and timely interactions and reporting."
9. We have been provided with the template accountability statement for MLT Members. That template includes, as a governance responsibility, the appropriate challenge of other MLT members. The evidence provided suggests that there has been significant improvement in the structure and breadth of content reported to the Governance Board and that there is a clear procedure as well as regular and appropriate cadence for MLT/Governance Board interaction.
10. The Action's description refers to "protocols" as forming part of the performance assessment of the CEO/CSP and Management. Those protocols include timely and comprehensive reporting to the Governance Board. The closure pack outcomes are to include measures relating to adherence to protocols, as does the Design Closure Criteria. We have interpreted protocols as an established system/procedure.
11. On 11 December 2024, we received a further supplementary response to our RFI (RFI018). Included in those materials were agendas for the Governance Board Risk Committee meetings and related papers, agendas for Governance Board meetings which included TPMs reports and updates on culture, people and strategy from relevant committees, risk management and self-evaluation and other MLT/Governance Board sub-committee reports. We were also provided with the charter for TPMs, templates for the MLT agenda and minutes, and with the forward plan for Governance Board and Risk Committee meetings which have been scheduled for 2025.
12. Our briefings with the CEO/CSP and the Appointed Board Members on the Governance Board support that there are regular briefings between the CEO/CSP and the Chair of the Governance Board to discuss material and emerging matters. The materials reviewed by and briefings provided to us evidence significant uplift in the structure and breadth of content considered by the MLT and reported to the Governance Board. There is a clear process and regular and appropriate cadence for MLT/Governance Board interactions.
13. Based on our review of the materials produced, we have sufficient confidence that, subject to the matters raised above, PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

12. Action 3.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Proposals to update the mandate of the Governance Board will be put to partners to allow for the appointment and removal of the CEO. The process of selection of the CEO will be led by our independent non-executives. The consultation process with the PwC Global Network will be enhanced as part of the changed mandate.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Revise the electoral model relating to the appointment of the CEO including by ensuring the Board has express authority to appoint and remove the CEO, and by ensuring representatives of the PwC Global Network are consulted in the CEO appointment process. Provide the Governance Board the ability to appoint and remove the CEO with express leadership by independent non-executives. Provide an obligation for the Governance Board to consult with the PwC Global Network in the CEO appointment process.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia consulted with the PwC Global Network and other PwC Network firms as a part of PwC Australia's review of its Partnership Agreement. This review included consideration of the appointment methodology of other professional services firms. PwC Australia developed, a number of changes to the Partnership Agreement. Those changes were drafted by external legal advisers, as instructed by PwC Australia's Office of General Counsel. The proposed changes to the Partnership Agreement were communicated to PwC Australia's partners. Feedback was sought from the partners in engagement sessions run from November 2023 and February 2024. The role to appoint the CEO/CSP is delegated a Governance Board committee. That committee will be chaired by a non-executive or Appointed Board Member.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The proposed changes to the Partnership Agreement, including the changes relating to the appointment and removal of the CEO/CSP, was put to a vote of partners. In March 2024, PwC Australia announced that the vote to change the Partnership Agreement was successful.

Our Observations

1. Action 3.1 concerns updating the mandate of the Governance Board to enable the appointment and removal of the CEO/CSP and to enhance the selection and consultation process relating to this selection. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. Under the current Partnership Agreement, the appointment of the CEO/CSP requires:
 - (a) The relevant Governance Board committee to call for nominations of eligible partners for the role of CEO/CSP. The call for nominations will include the assessment criteria, as determined by the committee, that may inform the committee's evaluation of candidates.
 - (b) The committee will recommend, from its shortlist of nominated candidates, a preferred candidate for the Governance Board's endorsement.
 - (c) If approved by the Governance Board, the Chair of the Governance Board will notify the Network Leadership Team and the leadership team of PwC Global, of the endorsed candidate and take any other steps as required to ensure compliance with the election notification procedure.
 - (d) The endorsed candidate will be put to a vote of partners. If confirmed by the partners, the endorsed candidate will be appointed as the CEO/CSP. If not confirmed by the partners, the Governance Board will select another candidate for endorsement following the above process.
3. In December 2024, the Governance Board replaced the Governance Board Governance Committee with the Nominations & Public Interest Committee (the 'NPIC'). Refer to the earlier section of our report on Action 2.2 for further details of this and other Governance Board committees.
4. The NPIC is appointed by the Governance Board to carry out its obligations under the Partnership Agreement to, among other things, identify and develop potential CEO/CSP candidates.
5. The NPIC's Terms of Reference requires that, unless otherwise determined by the Governance Board, the NPIC is chaired by the Chair of the Governance Board and comprises of all the Appointed Board Members and the Deputy Chair of the Governance Board.
6. The current NPIC is chaired by the Chair of the Governance Board, an Appointed Board Member. The other members are the Deputy Chair, an Elected Board Member, and two other Appointed Board Members. We observe that the NPIC currently consists of a majority of Appointed Board Members.
7. The changes to the Partnership Agreement permits the Governance Board to remove the CEO/CSP from office in the event that:
 - (a) The CEO/CSP:
 - (i) is charged with or convicted of a Serious Criminal Offence; or

- (ii) has, in the opinion of the Governance Board, acting reasonably, committed Serious Misconduct; and
 - (b) at least two-thirds of the Governance Board participating in voting on the matter.
8. We observe that:
- (a) The Partnership Agreement defines a "Serious Criminal Offence" as an indictable offence against a law of the Commonwealth, State or Territory of Australia or an offence against a law of a foreign country that would also be an indictable offence against a law of the Commonwealth, State or Territory of Australia.
 - (b) "Serious Misconduct" is defined, in broad terms, as:
 - (i) a serious, persistent or repeated breach of the Partnership Agreement;
 - (ii) serious dishonesty or a serious or persistent breach or neglect of duty or breach of any confidentiality undertaking or obligation;
 - (iii) conduct that has caused or has the potential to cause a significant adverse impact on the Firm or the PwC Network;
 - (iv) repeated unreasonable behaviour by the person towards one or more other persons that creates a risk to their health and safety;
 - (v) where the person admits to having, or is found by a court of law of competent jurisdiction to have, committed fraud or acted dishonestly or unethically; or
 - (vi) where the person admits to having, or is found by a court of law of competent jurisdiction to have, engaged in or encouraged insider trading, market misconduct, other conduct prohibited under Part 7.10 of the Corporations Act or other similar professional misconduct.
9. We further observe that the Partnership Agreement does not appear to mandate that the CEO/CSP be excluded from participating in the Governance Board vote on removing the CEO/CSP. In our engagement with PwC Australia on this matter, they informed us that:
- (a) Where a Governance Board member has a known conflict of interest, such as the Governance Board's consideration of the removal of the CEO/CSP from office, the Secretariat will notify the Governance Board member that they will not be invited to consider the matter giving rise to the conflict and the papers in respect of that agenda item will not be shared with that Governance Board member.
 - (b) Under the Governance Board charter, all members with an actual, potential or perceived personal conflict of interest in respect of any matters before the Governance Board is required to declare their conflict to the meeting F
10. We note that in certain circumstances PwC Global may compel the removal of the CEO/CSP of any network firm, including PwC Australia.
11. We observe that the Partnership Agreement expressly sets out:
- (a) a new model for the appointment of the CEO/CSP. This process involves involvement by both the Governance Board and PwC Global; and

- (b) the Governance Board's ability, in the circumstances described above, to remove the CEO/CSP.
- 12. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

13. Action 4.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A comprehensive skills and experience framework for the selection of the Governance Board will be developed, together with the establishment of a formal professional development curriculum focusing on excellence in governance.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Establish a comprehensive skills and experience framework for the selection of the Governance Board. Establish a formal professional development curriculum focused on governance. Enhancing and uplifting the firm's governance capabilities to safeguard the reputation and long-term sustainability.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> A partner in PwC Australia's legal team, with corporate governance expertise, led a program to consider the appropriate skills and attributes relevant to the Governance Board. This led to the development of a skills matrix framework template. The then Deputy Chair of the Governance Board led a review of available professional development courses and designed a formal professional development framework including onboarding and induction, mandatory learning and further optional learning. PwC Australia developed a Governance Board skills and experience framework, a skills matrix, that will facilitate succession planning (refer to Action 5.1 for further details). Additionally, a board professional development curriculum was developed following the completion of the professional development framework and skills and experience framework.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The board skills matrix informed the recruitment process for the Appointed Board Members and Elected Board Members. Expressions of Interest (EOIs) for Elected Board Members opened in March 2024. These EOIs referred to the skills and experiences identified in the board skills matrix. Expectations regarding the professional development were communicated to relevant stakeholders.

Our Observations

1. This Action concerns the development of a skills matrix and formal professional development curriculum for PwC Australia's Governance Board members. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. We further note that:
 - (a) the appointment of the Appointed Board Members is largely contained in the materials related to Action 1.2; and
 - (b) other members are, under the Partnership Agreement, partners elected by the PwC Australia partnership to the Governance Board as Elected Board Members.
3. Our review of the Action includes consideration of the following:
 - (a) Slides from the 7 September 2023 workshop with the external consultant, which provide details of the requirements for Governance Board members.
 - (b) The Governance Future State Report on Performance and Development, which sets out the required courses and other learning and development objectives for new Governance Board members.
 - (c) PwC Australia's Governance Board Professional Development Curriculum and accompanying template.
 - (d) Board Skills Matrix Framework Template.
 - (e) PwC Australia's call for expressions of interest for Elected Board Members, which sets out the skills and experience, along with the personal and professional attributes sought.
 - (f) The Candidate Information Pack and accompanying appendix, setting out the profiles and characteristics required of Appointed Board Members.
 - (g) In relation to the Elected Board Members, we have been provided the attributes described in the call for expressions of interest.
4. We note that the nature of the election of the Elected Board Members, unlike Appointed Board Members, under the governing Partnership Agreement would limit the use of the skills matrix to the pre-election phase and post-election developmental phase for these board members.
5. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

14. Action 5.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> • Succession planning is currently being undertaken to identify future internal and external candidates for Board membership, aided by the use of a skills matrix incorporating core governance capabilities, skills, experience and background.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> • From September 2023 onwards, continue to undertake succession planning for internal and external Board Members. • Use the skills matrix developed in Action 4.1 as the basis for assessing skills, experience and background in the recruitment process for Governance Board members. • To identify and assess the capability of potential successors to Board membership prior to being required. This identification and assessment prior to the needs ensures transition risk is limited so as to continue to protect the firm's reputation and long-term sustainability.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> • PwC Australia commenced, in September 2023, planning to identify new candidates for the Governance Board, in line with its plan to refresh the Governance Board around July 2024. • The processes for recruiting Elected Board Members ('EBMs') and Appointed Board Members ('ABMs') are governed by the provisions of PwC Australia's Partnership Agreement, as updated in March 2024. • Separate programs of work were established to recruit 6 EBMs and 3 ABMs. • PwC Australia set up a page on the internal intranet calling for expressions of interest for EBMs and setting out: <ul style="list-style-type: none"> • Roles and responsibilities of Governance Board members. • Expectations regarding time commitment, performance, terms, induction and professional development. • The personal and professional attributes, skills and experience sought. • Diversity, eligibility requirements and compliance screening. • The expression of interest process. • PwC Australia engaged an external recruitment firm to identify prospective ABM candidates based on PwC Australia's criteria.

**PwC
Australia's
Implement
Closure
Criteria**

- PwC Australia's expression of interest for EBM's was open from 11 to 25 March 2024.
- The Board Skills Matrix was used in the recruitment process for EBM's and ABM's. The EOI requirements set out in the EOI process and the assessment of the EBM candidates were based on the skills matrix. The brief to the external recruitment firm was similarly based on the board skills matrix.
- At the conclusion of the above process, the PwC Australia Governance Board consisted of the CEO/CSP, 6 EBM's and 3 ABM's.

Our Observations

1. Action 5.1 concerns the development of a succession plan to identify candidates for Governance Board membership. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. The closure pack for this Action was prepared in September 2024. That pack and accompanying evidence explained PwC Australia's process in fully replenishing the PwC Australia Governance Board and, for the first time, recruiting Appointed Board Members.
3. In the period leading to September 2024 PwC Australia had:
 - (a) Updated the Partnership Agreement so that the Governance Board:
 - (i) shall set the requirements for the composition of the Governance Board to be consistent with the relevant expertise expected of a governance body and communicate any additional minimum attributes as part of the expression of interest communicated to all partners as part of the process for the selection of Elected Board Members (cl 5.1 of Schedule 2 of the Partnership Agreement); and
 - (ii) must select, from the partners responding to the expression of interest, the partners that the Governance Board considers will adequately contribute to satisfying the minimum requirements for the composition of the Governance Board and individually satisfy any additional minimum attributes. Only these candidates will be eligible for election as Elected Board Members (cl 5.2 and 5.3 of Schedule 2 of the Partnership Agreement).
 - (b) Reviewed the candidates responding to the expression of interest to constitute the new Governance Board to determine which of the candidates would be eligible to stand election. This process involved reviewing the partners' skills and experience against what was being sought for the Governance Board (Report of the Board Election Committee Chair to the Governance Board dated 4 April 2024).
 - (c) Engaged an external search and consulting firm to determine the attributes, skills and background for Appointed Board Member candidates.

- (d) Briefed an external search and consulting firm to identify candidates for the initial three Appointed Board Member roles based on the attributes, skills and experiences sought.
- 4. In our engagement with PwC Australia, we learned that, since September 2024, PwC Australia and its newly constituted Governance Board has updated its process of recruiting both Elected Board Members and Appointed Board Members. These updates include:
 - (a) Reformulating the board committee responsible for the election and appointment of board members (the Nominations and Public Interest Committee, or the "NPIC"). The Nominations and Public Interest Committee consists of three Appointed Board Members and one Elected Board Member. Refer to the section of our report reviewing Action 2.2 for further details.
 - (b) The NPIC's Terms of Reference include additional considerations for the selection and appointment of Appointed Board Members.
 - (c) PwC Australia's Governance Board will approve an updated board skills matrix at its May 2025 meeting.
 - (d) As part of the CTC Action Plan, PwC Australia intends to publish a board skills matrix in line with Recommendation 2.2 of the Fourth Edition of the ASX Corporate Governance Principles and Recommendations. Refer to the section of our report reviewing Action 24.1 for further details.
- 5. These updates are unsurprising. We expect that there would be changes to the process for recruiting new members to the Governance Board to reflect: (i) the move from replenishing the board completely to a more business-as-usual succession process, where succession is limited to a subset of the board at any given point and (ii) PwC Australia's evolution and learnings from that.
- 6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

15. Action 6.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The Governance Board will undertake an internal annual assessment against a comprehensive suite of performance measures with an externally facilitated assessment to be undertaken every three years.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> To undertake a structured board assessment of the outgoing Board by September 2024 based on criteria determined by the assessor. Design a board assessment program which includes annual internal assessments and an externally facilitated assessments every three years for the Board on a go-forward basis. Enhance the effectiveness of the Governance Board by regularly reviewing the performance of the Governance Board on a self-assessment basis and with external inputs to enhance and continuously improve the Firm's governance capabilities.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The responsibility to facilitate regular board assessments is conferred by the Governance Board charter on the Governance Board Chair. Assessments of PwC Australia's Governance Board (and its predecessors) were first introduced in October 2022. That assessment was updated in March 2024. The then Deputy Chair of the Governance Board led the preparation of the framework for internal board assessments and an approach for externally facilitated board assessments. This was summarised in the Governance Board Performance and Development Paper. In considering the approach for a board assessment for the outgoing Governance Board of 2024, the then Chair of the Governance Board noted that PwC Australia and its Governance Board was not facing a "Business as Usual" year. Due to this and the then Chair's view that from 1 July 2024, all members of the Governance Board will be newly elected or appointed, the then Chair of the Governance Board led a more tailored assessment of the Governance Board.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> An assessment of the PwC Australia Governance Board was conducted by a partner from a PwC network firm in June 2024. The review's focus was on the effectiveness of the Governance Board and recommendations for enhancement into the future. A particular focus was placed on the following: <ol style="list-style-type: none"> Structure of the Governance Board

2. Powers and Role of the Governance Board

3. Management Performance

4. Processes, Procedures and Infrastructure

5. Governance Board Performance

- The findings of the assessment were presented to the Governance Board in August 2024. The Governance Board discussed those findings and requested an action plan against those recommendations to be presented for the Governance Board to consider in 2025.

Our Observations

1. This Action concerns undertaking annual assessments, with every third assessment to be conducted with an external facilitator, to review the performance of the Governance Board. This Action forms part of Commitment Two of the CTC Action Plan, focussed on increasing the independence and effectiveness of PwC Australia's Governance Board.
2. We note that since the publication of the CTC Action Plan in September 2023:
 - (a) PwC Australia's Governance Board updated its Board Charter in March 2024 (the 'March 2024 Board Charter').
 - (b) PwC Australia announced the appointment of a new CEO/CSP in June 2023. The CEO/CSP, under the PwC Australia Partnership Agreement, is a member of the PwC Australia Governance Board.
 - (c) PwC Australia announced six new Elected Board Members who will commence their roles on 1 July 2024.
 - (d) PwC Australia announced the appointment of a new Chair of the Governance Board from outside the organisation in August 2024 and appointed two further Appointed Board Members.
 - (e) The Governance Board adopted a new Board Charter in December 2024 (the 'December 2024 Board Charter').
3. The March 2024 Board Charter and the December 2024 Board Charter both state that the Chair of the Governance Board will arrange for an assessment of the performance of the Board as a whole against a comprehensive suite of performance measures and against benchmarks of best practice governance. This is to be undertaken:
 - (a) annually and internally, except for when, an assessment is undertaken under (b), below; and
 - (b) at least every three years, where the assessment is to be undertaken by an appropriately qualified and experienced party external to PwC Australia.
4. We observe that, since the Governance Board review dated June 2024 (the 'GB Review'), PwC Australia's Governance Board has been reconstituted.

5. We further observe that the GB Review found that “the [Governance Board] performance has room for meaningful improvement going forward” and proposed a number of recommendations for consideration.
6. The GB Review and its recommendations were considered by the Governance Board on 20 August 2024. The minutes from that meeting note that the Governance Board tasked the Partnership Secretary with preparing a plan against those recommendations and to report on that plan and its progress to the Governance Board at the February 2025 meeting, which we understand occurred.
7. Based on our review of the materials produced, we have sufficient confidence that PwC Australia’s actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

16. Action 7.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Terms of reference for the Management Leadership Team have now been approved and include the distinctions suggested by Dr Switkowski. Delegations are currently under review.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Draft Terms of Reference and Delegations for the Management Leadership Team. Create Terms of Reference and delegations for the Management Leadership Team to ensure there is a clear accountability, responsibility and decision-making framework.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The powers and duties of the CEO/CSP and MLT is conferred by PwC Australia's Partnership Agreement. The Partnership Agreement was updated in March 2024 to rebalance and restate the powers of the CEO/CSP and Governance Board. The Partnership Agreement permits the CEO/CSP to delegate certain responsibilities to designated management positions for the purpose of conducting the management of the firm. The MLT reviewed the Switkowski Report and drafted the MLT's Terms of Reference to reflect the observations noted in the report. Those Terms of Reference were finalised and endorsed in September 2023. As part of their review, the MLT designed a committee structure to delegate authority to the following committees: Client Committee, Risk Committee, Investment Committee and Partner Matters Committee. The Terms of Reference for each delegated committee provides further details of that committee's role and responsibilities.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The MLT discussed and endorsed the Terms of Reference for each delegated committee. PwC Australia operationalised the endorsed MLT Terms of Reference.

Our Observations

1. Action 7.1 concerns creating Terms of Reference for the Management Leadership Team (MLT) as a successor to PwC Australia's Executive Board. This Action forms part of Commitment Three of the CTC Action Plan, focussed on improving the discipline and rigour of decision making within PwC Australia.
2. We note that under clause 13.6 of the Partnership Agreement, the CEO/CSP may delegate any of their powers under clause 13.5 to a committee or to a person they determine appropriate. The CEO/CSP remains responsible for supervising the exercise of any of the delegated powers.
3. Chapter 3 of the Switkowski Review provides commentary and recommendations regarding the CEO/CSP and Executive Board (the predecessor to the MLT). Recommendation 7 which follows the contents of that chapter states:

"Define the role, and responsibilities and accountabilities of the Executive Board as the senior executive forum in the firm in a charter or terms of reference, including:

 - *distinguish key areas where the Executive Board must be engaged in decision-making or have visibility of matters, and matters for which the Lines of Service have decision-making responsibility*
 - *ensure firm-wide working groups, forums, panels and councils are properly constituted and co-ordinated to better support the role, and responsibilities and accountability, of the Executive Board, and implement clearer delegations and escalations between these groups and the Executive Board to reduce over-reliance on informal channels*
 - *reflect the role, and responsibilities and accountabilities, of members of the Executive Board in performance review and consequence management processes, including in particular their accountabilities for risk."*
4. We have received and reviewed the MLT Terms of Reference as approved on 26 September 2023, which sets out the powers and responsibilities of the MLT, and the updated MLT Terms of Reference approved on 28 February 2025. In the course of our engagement with PwC Australia, we have had multiple briefings with MLT members and reviewed discussion papers to the MLT, as well as agendas and minutes that demonstrate the breadth of matters considered by the MLT.
5. The September 2023 MLT Terms of Reference contemplates the establishment of a Client Committee, a Risk Committee, a Partner Matters Committee and an Investment Committee.
6. We have received the Terms of Reference of the Client Committee, the Risk Committee and the Investment Committee. The Terms of Reference of these delegated committees state when the delegated committees must be engaged and the matters they will have oversight over. Actions 7.1 and 12.1 contain further details regarding the Client Committee and Risk Committee.
7. In our engagement with PwC Australia, we were informed at the end of 2024 that the Partner Matters delegated committee has not been established because there are other committees performing the role. We were told about, and have reviewed evidence of, the committees that perform functions related to partner matters. For instance, under its Terms of Reference, the People & Ethical Conduct (PEC) Panel must report and update the MLT on all partner related matters.

8. The MLT Terms of Reference, as approved on 28 February 2025, states, relevantly in clause 6.1, that:

"Committees may be established by the CSP as required to discharge any of the powers, duties, functions and responsibilities of the CSP under clause 13.5 of the Partnership Agreement. These Committees may change from time to time."

9. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

17. Actions 7.2, 15.1 and 21.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description

Action 7.2

- The Chief Risk and Ethics Leader is currently working with the People Leader on the firm's consequence management processes and accountabilities. Some immediate changes to the consequence management framework were made in July 2023.

Action 15.1

- Our consequence management framework is under review and changes will be recommended by December 2023. Amendments will be made to clarify that the framework addresses business conduct risk as well as personal conduct matters and applies regardless of the means by which the conduct at issue was reported or discovered.

Action 21.2

- Additional changes to the partner performance management framework will be implemented following completion of the PwC Australia strategy and the review of the Consequence Management Framework noted in Recommendation Seven above. This includes consideration of changes to penalties, negative and positive adjustments. The strategy will be launched in November 2023. The framework will include clearer firm-wide minimum standards with a focus on leadership, integrity and other key values. Actions to be implemented by end September 2024.

PwC Australia's Stated Closure Pack Outcomes

Action 7.2

- Our firm has a strategy which guides us to become the leading professional services firm built on the highest ethical and professional standards with integrity at the core of everything we do.
- As part of delivering on this strategy, we have an uplifted focus on ethical standards and integrity, with consequences for poor behaviour in this regard.
- Partners and staff have access to the consequence management policy and frameworks and understand how it applies to them.

Action 15.1

- Updated consequence frameworks (both staff and partners) that addresses business and ethical conduct, which incorporates personal conduct matters.
- Firm-wide communications to publish to all partners and staff to ensure they were informed about the changes and understood their responsibilities under the new framework.

	<ul style="list-style-type: none"> Consistency in the consideration and application of the framework in relevant matters that arise, ensuring all people are treated equally when evaluating outcomes. <p><u>Action 21.2</u></p> <ul style="list-style-type: none"> Consider the updated Consequence Management Framework and implement necessary changes to the partner performance management framework (i.e. the PEIS) to reflect the changes. As part of delivering on firm strategy, we have an uplifted focus on our values, with consequences for behaviour that does not meet minimum standards for Partners under the partner performance management framework.
<p>PwC Australia's Design Closure Criteria</p>	<p>Note: unlike the other Actions, we have reproduced the Design Closure Criteria for each of Actions 7.2, 15.1 and 21.2 with minor clarifying edits.</p> <p><u>Action 7.2</u></p> <ul style="list-style-type: none"> The firm's consequence frameworks for partners and staff was reviewed in September 2023, following initial changes made to the framework in July 2023. The revisions made in September-October 2023 were based on consultation with key stakeholders across the firm. Revised consequence frameworks considered the completeness of the matters defined within the framework, to ensure ethical and business conduct matters were appropriately covered and the examined differences between Partners and Staff aligned accordingly. Revised changes were approved by the MLT on 16 October 2023. The consequence management policy was updated to include the updated and approved frameworks, and the updated policy was ratified by the Governance Board (GB) on 8 November 2023. <p><u>Action 15.1</u></p> <ul style="list-style-type: none"> Revised consequence frameworks for partners and staff - reviewed and approved by the MLT and GB - refer to Action 7.2 for further details and evidence. This includes clarification that the framework addresses business and ethical conduct matters, that incorporates personal conduct matters. <p><u>Action 21.2</u></p> <ul style="list-style-type: none"> Design a One-Firm scorecard that articulates clear firm-wide minimum standards with a focus on leadership, integrity and other key values for FY24. <ul style="list-style-type: none"> In August 2023, the Transformation program team developed a vision statement and incorporated feedback from the MLT

	<p>and GB. The vision statement was endorsed by the Management Leadership Team and shared with the Governance Board in September 2023 (refer to action 20.2).</p> <ul style="list-style-type: none"> • The vision statement formed the basis of strategy for FY24 and relevant KPIs to focus partners on leadership, integrity and other values. A One-Firm scorecard was designed by the Management Leadership Team to create a consistent method for assessing both individual and collective partner performance and behaviours across the firm. • Review of the updated Consequence Management Framework (CMF) and consideration of changes required for the FY24 partner annual review process. <ul style="list-style-type: none"> • To align the FY24 partner annual review process with the refreshed partner CMF, the key changes identified included: <ul style="list-style-type: none"> • increasing the maximum adjustment to reduce a partner's Firm Performance Income from 20% to 40% (previously this was capped at 20% in the PEIS). • changes to the operation of the People and Ethical Conduct (PEC) panel to increase the scope of the PEC panel to consider. • introducing a Compliance Gateway for the partner and staff bonus pools. • The changes to the PEIS were developed by the Partnership Office and approved by the Governance Board. • The changes to the operation of the PEC were developed by the Risk and Ethics team and approved by the MLT. • The changes to the Gateway were considered and developed by the MLT.
<p>PwC Australia's Implement Closure Criteria</p>	<p>Note: unlike the other Actions, we have reproduced the Implement Closure Criteria for each of Actions 7.2, 15.1 and 21.2 with minor clarifying edits.</p> <p><u>Action 7.2</u></p> <ul style="list-style-type: none"> • The updated consequence frameworks for partners was communicated to them by the Chief Risk and Ethics leader on the 13 November 2023. • The consequence management policy, which includes the final revised consequence frameworks for staff, was communicated and published to partners and staff on 17 November 2023. • Updates to People and Ethics Conduct Panel (PEC) ToR to distinguish their responsibilities over category 1 matters that arise (referenced in evidence, fulsomely captured in Action 14.1).

- The EB approved immediate changes to the PEIS policy on Behavioural and Values breaches and associated penalties at the 31 July 2023 EB meeting.

Action 15.1

- The consequence management policy, which includes the final revised consequence frameworks for partners and staff, was published to partners and staff on 17 November 2023.
- The range of issues/incidents described in the consequence frameworks relate to both business and ethical conduct matters, which also incorporates personal conduct (see 7.2 implement and embed evidence criteria which is also relevant for action 15.1).
- The updated consequence frameworks for partners was communicated to them by the Chief Risk and Ethics leader on the 13 Nov 2023.

Action 21.2

- The One-Firm scorecard was used in the partner performance management framework for FY24.
 - The scorecard and KPIs articulated the expectation for partners (in October 2023) to demonstrate leadership in the priority areas of Ethics and Integrity and Culture and People experiences.
 - The application of the scorecard and KPIs were communicated to partners by the Head of Partnership in May 2024.
 - The KPIs formed part of the partner self-assessment forms which were reviewed and confirmed by the individual's Primary Reporting Partner.
- The changes to the adjustments to partners' incomes was implemented in the FY24 PEIS process.
- The scope of the People and Ethical Conduct (PEC) panel broadened, resulting in a consistent one-firm approach to PEC matters.
- The MLT introduced a Compliance Gateway in the FY24 PEIS process.
 - In FY23, partners risked a reduction in their income where there was non-compliance with risk and quality measures, however, there was no additional mandatory exclusion from the bonus pool because of this.
 - In FY24, the MLT introduced a Compliance Gateway which required partners to meet certain risk and quality measures prior to being eligible to participate in the partner bonus pool.

- The changes to the Gateway were endorsed by the MLT on 24 June 2024.
- In FY24 partners who did not satisfy the Gateway criteria were rated no higher than “Performing” overall and were not eligible to participate in any partner bonus pool.

Our Observations

1. Actions 7.2, 15.1 and 21.2 concern changes made to PwC Australia’s consequence and performance management frameworks to broaden their scope and associated financial adjustments. These Actions relate to Commitment Three, improving the discipline and rigour of decision making, and Commitment Four, strengthening PwC Australia’s risk and conflict management accountabilities.
2. These Actions are necessarily linked. As described by PwC Australia:
“The Partner Evaluation & Income Scheme (PEIS) is the partner performance management framework under which partner performance is assessed and remunerated. The framework is implemented through processes including annual partner self-assessment, feedback, consideration of performance against set criteria/KPIs (partner balanced scorecard), and application of the Consequence Management Framework.”
3. In our engagement with PwC Australia, we sought to understand the timeline and nature of changes that were made in response to these three Actions.
4. We have reviewed evidence that demonstrates that:
 - (a) The Executive Board (the predecessor to the MLT) approved increasing the maximum penalty to be levied due to a behaviour or values breach from 20% to 40% of Total Performance Income in July 2023; and
 - (b) The Board of Partners’ (the predecessor to the Governance Board) materials and minutes for its 9 November 2023 meeting, where changes to the PEIS were considered and approved.
5. PwC Australia categorises substantiated individual matters into three categories. Category 1 relates to serious misconduct, non-compliance or failures likely to result in significant adverse impact to PwC Australia’s brand, clients or other network firms. Category 2 relates to misconduct or non-compliance, demonstrating a lack of reasonable care, that has the potential to adversely impact the same. Category 3 relates to misconduct or non-compliance that is unlikely to have that same adverse impact.
6. The consequence management framework for partners and the framework for staff sets out explanations, examples and potential consequences for each category of breach for partners and staff respectively.
7. The MLT considered and agreed to changes to harmonise the staff and partner consequence management frameworks in October 2023.
8. Action 21.2 refers to additional changes to the partner performance management framework, the PEIS, to be implemented following the completion of the review of the consequence management framework. We observe that the change to the PEIS described

in Action 7.2, to increase the maximum adjustment for equity partners from 20% to 40% of Total Performance Income, was approved by the Board of Partners on 9 November 2023.

9. In our engagement with PwC Australia, regarding additional changes, we were presented evidence of:
 - (a) The use of clause 20 of the PEIS, allowing for an adjustment of up to 10% of Total Performance Income (TPI) for equity partners or 5% of Fixed Share Partner Income (FSPI) for fixed share partners, to ensure the timely submissions of tax information for FY24;
 - (b) The introduction of the Compliance Gateway that requires partners to meet the Gateway's requirements to be rated "Exceptional" or "Performing with Award";
 - (c) The use of the balanced scorecard to guide remuneration decisions (see Action 21.1); and
 - (d) The reporting to the MLT on matters leading to a negative financial adjustment (see Action 23.1).
10. In our review, we observed consideration and updates of the PEIS and consequence management framework as part of these and other Actions in the CTC Action Plan. While there was some ambiguity as to the exact timeline, and potential overlap, of the implemented changes in addressing the strict wording of Actions 7.2, 15.1 and 21.2, our view is that PwC Australia has taken steps to address the Design and Implement Closure Criteria for the three Actions. We therefore consider the three Actions to be appropriately actioned in design and that implementation is satisfactorily underway and has been actioned appropriately.

18. Action 7.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A formal Management Risk Committee will be established with a clear charter and focus on enterprise level risks and relevant delegations. A formal Client Committee has already been established and the first meeting was held on 31 August 2023. The purpose of this delegated Management Leadership Team committee is to ensure that key client decisions that may impact risk and reputation, are made on an enterprise-wide basis with all stakeholders represented.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> PwC has a robust and centralised approach to enterprise-wide risk management decision making. Key decisions and considerations around areas such as firmwide risk matters and significant client selection decisions and engagements are made on an enterprise-wide basis through the establishment of key committees and panels, involving the right of representation across the firm. This will ensure firmwide considerations are made across risk management matters such that the firm does the right thing for our people and clients.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia's Management Leadership Team (MLT) established a formal Client Committee. The Client Committee's Terms of Reference (ToR) were drafted with guidance and input from a network firm, the Client and Markets Leader and other PwC Australia staff members. The purpose of the Client Committee is to ensure that PwC Australia does the right thing for its clients and people. The committee's ToR lists the matters that are required to be referred to the Client Committee as a delegated committee of PwC Australia's MLT. The Client Committee's ToR were presented and approved by the MLT on 8 August 2023.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The Client Committee's composition at formation comprised of PwC Australia's Markets Leader; the Chief Risk & Ethics Leader; the Heads of Assurance, Financial Advisory and Consulting; Head of People and Head of the Office of General Counsel. Its current composition, reflecting the current firm structure, comprises of the Clients and Markets Leader, Chief Risk & Ethics Leader, Assurance Leader, Advisory Leader, Tax and Legal Leader, Chief People Officer and General Counsel.

- The Client and Markets Leader is the Chair of the Client Committee and the Chief Risk & Ethics Leader (CREL) serves as the alternate Chair.
- The Client Committee's operating cadence were established in, and operational from, August 2023.

Our Observations

1. Action 7.3 and Action 12.1 refer to both the MLT Risk and Client Committees and a single closure pack was provided for both. For the purpose of this report, we reviewed the Design and Implement Closure Criteria relating to the Client Committee in Action 7.3. The Design and Implement Closure Criteria relating to the Risk Committee will be confined to Action 12.1.
2. We note that the "joinder" of the Risk and Client Committees is, in our view, an appropriate measure in line with Commitments Three and Four. Commitment Three relates to improving the discipline and rigour of decision making. Commitment Four relates to strengthening risk and conflict management accountabilities.
3. Action 7.3 focuses on the establishment of a Client Committee, as a delegate of PwC Australia's MLT, to ensure, in PwC Australia's words, that the appropriate people are involved in making decisions to ensure PwC Australia acts appropriately for its clients and people. The effect of the delegation of this function is intended to be enterprise-wide client decisions relating to risk and reputation.
4. Our review of this Action includes consideration of the following:
 - (a) The Client Committee's Terms of Reference;
 - (b) Minutes demonstrating that the Executive Board (the predecessor to the MLT) endorsed the Client Committee's Terms of Reference; and
 - (c) The sample (redacted) agenda, meeting invitation and other Client Committee outputs.
5. The Client Committee's Terms of Reference:
 - (a) states that its purpose is "to make sure that the right people, at the highest level within the Firm, are involved in ensuring that the Firm does the right thing for its clients, people and the communities in which we all live and serve"; and
 - (b) sets out the circumstances where an engagement should be referred to the Client Committee. Those engagements include:
 - (i) engagements that could be considered by an existing client to be adverse to its interests;
 - (ii) engagements with significant reputational, regulatory or financial risks;
 - (iii) engagements where the contracting client or end client is a part of the government or general government section and public corporations;

- (iv) engagements with significant risk or commercial implications of an unusual or new character; and
- (v) any other matter where the Line of Service Leader or the risk function considers should be referred to the Client Committee.

6. We observe that:

- (a) The Client Committee's Terms of Reference included input from the Client and Markets Leader who would serve as the Chair of the committee; and
- (b) The roles and responsibilities of the Client and Markets Leader at the time of appointment include:
 - (i) stimulating firm growth by bringing the best of all PwC Australia to the Australian market;
 - (ii) inspiring PwC Australia's Client Lead Partners and Accounts teams to broaden and deepen client relationships;
 - (iii) role modelling, promoting and incentivising One Firm behaviour including upholding our brand and positioning in the market;
- (c) Under the Terms of Reference, decisions of the Client Committee are to be made by consensus. In the absence of consensus, the Chair has casting rights; and
- (d) The Client Committee sets out the circumstances where a matter should be referred to it. Those matters include clients or engagements that could lead to significant risks to PwC Australia.

7. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

19. Action 8.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The focus of the secretariat supporting the Management Leadership Team has been improved since July 2023 and includes improved formal and more detailed minute taking, decisions and action logging.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Increase the secretariat support for the MLT. Improve formal minute taking, decision and action logging processes. By ensuring a detailed and clear record is maintained of actions, decisions and an account of Leadership meetings, these artefacts will assist the MLT to uplift the timeliness and implementation of any actions agreed.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Following an assessment of the Management Leadership Team's (MLT's) then secretariat function, the MLT determined that the function should be expanded to better support the MLT. The MLT's assessment considered the role requirements, skills and expertise required by the secretariat. The MLT further reviewed the existing resourcing available to the secretariat and developed job descriptions to hire additional human resources to the function. Following an assessment of its processes by the secretariat function, the function designed expanded processes for record keeping and action management.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The secretariat function was formalised within PwC Australia's Office of the CEO. Additional human resources were recruited into the function. Updated processes were implemented relating to record keeping and logging actions and decisions. This includes updated templates for MLT agendas and minutes.

Our Observations

1. Action 8.1 of PwC Australia's CTC Action Plan contemplates improving the resources available to the Management Leadership Team's secretariat function so that the function may better support the MLT. This Action forms part of Commitment Three of the CTC

Action Plan, focussed on improving the discipline and rigour of decision making within PwC Australia.

2. PwC Australia's Design Criteria contemplates changes to enable the MLT secretariat function to improve the effectiveness of, and accountability to, the MLT by:
 - (a) Designing templates to record decisions and required actions that follow those decisions.
 - (b) Designing templates to track and monitor the actions that follow MLT decisions.
 - (c) Adding additional resources to the MLT secretariat function to support the above and the expanded role of the function.
3. Our review of this Action includes consideration of the following:
 - (a) The new secretariat processes for the MLT and its committees.
 - (b) The output of those new processes.
 - (c) PwC Australia's decision to deploy additional human resources to the MLT secretariat, which has occurred.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

20. Action 8.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Collective decision making with a "One Firm" focus has been reinforced for the new Management Leadership Team who will be incentivised using a firm scorecard (referred to in the Commitment Four section below).
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Launch a new FY24 Firmwide Balanced scorecard that the MLT will be responsible for and accountable against. Key outcomes will be greater collective decision making and One Firm outcomes. In addition, the alignment between Firmwide and partner scorecards will ensure both reflect the same significant emphasis on non-financial measures present in Partner metrics. Target state is the realisation of more balanced and shared outcomes when Partner, team and staff performance is measured and assessed i.e. One Firm vs within each Line of Service (LoS); between financial and non-financial measures of success.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The design for the FY24 Partner and Firmwide Scorecards was carried out by a project team consisting of Strategy & Remuneration and People & Culture Subject Matter Experts. A particular focus was placed on alignment between partner and firmwide metrics. Drafts of the scorecards were workshopped with the Extended Leadership Team. Further consultations were held with Line of Service leadership teams to understand and address specific matters relating to the business. Following these consultations, the scorecards were endorsed by the MLT and the Governance Board.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The FY24 Firmwide Scorecard was announced to partners and staff. The MLT is accountable and incentivised against the One Firm Scorecard. The MLT has a focus on One Firm metrics and collective decision making.

Our Observations

1. Action 8.2 contemplates the transformation of the firm's business model from a more decentralised model of "three world class businesses" to a firm bound by a single collective approach under the "One Firm" model, with key accountabilities and metrics for assessing performance consistently understood and applied across the firm as a whole. This Action forms part of Commitment Three of the CTC Action Plan, focussed on improving the discipline and rigour of decision making within PwC Australia.
2. Action 8.2 seeks to assist the firm effect that transition by having the MLT decision making processes and the assessment of the MLT's performance align with the performance metrics for the firm's business lines and partners. The intention is to achieve greater uniformity in firmwide and partner performance metrics.
3. The further purpose of Action 8.2 is to assist the firm achieve a cultural shift away from a model in which revenue metrics dominate evaluation of performance assessment through a renewed (and significant) emphasis on non-financial metrics.
4. The Design Closure Criteria of this Action involved the People and Culture team considering how to link the alignment of partner and "One Firm" metrics. This required the consideration and preparation of partner and firmwide performance (and by definition, accountability) scorecards. The scorecards incorporate principles of ethics and integrity, culture and experiences, client centricity, leadership and collaboration, and sustainable growth.
5. The substance of the new performance metrics for the MLT and the firm as a whole were then socialised through workshops with the MLT and Line of Service leadership teams.
6. Our consideration of the Design Closure Criteria of this Action includes having regard to:
 - (a) The firm-wide and partner scorecards, which seek to incorporate KPIs on ethics and integrity, culture and experience of PwC Australia employees (measured through engagement surveys, turnover analysis, diversity measures), client satisfaction (measure by client engagement measures including client discussion), collaboration and leadership (measured by 360 feedback) and sustainable growth.
 - (b) The ethics and integrity scorecard, where there are three co-dependencies, namely values surveys, risk and quality compliance and independence compliance. In this regard, there are links to the other CTC Actions concerning risk and independence, which are relevant to our review.
 - (c) Materials and papers considered by the MLT and Governance Board.
 - (d) Briefings with key PwC Australia personnel.
7. The closure pack and subsequent briefings in which we have participated lead us to the conclusion that the Design Closure Criteria for Action 8.2 are consistent with the Action and satisfactorily reinforce the incentivisation of the MLT through a firm-wide scorecard.
8. The performance assessment of key MLT members measured against these criteria is in implementation at the time of writing. This reflects the involvement of the recently Appointed Board Members in setting the performance measures for the MLT. This is one illustration of the evolving nature of the Action.
9. Our review of the Implement Closure Criteria of this Action includes consideration of:

- (a) The promulgation of the firmwide scorecard through whole of firm communications.
 - (b) The Governance Board resolving that the MLT is to be accountable against the firm scorecard.
 - (c) MLT minutes which focus on activities required by the firm scorecard.
 - (d) Briefings with the CEO/CSP, the Head of Strategy and the Appointed Board Members.
10. The evidence we have been provided satisfactorily demonstrates that there is sufficient progress of the implementation of collective decision making with a "One Firm" focus and that the MLT is to be accountable against a firm-wide balanced scorecard. This process, including measurement, will continue to evolve as PwC Australia further develops metrics into future financial years as part of the Embedment stage of the Action.
11. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

21. Action 9.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A full time Chief Risk and Ethics Leader has been appointed to the Management Leadership Team, reporting to the CEO. This role has no client responsibilities.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> A full time Chief Risk and Ethics Leader is a member of the Management Leadership Team (MLT), reporting directly to the Chief Executive Officer (CEO). This role deliberately has no client responsibilities to reduce any perceived conflicts of interest. Risk and Ethics has a voice and mandate on the Management Leadership team and across the firm.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The then Acting CEO consulted with experts from the PwC Network to assist in defining the scope of the Chief Risk and Ethics Leader (CREL) role. The CREL role description outlined the reporting lines, experience and structure to be embedded in the role. The role description was endorsed by the CEO/CSP. Further consultation on the role description and requirements was undertaken prior to the selection of the candidate to fill the role. The role was formalised by updating the Management Leadership Team and Risk & Ethics team organisation charts.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> PwC Australia appointed a CREL in July 2023. The appointment was ratified by PwC Australia's Governance Board and announced internally. The CREL role is supported by a number of direct senior reports including the Chief Risk Officer, Head of Compliance, Head of Ethics, Central Business Risk Leader and the Head of Strategy & Regulatory Engagement.

Our Observations

1. Action 9.1 centres on the appointment of an experienced leader as the Chief Risk and Ethics Leader (CREL) to lead PwC Australia's Risk and Ethics function. This Action forms part

of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.

2. We observe that this is a key appointment that will have oversight and responsibility for many actions in the CTC Action Plan.
3. The Design Closure Criteria, listed above, aims to achieve a prominent voice for risk and ethics on the MLT.
4. Our review of this Action includes consideration of the following:
 - (a) The CREL's role description, specifying that the CREL will not have client responsibilities and will have oversight over enterprise-wide risk management, ethics, compliance, central business risk and regulatory engagement.
 - (b) The Risk and Ethics Organisational Chart, which demonstrates that the Chief Risk Officer, Head of Compliance, Head of Ethics, Central Business Risk Leader and the Head of Strategy & Regulatory Engagement all report to the CREL.
 - (c) Firmwide email announcing the appointment of the CREL and PwC Australia's website⁴ displaying the CREL as a member of the MLT.
 - (d) The MLT Terms of Reference as approved on 26 September 2023, which states that the CREL is a member of the MLT.
 - (e) Our multiple meetings with the CREL during the course of reviewing the risk related Actions through which we have been informed by and able to conclude the CREL performs the risk and ethics role at a very high level.
5. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

⁴ <https://www.pwc.com.au/management-leadership-team.html> (Accessed 12 May 2025).

22. Action 9.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The process is underway to appoint an enterprise-wide Chief Risk Officer with significant corporate experience. The responsibilities and mandate of this role will focus on enterprise-wide risk management and have no client responsibilities.
PwC Australia's Stated Closure Pack Outcome	<ul style="list-style-type: none"> Action 9.2 (and the appointment of an external, enterprise-wide Chief Risk Officer (CRO) with significant corporate experience) will play an important role in both establishing an Enterprise Risk Function and enhancing the 'voice' of risk. Once appointed, the CRO must build, a future fit Enterprise Risk Management capability within PwCA (across People, Process and Technology) to support the overall risk uplift program and carry this forward in BAU [Business As Usual]. This is covered in Action 9.3.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia set out three components of the Design Closure Criteria for this Action: <ul style="list-style-type: none"> The first, is the appointment of an individual with "significant corporate experience". PwC Australia conceptualises this as prior senior-level risk experience at an organisation of an equivalent size and complexity as PwC Australia and preferably a public-listed entity. The second, that the CRO's responsibilities be enterprise wide. This is to be reflected in a mandate that spans the full breadth of PwC Australia and with responsibility for all central risk management activities. The third, is for the CRO to have no client responsibilities. This specifically includes no formal responsibilities for individual clients, a broader capacity-led responsibility for any group of clients and no targets for revenue or client satisfaction. The CRO Role Profile was created and approved following the appointment of the CRO. The initial contract with the CRO stated that "we will agree the precise scope of your services with you in writing from time to time during your engagement". The CRO's role profile was further updated in May 2024.

**PwC
Australia's
Implement
Closure
Criteria**

- The Implement Closure Criteria sets out the following matters:
 - The appointment of the CRO to lead the enterprise risk function was a key focus area for PwC Australia Risk & Ethics function.
 - Interviews were conducted over July and August 2023.
 - Due to the sensitivity of the appointment, the appointment was handled by PwC Australia's People Leader at the time and was managed outside PwC Australia's standard process.
 - On 23 September 2023, the PwC Australia People Leader determined that the scope of the CRO role could be classified as a "Simple Business Relationship" and did not require a Joint Business Relationship Assessment as the arrangement does not involve the contracting entity providing any services to clients.
- The CRO commenced in the role on 3 October 2023. This was subsequently communicated to the market.

Our Observations

1. Action 9.2 concerns appointing an appropriately qualified person to the role of Chief Risk Officer (CRO) to lead PwC Australia's Enterprise Risk function. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. We reviewed the CRO's role profile which:
 - (a) Prohibits the CRO from having any client responsibilities, capability-led responsibility for any group of clients or revenue generating or client satisfaction targets.
 - (b) Notes the authority to challenge decisions that may impact PwC Australia's risk profile.
 - (c) Assigns leadership and oversight over the firm's risk governance, including an enterprise-wide risk framework, subject to exclusions for:
 - (i) compliance matters;
 - (ii) ethics matters;
 - (iii) cross lines of service matters; and
 - (iv) management of infrastructure and applications that Enterprise-wide Risk is reliant upon but are owned or managed in other functions.
3. In reviewing this Action, we gave particular consideration to the following matters:

- (a) The CRO's background and experience, including recent roles as the Chief Risk Officer of a large Australian bank and Group Chief Risk Officer of a large European bank.
 - (b) The Risk and Ethics Organisation Chart and the Enterprise Risk Organisation Design showing the responsibilities of, and reporting lines to the CRO.
 - (c) The Enterprise Risk Capability Assessment and its approval by the CRO.
- 4. In reviewing the materials, we note that the CRO was appointed under an independent contractor arrangement. The contracting arrangement does not allow the CRO to delegate any portion of the role to another individual or entity without prior approval from PwC Australia.
- 5. We were provided with briefings from the CREL, the Office of General Counsel and Head of Compliance and materials which include confirmation the CRO, as an independent contractor, enjoys the majority of the benefits and protections afforded to employees. Policies which are protective, including whistleblower policies, apply to the CRO.
- 6. Based on our review of the materials produced and our briefings with PwC Australia personnel, we have sufficient confidence that, subject to the matters raised above, PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

23. Action 9.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A detailed capability assessment with respect to enterprise risk is underway but will be an immediate responsibility of the new enterprise-wide Chief Risk Officer, including additional training requirements as required.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> The establishment of a future fit Enterprise Risk Function that supports the 3 Lines of Accountability Model and the CRO in discharging their duties and managing risk across the firm, will enhance the Firm's ability to identify, assess, mitigate, and monitor risks effectively, ensuring a proactive and strategic approach to risk management. Action 9.3 (and undertaking a capability assessment) will play an important role in rebalancing the limited enterprise view of risk by creating a definition of "enterprise wide" to understand the required breadth of the activity; and identify key gaps that need to be addressed. This will support the definition and establishment of a future fit Enterprise Risk Management capability within PwC Australia (across People, Process and Technology).
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia conducted a capability assessment of the enterprise risk function. The capability assessment did not identify any capability gaps to be addressed with training or upskilling. This capability assessment led to designing a future state Enterprise Risk Function. This assessment was endorsed by the CRO.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The implementation of the action involves addressing the identified gaps from the capability assessment. Those steps include organisational redesign, the recruitment of a number of roles (referred to as Phase One Roles), and training.

Our Observations

1. Action 9.3 concerns the completion of a detailed capability assessment that was already underway at the time of the CTC Action Plan. The assessment is to be the immediate responsibility of the appointed CRO. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.

2. Our review of this Action includes consideration of the following:
 - (a) The completed capability assessment dated March 2024 that was authored by the Head of Enterprise Risk Delivery & Operations and approved by the CRO.
 - (b) The Enterprise Risk Org Design Organisation charts (9.3.02) and Tech Hub Organisation charts.
 - (c) Job advertisements for various roles in the Enterprise Risk function and approval of those roles by the CREL (9.3.03) and Chief Financial Officer.
3. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

24. Action 10.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Business Risk leadership now reports to the Chief Risk and Ethics Leader, with dotted reporting lines to Business Leadership.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Business Risk (client risk matters relating to the Line of Service (LoS) operations with clients) is managed on a firmwide basis. Consistency in approach to considering risk and reputation matters. Keeping the Business Risk Partners involved in the day-to-day decision-making process informed and engaged and ensuring decisions are made on a whole of firm basis, not LoS.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Organisational redesign to have the LoS business risk partners reporting into the Central Business Risk partner to the CREL. The Primary Reporting Partner (PRP) for the LoS business risk partners will be the Central Business Risk Partner. The Central Business Risk Partner's PRP is the Chief Risk and Ethics Leader.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> Formal changes to: <ul style="list-style-type: none"> The organisation chart and reporting lines; and The PRP structure for the LoS Business Risk Partners. Establishment of new operating rhythms where the LoS Business Risk Partners meet weekly with the Central Business Risk Partner.

Our Observations

1. Action 10.1 centres on establishing formal reporting lines to Risk and Ethics under the Chief Risk and Ethics Leader (CREL), rather than the business line, for Line-of-Service Business Risk Partners. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. The Design Closure Criteria proposes changes to the organisational charts and the Primary Reporting Partner (PRP) reporting lines for the Line-of-Service Business Risk Partners across PwC Australia's business lines.
3. Our review of this Action includes consideration of the following:

- (a) The Risk & Ethics Organisation Chart and the Central Risk Reporting Lines demonstrating 'hard' reporting lines from the Line-of-Service Business Risk Partners to the Central Business Risk partner and 'dotted' reporting lines to the Line of Service.
 - (b) Extracts from the Master Primary Reporting Partner tracker that demonstrate that the PRP for the Line-of-Service Business Risk Partners is the Central Business Risk Partner.
 - (c) Extracts from the Master Primary Reporting Partner (PRP) tracker demonstrating that the Central Business Risk Partner's PRP is the CREL.
 - (d) Evidence of weekly Business Risk Partner meetings.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

25. Action 10.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A detailed review of risk accountabilities and governance is currently underway including responsibilities and processes across Business and Central Risk to support an effective 'Three Lines of Defence' model. Changes to accountabilities and roles will be completed following this review.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Selection of the variant of Three Lines known as Three Lines of Accountability. 3LoA is deemed to be the best fit for PwC given its past shortcomings, needs and characteristics. 3LoA will best support PwCA's ownership structure (Partnership model). Implementation is being prioritised across three Lines of Service and central risk in accordance with 10.2, but its full adoption across PwCA is the target state. Defined and agreed key governance principles that underpin the firm's adoption of Three Lines of Accountability.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The Chief Risk Officer conducted an analysis of the 3 Lines of Defence model, which incorporated: <ul style="list-style-type: none"> The model used by the Institute of Internal Auditors, as a model that may be relevant to PwC Australia. Approaches taken by listed corporations in Australia, including those that have undertaken recent culture, governance and accountability remediation programs. Regular updates from this analysis were reported to the Management Leadership Team Risk Committee (MLTRC). PwC Australia adopted a three lines of accountability (3LoA) model as the most relevant model for its organisation and structure.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> In July 2024 the MLTRC decided to delay the implementation of the three lines model to allow a more measured adoption. PwC Australia has completed the following actions to support the implementation of the 3LoA model: <ul style="list-style-type: none"> PwC Australia has moved from having separate business lines to emphasising a "one-firm" approach to decision-making.

This required the reorganisation of processes and responsibilities, which in turn impacts the timing of implementing the 3LoA model.

- Following the divestment of its government consulting business, PwC Australia undertook a review of organisational design and business performance. That review identified areas in PwC Australia's enabling functions that required further investment. PwC Australia initiated two internal projects to address the results of this review.
- PwC Australia finalised a benchmarking exercise against the implementation of a 3LoA model at a listed company.

Our Observations

1. Action 10.2 concerns the design and implementation of a fit-for-purpose three lines model for PwC Australia. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. Our review of this Action includes considerations of the following:
 - (a) The CRO's report recommending the Three Lines of Accountability (3LoA) model.
 - (b) The 3LoA Implementation Approach and Plan.
 - (c) Other materials considered by the MLT Risk Committee.
 - (d) Materials considered by the Governance Board Risk Committee.
 - (e) Briefings with PwC Australia personnel, including the Chief Risk and Ethics Leader and the Chief Risk Officer.
3. In our engagement with PwC Australia, we have evidenced careful consideration of the selection and tailoring of a three lines model for their specific organisational structure and requirements.
4. We consider that the Design Closure Criteria for this Action is satisfied. While the implementation of this Action is still in progress, we have observed sufficient evidence to consider that the manner of implementation, if it continues to be progressed, will be sufficient to achieve the objective of this Action.

26. Action 11.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A Head of Compliance was appointed in July 2023, reporting to the Chief Risk and Ethics Leader.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Greater rigor and focus on firmwide compliance responsibilities and activities. Compliance reports directly to the Chief Risk and Ethics Leader (had previously sat with the Chief Risk Officer office). Enhanced team to resource and support the firm's compliance obligations. Reduced possibility for conflicts of interest given role deliberately has no client responsibilities.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Developing a role description for the Head of Compliance that clearly articulates that role's responsibilities and accountabilities. That role description was approved by the CREL on 6 March 2024. The Head of Compliance role captures firmwide compliance matters relating to regulatory compliance, training, standards and compliance policies.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The CREL appointed an experienced compliance professional to the role of Head of Compliance in July 2023. The appointment was announced at a Risk and Ethics Town Hall. The key focus areas for the Head of Compliance and how that ties in with PwC Australia's Risk and Ethics function was communicated to the CEO.

Our Observations

1. Action 11.1 concerns the appointment of a Head of Compliance, a key role in PwC Australia's Risk and Ethics function, that reports to the Chief Risk and Ethics Leader (CREL). This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. We note that both the creation of the job description for the Head of Compliance and the appointment of someone to that role occurred prior to the publication of the CTC Action Plan in September 2023.

3. Our review of this Action includes consideration of the following:
 - (a) The Head of Compliance job description.
 - (b) The CREL's approval of the job description.
 - (c) PwC Australia's risk and compliance organisation chart.
 - (d) The CREL's email to the CEO/CSP dated 31 July 2023 regarding changes to PwC Australia's Risk and Ethics function.
 - (e) A briefing attended by the Head of Compliance, on a separate matter, demonstrating the Head of Compliance's knowledge and responsibility over compliance policies.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

27. Action 11.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A review of PwC's compliance framework maturity has been completed. The Head of Compliance has a number of priority initiatives with 2023 completion dates underway. The plan to address remaining gaps and to increase the voice of compliance will be progressively implemented.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Implementation of the Compliance Framework that supports and reinforces the One Firm model and fits within the broader Enterprise Risk Management Framework. Clear accountability for compliance. Closure of the agreed actions set out in the May 2023 Internal Audit report. Progress through the Model demonstrating an enhanced approach to compliance. A demonstrated Voice of Compliance.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia's Governance Board Risk Committee requested Internal Audit to assess PwC Australia's compliance framework. That report was completed in May 2023 and set out milestones or actions to be addressed across the firm. A quarterly risk and ethics compliance report was presented to the Management Leadership Team's Risk Committee (MLTRC). The MLTRC's input into decisions regarding the enhancement and implementation of the compliance framework was sought through these reports and in MLTRC meetings. PwC Australia set out the role of, and enhancements to, the Voice of Compliance in PwC Australia's Compliance Framework and provided the Head of Compliance with access to the Management Leadership Team (MLT) and MLTRC.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> In February 2025, Internal Audit completed a further review and assessed there was sufficient progress to address its previous May 2023 report. PwC Australia has taken several steps to increase the Voice of Compliance including: <ul style="list-style-type: none"> Embedding compliance into its work on PwC Australia's Tone at the Top initiatives;

- Making compliance a key part of the Compliance Gateway and eligibility for performance income;
- Changes to PwC Australia's policy suite to clarify obligations for PwC Australia personnel and ownership by the MLT;
- Update the firm on compliance changes through targeted communication;
- Regular reporting to the MLT and MLTRC of PwC Australia's compliance obligations.

Our Observations

1. Action 11.2 concerns PwC Australia's response to a review of its compliance framework maturity and increasing the "voice of compliance" within the organisation. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. PwC Australia's Internal Audit function completed a maturity assessment of the firm's Compliance Framework in May 2023. The Internal Audit report assessed the then maturity of the eight pillars of the framework governing PwC Australia's compliance management and served as the foundation of the Design Closure Criteria for this Action.
3. Our review of this Action includes consideration of:
 - (a) The May 2023 report by PwC Australia's Internal Audit function that assessed PwC Australia's then maturity of its compliance frameworks.
 - (b) The quarterly Risk and Ethics Compliance Reports to the MLT Risk Committee, which further updates and seeks input from the MLT Risk Committee over the initiatives relating to PwC Australia's compliance frameworks.
 - (c) Internal Audit's follow-up review of PwC Australia's compliance framework maturity report dated February 2025, which assessed that the key actions resulting from the May 2023 Internal Audit review have been addressed. We observe that the follow-up review assessed six of the eight pillars to be at maturity levels meeting or exceeding the originally planned levels for December 2024. The other two pillars have been assessed as having progressed with further initiatives being undertaken to improve their maturities. The follow-up report identified further areas for improvement for the embedment stage of this Action.
 - (d) PwC Australia's Compliance Framework 2024, which articulates the initiatives taken by PwC Australia to increase the "voice of compliance" within PwC Australia.
 - (e) PwC Australia's Tone at the Top Report for FY24.
 - (f) The requirements in PwC Australia's Compliance Gateway to be eligible for performance income or incentives.
 - (g) Overview and summary of PwC Australia's communication activities for FY24.

- (h) The repository of compliance papers for PwC Australia's MLT and MLT Risk Committee.
 - (i) Briefings with PwC Australia's Head of Compliance and Chief Risk and Ethics Leader.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

28. Action 12.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> • A Management Leadership Team Risk Committee will be established with membership from the full Management Leadership Team. Responsibilities will be formally defined and include more dedicated time to review formal enterprise risk reporting. • A formal Client Committee has been established and has already met as outlined above in Recommendation Seven.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> • PwC has a robust and centralised approach to enterprise-wide risk management decision making. • Key decisions and considerations around areas such as firmwide risk matters and significant client selection decisions and engagements are made on an enterprise-wide basis through the establishment of key Committees and panels, involving the right representation across the firm. This will ensure firmwide considerations are made across risk management matters such that the firm does the right thing for our people and clients.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> • PwC Australia established a formal Management Risk Committee (MLTRC) as a subcommittee of the Management Leadership Team (MLT). The members of the MLTRC include all MLT members and the Chief Risk Officer (CRO). • The MLTRC is given delegated authority by the MLT to make decisions on enterprise risk management matters. • Meetings of the MLTRC are to be distinct from the MLT meetings so that sufficient time is allocated to firmwide risk matters. • The MLTRC's Charter sets out the MLTRC's Terms of Reference (ToR) and powers, duties and responsibilities. The ToR were prepared by the CRO and were approved by the MLT in November 2023.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> • The MLTRC's composition includes all members of the MLT and the CRO. • From its establishment in November 2023 to December 2024, the MLTRC met twelve times. • MLTRC meetings are managed by the MLT Secretariat. • The MLTRC updates the Governance Board Risk Committee on firmwide risk matters.

Our Observations

1. Action 7.3 and Action 12.1 refer to both the MLT Risk and Client Committees and a single closure pack was provided for both. For the purpose of this report, we have reviewed the Design and Implement Closure Criteria relating to the MLT Risk Committee (MLTRC) in this section relating to Action 12.1. Our observations relating to the Client Committee was addressed in the earlier section on Action 7.3.
2. Action 12.1 concerns the establishment of a MLTRC. Under the ToRs of the MLTRC, the purpose of the MLTRC is to ensure that PwC Australia has adequate policies, practices and frameworks for the management and oversight of risk. The ToRs state that these practices include three lines of defence (3LoD). This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
3. We observe that, at the time of writing, PwC Australia is in the process of implementing a three lines of accountability model as the model most appropriate for PwC Australia's structure. Further details regarding this are outlined in the section on Action 10.2.
4. Our review of this Action includes consideration of the following:
 - (a) The MLTRC's Charter which include the MLTRC's ToRs and powers, duties and responsibilities.
 - (b) The MLT's approval of the MLTRC's Charter.
 - (c) Sample agendas, minutes and action registers of MLTRC meetings.
 - (d) Sample agendas of the Governance Board's Risk Committee.
5. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

29. Actions 13.1, 13.2 and 13.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<p><u>Action 13.1</u></p> <ul style="list-style-type: none"> A detailed review of the firm-wide approach to conflicts of interest has commenced. The revised approach will leverage the practices used currently in the Assurance business. <p><u>Action 13.2</u></p> <ul style="list-style-type: none"> A standardised conflict management and reporting process will be implemented, leveraging the strong practices in the Assurance business. A new contract management system is currently being piloted. <p><u>Action 13.3</u></p> <ul style="list-style-type: none"> A refreshed and additional comprehensive training and education program on conflict identification and management will be rolled out to all PwC Australia partners and staff. This program will be reinforced with change management support and continuing modules in recurring training programs.
PwC Australia's Stated Closure Pack Outcomes	<p><u>Action 13.1</u></p> <ul style="list-style-type: none"> A detailed firmwide approach to conflicts has been undertaken and designed to capture firmwide conflicts on a consistent basis. <p><u>Action 13.2</u></p> <ul style="list-style-type: none"> A standardised conflict management and reporting process has been implemented (refer to 13.1) NDA [(Non-Disclosure Agreement)] register transferred into Icertis and leveraged by Compliance for an improved standardised and central oversight approach for tracking the firm's NDA obligations and commitments. <p><u>Action 13.3</u></p> <ul style="list-style-type: none"> A refreshed and additional training program on conflict identification and management has been delivered to all PwC partners and staff based on relevance and applicability to their roles and responsibilities.

**PwC
Australia's
Design Closure
Criteria**

Action 13.1

- PwC Australia conducted a firmwide review of its existing conflicts processes. PwC Australia consulted with local and PwC network teams.
- The review included an evaluation of the scope of relationship checks across PwC Australia's business lines, an assessment of the engagement team's knowledge, and assessments of resourcing.
- The CREL presented proposed changes to the MLT.

Action 13.2

- PwC Australia had previously commenced creating a central contracts team and had investigated options for a contract lifecycle management (CLM) system.
- PwC Australia's Business Implementation Group (BIG) approved the use of Icertis as the CLM system in Q1 of 2024.
- The compliance function conducted a review of the functionality and scalability of the Icertis system for the management of Non-Disclosure Agreements (NDAs).

Action 13.3

- Following the review described in Action 13.1, PwC Australia identified a number of actions to uplift the training and identification and management firmwide:
- The PwC Global conflict training materials were reviewed and tailored to be fit for local purposes and to serve as a 'baseline' training for conflicts.
- Review local content to ensure it revisits basic principles of conflicts of interest, including personal conflicts and sensitive situations.
- The conflicts team works with each Line of Service to further tailor the content relevant to each Line of Service.

**PwC
Australia's
Implement
Closure
Criteria**

Action 13.1

- PwC Australia identified a number of actions to be implemented and communicated across the relevant groups. These include:
 - Running a conflicts of interest training program (refer to Action 13.3 for further details).
 - Extending mandatory conflict checks to all offering and product codes except for tax compliance. This is consistent with the practice of other PwC network firms.

- The Central Business Risk Leader reviews and approves the monthly conflicts dashboard to measure accuracy and identify and address bottlenecks.
- Establishing a business risk intranet site.

Action 13.2

- All partners confirmed the completeness of the NDA register in the interim storage (Data Kit) obtained through PACQ [Partner Additional Compliance Questionnaire] in Nov 2023.
- All partners and staff confirmed the completeness of the NDA register in the interim storage (Data Kit) obtained through the ACC [Annual Compliance Confirmation] in May 2024.
- All NDAs were uploaded into Icertis in April 2025.
- PwC Australia continues to run the two platforms in parallel, until such time as all staff/partners have direct access to Icertis to upload the relevant material. There are data accuracy checks undertaken periodically to ensure completeness, performed under the remit of the Compliance team. PwC Australia completed a full reconciliation of Data Kit in April 2025 in preparation for its decommissioning.

Action 13.3

- As part of their Essential IQ training, all partners and staff were required to complete the Global module "Navigating the Maze" throughout FY24.
- All client-facing and R&Q [Risk & Quality] partners and staff attended specific local training delivered by the Conflicts Team or completed an eLearn based on their Line of Service. These training sessions were delivered by the Conflicts team or completed on eLearn based on a recorded session in their Line of Service.
- Tax personnel undertook mandatory training conforming to the Tax Practitioner Board orders. The training occurred over FY24 and included conflicts of interest.
- Partners and staff who failed to complete their mandatory training by the due date were deemed to have been in breach of the Compliance Gateway (unless they were provided with an exemption). Partners in breach receive a "Does not meet Expectations" rating and a reduction in performance income as part of the Partner Evaluation Income Scheme (PEIS). See Actions 7.2, 15.1 and 21.2 for further details.
- Partners and staff that do not finish the mandatory training by the requisite date and were not provided with an exemption were considered to be in breach of the Compliance Gateway. The conflict training tracker summarises training completed both virtually and in-person.

- Partners in breach are given a 'Does not meet Expectations' rating in their R&Q metrics. They are also subject to a reduction in performance income under the Partner Evaluation and Income Scheme (PEIS).
- There is ongoing change management and practices implemented via Ethics training across the business. The Ethics team provides updates to the MLT and Line of Service leadership.

Our Observations

1. The Switkowski Review identified shortcomings in the management of PwC Australia's conflicts of interest. The Review found that there was a lack of an overarching conflict management framework providing guidance to conflict management (whether actual, potential or perceived), insufficient guidance for how to differentiate between types of conflict and a lack of embedded conflict risk awareness.
2. Accordingly, recommendation 13 of the Switkowski Review recommended PwC Australia implement an overarching framework for conflict identification and management, supported by better training, to drive organisational capability and behavioural change in relation to conflict identification and management.
3. Three Actions resulted from recommendation 13 of the Switkowski Review. They are Actions 13.1, 13.2 and 13.3.
4. The three Actions relating to conflict identification and risk management form part of a broader risk management framework and sit within Commitment Four of the CTC Action Plan on strengthening risk and conflict management and accountabilities at PwC Australia.
5. Action 13.1 is the foundation for the balance of the change programme for conflict management. The key outcome of Action 13.1 was to undertake a detailed review of the firmwide approach to conflicts of interest management and design an approach that would consistently identify conflicts.
6. We have been provided with evidence of the design of Action 13.1. The evidence establishes to an acceptable level of satisfaction that a detailed internal review of the conflict management system was undertaken and confirmed that reform of the conflict management system was required. The internal review was conducted by a partner from another PwC network firm and enlisted local office expertise from outside of the then existing conflicts team.
7. The review resulted in recommendations for significant conflict management uplift. The uplift recommended incorporated movement from prior risk-based approaches to conflict management emanating differentially from the three respective practices (Assurance, Consulting and Tax) to a consistently applied enterprise-wide conflict management regime.
8. Action 13.2 comprises the design and implementation of a standardised conflict management and reporting process, building upon the then Assurance practices. A new contract management system was at that time in pilot.
9. Action 13.3 requires the design and implementation of a significant enhancement of training and education in relation to conflict management. The Action requires the delivery of training to all partners and staff of PwC Australia and the ongoing implementation of the conflict management training in inductions and continuing learning and development.

10. Our review of these Actions includes consideration of:
 - (a) Materials considered by the MLT.
 - (b) Evidence of reporting to the Central Business Risk Leader.
 - (c) Policies relating to conflicts of interest.
 - (d) Materials relating to building out and uplifting the NDA register.
 - (e) Business Implementation Group and Steering Committee papers.
 - (f) Training materials prepared for these purposes.
 - (g) Briefings with PwC personnel involved in the design and implementation of these Actions.
11. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria for the three Actions. We consider that the Design Closure Criteria for all three Actions to be complete.

30. Action 13.4

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The firm's process for external Board appointments is under review and an updated policy incorporating close oversight of approval processes will be launched and implemented.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Revised external appointment policy in place, incorporating close oversight of approval processes. Establishment of the External Appointments Forum with representation from across the firm to support close oversight and approvals of external appointments.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Concerns were raised within the Management Leadership Team over the External Appointments Policy with a particular emphasis on conflicts of interest. This led to the Chief Risk & Ethics Leader preparing a paper to the MLT with draft changes to the External Appointments policy in October 2023. Final draft changes were approved by the Management Leadership Team later in October 2023. PwC Australia established a firmwide Policy and External Appointments Forum to review and approve external appointment requests and have oversight over the External Appointments Policy. In September 2024, the Forum was renamed the Compliance Review Forum. Membership of the forum includes the Head of Compliance (as Chair), Chief Risk & Ethics Leader (as a delegate of the Management Leadership Team) and representatives of each Line of Service (LoS) leadership team. Additionally, the Deputy Chair of the Governance Board is invited to attend the forum to facilitate their exercise of the Governance Board's delegation regarding partner external appointments.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> On 13 November 2023, the changes to the External Appointments policy were announced to all partners by internal email. The changes were communicated to all employees on 17 November 2023 via the weekly One Firm News email. Further communications were made externally on 24 Nov 2023, via PwC Australia's FY23 Transparency Report, which included key changes to the policy. PwC Australia sent all partners a one-off Partner Additional Compliance Questionnaire (PACQ) to be completed by 1 December 2023. This also set the foundation for the new policy moving forward.

- The first iteration of the Compliance Forum, the Policy and External Appointments Forum held its first meeting on 11 December 2023. The Compliance Review Forum meets regularly.

Our Observations

1. This Action concerns improving PwC Australia's policy and oversight of external appointments. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. Our review of this Action includes consideration of the following:
 - (a) The paper to the MLT regarding proposed revisions to the External Appointments Policy and minutes from the MLT meeting endorsing the updates to the policy.
 - (b) The updated External Appointments Policy.
 - (c) Email to partners from the CREL on 13 November 2023 and a firm-wide update on 17 November 2023 regarding the updated External Appointments Policy.
 - (d) PwC Australia's FY23 Transparency Report.
 - (e) The Partner Additional Compliance Questionnaire.
 - (f) The Policy and External Appointments Review Forum Charter and minutes from the forum's meeting to support the External Appointments Policy.
 - (g) The Compliance Review Forum Charter dated September 2024.
3. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

31. Action 13.5

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> PwC Australia has announced it will no longer make political donations.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> PwC Australia no longer makes political donations with checks in place to ensure this practice no longer takes place across the firm.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> Discussions commenced in early July 2023 to cease donations to political parties. This was considered and agreed to by the then Acting CEO and the Executive Board of PwC Australia. The initial conversation grew out of immense public scepticism of multinational organisations and the existence of a perceived conflict of interest where corporate donations to political bodies coincide with a bid to win government dealings. In alignment with this decision, amendments to the '<i>Making Ethical Business Decisions</i>' policy were made to replace existing guidance on government and political expenses and caveats placed on donations. Changes were drafted by the Corporate Affairs team and approved by the Chief Risk & Ethics Leader in accordance with PwC Australia's policies.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The revised policy was communicated to all partners by the Acting CEO on 10 July 2023 and to all staff by the CEO/CSP on 17 July 2023. The revised policy is permanently accessible to all PwC Australia staff members including partners via the Policies intranet site. Finance controls were updated from July 2023 to prevent political donations from being processed via expense claims. The "Political Party Donation" expense category has been removed from PwC Australia's iExpense software to disallow political expense claims.

Our Observations

1. This Action concerns PwC Australia's decision to cease donations to political parties. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.

2. Our review of this Action includes consideration of the following:
 - (a) Evidence of discussions between key PwC Australia personnel to cease political donations.
 - (b) Changes to PwC Australia's Making Ethical Business Decisions Policy, specifying that the policy disallows making monetary and in-kind donations to political parties, even where permitted by law.
 - (c) Documentation demonstrating controls to prevent political donations.
 - (d) The Acting CEO's email to partners on 10 July 2023 and the CEO's/CSP's update to all staff on 17 July 2023 communicating that PwC Australia will no longer be making political donations.
3. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

32. Action 13.6

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Completion of the sale of PwC Australia's core Government business is anticipated to finalise in October 2023.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Completion of the sale of PwC Australia's Federal and State Government consulting business to Scyne Advisory.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia publicly announced the divestment of its government consulting arm to a private equity firm in June 2023. The transaction was sanctioned by the Board of Partners on 22 June 2023. An exclusivity period was granted to Allegro Funds, a private equity firm. PwC Australia and Allegro agreed to a binding heads of agreement, which set out the key terms of the sale.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> PwC Australia announced its exclusivity arrangement with Allegro Funds in June 2023. A binding heads of agreement to sell PwC Australia's government consulting business to Allegro for \$1 was announced in July 2023. The sale of PwC Australia's government consulting business occurred in November 2023. PwC Australia underwent a process to transition contracts to a new entity through novation, or where the contract did not permit novation, PwC Australia sought permission to sub-contract the work to the new entity. PwC Australia's agreement with the government consulting business and its updated policies sets limits on the work it may undertake with government clients. PwC Australia entered into a transitional services arrangement (TSA) to provide the government consulting business transition services related to finance, human capital, technology and facilities. That agreement was for an initial term of 12 months with an option to extend for a further six months. This option was not exercised and the TSA concluded in November 2024.

Our Observations

1. This Action concerns the sale of PwC Australia's Federal and State consulting business to Allegro Funds. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. We observe that this transaction was well publicised. The announcement of this divestment predates the publication of the CTC Action Plan in September 2023.
3. Our review of this Action includes consideration of the following:
 - (a) Minutes from the Board of Partners (the predecessor to the Governance Board) recording the decision to divest the government consulting business and granting Allegro Funds a period of exclusive negotiations.
 - (b) PwC Australia's media release announcing the sale of the government consulting business to Allegro for \$1.⁵
 - (c) Restrictions on PwC Australia in engaging with government clients.
4. Although outside of the scope of the briefing materials and closure pack, we have also had regard to other publicly available information.
5. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

⁵ <https://www.pwc.com.au/media/2023/pwc-australia-appoints-new-ceo-kevin-burrowes-intent-to-divest-government-business-to-allegro-funds.html> (accessed 12 May 2025.)

33. Action 14.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> An incident/issues management system along with revised processes is currently being assessed and will be implemented. All significant breaches will be reported to and considered by the Management Leadership Team and Governance Board and considered as part of the consequence management process (refer Recommendation 15). Lessons learned through this process will be incorporated into communications and learning and development material.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> EthicsPoint embedded across PwC Australia. Establishment of a People and Ethics Conduct (PEC) panel to process ethical and business conduct matters, with consideration to the revised consequence frameworks for partners and staff and escalation protocols. Regular reporting to Management Leadership Team and Governance Board on matters and trends. Continuous learning approach towards matters arising, with effective communications and updates to learning and development content (ongoing).
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia established the role of the Ethics and Business Conduct Leader with responsibility for overseeing the end-to-end process of managing ethical and business conduct matters. The Ethics and Business Conduct Leader, in consultation with the Chief Risk & Ethics Leader conducted a review of the ethical and business conduct matters management process. This encompassed the use of a single management system (EthicsPoint), the process for investigation, triage and escalation through formal assessment, and reporting to the Management Leadership Team (MLT) and Governance Board. In October 2023, the MLT approved the use of the PwC global network case management system "EthicsPoint" to assess, escalate and manage ethical and business conduct matters; the process of managing ethical and business conduct matters, including the role of the People and Ethics Conduct Panel and the reporting of matters and key trends to the MLT; and the revised Terms of Reference for the People and Ethical Conduct Panel.

**PwC
Australia's
Implement
Closure
Criteria**

- Partner webcasts on the changes in the ethics and business conduct matters management process were held in August and November 2023.
- A step-by-step guide was created and made available on the Ethics and Business Conduct SharePoint site to help with identifying the best course of action if people encounter an ethical or business conduct concern. This was communicated to all staff and partners in April 2024.
- The Ethics and Business Conduct Leader provided training to the Office of General Counsel and People and Culture team to ensure familiarity with the EthicsPoint system and investigation and reporting process.
- The first set of Ethical and Business Conduct Matters reporting to the MLT took place in Q1 FY24 (covering July 2023 to September 2023).

Our Observations

1. Action 14.1 concerns the implementation of a revised ethical and business conduct matters management system. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. We note that this Action is linked to Actions 7.2 and 15.1, which relate to PwC Australia's consequence management framework that further defines and categorises ethical and business conduct matters and the potential consequences from them.
3. PwC Australia's Design Closure Criteria contemplates a revised ethical and business conduct matters management process which includes:
 - (a) Oversight from the Ethics and Business Conduct Leader.
 - (b) Use of the PwC global network case management system "EthicsPoint" to manage ethical and business conduct matters and enable regular reporting of matters and trends to the MLT and Governance Board.
 - (c) Changes to the Terms of Reference for the People and Ethical Conduct Panel.
4. Our review of this Action includes consideration of the following:
 - (a) The Ethics and Business Conduct Leader role description which specifies that the role has leadership and oversight of the development and implementation of ethics policies and procedures and investigation of ethical and business conduct matters.
 - (b) The Ethics and Conduct Issues Management process which provides for the use of "EthicsPoint" to case manage all ethical and business conduct matters and outlines the process for investigation, outcome determination and reporting.
 - (c) PwC Ethics and Business Conduct Methods and Procedures.
 - (d) The People and Ethical Conduct Panel Terms of Reference.

- (e) A briefing with the Ethics and Business Conduct Leader, where we sighted reports of significant breaches to the MLT and Governance Board.
 - (f) PwC Australia's Partner Evaluation & Income Scheme (PEIS) Policy, which requires the Governance Board to be informed of any proposed final outcomes for partners under the PEIS, including negative adjustments.
 - (g) Reports to the MLT, Governance Board and PwC Services Trust Board of learnings and broader communications of those learnings. PwC Australia's employees are employed by the PwC Services Trust Board, which receives updates on Ethics and Business Conduct Matters.
6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

34. Action 14.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> An assessment of the Office of General Counsel function is underway.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> The target state for the Office of the General Counsel is to be "fit for purpose" so that it can help the firm's focus on issues management, including: <ul style="list-style-type: none"> having the right leadership, structure and resources to be an effective in-house legal function; having the General Counsel as a highly visible and active participant at key forums including the MLT and the Governance Board; and having the team advising on matters in a way that supports the firm to improve focus on issues management.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The purpose of the Action is to ensure the Office of General Counsel function is appropriately resourced with a clear mandate and engagement model with the business. The assessment of the Office of General Counsel function was conducted by a team from PwC Legal Business Solutions, which specialises in transformation work with corporate legal functions. The assessment involved the review of eight functional areas involving, but not limited to, surveys, client interviews, process mapping and insight exercises.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The completed assessment will provide the incoming General Counsel options for transforming the Office of General Counsel function into the future. The General Counsel will be a standing member of the Transformation Program Steering Committee and a member of the Management Leadership Team. The General Counsel further attends Governance Board meetings. The new Office of General Counsel structure was launched in 2024. New and vacant roles were identified and advertised.

Our Observations

1. Action 14.2 of PwC's CTC Action Plan pertains to the assessment of the Office of General Counsel. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. This Action was underway when the CTC Action Plan was published. The assessment's report was finalised in October 2023 and the new General Counsel was appointed in February 2024. We observe that the assessment of the Office of General Counsel function had commenced and, by the time of our review, was finalised.
3. The assessment produced 48 recommendations. Implementation of those recommendations progressed throughout the year.
4. Our review of this action includes consideration of the following:
 - (a) The OGC Transformation Journey & Action Plan Summary dated May 2024 disclosing the steps taken to assess the Office of General Counsel function, PwC Australia's Legal Business Solutions' key findings and the actions completed in response to the assessment at the time.
 - (b) PwC Australia's website, publicly displaying MLT committee members, including the General Counsel.
 - (c) The MLT charter that includes the General Counsel as a member.
 - (d) Agendas and minutes from MLT and Transformation Steering Committee meetings disclosing the General Counsel as a member, including for example, the agendas and minutes from the MLT and Transformation Steering Committee.
 - (e) Our briefings with the General Counsel of PwC Australia.
5. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

35. Action 15.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> As well as regular training on ethics for all of our people, tools and materials to support good decision making founded on the PwC Code of Conduct and the profession's Code of Ethics will be made available and kept up to date on a readily accessible platform. This platform will also make available materials to support learning and development and will be in place by December 2023.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Ethics and Business Conduct SharePoint site is easily accessible and made available to all staff and partners, providing the necessary tools and materials, the PwC Code of Conduct and the professions Code of Ethics to support in sound decision making. The platform encourages employees to continuously improve their understanding of ethical conduct and decision-making processes via the provision of training and learning and development materials. There is clear accountability for ensuring the site is maintained in a timely and adequate manner.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The Ethics and Business Conduct SharePoint site contains relevant materials, tools, policy and guidance and is accessible to all staff and partners. The Ethics and Business Conduct SharePoint site includes links to relevant codes of conduct, policy and training, learning and development platforms.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The Ethics and Business Conduct SharePoint site is readily accessible to all staff and partners. The SharePoint site has links to training and is monitored with oversight from the Ethics and Business Conduct Leader. Partners and staff are provided with regular reminders and updates about the SharePoint Site.

Our Observations

1. Action 15.2 of PwC Australia's CTC Action Plan centres on the creation of an accessible SharePoint site with tools and materials to support good decision making, learning and development founded on the PwC Code of Conduct. This Action forms part of

Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.

2. Our review of this Action includes consideration of the following:
 - (a) A live demonstration of the means of accessing the Ethics and Business Conduct SharePoint site and a walkthrough of all its features and tools.
 - (b) Sample communications to all partners and staff highlighting the Ethics and Business Conduct SharePoint site and the tools and materials available on the site.
 - (c) The Head of Ethics & Business Conduct Role Description, which specifically includes the promotion of the use of the Ethics SharePoint Site.
 - (d) Evidence provided in response to our RFI which relevantly:
 - (i) noted that the Ethics Culture Senior Manager's responsibilities extended to maintain the currency of the Ethics SharePoint site; and
 - (ii) provided a broad sample of firm-wide communications regarding the Ethics SharePoint site.
3. Our participation in the live demonstration and walkthrough demonstrated that the SharePoint site provided ready access to:
 - (a) The PwC Code of Conduct, Tax Code of Conduct and Third-Party Code of Conduct;
 - (b) PwC's Purpose and Values and ethics-related policies;
 - (c) Ethical decision-making frameworks and examples of ethical dilemmas;
 - (d) Training tools, including mandatory training modules; and
 - (e) PwC Australia's Ethics Helpline.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

36. Action 16.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Regulatory engagement has been strengthened by establishing central leadership and oversight to support business led engagement. The Chief Risk and Ethics Leader has overall ownership for regulatory engagement. Regular reporting to and discussion with the Management Leadership Team on these matters.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Regulatory engagement is overseen centrally with overall responsibility for this under the Chief Risk and Ethics leader. Improved coordination and consistency in regulatory engagement across the firm. Chief Risk and Ethics Leader has overall ownership of, and responsibility for, regulatory engagement. A culture of transparent and regular communication with regulators established. Enhanced reporting and regular updates and discussions on regulatory matters with the MLT.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia appointed a Chief Risk & Ethics Leader (CREL). The CREL will have overall accountability for centralised regulatory engagement. For further details on the CREL role, please see Action 9.1. The regulatory engagement framework, to facilitate centralised leadership and oversight, was developed in early 2024 and reviewed and approved by the CREL in February 2024. The regulatory engagement framework was communicated to the MLT in March 2024.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> Regulatory engagement framework in place and supported by a centralised tracking register. The register captures regulatory activity relevant to the whole firm. The register is an input into the regular reporting to the MLT. The register includes documentation of minutes, actions and outcomes and is supplemented with additional specialist tracking of more technical matters for Tax and Legal.

- The CREL is supported by senior resources from Risk & Ethics and the Office of General Counsel as well as subject matter experts from across the business.

Our Observations

1. This Action centres on creating centralised leadership and oversight over regulatory engagement. The Action addresses Commitment Four of the CTC Action Plan. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. We observe that PwC Australia appointed a Head of Regulatory Engagement in March 2024 to support the Chief Risk & Ethics Leader (CREL). PwC Australia further made several additional appointments to support its regulatory engagement initiatives. These appointments include a Head of Regulatory Matters, Head of Corporate Affairs and Head of Government Affairs and Public Policy.
3. Our review of this Action includes consideration of the following:
 - (a) PwC Australia's Guidance for Regulatory Engagement dated April 2024, which sets out the new framework for PwC Australia's engagement with their regulators and the information to be captured in the tracker.
 - (b) The MLT paper for its meeting on 27 November 2024, setting out an update to PwC Australia's approach to regulatory engagement.
 - (c) File note listing the additional resources that have been hired to support PwC Australia's regulatory engagement.
 - (d) June 2024 Regulatory Update to MLT.
 - (e) Briefings with key PwC Australia personnel.
4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

37. Action 17.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The culture gap analysis being performed will direct PwC to where they need to enhance and build the understanding of and commitment to our purpose and values. It also forms the foundation of the global leadership framework they will be rolling out to all people leaders. Storytelling and role modelling of PwC's purpose and values are being built into the engagement and communications plan supporting the Action plan. By showcasing for their people how the purpose and values are brought to life everyday through their actions, conversations and critical symbols, they will bring them to life.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> There is an understanding of PwC Australia's current culture and the gap between the culture aspiration, which is used to inform the program of work. The key outcome of the program of work is for the purpose and values are demonstrably embedded to mitigate substantively the potential shadow behaviours in our cultural traits.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia completed a firm wide culture assessment, the culture gap analysis, to identify the five dominant cultural traits and define PwC Australia's target culture. The gap analysis further identified the strengths and shadow behaviours in PwC Australia's culture. The work led to the prioritisation of 10 behaviours that cluster to the 3C's, Curiosity, Collaboration and Challenge. This work was reviewed by an external expert and presented to the Transformation Steering Committee, which includes all members of PwC Australia's MLT. The Communication and Engagement Team completed the design of activities to promote role modelling and storytelling in February 2024.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The gap analysis underpins PwC Australia's purpose and values. The learnings from the gap analysis led to the following: <ul style="list-style-type: none"> Putting culture at the forefront of PwC Australia's new strategy. Solidifying PwC Australia's purpose and values through storytelling and role modelling to reinforce Firm specific behavioural expectations.

Our Observations

1. Action 17.1 concerns performing a culture gap analysis to serve as a cornerstone of PwC Australia's cultural transformation. This Action forms part of Commitment One of the CTC Action Plan, focussed on putting PwC Australia's purpose and values at the core of everything PwC Australia does.
2. We note that this is one part of a number of Actions in the CTC Action Plan related to culture. The others being Action 19.1 which focusses on the design of the program of work related to culture, Actions 18.1 and 19.2 which focus on the delivery of the program of work and Action 19.3 which centres on the rolling out of the Evolved PwC Professional.
3. A number of the related Actions, catalogued above, are not due for completion until next year. There will necessarily be some level of interlinkages between those Actions and this Action, 17.1. Our focus, in accordance with the wording of this Action, was on the culture gap analysis and the subsequent steps taken to address the results of that analysis.
4. We have not assessed cultural transformation, but we note that the demarcation between implementation and embedment of Actions cannot be strictly assessed, and that implementation of cultural change can be observed cyclically.
5. Our review of this Action includes consideration of the following:
 - (a) The outcomes of the culture gap analysis and the independent review of that work, as presented to the MLT.
 - (b) The MLT's response to the Independent Review.
 - (c) PwC Australia's Culture Program of Work.
 - (d) Culture Update to the Governance Board.
 - (e) PwC Australia's One Firm Strategy.
 - (f) Briefings with PwC Australia's Chief People Officer.
 - (g) Examples of storytelling, role modelling and critical symbols provided in the original closure pack and following our briefings with the Chief People Officer.
6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

38. Actions 18.1, 19.1 and 19.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description

Action 18.1

- An initial culture gap analysis is underway using existing material including engagement surveys and cultural work that has been done in the separate businesses. The work done in the Assurance business focused on embedding critical behaviours and this work has been reported on to the Audit Quality Advisory Board that has advised that business since 2020 (having been established in late 2019).
- The initial culture gap analysis assessment will inform the design of an extensive culture program that will bring in external experts and is expected to run from January 2024 - December 2025.

Action 19.1

- A comprehensive program of work will be designed following completion of the gap analysis referred to in recommendation 18. External experts will be involved, and the program will run from 2024 - 2025. Design will be complete by December 2023, leveraging work already performed through collection of engagement data and feedback and culture work performed in each of the businesses.

Action 19.2

- The program will focus on understanding and counteracting the 'shadow sides' of PwC Australia's cultural strengths as outlined on page 46 of Dr Switkowski's Independent Review. Work on "tone from the top" has already started with the following initiatives underway:
 - Increased communication with all partners and staff - including feedback sessions about key initiatives and policies. A firm-wide engagement session will be held in October 2023.
 - Strategy and Action Plan engagement sessions for all partners seeking feedback and challenge.
 - Increased use of survey tools to test key initiatives and policies.

PwC Australia's Stated Closure Pack Outcomes

Action 18.1

- Comprehensive Program of Work informed by the culture gap analysis, engagement data, expert's advice and previous culture work.
- Program of Work delivered fully by December 2025.

Action 19.1

	<ul style="list-style-type: none"> • There is a robust program of work underpinned by key drivers of culture and aligned with our espoused culture. • The program of work has full leadership support. • There is a well-defined roadmap for implementation of the program of work through the creation of a detailed plan (currently under development). <p><u>Action 19.2</u></p> <ul style="list-style-type: none"> • The program of work delivers initiatives that aim to mitigate the shadow sides of our cultural traits. • Tone from the top is leveraged to initiate and support cultural change in line with the program of work. • Survey and feedback tools are used to monitor and measure.
<p>PwC Australia's Design Closure Criteria</p>	<ul style="list-style-type: none"> • The Design Closure Criteria for Action 18.1 centres on engaging external experts to build upon the Culture Gap Analysis, engagement surveys and existing culture work to develop the first two iterations of PwC Australia's culture program. • The first iteration of the culture program was developed by Strategy& with inputs from the Switkowski Review, engagement survey data, onboard and exit survey data, diagnostics data and client feedback. • PwC Australia prepared an initial culture program in response to the Switkowski Review in December 2023. A Culture Gap Analysis was completed and accepted by the Transformation Steering Committee in March 2024 as described in Action 18.1. • The second iteration of the culture program builds on the gap analysis completed in March 2024. The second iteration focused on an integrated approach encompassing consideration of the 3Cs, the comments regarding the 'shadow sides' referred to in the Switkowski Review and the Evolved PwC Professional framework (detailed in Action 19.3). • Six change themes were identified to support the culture change in the program's second iteration: Evolved PwC Professional, Leadership Transformation, PwC Experience, Capability, Governance, and Transparency. • The Design Closure Criteria for Action 19.1 builds upon the work done in Action 18.1 to develop a third iteration of the culture program of work. • The third iteration was informed by: (1) updated engagement (Mojo) survey data; (2) input from external experts and (3) the identification of gaps and opportunities from the earlier iterations of the program.

PwC Australia's Implement Closure Criteria

- PwC Australia engaged with external experts to review the culture work already undertaken and assist in planning and supporting future components of the culture program of work.
- The initiatives identified by the third iteration include: (1) A fit for purpose Governance Model (including project management), (2) a stronger focus on measurement, (3) enhancing PwC Australia's understanding of the 'shadow sides' referred to in the Switkowski Review and (4) increasing the prominence of psychological safety.
- PwC Australia's MLT approved the proposed culture and the underlying framework for the updated culture program of work.
- PwC Australia implemented initiatives to address the 'shadow sides' referred to in the Switkowski Review including:
 - The Firmwide Jam – these provide opportunities for staff and partners to contribute their views, ideas and opinions on various areas including culture and leadership.
 - The PwC Awards – a new awards program to recognise people and teams for their contribution to PwC Australia's values, purpose and behaviours.
 - MLT Leadership Program – PwC Australia engaged an external consultant to design and support a 12-month executive development program for the MLT.
 - Leadership Reinvention – PwC Australia, along with external leadership development experts, have designed a new leadership development program. This is further detailed in Action 19.3.
 - Mini-Mojo Surveys – a mid-year engagement survey to collect a smaller and more targeted data set as a pulse check.

Our Observations

1. Actions 18.1, 19.1 and 19.2 concern the building of a culture program of work at PwC Australia based on the Switkowski Review and with input from internal and external sources. These Actions are part of Commitment One, putting purpose and values at the core of everything PwC Australia does, and Commitment Five on embedding a culture and practice of constructive challenge.
2. The five cultural Actions in the CTC Action Plan are, by their nature, interrelated and distinct from the other Actions reviewed. Actions 18.1, 19.1, 19.2 and 19.3 build upon PwC Australia's initial responses to the events leading up to and the Switkowski Review itself as described in Action 17.1. Please refer to that section of this report for further details. Action 19.3 is considered in a later section of this report.
3. Actions 18.1, 19.1 and 19.2 articulate the design work PwC Australia has undertaken over multiple iterations of their program of work related to culture. There is some overlap

between these three Actions and as such, they are considered together in this section of our report.

4. The multiple iterations of the Actions are to be expected. More than the other Actions, the real test for the culture Actions lie in and beyond the embedment stage of the CTC Action Plan. PwC Australia will necessarily have to test and review initiatives and adapt its plans in response to feedback from internal sources such as personnel and from external sources, including clients and possibly retained external experts.
5. Our discussions with PwC Australia and review of the evidence demonstrates that this is the case. The design of the various aspects of the culture program continues to be updated.
6. The culture Actions are interlaced with other Actions undertaken by PwC Australia as part of its CTC Action Plan. Examples of these Actions that have impacted the culture of PwC Australia include:
 - (a) The introduction of a requirement to satisfactorily pass the Compliance Gateway to be eligible for performance-based income, as detailed in Actions 21.2 and 23.1.
 - (b) The introduction of a balanced scorecard approach to remuneration, to emphasise non-financial considerations and contributions, as detailed in Action 21.1.
 - (c) The introduction of a published Expression of Interest call to apply for senior roles, as detailed in Action 20.1.
 - (d) The appointment of an independent Chair and two other independent members to PwC Australia's Governance Board, as detailed in Action 1.1.
7. In briefings with PwC Australia, we were provided further context regarding the firm's prior culture work programs and external reviews.
8. Our review of these Actions includes consideration of the following:
 - (a) PwC Australia's Culture Program responding to the Switkowski Review and the Gap Analysis. These initiatives are further detailed in Action 17.1.
 - (b) Briefings with PwC Australia which detailed the involvement of PwC Australia's external-facing consultants, insights from PwC network firms in other countries, the appointment of externals to key roles in PwC Australia including the roles of Chief Risk Officer, General Counsel and Chief People Officer, and the engagement of external consultants.
 - (c) Updated staff engagement (Mojo) survey results and updates to the MLT.
 - (d) Materials presented to the MLT regarding PwC Australia's culture statement and the framework underpinning it and the MLT's approval.
 - (e) Background documents to PwC Australia's Firmwide Jam, the PwC Awards, the leadership program and mini-Mojo surveys.
 - (f) Briefings with PwC Australia personnel for context and background to the initiatives described above and to review artefacts from the engaged external experts.
9. We observe that some of the external consultants employed were either part of or formerly part of PwC Australia or a network PwC firm. The observation is not to suggest a lack of applied expertise or to question independence. We have also evidenced, in briefings, the

work conducted by firms that are external to PwC Australia or the network in developing PwC Australia's culture program.

10. We consider that the Design Closure Criteria for these Actions are satisfied. While the implementation of these Action remains in progress, we have observed sufficient evidence to consider that the manner of implementation, if it continues to be progressed, will be sufficient to achieve the objective of this Action.

39. Action 19.3

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> Leadership development is a critical pillar to developing a culture of effective challenge. PwC Australia will be an early adopter of a new PwC global leadership framework focused on partners and senior staff. In the context of creating a challenger culture, PwC Australia's adoption of this framework will prioritise focus on behaviours such as 'I speak the truth even when it is hard' and 'I act ethically and speak up about inappropriate behaviour'.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> The Evolved PwC Professional is implemented across FY25 and embedded into key partner and employee lifecycles. This includes implementing mandatory global changes, along with designing localised solutions to ensure fit for our territory. Through the implementation and embedment of the EPP [Evolved PwC Professional], the firm has a consistent language around behavioural expectations, supporting a shift in the culture. Initial evidence of an organisation-wide cultural and leadership transformation towards positive challenge.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The Design Closure Criteria of this action centres on adapting the Evolved PwC Professional framework, created by PwC Global, to PwC Australia. The global Evolved PwC Professional was designed to enhance the growth, development and leadership capabilities of PwC personnel. Its focus is on making leadership a part of PwC's systems, processes and manner of operation more generally. Following PwC Australia's completion of the culture gap analysis (refer to Action 17.1), PwC Australia reviewed its existing PwC Professional performance framework. That review informed the launch and integration of the global Evolved PwC Professional framework into PwC Australia's systems, processes and tools. Relevant PwC Australia personnel participated in a strategy day workshop to review the global Evolved PwC Professional framework to better understand the mandated changes to people-related processes. This workshop shaped the design of PwC Australia's approach to all employee lifecycle events and bringing to life the 3C's. In response to the Switkowski Review, PwC Australia engaged its internal teams and an external leadership development consultancy to design the firm's Leadership Reinvention program as part of PwC Australia's Evolved PwC Professional rollout.

	<ul style="list-style-type: none"> • A Co-Design Council session, consisting of participants from the MLT and Clients & Markets team, to test and enhance the design of the program. • The program launched to the first cohort of participants in October 2024. Approximately 1,500 senior leaders (with a position of Director or above) across the firm will participate through to mid-2026.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> • PwC Australia employed a communications plan and held immersion sessions to provide further information regarding the Evolved PwC Professional framework. • The Evolved PwC Professional framework has been employed in several stages of the people experience including: <ul style="list-style-type: none"> • Recruitment and onboarding • Performance management • Reward & Recognition • PwC Australia launched Feedback Exchange, a 360-feedback tool, to support a culture of challenge and ongoing feedback through the assessment of EPP behaviours. • The CEO/CSP introduced the program and framework to senior leaders by launching the Leadership Reinvention to Partners and Managing Directors in September 2024. • The first cohort of participants commenced in October 2024 and the program will continue to roll out until mid-2026.

Our Observations

1. Action 19.3 concerns the development of PwC Australia's leaders and, through that, impacting PwC Australia's culture and emphasising certain behaviours. This Action forms part of Commitment Five, focussed on embedding a culture and practice of constructive challenge.
2. As with the other culture Actions, the implementation of this Action will be ongoing. PwC Australia intends to regularly review and look for enhancements to these initiatives.
3. Our review of this Action includes consideration of:
 - (a) The materials presented to the MLT in March 2024 detailing the steps taken to apply the global Evolved PwC Professional framework to PwC Australia.
 - (b) Materials considered in workshops to tailor and develop the local version of the Evolved PwC Professional and the resulting materials presented to the MLT.

- (c) Additional materials demonstrating leadership and stakeholder involvement in the design of the Evolved PwC Professional.
 - (d) Materials regarding the communication plan, including information sessions and content creation, to inform relevant PwC Australia personnel of the Evolved PwC Professional.
 - (e) Materials demonstrating the integration of the Evolved PwC Professional framework into the processes for recruitment and onboarding, performance management, feedback, and reward and recognition at PwC Australia.
 - (f) Evidence of the launch of and initial participants of the Leadership Reinvention program.
 - (g) Briefings with key PwC Australia personnel.
4. We note that the Leadership Reinvention program is expected to run until June 2026 and will encompass approximately 1,500 PwC Australia personnel at the level of Director or higher.
5. We consider that the Design Closure Criteria for this Action to be complete. While the implementation of this Action is still in progress, we have observed sufficient evidence to consider that the manner of implementation, if it continues to be progressed, will be sufficient to achieve the objective of this Action.

40. Action 20.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> This process has recently changed so that any member of the partnership can apply for senior roles. Applicants are then interviewed and selected based on their merits. This was agreed by the Management Leadership Team on 17 July 2023 and communicated to partners shortly thereafter. The new process was implemented in September 2023 and is being used to fill senior roles going forward.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Partners have greater visibility of internal opportunities and can easily navigate roles that become available throughout the PwC Australian Partnership. There is consistency and fairness in the appointment process (including a reduction in relationship bias that may otherwise exist) to support the career and development of all partners. Partners are empowered to upskill, reskill and progress their career in line with their goals. People Value Proposition is enhanced as partners are provided with interesting and exciting career opportunities.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The MLT discussed and agreed to create a formal appointment policy for leadership roles. The MLT further agreed on the roles that would be in scope of the policy. Consultations with relevant stakeholders, including the Heads of Partnership and Compliance, were held to develop the policy. The policy was reviewed and approved by the MLT and Governance Board's Partner Matters committee.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The Partner Leadership Appointment policy, which involves an Expression of Interest for roles, was effective from August 2023. Expressions of Interest were opened for several key roles including Chief People Officer, Chief Transformation Officer, Consulting Leader and Head of Partnership. Following approval by the Governance Board's Partner Matters committee, the formal Partner Leadership Appointment policy was made effective from 30 May 2024.

Our Observations

1. Action 20.1 concerns the establishment and formalisation of a process to allow any member of the PwC Australia partnership to apply for senior roles. This Action forms part of Commitment Five, focussed on embedding a culture and practice of constructive challenge.
2. The Design Closure Criteria largely involves two stages. The first of these is the development and implementation of a process to open senior roles to the entire partnership. The second involves the formalisation of this process through a policy, approved by both the MLT and the Governance Board's Partnership Matters Committee.
3. In testing the features of the Partner Leadership Appointments policy in a briefing session, PwC Australia explained that the inclusion of Enabling Functions Leadership Roles on a case-by-case basis was due to those roles being principally populated by Director-level personnel and PwC Australia wished to open senior roles in those functions to the expression of interest process.
4. Our review of this Action includes consideration of the following:
 - (a) Extracts from MLT meeting minutes discussing the appointment process.
 - (b) MLT papers on the appointment process.
 - (c) Approval of the policy by the MLT and Governance Board.
 - (d) Communications to the partnership regarding several key leadership roles including the Chief People Officer, Chief Transformation Officer, Consulting Leader and Head of Partnership.
 - (e) The Partner Leadership Appointment Policy.
6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

41. Action 20.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A renewed vision for PwC Australia was communicated to partners on 7 September 2023. This vision intends to reset the direction of the firm, including in respect of our cultural and ethical ambitions to restore trust in PwC Australia. This was combined with a new Balanced Scorecard as explained in Recommendation 21.
PwC's Closure Pack Outcomes	<ul style="list-style-type: none"> Launch a renewed vision for PwC Australia. This vision will reset the direction of the firm, including our ambitions with respect to culture and ethics, in order to restore trust in PwC Australia. The key outcomes it is intended to achieve are articulated by the vision statement: To be the leading professional services firm – built on the highest ethical and professional standards, with integrity at the core of everything we do. Delivering purposeful and sustained outcomes for our clients, our people, and our communities.
PwC's Design Closure Criteria	<ul style="list-style-type: none"> The Transformation program team drafted the vision statement as a starting point. The drafted statement was workshopped on 10 August 2023 with the Extended Leadership Team. On 25 August 2023 the finalised Vision statement was shared with the Management Leadership Team (MLT) following feedback from the Extended Leadership Team and considerations regarding PwC Network / Regional alignment. Meetings for final feedback with the Line of Service Leadership Team were conducted during the week commencing 4 September 2023. The Vision statement was finalised for endorsement by the MLT on 7 September 2023 and shared with the Governance Board on 8 September 2023.
PwC's Implement Closure Criteria	<ul style="list-style-type: none"> The Vision statement was announced to the partners via webcast, which was followed by a Partner Connect Breakfast. This event discussed the statement in further detail. Partners were supported with a communications toolkit and training provided during a Partner Connect Breakfast to disseminate messaging to their teams. On 18 Oct 2023 there was an announcement to staff via a Firmwide webcast. During September to October 2023 there was engagement with partners to develop the strategy. This included a survey to all partners which sought feedback on how to realise PwC Australia's vision.

Our Observations

1. Action 20.2 concerns the setting of a new vision for PwC Australia (the 'Vision Statement'). This Action forms part of Commitment Five, focussed on embedding a culture and practice of constructive challenge.
2. The stated aim is that the Vision Statement will assist the firm to reset the firm's direction, including its ambitions with respect to culture and ethics. This is intended to form part of the process of attempting to restore trust in PwC Australia, recognised by the firm as a critical need, given the findings of the Switkowski Review and other external events. Although not stated, our understanding is that the renewed Vision Statement is also intended to provide a renewed basis for engagement with firm stakeholders.
3. PwC Australia's Vision Statement is:

"To be the leading professional services firm – built on the highset ethical and professional standards, with integrity at the core of everything we do. Delivering purposeful and sustained outcomes for our clients, our people and our communities".
4. The Design Closure Criteria in the closure pack provides that the Vision Statement was prepared following consultation with the Executive Board (the predecessor to the MLT) and taking into account external 'exemplars'. We have considered the materials in the closure pack and note the evidence supports this assertion.
5. Our review of this Action includes consideration of the following:
 - (a) The FY24 Firmwide and Partner Scorecard.
 - (b) Materials considered by the Extended Leadership Team, Line of Service Leadership, MLT and Governance Board.
 - (c) Materials demonstrating the announcement and communication of the Vision Statement across PwC Australia.
 - (d) Briefings with members of the MLT, including the CEO/CSP and relevant PwC Australia personnel.
6. There are linkages with a vast number of Actions that flow from and relate to the Vision Statement. The dependencies will be relevant to the embedment stage of this and other Actions in the CTC Action Plan.
7. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

42. Action 21.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria

CTC Action Plan Description	<ul style="list-style-type: none"> • New FY24 Balanced Scorecard was launched to Partners on 7 September 2023 with a significant emphasis on non-financial measures such as ethics and integrity, culture and experience, client centricity and collaboration. • Growth measures are now "One firm" and are based on sustainable growth.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> • Launch a new set of FY24 Partner Metrics in conjunction with new FY24 firmwide Balanced Scorecard. • New Partner metrics will have a significant emphasis on non-financial measures and will be consistent across the firm, moving away from firm specific KPIs to One Firm. • Realisation of more balanced outcomes for the firm, simplification and standardisation of the approach taken in each Line of Service (LoS) to enable greater collaboration (i.e. one firm approach).
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> • FY24 Partner and Firmwide Scorecards have been designed to ensure alignment between Partner and Firmwide metrics. This was carried out by a project team consisting of subject matter experts from Strategy & Remuneration and People & Culture. The project team took into consideration the best practices from other PwC territories as well as local organisations. • Draft scorecards were workshopped with the Extended Leadership Team, and linkage to PwC Australia's Vision was identified as an area for discussion. There was consultation with LoS Leadership Teams to address business nuances in early September 2023. • The Executive Board/MLT and Governance Board endorsed the Balanced Scorecard in September 2023.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> • The FY24 Partner Metrics was launched in September 2023. • As part of the launch, written guidance was provided to all Partners which included an explanation of how the metrics would be measured and incorporated into partner performance process. • Implementation and ongoing embedment have been achieved by the use of the metrics to support quarterly conversations between Partners and their Primary Reporting Partner (PRP).

Our Observations

1. Action 21.1 concerns the measurement of partner performance. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. The Switkowski Review considered that many of the problematic behaviours within PwC Australia resulted from a system of reward and recognition that favoured, almost to the exclusion of overall performance metrics, the strength of a partner's financial performance. The Switkowski Review concluded that the system of reward and recognition was disproportionately focused on revenue growth and market leadership by reference to financial metrics as strategic imperatives.
3. PwC Australia launched a new Balanced Scorecard for FY24 on 7 September 2023 with "a significant emphasis on non-financial measures in areas such as ethics and integrity, culture and experiences, client centricity and collaboration". Sustainable growth was and remains a measure for continued focus, with the proposed response to focus on a "One Firm" view rather than the previous focus on three lines of service, the previous business model that had resulted in a lack of cohesion and accountability.
4. The FY24 Balanced Scorecard for partners was prepared and socialised within the partnership as a first stage response, with the intention of refining the scorecard to take account of the planned launch of a renewed firm strategic plan.
5. The FY24 Balanced Scorecard involves design features that incorporate proposed measurements for assessing partner performance based upon the following:
 - (a) Ethics and Integrity - measured by reference to risk and quality compliance, independence, and team values measurements (survey based).
 - (b) Culture and Experience - measured by reference to various employee engagement measures, team wellbeing and regretted staff turnover.
 - (c) Client Centricity - measured by reference to client satisfaction ratings, the assessment by clients of the performance of individual partners, and client listening feedback.
 - (d) Leadership and Collaboration - measured by reference to 360 feedback, some financial metrics, and feedback surveys for relationship partners.
 - (e) Sustainable Growth - with some quarantining of the audit practice area to prevent practice cross-selling to other PwC business functions.
6. These metrics were incorporated into scorecards for the assessment of partner performance for FY24. The personal plans of partners which had been settled prior to the commencement of FY24 were not voided but rather were supplemented by the new scorecard measures.
7. The closure pack includes material that evidences that the intention to cascade the partner and team scorecard measures into the personal plans of the employees. The intended consequence of doing this is to align firmwide, partner and employee objectives.
8. Our review of this Action includes consideration of:
 - (a) The firmwide and partner scorecard templates.
 - (b) Workshop materials provided to the extended leadership team.

- (c) Minutes and papers considered by the Executive Board (EB)/MLT.
 - (d) Communications packs provided to leadership team members and the subsequent packs provided to the partnership.
 - (e) Briefings with key PwC Australia personnel.
9. In briefings with PwC Australia, we were provided with access to examples of Balanced Scorecards. We interrogated PwC Australia about the assessment of high economic value partners and enquired whether there were examples of such individuals being provided with a lower Balanced Scorecard rating than might otherwise be the case but for the introduction of the new rating system: that is, a score lower than would have been the case but for the new system. Due to the sensitivity of the issue and the fact that internal review processes remained at that time in progress, we received oral confirmation of particular examples where high economic value partners with sub-optimal non-economic performance measures had been rated poorly (by comparison to the available rating).
 10. We note that the FY24 Balance Scorecard process was pointedly an evolutionary step. Our briefings and materials we reviewed demonstrated that for the FY25 Balance Scorecard process, a more refined approach has been adopted, consistent with the Design Closure Criteria in Action 21.1, and incorporating learnings from FY24.
 11. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

43. Action 22.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> The FY23 partner remuneration process is nearing completion and involved a strong focus on behaviours, leadership, and a comprehensive "moderation" and review process. This process will be further enhanced for the FY24 process (to be completed by September 2024) with additional mechanisms for cross firm input into partner outcomes. Action to be implemented by end September 2024.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Enhance the FY24 partner remuneration process with additional mechanisms for cross firm input into partner outcomes. The partner moderation and review process comprise of the appropriate checks and balances to minimise risks of bias in the partner review process.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> The Partnership Operations team conducted a review of the FY23 partner remuneration process to identify areas for uplift for the FY24 process. In March 2024, the Partnership Operations team engaged with the Governance Board on the process. In May 2024, the team engaged with the Management Leadership Team (MLT) on the annual review process. PwC Australia observed that their historical practice did not include partners from outside the Line of Service in moderation meetings. The Partnership Operations team proposed changes to the FY24 process to include input from across the firm. A further one-time moderation process was undertaken by the MLT for partners on the extended leadership team and partners with a responsibility rating of 1 (1RR Partners). The proposed changes were endorsed by the MLT in June 2024.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> PwC Australia historically conducted partner moderation meetings only with those in the relevant partner's Line of Service. Now an attendee from another Line of Service attends moderation meetings to provide input and challenge. Input from other lines of service will be used in future assessment and moderation processes. PwC Australia conducted an Independent Performance Assessment (IPA) process for MLT members from July 2024. The IPA process involved senior partners from a different line of service or business area to review MLT members. These appraisers

were given instructions and were supported by the Partnership Operations team.

- Partners subject to the IPA process received their outcomes from that process in September 2024. The consolidated process and outcomes were communicated to partners in October 2024.
- The Partnership Team is currently reviewing the outcome from the first IPA process in its planning for the FY25 process.

Our Observations

1. This Action concerns updating the partner remuneration process to include a review and moderation process. The process will include a focus on behaviours and leadership. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. Our review of this Action includes consideration of:
 - (a) The slide pack for the mid-year Partner Evaluation and Income System (PEIS) Committee meeting on 18 March 2024.
 - (b) The agenda and minutes from the MLT meeting discussing and endorsing the Independent Performance Assessment (IPA) process.
 - (c) The MLT meeting pack providing a status update on the PEIS and changes to it, including the MLT IPA process.
 - (d) Minutes from the MLT meeting endorsing changes to the PEIS moderation process with the MLT having a role in the moderation of partners with a responsibility rating of 1 and Extended Leadership Team members.
 - (e) Evidence of cross Line of Service members being included in PEIS moderation.
 - (f) Briefings with PwC Australia personnel including the current and former Chief People Officer and members of PwC Australia's Partnership Team.
3. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

44. Action 22.2

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> As part of the PwC Australia Partnership Agreement, additional clawback and deferral mechanisms will be proposed, including consequences for behaviours discovered after partners have left the firm. Action to be implemented by end September 2024.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Propose clawback and deferral mechanisms to allow for consequences for behaviours discovered after partners have left the firm. To have a strengthened partner remuneration process by having mechanisms which allow for a deferral and clawback of remuneration including for partners who have left the firm.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> During the period from December 2023 to February 2024 a comprehensive review of the existing Partnership Agreement and Partner Evaluation Income Scheme policy (PEIS) was undertaken. The review led to PwC Australia's Office of General Counsel instructing external counsel to draft changes to the Partnership Agreement and the PEIS. These changes were endorsed by the PwC Global Office of General Counsel. These changes were communicated to partners via engagement sessions. Feedback from the MLT and Governance Board were incorporated into the final version of the PEIS. PwC Australia partners voted in favour of the amendments in March 2024 to the clawback and deferral mechanisms embodied in the PEIS.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> The amendments to the PEIS became effective following the vote of partners in March 2024. Those changes applied to income years after March 2024. The PEIS process was updated accordingly. PEIS outcomes were further discussed in a call with all partners in October 2024.

Our Observations

1. Action 22.2 concerns proposed changes to the remuneration arrangements of partners to impose clawback and deferral mechanisms. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.

2. PwC Australia's Design Closure criteria for this Action involves a comprehensive review of the Partnership Agreement and Partner Evaluation Income Scheme (PEIS) Policy, communicating and seeking feedback of the proposed changes and voting to operationalise the proposed changes.
3. The above was undertaken as part of PwC Australia's more general review of its Partnership Agreement and related instruments between late 2023 and early 2024. Aspects of this review is covered in other Actions including Actions 1.2, 1.3 and 2.1. As with those Actions, we have not observed any material weakness in the Design Closure Criteria.
4. The implementation of this Action consists of two components:
 - (a) For MLT members: under the updated PEIS Policy effective 7 March 2024, 10% of a MLT member's total profit distribution will be withheld for three years. This amount is subject to clawback where:
 - (i) the partner has committed a Serious Misconduct;⁶ or
 - (ii) a significant audit, regulatory or client service delivery failure that has led to a loss of market confidence in PwC Australia occurred during the Partner's time as a member of the MLT.
 - (b) For partners more generally:
 - (i) The Governance Board, under clause 21.5 of the Partnership Agreement, may in its absolute discretion suspend or withhold a part or a whole of a retiring partner's entitlements to profits for a period of up to 12 months.
 - (ii) Under Clause 21.6, the Governance Board may, in its absolute discretion, make a determination that the suspended or withheld payments be set off against any amounts owed to the firm or other liabilities resulting from the retiring partner breaching their obligations under the Partnership Agreement or engaging in other conduct detrimental to the firm.
 - (iii) The operation of the above and accompanying clauses is subject to further guidelines. Under those guidelines, a 70% to 100% withholding will apply where the partner has acted fraudulently or dishonestly or is otherwise subject to mandatory retirement due to committing a material breach of the Partnership Agreement or acting in a manner that is materially inconsistent with the standard of conduct expected of a partner or in a manner that may damage the reputation of the firm.
 - (iv) The guidelines further set out instances where a withholding up to 50% will apply. Those instances include where a partner advises that they intend to take up a role with a listed firm or a competitor.
5. We observe that changes to the remuneration of partners have been proposed and implemented for MLT members and partners more generally through the guidelines relating to the relevant suspending and withholding clauses in the Partnership Agreement.
6. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

⁶ See Action 3.1 for the definition of Serious Misconduct.

45. Action 23.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> A significant focus on values and behavioural expectations is included in the Action Plan (refer Recommendation 17). Transparent reporting of behavioural issues and consequence management outcomes will be significantly uplifted for the partner cohort, commencing with the results of the FY23 partner remuneration process.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> The firm's behavioural expectations of partners is clear and transparent, thereby driving behavioural change. Greater visibility of partner consequence management outcomes, thereby rebuilding trust in the effectiveness of the firm's accountability frameworks. The governance of these matters is strengthened by enhancing the information available to the Management Leadership Team.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia introduced a firm scorecard in October 2023, following a webcast to partners by the CEO/CSP and the then Chief Strategy and Transformation Officer in September 2023. The scorecard encompasses non-financial metrics such as leadership scores, wellbeing and engagement. Risk and Ethics Leadership reviewed PwC Australia's consequence frameworks for partners, with a particular view on ensuring that the ethical and business conduct matters were integrated into the framework. Risk and Ethics designed and proposed, for the MLT's approval in October 2023, a Compliance Gateway. The Compliance Gateway is a mechanism whereby a partner's eligibility to their bonus may be impacted for failures to comply with fundamental compliance or ethical requirements. The initial components of the Gateway will centre around independence and ethical breaches along with failures to complete the Annual Compliance Confirmation or mandatory training in time. PwC Australia designed and launched the Ethics SharePoint intranet site for partners, and other PwC Australia personnel, to access materials to support ethical decision making. The MLT discussed and endorsed the sharing of behavioural issues and consequence management outcomes to the partnership via a dashboard in October 2023. Risk and Ethics reviewed and redesigned the Terms of Reference of the People Ethical Conduct Panel to include the review of all partner

	ethical matters. This was discussed by the MLT in their meeting in October 2023.
PwC Australia's Implement Closure Criteria	<ul style="list-style-type: none"> • The CEO/CSP, along with the then Chief Strategy and Transformation Office, launched PwC Australia's Balanced Scorecard in a webcast to partners in September 2023 and in a series of breakfast meetings. These included practical examples of the Balanced Scorecard on partner ratings. • As part of the Partner Evaluation and Income Scheme (PEIS) process at the end of the financial year, partners are required to assess their performance against the metrics stated in the Balanced Scorecard. • The updated consequence management framework includes changes to ensure the consistent identification of ethical and business conduct issues and application of penalties (refer to Actions 7.2, 15.1 and 21.2) • PwC Australia implemented a Compliance Gateway, whereby ratings higher than "performing" and consequently bonus remuneration will only be available to those who satisfactory comply with the requirements of the Compliance Gateway. • PwC Australia launched an internal Ethics SharePoint site, which also provides a confidential ethical conduct or "speak up" line (refer to Action 15.2). • Following the conclusion of the FY23 PEIS process, PwC Australia issued a letter to all partners which included details of consequences from that process. Following the end of the FY24 PEIS process, names and details of partners who received penalties were shared with the MLT and Governance Board. • The Terms of Reference for the People & Ethical Conduct (PEC) Panel were updated to broaden the cases that will be considered by the panel. There were twelve Category 1 matters brought to the PEC Panel in FY23. Following the changes to the Terms of Reference, this increased to 79 in FY24. • Regular reports on behavioural and ethical issues are made to the MLT and Governance Board.

Our Observations

1. This Action concerns the transparent reporting of behavioural issues and consequence management outcomes following changes to PwC Australia's frameworks relating to ethical compliance and consequence management. This Action forms part of Commitment Four of the CTC Action Plan, strengthening risk and conflict management and accountabilities at PwC Australia.
2. This Action builds upon several previous Actions in the CTC Action Plan including the following:

- (a) Actions 8.2, 20.2 and 21.1 relating to launching and integrating a Balanced Scorecard.
- (b) Actions 7.2, 15.1 and 21.2 relating to reviewing and updating the firm's consequence management framework.
- (c) Action 15.2 on launching a dedicated Ethics SharePoint site on PwC Australia's intranet to support ethical decision making.

Please refer to the sections of this report dealing with the above-mentioned Actions for our comments on those specific Actions.

3. Our review of this Action includes consideration of:

- (a) Materials relating to the PwC Australia's Balanced Scorecard, including materials referred to in Actions 8.2, 20.2 and 21.1.
- (b) Materials relating to PwC Australia's consequence management framework, including materials referred to in Actions 7.2, 15.1 and 21.2.
- (c) Materials discussing and introducing the Compliance Gateway.
- (d) The agenda and minutes from the 16 October 2023 MLT meeting discussing and agreeing to report data to partners via a dashboard.
- (e) Evidence of change of PEC scope including MLT paper and minutes from 16 October 2023 meeting.
- (f) The Terms of Reference for the People & Ethical Conduct (PEC) Panel. The FY23 Employee Relations report and FY24 Report on Ethics and Business Conduct Matters.
- (g) Communications and information presented to PwC Australia partners, the MLT and the Governance Board following the FY23 and FY24 PEIS processes.
- (h) Briefings and walkthroughs of the PEIS and consequence management framework process and reports of partner issues to PEC and the MLT.

4. Based on our review of the materials produced, we have sufficient confidence that PwC Australia's actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

46. Action 24.1

PwC Australia's CTC Action Plan, Outcome and Design and Implement Criteria	
CTC Action Plan Description	<ul style="list-style-type: none"> Publish comprehensive, audited financial statements by September 2025. In addition, other reporting required by the ASX Corporate Governance Principles including a Remuneration Report will be published. Action to be implemented by end September 2025.
PwC Australia's Stated Closure Pack Outcomes	<ul style="list-style-type: none"> Prepare and publish comprehensive audited financial statements for PwC Australia (annually). Prepare and publish a Remuneration Report for PwC Australia (annually). Disclose other reporting or artifacts required by the ASX Corporate Governance Principles to the extent applicable/appropriate for a Partnership.
PwC Australia's Design Closure Criteria	<ul style="list-style-type: none"> PwC Australia's Partnership Agreement was amended to allow the Governance Board to request that the CEO/CSP prepare, and make public, financial statements and to have those statements audited by an external auditor appointed by the Governance Board. In its meeting on 13 September 2024, the Governance Board passed a resolution to request the preparation and publication of financial report and remuneration report for the period from 1 January 2024 to 31 December 2024. The Chair of the Finance Audit & Sustainability Committee, on delegation of the Governance Board, appointed an external auditor in October 2024. PwC Australia conducted an assessment, approved by the Governance Board, as to which PwC Australia personnel would be classified as Key Management Personnel for the purposes of the Remuneration Report. PwC Australia conducted a detailed assessment of the 4th edition of the ASX Corporate Governance Principles and Recommendations and their applicability to PwC Australia. The assessment included consideration of the disclosures required of PwC Australia under the reporting regime. The assessment was reviewed and approved by the Governance Board in its February 2025 meeting.

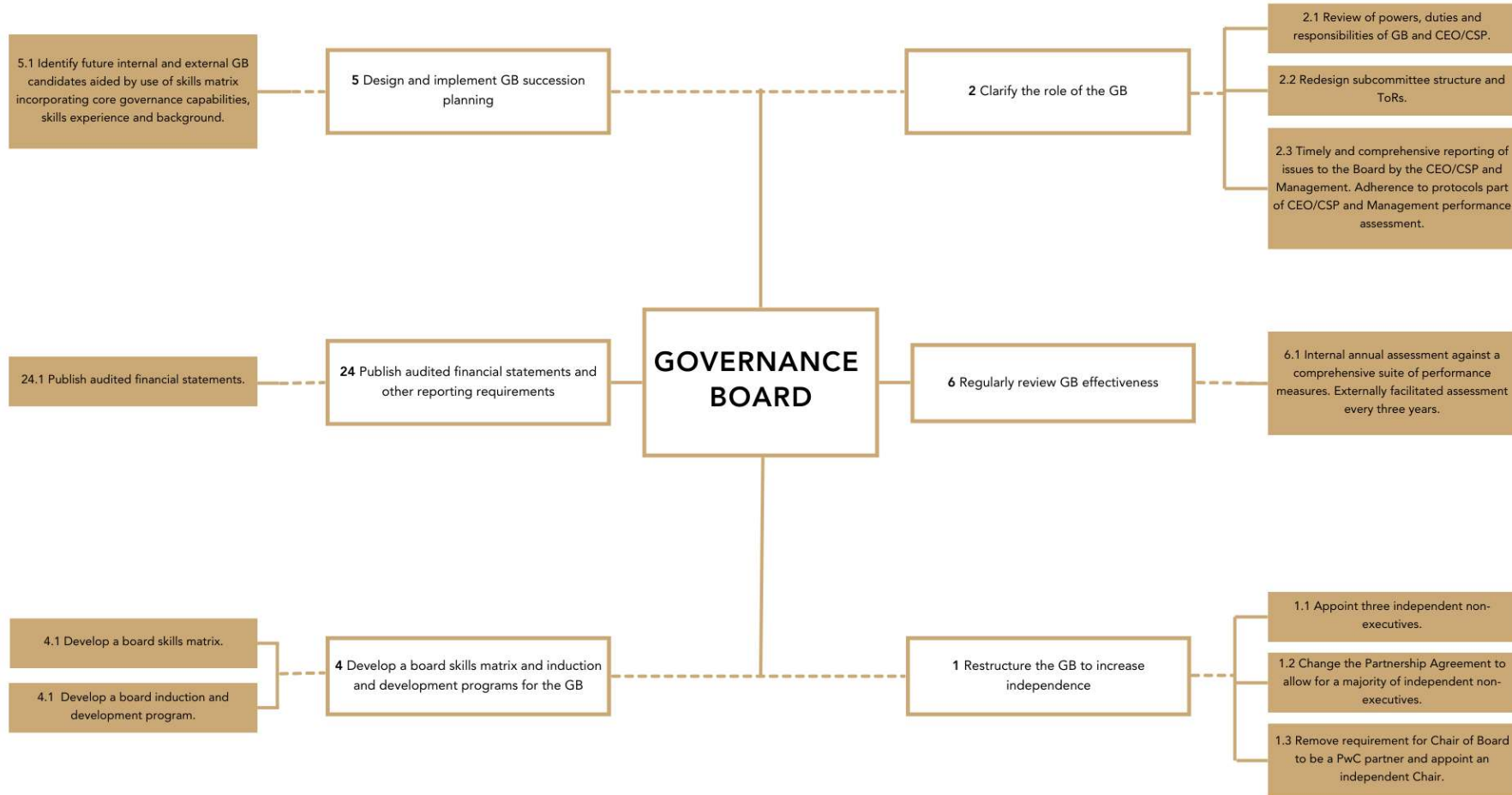
- Implementation of this Action will be complete following the publication of the financial statement and other items later in 2025.

Our Observations

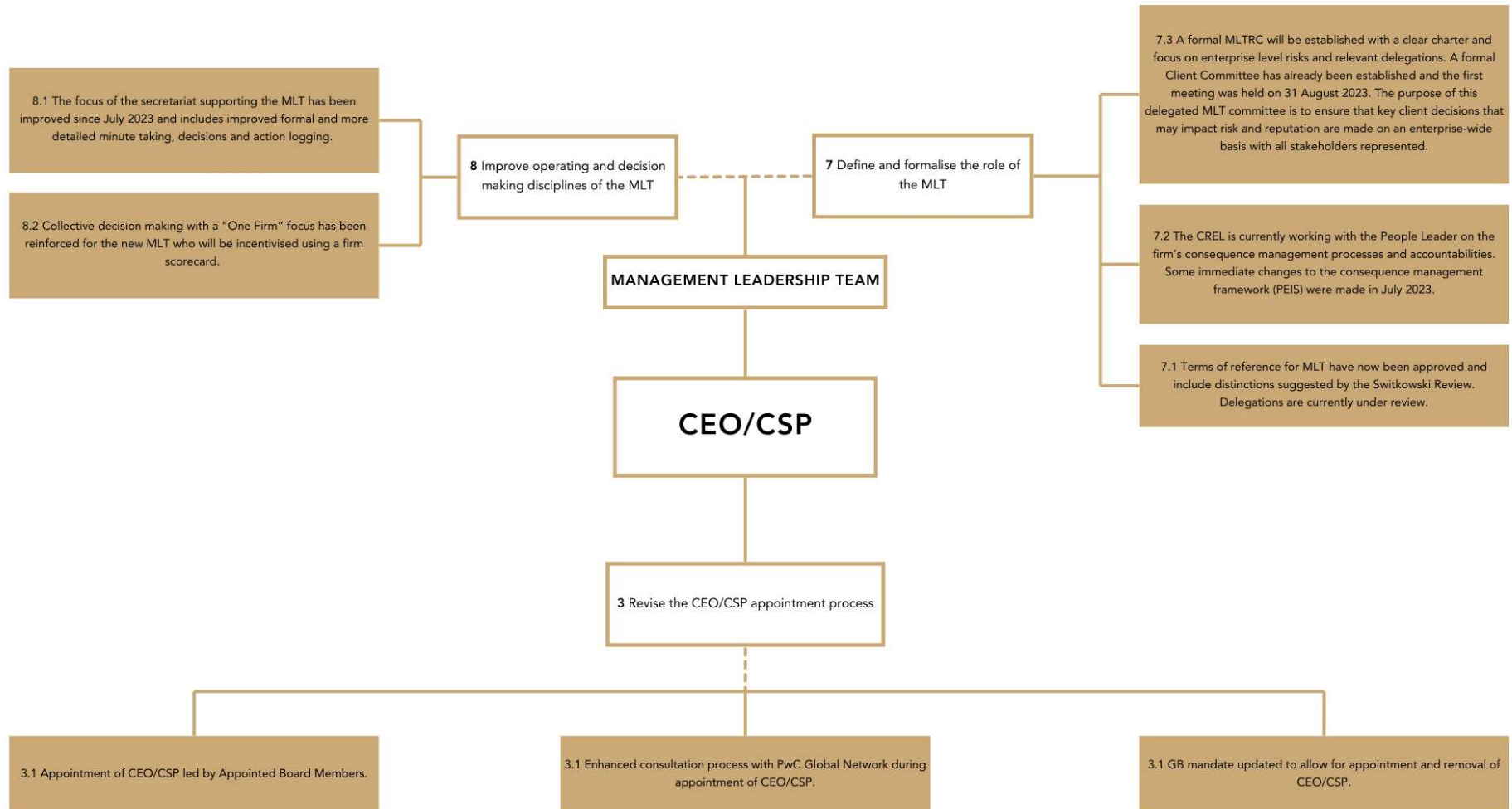
1. Action 24.1 concerns the publication of comprehensive and audited financial statements, along with a remuneration report and other disclosures consistent with the ASX Corporate Governance Principles and Recommendations by September 2025. This is a commitment by PwC Australia beyond the recommendations made in the Switkowski Review.
2. Our review of this Action includes consideration of the following:
 - (a) PwC Australia's Partnership Agreement and, in particular, clauses 31.10 and 31.12, which were added following the 2024 amendments.
 - (b) Extracts from the minutes from the 13 September 2024 Governance Board meeting. Those minutes document the request to prepare the relevant financial and remuneration reports.
 - (c) Materials detailing PwC Australia's consideration of the personnel to be assessed as Key Management Personnel for the purpose of the remuneration report.
 - (d) Materials relating to PwC Australia's assessment of the 4th edition of the ASX Corporate Governance Principles and Recommendations.
 - (e) Briefings with key PwC Australia personnel.
3. The implementation of this Action will be completed when the relevant financial statements, remuneration report and other disclosures related to the 4th edition of the ASX Corporate Governance Principles and Recommendations are published.
4. We consider that the Design Closure Criteria for this Action is satisfied. While the implementation of this Action is still in progress, we have observed sufficient evidence to consider that the manner of implementation, if it continues to be progressed, will be sufficient to achieve the objective of this Action.

Appendix 1 - CTC Action Plan Actions

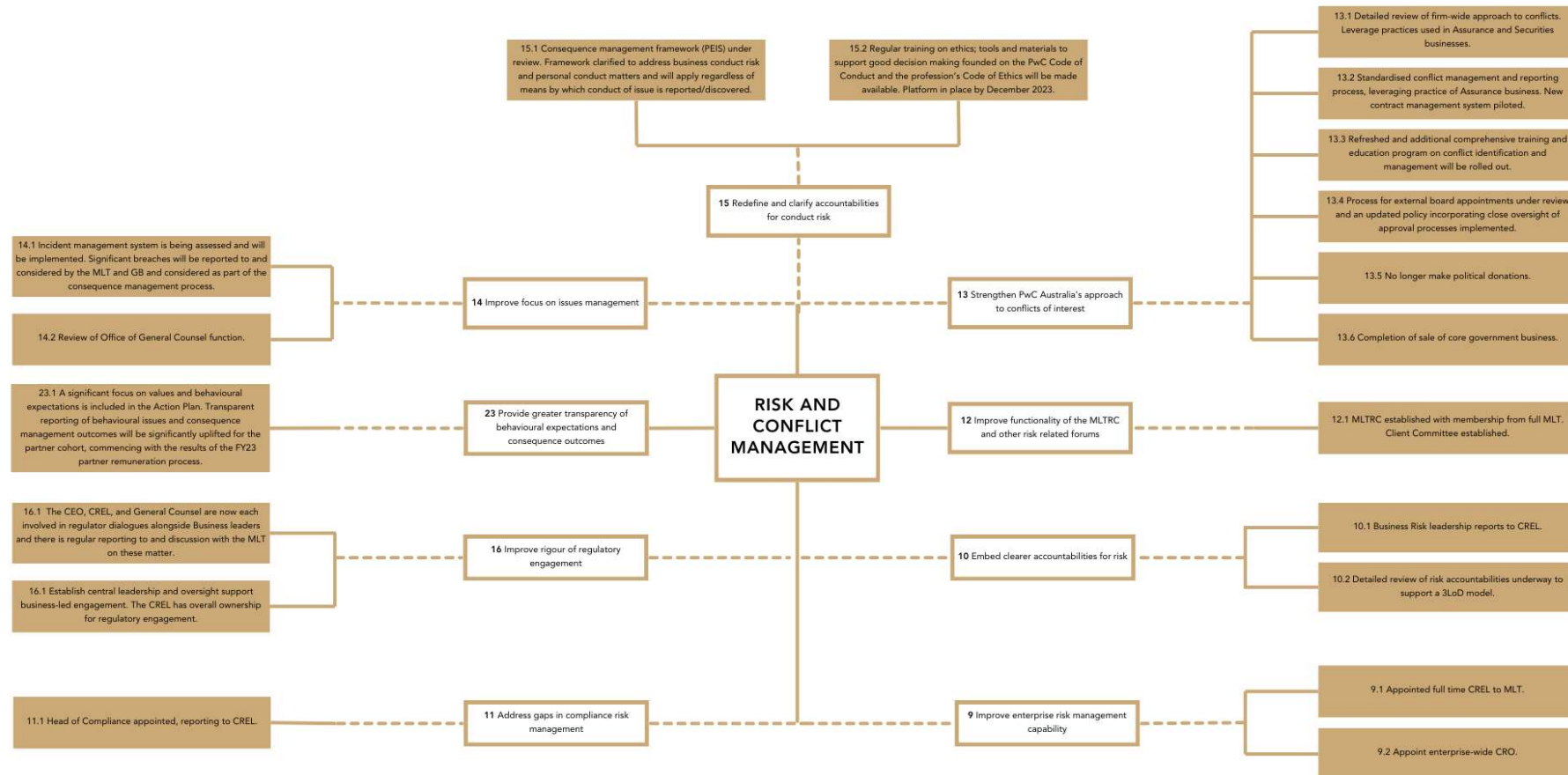
CTC Action Plan - Governance Board



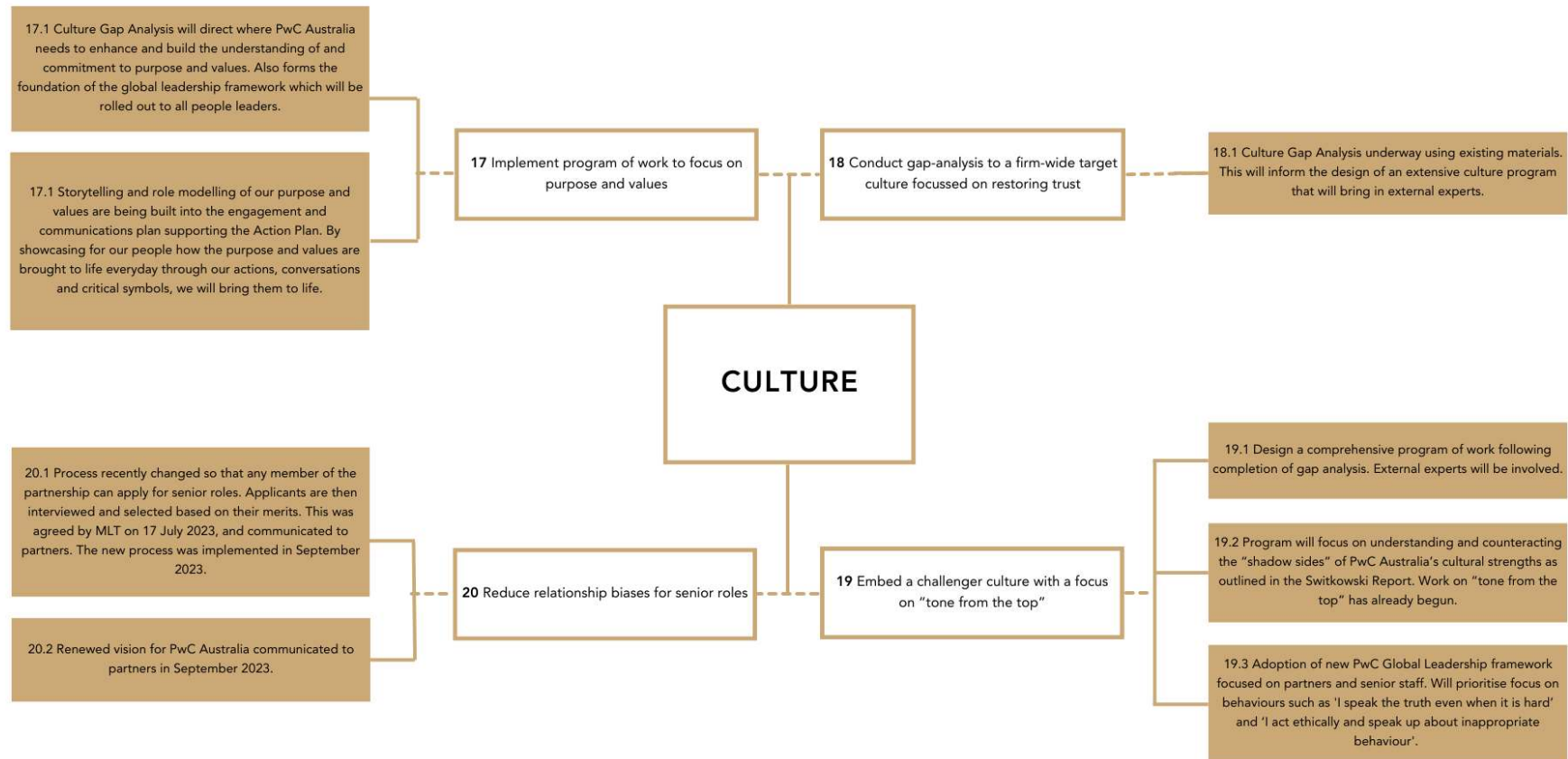
CTC Action Plan – CEO/CSP and MLT



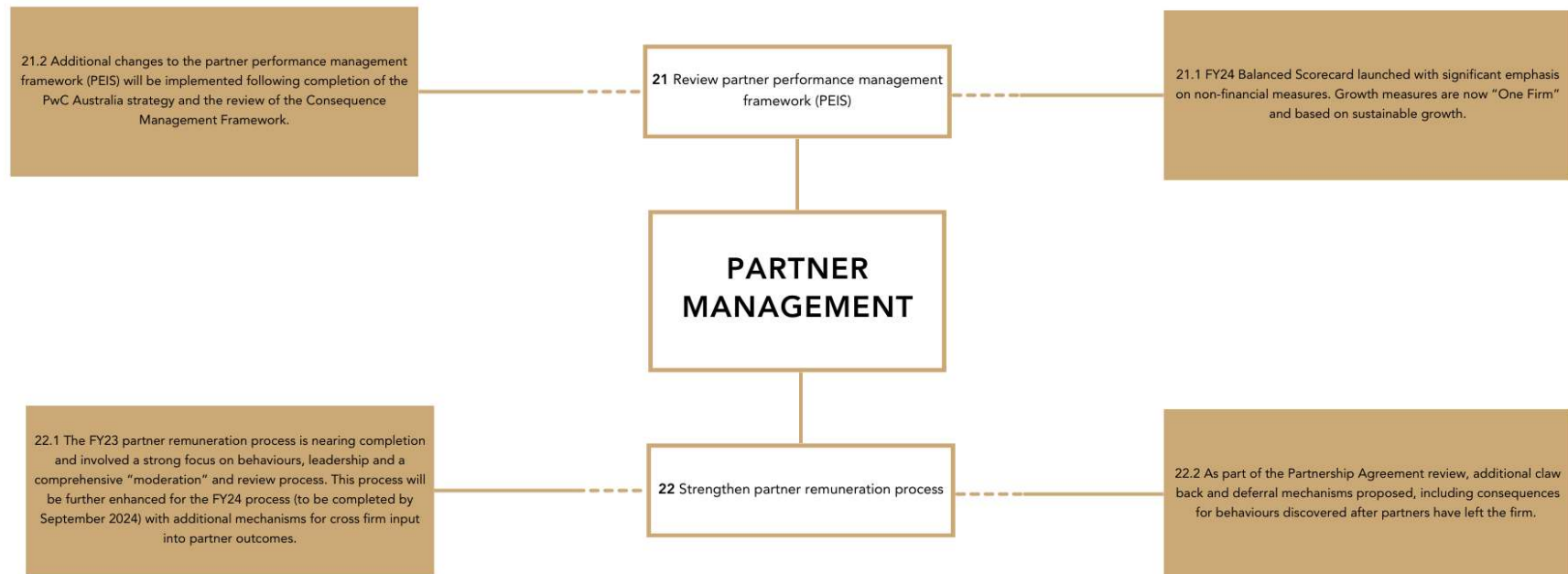
CTC Action Plan – Risk and Conflict Management



CTC Action Plan - Culture



CTC Action Plan - Partner Management



Appendix 2 - Glossary

3LoA	Three Lines of Accountability
3LoD	Three Lines of Defence
ABM	Appointed Board Member
ACC	Annual Compliance Confirmation
BIG	Business Implementation Group
BoP	Board of Partners, the predecessor to the Governance Board
CEO	Chief Executive Officer (also referred to as the CSP)
CLM	Contract Lifecycle Management
CMF	Consequence Management Framework
CREL	Chief Risk & Ethics Leader
CRO	Chief Risk Officer
CSP	Country Senior Partner (also referred to as the CEO)
EB	Executive Board, the predecessor to the MLT
EBM	Elected Board Member
EOI	Expression of Interest
EPP	Evolved PwC Professional
FSPI	Fixed Share Partner Income
FY	Financial Year ending 30 June
GB	Governance Board
IA	Internal Audit
IPA	Independent Professional Assessment
KPIs	Key Performance Indicators
LoS	Line of Service
MLT	Management Leadership Team
MLTRC	Management Leadership Team Risk Committee
NDA	Non-disclosure Agreement
NPIC	Nominations & Public Interest Committee

OGC	Office of General Counsel
PACQ	Partner Additional Compliance Questionnaire
PEC	People & Ethical Conduct Panel
PEIS	Partner Evaluation and Income Scheme
PJC	Parliamentary Joint Committee on Corporations and Financial Services
PRP	Primary Reporting Partner
PwCA	PricewaterhouseCoopers Australia
RFI	Request for Information
R&Q	Risk and Quality
SBR	Simple Business Relationship
SME	Subject Matter Expert
ToR	Terms of Reference
TPB	Tax Practitioners Board
TPI	Total Performance Income
TPM	Troublesome Practice Matters
TSA	Transitional Service Agreement