



Australian Government
Department of Finance

Examination of the ethical soundness of PricewaterhouseCoopers Australia

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Finance's examination of the ethical soundness of PricewaterhouseCoopers Australia

Introduction and chronology of events

In January 2023, the Tax Practitioners Board (TPB) announced that the former head of PricewaterhouseCoopers (PwC) Australia's international tax, Mr Peter Collins, had been deregistered as a tax agent for integrity breaches¹ (the Collins matter). A TPB investigation identified that Mr Collins had made unauthorised disclosures of confidential information to colleagues at PwC Australia, and that PwC Australia had failed to properly manage conflicts of interest in relation to the sharing of confidential information with partners and staff of PwC Australia.

In May 2023, the TPB tabled in Parliament emails highlighting the extent of the confidentiality breaches and the number of PwC Australia staff directly and indirectly involved in the Collins matter. A range of inquiries and investigations were instigated, including the Department of the Treasury's (Treasury) referral² of the Collins matter to the Australian Federal Police (AFP), TPB investigations into current and former partners of PwC Australia, and the Senate Inquiry into the management and assurance of integrity by consulting services.

Although the PwC Australia breach of confidentiality did not occur as part of a procurement process, it raised issues regarding the ethical soundness of PwC Australia and if it was appropriate for PwC Australia to continue to contract with the Commonwealth under the Commonwealth Procurement Rules (CPRs). At the time of the TPB announcement, PwC Australia had 188 contracts³ with an estimated value of \$506.7 million with the Australian Government.

In response to these issues and in recognition of the significant engagement PwC Australia had across multiple Australian Government entities, the Department of Finance (Finance), as owners of the Management Advisory Services Panel⁴ and the Commonwealth Procurement Framework, commenced an examination of PwC Australia's ethical soundness.

The Switkowski Review

In May 2023 PwC Australia announced the appointment of Dr Switkowski to lead an independent review of PwC Australia's governance, accountability and culture. In August 2023 the *Review of Governance, Culture and Accountability at PwC Australia*⁵ (the Switkowski Review) was released with 23 recommendations relating to governance, culture and accountability. PwC Australia published an action plan, *PwC Australia's Commitments to Change – Response to the findings of Dr Ziggy Switkowski AO and recent events at PwC*

¹ [Former PwC partner banned for integrity breach | Tax Practitioners Board](#)

² [Referral to the Australian Federal Police of the PwC-Collins matter | Treasury.gov.au](#)

³ AusTender point in time information

⁴ The mandatory whole of government panel arrangement for the engagement of consultancy services.

⁵ [Independent Review of Governance, Culture and Accountability at PwC Australia](#)

*Australia*⁶ (Action Plan), in September 2023 proposing 47 actions to respond to the issues raised.

Contractual engagements with PwC Australia

In April 2024, PwC Australia agreed with the Commonwealth that it would not bid for any new Commonwealth work and would cease new contract engagements with Australian Government entities captured by the CPRs⁷ until at least 1 December 2024. This timeframe was to allow PwC Australia further time to implement the recommendations of the Switkowski Review and for the investigations and inquiries by third parties to be progressed. On 19 November 2024, this arrangement was extended to 30 June 2025⁸ and subsequently extended to 14 July 2025 on 27 June 2025⁹.

This arrangement was not a ban imposed on PwC Australia by Finance or the Commonwealth and was not designed to be punitive in nature – the basis for the mutually agreed pause was to allow PwC Australia sufficient time to demonstrate to Finance that its policies, practices and culture had changed sufficiently to give confidence as to PwC Australia's ethical soundness.

At the time of this assessment (June 2025) PwC Australia has three active contracts¹⁰ with Australian Government entities bound by the CPRs with an approximate value of \$11.6 million.

Establishment of Scyne Advisory

On 8 November 2023, PwC Australia divested its state and federal government consulting business to Allegro Funds, creating a new entity, Scyne Advisory (Scyne).

As part of the conditions of the divestment, PwC Australia and Scyne agreed:

- PwC Australia could continue to cover the on-going licensing or sale of PwC proprietary products such as Tax Automate, FBT Automate, Edge and Comply First Time software so that entities' use of these in their day-to-day operations were not disrupted; and
- that PwC Australia would not compete for contracts in the general government sector for a period of five years (to 9 November 2028) and two years for Public Financial Corporations (PFCs) and Public Non-Financial Corporations (PNFCs) (to 9 November 2025)¹¹.
 - There were some minor exceptions to this arrangement covering services expressly requested by a client for capabilities or expertise not able to be provided by Scyne at the time of the divestment, such as audit services or services requiring a financial services licence.

⁶ [PwC Australia's Commitments to Change](#)

⁷ [Procurement of Goods and Services from PricewaterhouseCoopers | Department of Finance](#)

⁸ [Update on Procurement of Goods and Services from PricewaterhouseCoopers | Department of Finance](#)

⁹ [Update on Procurement of Goods and Services from PricewaterhouseCoopers Australia | Department of Finance](#)

¹⁰ AusTender information

¹¹ Non-compete clause under the Share Sale Agreement between PwC Australia and Scyne, effective 8 November 2023

Actions taken by the Australian Government to improve the identification and management of ethical underperformance by suppliers

The purpose of this examination is to determine whether or not it is appropriate for PwC Australia to work with the Commonwealth under the CPRs, having regard to their ethical soundness.

The Australian Government expects that all suppliers to the Commonwealth abide by the highest ethical standards¹² and that officials should monitor the ethical behaviour of suppliers throughout the term of a contract.

In addition to the mutual agreement between Finance and PwC Australia that PwC Australia would not bid for new work for a defined period of time and in light of the TPB's announcements, Finance¹³ also took the following actions:

- May 2023 – Released procurement guidance that Commonwealth entities should take into account the ethical conduct and performance of tenderers when undertaking a value for money assessment, reflecting the CPRs;
- May 2023 – Directed PwC Australia to remove any staff involved with the Collins matter from current and future work under the Finance administered Management Advisory Services Panel (and encouraged the removal of staff from any other Commonwealth contract) until the outcomes of the Switkowski Review were known;
- May 2023 – Introduced Notification of Significant Events clauses in Commonwealth contracts, establishing a positive obligation for suppliers of Commonwealth entities to notify the Commonwealth of significant events; and
- July 2024 – Introduced the Commonwealth Supplier Code of Conduct which places a positive duty on suppliers to take proactive action to discourage breaches of the code.

In addition, Treasury referred the Collins matter to the Australian Federal Police for potential investigation.

The Australian Government also took broader action to strengthen the integrity of the tax system, increase the power of relevant regulators and strengthen regulatory arrangements. As part of these arrangements, it requested Finance undertake a review into the management of conflicts of interest and use of confidentiality arrangements across all Government entities to ensure they are fit for purpose, legally binding and enforceable.

Scope of examination

Following the announcement of the divestment of PwC Australia's state and federal government business and the creation of Scyne Advisory, Finance undertook a review of Scyne's ethical soundness¹⁴, partially in recognition that the majority of contractual engagements between the Australian Government and PwC Australia would now occur

¹² [Procurement Policy Note - Ethical conduct of tenderers and suppliers | Department of Finance](#)

¹³ [Government taking decisive action in response to PwC tax leaks scandal](#)

¹⁴ [Finance's review of the ethical soundness of Scyne Advisory](#)

between the Australian Government and Scyne. Finance's examination of Scyne was completed in October 2023.

Finance then began its examination of PwC Australia. However, recognising PwC Australia had yet to implement many of its proposed actions in response to the Switkowski Review, and the commissioning of various investigations into PwC Australia and former partners by regulatory bodies, the finalisation of Finance's examination was deferred until adequate supporting information was available.

PwC Australia has now implemented the majority of its Action Plan in response to the Switkowski Review. Finance notes that there has been significant change in the upper echelons of PwC Australia, with partners involved in the Collins matter having exited the organisation and others having consequences applied¹⁵. Finance understands that investigations into the Collins matter by the AFP, TPB and other parties are ongoing. The AFP has advised its investigation is not looking at existing PwC partners and PwC has advised that the ongoing TPB matter does not involve current partners. Therefore, Finance considers the existence of these ongoing investigations into past actions does not prevent this review of PwC Australia's fitness to work with the Commonwealth in the future being concluded. Finance considers that there is sufficient information to make an assessment of PwC Australia's ethical soundness, noting that additional information may come to light which may prompt future reassessment. Through this review, Finance considered:

- PwC [Australia] Compliance Report re TPB Order dated 25 November 2022 (four reports, six monthly for the 2023 and 2024 calendar years)¹⁶;
- Dr Ziggy Switkowski AO's *Independent Review of Governance, Culture and Accountability*;
- PwC Australia's Commitments to Change: PwC Australia's response to the findings of the Switkowski Review;
- PwC Australia's Review of Tax Confidentiality Breaches and Related Questions (Statement of Facts)¹⁷;
- PwC Australia's 2024 Annual Report¹⁸;
- The Senate Finance and Public Administration References Committee report into the Management and assurance of integrity by consulting services¹⁹ including the:
 - June 2023 – PwC: A calculated breach of trust²⁰; and
 - March 2024 – PwC: The Cover-up Worsens the Crime²¹;

¹⁵ PwC Australia's Statement of Facts, section 2, page 13

¹⁶ [Former PwC partner banned for integrity breach | Tax Practitioners Board](#)

¹⁷ [PwC Australia's Statement of Facts](#)

¹⁸ [Annual Report | PwC Australia](#)

¹⁹ [Management and assurance of integrity by consulting services – Parliament of Australia](#)

²⁰ [PwC: A calculated breach of trust – Parliament of Australia](#)

²¹ [PwC: The Cover-up Worsens the Crime – Parliament of Australia](#)

- The Parliamentary Joint Committee on Corporations and Financial Services report into the Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry²²;
- Independent Review of PwC Australia's Commitments to Change Action Plan by Webb Henderson (Webb Henderson report)²³;
- Information provided by PwC Australia to Finance; and
- Advice from Commonwealth entities with active contracts with PwC Australia.

Finance has met with PwC Australia on a regular basis, see *Appendix (i)*, including with the Chief Executive Officer (CEO), referred to by PwC Australia as Country Senior Partner, and Chief Risk and Ethics Leader. Finance further received presentations of key compliance monitoring systems, and updates on PwC Australia's implementation progress. Finance has also met or corresponded with PwC Australia's appointed independent Board members and PwC's appointed independent monitor, Webb Henderson.

Finance's examination is a point-in-time assessment of PwC Australia today and an assessment of how the changes made by PwC Australia will make PwC Australia an appropriate ethical supplier to the Australian Government in the future. Finance has considered the purpose, implementation and impact of actions by PwC Australia in responding to the Switkowski Review, noting they establish structures that support appropriate governance and cultural changes that will proactively identify, deter and manage issues and inappropriate action. This assessment is supported by observations over the past two years, including ongoing engagement with PwC Australia, during which Finance has been able to judge the impacts of the changes being implemented and consider their likely effect on future behaviours.

Finance's assessment does not attempt to re-examine the underlying Collins matter and the missteps of PwC Australia – these matters have been well ventilated through other reports outlined above. As such, the failure of PwC International Limited (PwCIL) to provide documentation to relevant Senate committees, whilst grave, does not impact Finance's assessment of PwC Australia today, noting that PwC Australia is a separate legal entity within the PwCIL network.

Broader issues raised by other investigations including the TPB and the Senate inquiries, have not been considered except where they impact on matters relating to PwC Australia's ethical soundness. Finance also notes that, of the information that we are aware of in relation to the AFP and TPB investigations, they apply to former partners of PwC Australia, not current partners or employees.

Finance's assessment has also not formed a view on PwC Australia's business model, the division of service offerings between PwC Australia and Scyne, or the transitional arrangements undertaken in the divestment.

²² [Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry – Parliament of Australia](#)

²³ [Webb Henderson - Review of PwC Australia's Commitments to Change](#)

Review, Statements and Commitments

PwC Australia Compliance Reports

Under an Order from the TPB, PwC Australia were required to take the following actions for the 2023 and 2024 calendar years:

- ensure appropriate training is provided on a six-monthly basis to relevant partners and staff regarding to professional standards for conflict of interest in the Tax Agent Services Act 2009 and in PwC Australia policies;
- ensure that the Head of Regulatory Affairs takes all reasonable steps to maintain the central register of confidentiality agreements;
- ensure that the Chief Strategy, Risk and Reputation Officer reports every 6 months to the Executive on the management of the participation of relevant partners and staff in confidential tax consultations with Treasury, the Board of Taxation and/or other Australian Government agencies; and
- provide a compliance statement to the Board every six months from the date of the TPB Order.

PwC Australia provided four six-monthly reports²⁴ setting out training and ongoing education, updates to confidentiality agreement policy and maintenance of the Confidentiality Agreement Register, with the report provided to the Chief Risk and Ethics Leader and then to the TPB.

The Switkowski Review

PwC Australia commissioned Dr Ziggy Switkowski AO to conduct an Independent Review into PwC Australia's governance, culture and accountability frameworks and practices. The Switkowski Review was provided to Finance in September 2023 and subsequently published on PwC Australia's website.

The purpose of the Switkowski Review was to:

- evaluate the strengths and shortcomings in PwC Australia's governance, culture and accountability frameworks and practices;
- identify gaps in governance, culture and accountability; and
- make recommendations as to how to address the findings.

Dr Switkowski noted that shortcomings in governance, culture and accountability may have contributed to PwC Australia's conduct in relation to managing conflicts of interest and breaches of confidentiality. The Switkowski Review included 23 recommendations which, if implemented, '*may mitigate the risk of such failures occurring in the future*'.

²⁴ [PwC-Compliance-Report-2023.14.07-with-Appendices-A-and-B.pdf](#)
[PwC Compliance Report December 2023](#)
[pwc-tpb-compliance-report-june-2024.pdf](#)
[tpb-compliance-report-december-2024-with-appendix-a.pdf](#)

PwC Australia's Commitments to Change Action Plan

PwC Australia accepted the Switkowski Review recommendations and committed to implement initiatives through the development of the Action Plan.

The Action Plan cites failures that enabled the confidentiality breaches and other failures to occur and outlines how PwC Australia will realise its vision *'to become the leading professional services firm, built on the highest ethical and professional standards with integrity at our core, a firm that delivers purposeful and sustained outcomes in everything we do'*.

Dr Switkowski observed that PwC Australia's Assurance business (one of its three lines of service), which includes its Audit practice, appears to 'substantially model best practice', having well-developed and embedded policies, systems and controls for audit quality management and independence that are subject to external inspection. The Action Plan states that PwC Australia will 'look to extend what works well in its Assurance business to the other parts of the firm'.

PwC Australia has developed its Action Plan on PwC's global values and committed to a series of actions under five 'commitments to change'. These are:

1. Put our purpose and values at the core of everything we do;
2. Increase the independence and effectiveness of our Governance Board;
3. Improve the discipline and rigour of decision making;
4. Strengthen risk and conflict management accountabilities; and
5. Embed a culture and practice of constructive change.

PwC Australia's Review of Tax Confidentiality Breaches and Related Questions PwC Australia's Statement of Facts, dated September 2023, reports PwC Australia has been making changes since 2016 within its tax practice to improve culture, governance, controls, and training – to enhance its standards and meet community expectations. PwC Australia also states it has taken actions, (in some cases in coordination with the Australian Taxation Office (ATO)) in response to Bruce Quigley's 2021 report, *PwC: Design Effectiveness Review of Tax Governance and Internal Control Framework*, or in response to the Collins matter to prevent recurrence of past conduct. Finance notes that these changes did not prevent the Collins matter but may still contribute to improvements in culture and governance achieved with later changes.

Webb Henderson Review of PwC Australia's Action Plan

PwC Australia engaged Webb Henderson to independently review and assess its progress against each of its proposed actions under the Action Plan. Specifically, Webb Henderson was asked to consider 'if there is sufficient evidence to demonstrate that PwC Australia has addressed the Design and Implement stages of each Action.'

Webb-Henderson concluded:

1. The **Design** closure criteria of 46 of the 47 Actions were assessed as complete, with implementation complete or well in progress. One Action, Action **1.2**, was 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; and
2. The **Implement** closure criteria was assessed as complete for all actions with the exception of Actions **10.2, 18.1, 19.1, 19.2, 19.3** and **24.1**, which were assessed as 'in progress'. Webb Henderson considered that PwC Australia had taken sufficient steps to address the Implement closure criteria for those Actions such that they will achieve the closure criteria as implementation is further undertaken.

Tom Bathurst KC was engaged by Webb Henderson to review the Webb Henderson findings. Mr Bathurst, independently of PwC Australia and Webb Henderson, agreed with the Webb Henderson conclusions.

Finance notes that the PwC Australia 2024 Annual Report was released on 20 June 2025 and considers this meets the requirements for the completion of action **24.1**.

Senate inquiries

The Senate Finance and Public Administration References Committee conducted an inquiry into the management and assurance of integrity by consulting services which was initiated by the Senate on 9 March 2023. The final report was tabled on 12 June 2024.

The report found that increasing reliance on external consulting firms has significantly undermined the capability of the Australian Public Service (APS), diminished the provision of frank and fearless advice, and reduced transparency. It examined cultural problems within consulting firms, including a disproportionate focus on revenue growth and weak accountability mechanisms.

The report included 12 recommendations including one for PwC Australia and 11 for the Commonwealth. The first recommendation calls for PwC Australia to be open and honest by promptly publishing information regarding the breach of confidential government information. Further recommendations for the Commonwealth included requiring consultants to act in the public interest, improving procurement and contract management training for APS officials, embedding knowledge transfer into consultancy contracts, creating a central register for conflict of interest breaches, enhancing the usability and transparency of AusTender, and regular reporting to the Parliament on high-value consultancy contracts.

The Parliamentary Joint Committee on Corporations and Financial Services conducted an inquiry into ethics and professional accountability in the audit, assurance, and consultancy industry which commenced on 22 June 2023. The final report was presented to the Senate on 7 November 2024.

The report found that structural weaknesses in governance, transparency and accountability have contributed to ethical failures across the consulting sector. It identified systemic issues including conflicts of interest, inadequate regulatory oversight, and the limitations of self-regulation in large partnerships.

The report made 40 recommendations including a call for the Commonwealth to prevent PwC Australia from tendering for government work until all investigations are complete. Other key recommendations included reducing the allowable size of accounting partnerships, requiring large firms to act in the public interest, enhancing whistleblower protections, and establishing a new consultancy code. The report also recommended stronger enforcement powers for regulators, mandating operational separation of audit and non-audit services, and greater parliamentary oversight of professional standards bodies.

Additional Consultation

During the finalisation of this report Finance has shared the report with:

- Senator the Hon Richard Colbeck;
- Senator Deborah O'Neill;
- Senator Barbara Pocock;
- the Treasury;
- the TPB; and
- the ATO.

Finance has additionally briefed Senators O'Neill and Pocock on the development and findings of the report. Finance acknowledges the work of the Senators and the findings of the Senate Inquiries, discussed above. The Senators have jointly responded to the report and their letter is at *Appendix (ii)*. The Senators:

- disagree with the conclusion of this report and consider that PwC Australia should continue to be excluded from tendering for government work until all investigations are complete. This matter is addressed in the section "Impact of ongoing investigations" on page 46; and
- cited the non-compete arrangement between PwC Australia and Scyne as a reason to delay finalisation of this assessment, which is addressed in the "Impact of non-compete arrangement" section on page 46.

Assessment of PwC Australia's Actions on Culture and Governance

The Switkowski Review make recommendations against the focus areas of governance, culture and accountability. The Action Plan aligns with the Switkowski Review recommendations. The following section addresses the actions taken by PwC Australia in response to each of these recommendations, Webb Henderson's conclusions and Finance's assessment of the progress against each.

Governance

The Governance area represents the largest group of actions across 16 recommendations. There are four groups of recommendations under the Governance heading, including:

- Restructure the Board of Partners to ensure adequate independence;
- Senior Leadership Oversight;
- Risk Governance and Compliance Frameworks; and
- Issues Management.

Restructure the Board of Partners to ensure adequate independence

Recommendations 1-6 of the Switkowski Review relate to the development of clear roles and responsibilities for the Board to ensure appropriate oversight, diversity in the composition of the Board to ensure an appropriate matrix of skills and experiences, and clear accountability for Board members and decisions. A restructure of the Board was recommended to ensure adequate independence. PwC Australia identified ten actions in response, including one additional action not directly related to the recommendations and Webb Henderson has found nine of ten actions have been implemented. The last action (1.2) is partially complete.

Senior Leadership Oversight

Recommendations 7-8 relate to defining the role, responsibilities and accountabilities of the Executive Board as the senior executive forum, providing for more effective management of firm-wide matters with more rigorous operating practices and decision making for the CEO and Executive Board. PwC Australia identified five actions in response and Webb Henderson has found all actions have been implemented.

Risk Governance and Compliance Frameworks

Recommendations 9-13 relate to improving risk management capabilities, capacity and expertise across PwC Australia, elevating the 'voice of risk'. Recommendations were made to embed a Three Lines of Defence approach, consistent with best practice; fix gaps in the management of compliance risk, including prioritising the appointment of a Head of Compliance; developing clearer terms of reference for risk related committees, councils, working groups and panels; and to implement an overarching conflicts of interest framework to capture actual, potential and perceived firm-wide conflicts. PwC Australia identified 14

actions in response and Webb Henderson has found 13 of 14 actions have been implemented.

Finance has engaged regularly with PwC Australia's Chief Risk and Ethics Leader to remain informed of their progress on addressing the issues raised and be updated on the progress of investigations.

Issues Management

Recommendations 14-16 relate to the management of incidents and issues across PwC Australia with consistent identification, escalation and monitoring; developing and embedding a firm-wide framework and accountabilities for conduct risk to clarify the approach to personal and business conduct; and reviewing the approach to regulatory management, improving the rigour of regulatory engagement and oversight by the Board of Partners. PwC Australia identified five actions in response and Webb Henderson has found all actions have been implemented.

Switkowski Review – Governance: Role of the Board of Partners	
Recommendation 1 – Restructure the Board of Partners to ensure adequate independence	
PwC Australia response/action	Webb Henderson assessment
1.1 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 actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.
1.2 Changes to the Partnership Agreement will be proposed to allow for a majority of independent non-executives.	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.
1.3 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 actions satisfy the Implement Closure Criteria. We consider that the Design Closure Criteria for this Action to be complete.

The Switkowski Review found that *'The effectiveness of governance and oversight is inhibited by the composition of the Board of Partners, which lacks sufficient independence from the CEO and senior leaders of the firm'*.

In May 2023, when Dr Switkowski commenced work, PwC Australia's governance structure included a Board of Partners and a partner-elected CEO. There were fragmented policies, practices and data collection across business areas, and a lack of clarity regarding reporting, accountability and responsibility.

The Switkowski Review identified that *'Flaws in governance at PwC Australia are not necessarily attributable to the organisational model but rather the lack of independent, external 'voices' involved in providing challenge and oversight'*.

Webb Henderson notes that PwC Australia implemented actions **1.1** and **1.3** on 26 August 2024 through the appointment of three appointed Board members, including the appointment of an independent chair. A fourth independent Board member was appointed in July 2025.

Webb Henderson has also noted that appointed Board members are non-executive members of the board, although the Partnership Agreement does not stipulate an independence requirement beyond not being partners.

Action **1.2** provided for a majority of independent non-executive membership of the Governance Board. Webb Henderson noted that this is partially complete with an increase of independent non-executive Governance Board membership.

PwC Australia advises that:

'In consultation with our Partners, changes to the Partnership Agreement were made to significantly increase the independence of the Governance Board. From 1 July 2025, the Governance Board will have four non- executive Board members including a non-executive Chair. At this stage, given the comprehensive review and reset of the composition of the Governance Board over the last 12 months, the Firm does not have an immediate plan to further amend the Partnership Agreement to allow for this. The Chair of the Governance Board will continue to assess the composition of the Board in consultation with the Partnership.'

Finance suggests that action **1.2** is an important reform that PwC Australia should continue to consider but notes that the impact of the reforms on the organisation, as proposed by Dr Switkowski, are being felt even without a majority of appointed Board members. Finance notes that some other major partnership-based consulting firms either have independent members on their Board, or are in the process of appointing independent members, however Finance is not aware of any major partnership-based consulting firm that will have a majority of independent members on their Boards.

Webb Henderson noted *'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'*.

Finance considers that the changes that PwC Australia has made to introduce independent perspectives into the operations of the board are an important step in improving the governance of the organisation and meet the intent of Recommendation 1 of the Switkowski Review.

Switkowski Review – Governance: Role of the Board of Partners	
Recommendation 2 – Clarify and restate the governance role of the Board	
PwC Australia response/action	Webb Henderson assessment
2.1 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.	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.
2.2 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.	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.
2.3 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 Review's findings. Adherence to these protocols will form part of the performance assessment of the CEO and Management going forward.	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.

The Switkowski Review found that the Board of Partners had a wide range of responsibilities but were overly focused on matters related to the protection of partner interests and had insufficient focus on oversight and governance, including risk implications of firm strategy, oversight of risk management more broadly and adherence to better practice governance. Following sustained growth in the organisation, the Partner Board had not sufficiently adapted its structure to focus on these critical responsibilities, although the role and practices had been evolving but were not yet embedded.

Webb Henderson notes PwC Australia finalised action **2.1** to review, clarify and enhance the articulation of the governance role of the Governance Board following a successful vote of partners on 7 March 2024 to amend the Partnership Agreement. Webb Henderson noted that the updated Partnership Agreement provides the Governance Board the power and responsibility to review and approve 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. The Governance Board also has a role in the succession of the CEO.

Webb Henderson also noted that the Governance Board's charter has been updated.

Webb Henderson noted PwC Australia finalised action **2.2** through a review of Governance Board sub-committees with four in operation from 1 December 2024. There are now four sub-committees, each with Governance Board approved terms of reference for: Finance, Audit and Sustainability; Nominations and Public Interest; Partnership, People and Culture; and Risk. A diagram of the Board and Sub-committee structure is at *Appendix (iii)*.

Finance notes that the Governance Board Charter and terms of reference for sub-committees are all publicly available²⁵.

Webb Henderson noted the uplift of the reporting of issues and consideration by the Board and CEO demonstrating the design and implementation of action **2.3**.

Finance considers that the changes that PwC Australia has made to introduce independent perspectives into the operations of the Board are an important step in improving the governance of the organisation. The action to implement this change required significant support, with amendments to the Partnership Agreement requiring a two-thirds majority.

Finance has met twice with the independent Board members – with the Chair on 8 October 2024 and with the Chair of the Governance Board and Chair of the Risk Committee on 12 June 2025. In these meetings, Finance engaged with these independent Board members to assess the level of independence they retain within the Board, and the extent to which they consider that they are having a meaningful impact on the decision-making processes of PwC Australia. The Board members stated that governance arrangements have been significantly changed and improved and that all levels of the organisation have accepted and endorsed the change. Finance was assured through these engagements that the independent directors were acting truly independently, and they protected their independence fiercely as their reputation as directors is at stake.

Finance considers that actions **2.1**, **2.2** and **2.3** support the visibility of major issues and activities by relevant committees were implemented and followed consistently. This is also supported by changes to the reporting to the Management Leadership Team with action **10.1**.

Finance notes the PwC Australia structure of committees and sub-committees for the Governance Board and Management Leadership Team have been reviewed and revised, with emphasis on managing risk and improving decision making. In some cases, responsibility for different functions has been combined with a committee removed. For example, the planned Partner Matters Committee was not established because other committees were performing the role.

²⁵ [PwC's Governance Board | About Us | PwC Australia](#)

Switkowski Review – Governance: Role of the Board of Partners

Recommendation 3 – Revise the CEO appointment process

PwC Australia response/action	Webb Henderson assessment
<p>3.1 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.</p>	<p>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.</p>

The Switkowski Review found that *'the CEO is elected by the partnership body, and the partnership body has the power to remove the CEO from that role under the Partnership Agreement, not the Board of Partners. As a result, the CEO is perceived to 'report to no one'. This creates a dynamic where the CEO tends to exert a dominant voice. Partners reported that, in recent years, this dominant voice was largely unchecked'*.

Webb Henderson notes PwC Australia has demonstrated its design and implementation of action **3.1** in December 2024, by the replacement of the Governance Board Governance Committee with the Nominations & Public Interest Committee (the NPIC). The NPIC is appointed by the Board to carry out its obligations under the Partnership Agreement to, among other things, identify and develop potential CEO candidates.

The NPIC's Terms of Reference require that, unless otherwise determined by the Board, the NPIC is chaired by the Chair of the Board and comprises of all the independent Appointed Board Members and the Deputy Chair of the Board.

Webb Henderson notes that the Partnership Agreement does not appear to mandate that the CEO be excluded from participating in the Governance Board vote on removing the CEO. PwC Australia advised Webb Henderson that:

- where a Board member has a known conflict of interest, such as the Governance Board's consideration of the removal of the CEO from office, the Secretariat will notify the 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 Board member; and
- under the Board charter, all members with an actual, potential or perceived personal conflict of interest in respect of any matters before the Board are required to declare their conflict to the meeting.

Finance notes this action changes the processes for appointing and removing candidates, reducing bias and including relevant criteria for removal. This will improve the management of processes to select the CEO.

Switkowski Review – Governance: Role of the Board of Partners	
Recommendation 4 – Develop a Board skills matrix and induction and development programs	
PwC Australia response/action	Webb Henderson assessment
<p>4.1 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.</p>	<p>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.</p>

Webb Henderson noted PwC Australia demonstrated its design and implementation of action **4.1** through the development of a Board skills and experience framework, a skills matrix, that will facilitate succession planning. A Board professional development curriculum was developed following the completion of the professional development framework and skills and experience framework. The Board skills matrix informed the recruitment process for the Appointed Board Members and Elected Board Members.

Finance notes that this process can improve the skill set and professionalism of the Governance Board and is beneficial to the PwC Australia reforms.

Switkowski Review – Governance: Role of the Board of Partners	
Recommendation 5 – Design and implement Board succession planning	
PwC Australia response/action	Webb Henderson assessment
<p>5.1 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.</p>	<p>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</p>

Webb Henderson noted PwC Australia demonstrated its design and implementation of action **5.1** in September 2023, by planning to identify new candidates for the Governance Board, in line with its plan to refresh the Governance Board around July 2024. The Board Skills Matrix was used in the recruitment process for Elected Board Members and Appointed Board Members. Webb Henderson noted that this process is likely to change further over time.

Finance notes this process introduced in actions **4.1** and **5.1** improves the process to identify and recruit Board Members, ensuring that new members have relevant identified skills and experience.

Switkowski Review – Governance: Role of the Board of Partners	
Recommendation 6 – Regularly review Board effectiveness	
PwC Australia response/action	Webb Henderson assessment
6.1 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.	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.

Webb Henderson noted PwC Australia demonstrated its design and implementation of action **6.1** through the updates to the Board Charter and responding actions. Both the March 2024 and the December 2024 Board Charter state that the Chair of the 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.

Finance considers that this approach of a mix of internal annual assessment and external assessment every three years is sound practice for board performance evaluations of PwC Australia. This approach is broadly consistent with the Government's expectations of itself in assessing the board performance of its Government Business Enterprises.

Switkowski Review – Governance: Role of the Board of Partners	
Additional PwC Australia action – not aligned to a specific Switkowski Review recommendation	
PwC Australia response/action	Webb Henderson assessment
24.1 Additional item - 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.	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.

Webb Henderson noted that action **24.1** would be completed when the relevant financial statements, remuneration report and other disclosures related to the ASX Corporate Governance Principles and Recommendations are published.

Finance notes that this action did not directly relate to a recommendation of the Switkowski Review. PwC Australia released its inaugural 2024 Annual Report on 20 June 2025. Finance notes this report includes financial statements and a Remuneration report.

The 2024 Annual Report indicates that it meets or partially meets most applicable actions in the ASX Corporate Governance Principles. One relevant recommendation is not adopted '**2.4** – A majority of the board of a listed entity should be independent members'. That recommendation is in line with action **1.2** which Webb Henderson noted as partially complete.

Switkowski Review – Governance: Senior Leadership Oversight

Recommendation 7 – Define and formalise the role of the senior executive forum

PwC Australia response/action	Webb Henderson assessment
7.1 Terms of reference for the Management Leadership Team have now been approved and include the distinctions suggested by Dr Switkowski. (Complete) Delegations are currently under review.	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.
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.	In our review, we observed consideration and updates of the Partner Evaluation and Income Scheme (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.
7.3 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. (Complete) 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.	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.

The Switkowski Review found that the absence of a formal terms of reference or charter for the Executive Board impacted its ability to operate with a sufficient enterprise lens or with accountability for the breadth of enterprise-wide matters, including risk, that would typically be expected of the most senior management forum of an organisation. Dr Switkowski noted this also made it challenging for partners and senior leaders to understand the Executive Board's remit and provide appropriate information to the forum.

In turn, there was insufficient clarity on matters the Executive Board should have had visibility on to discharge its responsibilities. Without a formal charter, there was a lack of clarity about respective roles and responsibilities, and 'ways of working', between the Executive Board and the Board of Partners, and between the Executive Board and the Executive Board's Risk sub-Committee.

Webb Henderson noted that the Terms of Reference for the Management Leadership Team (action 7.1) are complete and updated Terms of Reference were approved on 28 February 2025. Webb Henderson also noted the Terms of Reference state 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’*.

Finance notes action 7.2 concerns changes made to PwC Australia’s consequence processes and accountabilities. This action is more comprehensively responded to at action 21.2.

Finance notes action 7.3 is complete, PwC Australia has demonstrated its design and implementation of this action by establishing the Client Committee, and associated Terms of Reference, as a delegate of the Management Leadership Team, to ensure *‘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’*.

Switkowski Review – Governance: Senior Leadership Oversight	
Recommendation 8 – Improve operating and decision-making disciplines of the senior executive forum	
PwC Australia response/action	Webb Henderson assessment
8.1 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.	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.
8.2 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).	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.

The Switkowski Review found that *‘The lack of proper delegations to, and co-ordination between, enterprise-wide forums impacts the ability of the Executive Board to effectively manage risk. While there are a number of forums and panels in the firm’s governance structure, ... the overall impression is that they are not adequately co-ordinated and do not provide coherent insight and reporting to the Executive Board (or to the Board of Partners). There must be clear governance arrangements across the firm’s various enterprise-level forums to ensure appropriate information and insight is escalated to the Executive Board to inform timely decision-making in management of the firm.’*

Webb Henderson noted that PwC Australia demonstrated its design and implementation of action 8.1 by formalising the secretariat function within PwC Australia’s Office of the CEO, with additional human resources recruited into the function. The function has implemented

updated record keeping processes, including logging actions and decisions, and updated Management Leadership Team agenda and minutes templates.

Webb Henderson noted that PwC Australia demonstrated its design and implementation of action 8.2 through the preparation of partner and firm-wide performance scorecards, incorporating principles of ethics and integrity, culture and experiences, client centricity, leadership and collaboration, and sustainable growth.

Webb Henderson noted that while the performance assessment of key Management Leadership Team members measured against scorecard criteria had not been completed at the time Webb Henderson drafted its report it was satisfied the approach satisfactorily demonstrated there was sufficient progress of the implementation of collective decision-making with a 'One Firm' focus and that the Management Leadership Team is to be accountable against a firm-wide Balanced Scorecard. Webb Henderson noted their consideration had 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 (measured 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 that are relevant to our review.'*

Finance has engaged with PwC Australia's Chief People Officer and sought and received information on the leadership and cultural change programs introduced to improve leadership capability through their Leadership Reinvention program. The program is currently being delivered to all partners and directors and is intended to develop core leadership capabilities and improve accountability and ethical leadership. Finance notes the information provided shows appropriate content to support leadership growth. The program is supported by a changed curriculum for team leaders, practice tools and comprehensive feedback for leadership development.

Finance notes these actions support the effective function of the Management Leadership Team with the scorecard supporting a wide assessment of performance, including measures that support cultural change. Finance considers that effective adoption of the scorecard is a key factor in reinforcing PwC Australia's shift from purely financial measures to a stronger focus on broader measures illustrating ethical performance.

Finance notes that adoption of the Balanced Scorecard is currently underway, and that the full impact of this initiative may take two to three years to be realised. Finance also notes advice from PwC Australia that decisions taken in prior years which have impacted partners remuneration and staff incentive payments have been effective, giving some confidence that the adoption of the scorecard will support PwC Australia's broader governance and culture changes.

Switkowski Review – Governance: Risk Governance and Compliance Frameworks	
Recommendation 9 – Substantially improve enterprise risk management capability	
PwC Australia response/action	Webb Henderson assessment
9.1 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.	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.
9.2 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 will also have no client responsibilities.	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.
9.3 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.	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.

Dr Switkowski noted *'There has been a proliferation of policies and processes without clear connectivity – the cumulative effect of tactical responses to implementing a variety of standards and requirements. There is also general confusion as to the scope and meaning of 'conduct risk' and 'compliance risk', and how and by whom various conduct and compliance issues are managed'*. Dr Switkowski considered PwC Australia needed to improve capacity, capability, and expertise in enterprise risk management.

Webb Henderson noted PwC Australia demonstrated its design and implementation of action **9.1** through the appointment of a Chief Risk and Ethics Leader in July 2023. The appointment was ratified by the Board and announced internally. Webb Henderson observes that this is a key appointment that will have oversight and responsibility for many actions in PwC Australia's Action Plan. PwC Australia also note the General Counsel has also been appointed to the Management Leadership Team.

Webb Henderson notes PwC Australia demonstrated its design and implementation of action **9.2** through the appointment of a Chief Risk Officer (CRO) who commenced in the role on 3 October 2023. Webb Henderson noted the role description prohibits the Chief Risk Officer from having any client responsibilities, capability-led responsibility for any group of clients or revenue generating or client satisfaction targets. Further, the Chief Risk Officer has the authority to challenge decisions that may impact PwC Australia's risk profile.

Finance notes action **9.3** concerns the completion of a detailed capability assessment. The assessment was the responsibility of the appointed Chief Risk Officer. The implementation involves addressing the identified gaps from the capability assessment, including organisational redesign, the recruitment of 'Phase One Roles', and training.

PwC Australia has demonstrated its design and implementation of this action through the provision of the following evidence to Webb Henderson for consideration.

- the completed capability assessment;
- the Enterprise Risk Org Design Organisation charts;
- the Tech Hub Organisation charts; and
- advertisements for roles in the Enterprise Risk function and approval of those roles by the Chief Risk and Ethics Leader and Chief Financial Officer.

Finance considers that actions **9.1**, **9.2** and **9.3** address concerns about the planning and implementation of policies to manage risk, also noting the reporting and accountabilities managed by activities for recommendation 10.

Switkowski Review – Governance: Risk Governance and Compliance Frameworks	
Recommendation 10 – Embed clearer accountabilities for risk across the firm	
PwC Australia response/action	Webb Henderson assessment
10.1 Business Risk leadership now reports to the Chief Risk and Ethics Leader, with dotted reporting lines to Business Leadership.	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.
10.2 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.	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.

Dr Switkowski noted '*There must be clear governance arrangements across the first various enterprise-level forums to ensure appropriate information and insight is escalated to the Executive Board to inform timely decision-making in management of the firm.*'

Webb Henderson noted action **10.1** is complete. PwC Australia has demonstrated its design and implementation of this action through the implementation of formal reporting lines. A diagram of the PwC Australia Board and Sub-committee structure is included at *Appendix (iii)*.

Finance notes action **10.2** has not been finalised. PwC Australia advise its Three Lines of Accountability approach is designed to clarify responsibilities across operational/business units, enabling functions, and risk assurance/oversight bodies, while improving transparency, compliance and control. PwC Australia has advised that '*The anticipated timeframe [for implementation of the model] reflects our greater appreciation for the complexities associated with the 3LoA model and the time required to sustainably implement and embed the requisite*

change within the firm; alongside the other significant cultural work we are undertaking.’ The model is expected to be finalised in 2027.

Webb Henderson assessed that if PwC Australia continues to progress the model’s implementation it will achieve the objectives of the action. Finance notes that the complex planning, implementation and embedding of this accountability model make an extended timeframe appropriate. Finance notes that changes (through actions **10.1** and actions **2.1** and **2.2**) to the structures of Executive and Governance committees and reporting will improve accountability in advance of the implementation of this action.

Switkowski Review – Governance: Risk Governance and Compliance Frameworks	
Recommendation 11 – Fix gaps in compliance risk management	
PwC Australia response/action	Webb Henderson assessment
11.1 A Head of Compliance was appointed in July 2023, reporting to the Chief Risk and Ethics Leader.	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.
11.2 A review of our 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.	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.

Dr Switkowski noted *‘there is not a specific compliance function at PwC Australia, or clarity as to overall responsibility for compliance with the obligations to which the firm is subject. There is also no enterprise register or “baseline” of compliance obligations of PwC Australia.’*

Webb Henderson noted action **11.1** was complete. The Chief Risk and Ethics Leader appointed an experienced compliance professional to the role of Head of Compliance in July 2023. Webb Henderson noted the Head of Compliance’s demonstrated knowledge and responsibility over compliance policies.

Webb Henderson noted PwC Australia completed action **11.2** in May 2023 through an Internal Audit function completing a maturity assessment of the Compliance Framework. The Internal Audit report assessed the then maturity of the eight pillars of the framework governing PwC Australia’s compliance management. In February 2025, Internal Audit completed a further review and assessed there was sufficient progress to address its previous May 2023 report.

Finance notes the appointment of a Head of Compliance and review of its compliance framework. Clear reporting lines appear to have been established. Finance considers that these actions should improve the content and visibility of compliance risk functions.

Switkowski Review – Governance: Risk Governance and Compliance Frameworks

Recommendation 12 – Improve functionality of the executive-level Risk sub-committee and other risk-related functions

PwC Australia response/action	Webb Henderson assessment
<p>12.1 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.</p> <p>A formal Client Committee has been established and has already met as outlined above in Recommendation Seven.</p>	<p>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.</p>

Dr Switkowski noted the need for clear terms of reference for risk committees, clarification of roles to reduce overlap, duplication and confusion, and the proper collation and escalation of risk information to the Executive Board. *'The CRO [Chief Risk Officer] was not previously, and is not currently, a member of the Executive Board. The 'voice of risk' was previously represented by the Chief Strategy, Risk & Reputation Officer (now the Chief Risk and Ethics Leader). The Review found that in recent years the enterprise risk perspective was insufficiently 'voiced' or represented at meetings of the Executive Board and the Board of Partners. It is also not clear that enough time was consistently allocated to risk discussions to ensure risks were adequately managed and factored into decision-making'.*

Action **12.1** notes the establishment of the Management Leadership Team Risk Committee, supported by agreed Terms of Reference. The documented purpose of the Management Leadership Team Risk Committee is to ensure that PwC Australia has adequate policies, practices and frameworks for the management and oversight of risk. The Terms of Reference state that these practices include Three Lines of Defence. Finance refers to action **10.2** and notes the activity to implement a Three Lines of Accountability model is expected to continue to 2027.

Webb Henderson noted that the design and implementation of this action was complete. They also noted that the Client Committee had been established as part of action **7.3**.

Finance notes that this action elevates conflict of interest matters to senior leadership, which when coupled with other actions (see below) gives confidence that PwC Australia has reformed its approach to conflict of interest.

Switkowski Review – Governance: Risk Governance and Compliance Frameworks

Recommendation 13 – Improve functionality of the executive-level Risk sub-committee and other risk-related functions

PwC Australia response/action	Webb Henderson assessment
13.1 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 and Securities businesses.	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 (13.1 to 13.3) to be complete.
13.2 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.	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 (13.1 to 13.3) to be complete.
13.3 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.	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 (13.1 to 13.3) to be complete.
13.4 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.	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.
13.5 PwC Australia has announced it will no longer make political donations.	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.
13.6 Completion of the sale of PwC Australia's core Government business is anticipated to finalise in October 2023.	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.

The Switkowski Review made significant findings with regard to the understanding and management of conflicts of interest, noting:

‘There has not been, and does not yet appear to be, an overarching framework providing clear instructions to partners and staff as to how to identify or manage the various types of actual, potential, or perceived conflicts. There is also insufficient guidance for how to differentiate between various types of conflicts of interest. The lack of a clear framework makes it challenging for partners and staff to understand when, and how, to seek approval, or how to escalate concerns regarding conflicts.’

‘There appear to be multiple notification methods available across the firm to raise and resolve conflicts of interest.’

‘PwC Australia appears to lack a process for, or practice of, consolidating all conflicts of interest information. Without a readily obtainable enterprise-wide view of conflicts, the ability to manage conflicts is compromised.’

The Switkowski Review found ‘some parts of PwC Australia – notably the Assurance business – appear to substantially model best practices’ and noted ‘the firm should seek to leverage its internal capability and intellectual property, and look to these strengths as it rebuilds.’

Finance requested further information about the PwC Australia framework and current processes for handling conflicts of interest. PwC Australia provided information outlining the process and procedures used to identify and manage conflicts of interest. Based on the information provided, Finance considers the process and procedures provide a comprehensive framework for partners and staff to identify, manage, and monitor conflicts of interest effectively.

Finance considers that, noting the Collins matter arose from the inappropriate management of conflicts of interest, actions **13.2** and **13.3** are critical to ensure that PwC Australia appropriately manages any future conflicts of interest.

Finance notes PwC Australia deters non-compliance with the mandatory training requirements through the performance review process. PwC Australia partners and staff who fail to complete mandatory training by the due date (unless exempt) are deemed to have been in breach of the Compliance Gateway. Partners in breach receive a ‘does not meet expectations’ rating and a reduction in performance income.

While on paper, the processes, procedures and identified deterrents to non-compliance appear to provide a comprehensive basis for appropriate management of identified conflicts of interest, Finance considers the tone from the top and organisational culture will influence the framework’s effectiveness of these actions, once fully embedded. Finance’s observations over the past two years engaging with PwC Australia is that the tone at the top has improved markedly, with a far stronger focus on an accountability culture.

Finance also notes the steps taken regarding management of conflicts of interest through the governance board deliberations and appointment of CEO, as set out in Action **3.1**.

Switkowski Review – Governance: Issues Management	
Recommendation 14 – Improve focus on issues management	
PwC Australia response/action	Webb Henderson assessment
<p>14.1 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.</p>	<p>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.</p>
<p>14.2 An assessment of the Office of General Counsel function is underway.</p>	<p>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.</p>

Dr Switkowski noted *‘There does not appear to be a central register, or practice of specifically documenting issues, or a structured practice for escalating, monitoring and resolving the issues that relate to those firm-wide risks’* and that PwC Australia *‘does not have an issues management framework of the type that would be expected in an organisation with higher risk maturity’* and *‘issues are managed in a “piecemeal” fashion and there is a lack of consistency, rigour or clarity to this process.’*

Webb Henderson noted PwC Australia implemented action **14.1** through the establishment of the Ethics and Business Conduct Leader; a People and Ethical Conduct Panel; the implementation of the EthicsPoint system across PwC Australia to case manage ethical and business conduct matters, regular reporting mechanisms to provide trends and matters to the Management Leadership Team and Governance Board, communication and training, and the alignment with PwC Australia's Partner Evaluation and Income Scheme (PEIS) Policy.

Finance notes that under action **14.1** PwC Australia's implementation of the EthicsPoint system provides for the management of ethical and business conduct matters, with significant breaches reported to and considered by the Management Leadership Team and Governance Board. This raises the issues from piecemeal management within line of service to central management and consideration by PwC Australia leadership.

Additionally, Finance notes that PwC Australia has implemented a holistic governance, risk and compliance system using the ServiceNow platform. This will be the central system PwC Australia uses to record all risk management data, including risks, controls, issues and incidents along with the actions to be performed on these components. Finance considers that this system responds directly to Dr Switkowski's recommendations and should apply the systemic rigour necessary to ensure conflict of interest issues are identified and raised to the relevant level of management to be appropriately addressed.

Webb Henderson noted PwC Australia has demonstrated its design and implementation of action **14.2** through the completion of the assessment and planned response to the Office of General Counsel review. PwC Australia finalised its report of the assessment in October 2023 and appointed a new General Counsel in February 2024.

Switkowski Review – Governance: Issues Management	
Recommendation 15 – Redefine and clarify accountabilities for conduct risk	
PwC Australia response/action	Webb Henderson assessment
<p>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.</p>	<p>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.</p>
<p>15.2 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.</p>	<p>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.</p>

Dr Switkowski noted *'The process for reporting, escalating and managing issues across a wide spectrum of events – from inappropriate workplace behaviours to legal or compliance breaches to unethical dealings – is confusing. The terms 'ethical conduct' or 'business conduct' are not clearly and consistently defined.'*

Finance notes action **15.1** relates to a review of PwC Australia's consequence management framework, and subsequent recommended changes to clarify that the framework addresses business conduct risk as well as personal conduct matters and applies regardless of how the conduct was reported or discovered. This action is more comprehensively responded to at action **21.2**.

Webb Henderson noted PwC Australia demonstrated its design and implementation of action **15.2** by publishing the PwC Code of Conduct²⁶ and other tools, resources and materials on

²⁶ pwc.com.au/about-us/code-of-conduct.html

the Ethics and Business Conduct SharePoint site. The site encourages employees to continuously improve their understanding of ethical conduct and decision-making processes through the provision of training, and learning and development materials.

Finance notes action **15.2** improves the information available for all PwC Australia staff about the nature and handling of ethical issues, including personal and business behaviours.

Switkowski Review – Governance: Issues Management	
Recommendation 16 – Improve rigour of regulatory engagement	
PwC Australia response/action	Webb Henderson assessment
<p>16.1 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. The CEO, Chief Risk and Ethics Leader and General Counsel are now each involved in regulator dialogues alongside Business leaders and there is regular reporting to and discussion with the Management Leadership Team on these matters.</p>	<p>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.</p>

Dr Switkowski noted that *'PwC Australia operates in a highly regulated environment and is subject to a range of regulatory requirements and professional standards... Despite this, the firm has limited dedicated resourcing for regulatory engagement and regulatory affairs.'* Additionally, *'Overall responsibility for regulatory engagement currently sits with the Chief Risk and Ethics Leader... In practice, Lines of Service appear to manage specific relationships with regulatory bodies relevant to their areas of practice.'*

Webb Henderson noted that the action had been designed and implemented.

Summary of Governance

Governance recommendations and actions form the most substantial part of the Switkowski Review and Action Plan.

Role of the Governance Board

Finance notes significant changes have been implemented to the Governance Board of PwC Australia. Changes include:

- increasing independent voices in the leadership of PwC Australia, including with an appointed independent Chair and independent Board members;
- clarifying the role and powers of the Governance Board and CEO;
- improving the design and clarity of sub-committees, reporting lines and the timeliness of reporting to increase the visibility of decisions and issues as they arise;

- improving processes to select and remove the CEO, including by removing the role of selecting the CEO from the partners and making it the role of the Board;
- establishing a skills and experience framework, with formal professional development, for other members of the Governance Board, allowing effective recruitment and succession planning;
- regularly assessing the ongoing performance of the Governance Board; and
- oversight of the Partner Evaluation and Income Scheme through the Partnership, People and Culture Committee.

In combination, these changes are substantial and provide the opportunity for PwC Australia to improve the ability of the Governance Board to lead PwC Australia, building governance, culture and accountability.

Senior Leadership Oversight

Finance has engaged regularly with PwC Australia senior management to understand the new Management Leadership Team structure, which include the following changes:

- establishing three committees: Client, Investment and Risk that have been delegated authority by the Management Leadership Team;
- creating the position of dedicated Chief Risk and Ethics Leader in May 2023;
- establishing the role of the Management Leadership Team, giving the ability to operate at a full enterprise level; and
- establishing a consequence management processes.

The improved clarity of role and functionality of the Management Leadership Team supports their ability to manage issues and make enterprise-wide decisions.

Risk Governance and Compliance Management

Finance notes the following work undertaken to establish roles, reporting and centralised information collection that support improved risk governance and compliance management:

- establishing a Chief Risk and Ethics Leader, reporting to the CEO and with risk leaders reporting to them (as opposed to reporting to their respective Business line leadership);
- establishing a Chief Risk Officer without client or capability responsibilities who can challenge decisions impacting the PwC Australia risk profile, giving focus to ethical issues alongside and with as much importance as commercial considerations;
- ongoing work to establish a Three Lines of Accountability model;
- establishing a Head of Compliance reporting the Chief Risk and Ethics Leader and completing a maturity assessment of the Compliance Framework; and
- improving conflict of interest identification, education and management processes.

Finance notes that the ability to identify, manage and resolve conflicts of interest is central to the ability of PwC Australia to function and rebuild trust. This relies on work undertaken to increase the visibility of risk and compliance functions.

Issues Management

Finance notes that the following actions improve the management of incidents and issues and support the professional education of people working in PwC Australia.

- establishing the EthicsPoint system;
- improving issues reporting;
- establishing a comprehensive governance, risk and compliance system;
- establishing a consequence management framework;
- establishing an Ethics and Business Conduct SharePoint site, providing training and advice on matters of ethical conduct and decision-making; and
- providing the Chief Risk and Ethics Leader with responsibility for regulatory engagement across PwC Australia and establishing a regulatory engagement framework.

Finance considers these are key changes required to ensure the Australian Government can have confidence that PwC Australia has addressed the significant governance concerns raised in the Switkowski Review.

Culture

Recommendations 17-20 of the Switkowski Review relate to restoring trust internally and externally, and work to embed purpose and values; developing a target culture focused on the behaviours, mindsets and symbols required to rebuild trust.

The Switkowski Review recommended reinforcing the responsibility for the senior leadership of PwC Australia to role-model, communicate and embed a challenger culture and willingness to hold each other to account. Additionally, the Switkowski Review recommended establishing protocols to ensure processes for senior leadership appointments enable expressions of interest (where appropriate) and are underpinned by broader capability-based selection criteria, including values alignment and ethical conduct, and greater cognitive diversity.

PwC Australia identified seven actions in response and Webb Henderson has found three of seven actions have been implemented (**17.1**, **20.1** and **20.2**). The remaining four actions (**18.1**, **19.1**, **19.2** and **19.3**) were progressing and would achieve the implementation closure if implementation continues.

Switkowski Review – Culture

Recommendation 17 – Implement a program of work to embed focus on purpose and values

PwC Australia response/action

17.1 The culture gap analysis being performed will direct us to where we 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 we will be rolling out to all people leaders (partners and staff). Storytelling and role modelling of our purpose and values are being built into the engagement and communications plan supporting the Action Plan. By showcasing for our people how the purpose and values are brought to life everyday through our actions, conversations and critical symbols, we will bring them to life.

Webb Henderson assessment

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.

Switkowski Review – Culture

Recommendation 18 – Conduct a gap analysis to a firm-wide target culture focused on restoring trust

PwC Australia response/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.

Webb Henderson assessment

We consider that the Design Closure Criteria for these Actions (18.1 to 19.2) 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.

Switkowski Review – Culture	
Recommendation 19 – Embed a challenger culture with action and ‘tone from the top’	
PwC Australia response/action	Webb Henderson assessment
<p>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.</p>	<p>We consider that the Design Closure Criteria for these Actions (18.1 to 19.2) 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.</p>
<p>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.</p> <p>Work on tone from the top has already started with the following initiatives underway:</p> <ul style="list-style-type: none"> • 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. 	<p>We consider that the Design Closure Criteria for these Actions (18.1 to 19.2) 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.</p>
<p>19.3 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’.</p>	<p>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.</p>

‘The [Switkowski] Review found there is a general hesitancy to delve into uncomfortable conversations, to learn more from mistakes and be prepared to hold others to account.’

Finance notes the results of the culture gap analysis (action **17.1**) has informed the iterative design of PwC Australia’s culture program, engaging external experts, engagement surveys and existing culture work and has fed into the implementation of actions **19.1**, **19.2** and **19.3**.

PwC Australia has advised the first iteration of its culture program (actions **18.1**, **19.1** and **19.2**) was developed internally, with inputs from the Switkowski Review, engagement survey data, onboard and exit survey data, diagnostics data, and client feedback.

The second iteration of the program focused on an integrated approach of the '3Cs' (curiosity, collaboration, and challenge), the Switkowski Review's highlighted 'shadow sides' of PwC Australia's cultural strengths, and the PwC Global's Evolved PwC Professional (EPP) framework (action **19.3**).

The third iteration of the program was informed by updated engagement survey data, input from external experts, and identified gaps and opportunities from the first and second iterations of the program.

Webb Henderson observed that:

'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 Commitments to Change 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.'

Webb Henderson also observed the design phase of these actions is complete, and noted the implementation remained ongoing, consistent with the timeframes set out by PwC Australia in its Action Plan.

Finance sought an update from PwC Australia on its intentions to complete these actions. PwC Australia advised that:

'Through the ongoing gap analysis which builds upon our original work, we have developed a comprehensive program of work... This is designed to embed our espoused culture into all aspects and key processes of our firm, so it is consistently experienced by our people and our stakeholders. It continues to address the 'shadow sides' of our culture documented in the Switkowski Report. Delivery commenced during FY25 and will continue through at least FY27, with regular evaluation points and reporting to the Management Leadership Team and Governance Board.'

PwC Australia committed to a series of key activities in relation to the design and implementation of action **19.3**, including:

- adapting and implementing PwC Global's EPP framework, ensuring compliance with mandatory features, while customising others to ensure a fit for purpose product for PwC Australia. The EPP 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;
- developing and rolling out of a Leadership Reinvention program (as part of the broader EPP rollout). The program was launched in October 2024 and will continue being delivered to senior leaders across PwC Australia until mid-2026; and

- implementing a consistent language around behavioural expectations, supporting a shift in culture. PwC Australia implemented a 360-feedback tool, Feedback Exchange, to support a culture of challenge and ongoing feedback through the assessment of EPP behaviours.

Dr Switkowski noted reports of the driving culture of PwC Australia. ‘The mindset was said to have been “growth at all costs” with a spotlight on “revenue, revenue, revenue”.’

Finance notes that actions **18.1**, **19.1**, **19.2** and **19.3** are intended to support the development of a culture in which staff can challenge others and show ethical leadership. Programs such as Leadership Reinvention, combined with leadership clearly communicating expectations and behaviour recognised as part of the Partner Evaluation and Income Scheme provides a structure which supports ongoing cultural reform.

Switkowski Review – Culture	
Recommendation 20 – Reduce relationship biases for senior roles	
PwC Australia response/action	Webb Henderson assessment
<p>20.1 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.</p>	<p>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.</p>
<p>20.2 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.</p> <p>This was combined with a new Balanced Scorecard as explained in Recommendation 21.</p>	<p>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.</p>

Webb Henderson noted that PwC Australia demonstrated its design and implementation of action **20.1** through the creation of the Partner Leadership Appointment policy for leadership roles, endorsed by the Management Leadership Team and Board’s Partnership, People and Culture committee. The Policy stipulates that any member of the partnership can apply for senior roles. Applicants are then interviewed and selected based on their merits.

PwC Australia advises the new process was implemented in September 2023 and would be used to fill senior roles going forward.

Webb Henderson noted that PwC Australia has demonstrated its design and implementation of action **20.2** through the development and communication to partners of a renewed PwC Australia vision in September 2023. The vision would reset the direction of PwC Australia,

including its ambitions with respect to culture and ethics, in order to restore trust in PwC Australia.

PwC Australia's vision is *'To become the pre-eminent professional services firm, built on the highest ethical and professional standards with integrity at the core, a firm that delivers purposeful and sustained outcomes in everything we do'*²⁷.

Finance notes the actions support a process to open senior roles to staff with the relevant skills and experience. This also responds, in part, to the Switkowski Review finding PwC Australia had an *"overly collegial culture inhibiting constructive challenge"*. Finance also notes the new vision supported by the introduction of the Balanced Scorecard, which is expected to help embed the new culture and behaviours that may assist with PwC Australia rebuilding trust.

Summary of Culture

Dr Switkowski noted that PwC Australia's culture had shifted to a highly targeted growth strategy and that conversations within the organisation regarding purpose and values occurred less often and were given less weight in decision making processes. Internal reviews found that the 'tone at the top' was driving a culture of competition, rather than collaboration.

Finance considers that PwC Australia has acknowledged the issues its previous culture had driven, and recognises that it has taken significant strides to identify and address these issues, including ensuring that all partners responsible for breaches of confidentiality, or failure to take appropriate action once issues associated with the Collins matter were identified, were exited and are no longer partners at PwC Australia, or had consequences applied. From the information publicly released, provided to Webb Henderson, and shared with Finance it is clear that PwC Australia is working hard to change its internal culture to deliver on its vision to be the pre-eminent professional services firm.

Finance notes that cultural change takes sustained effort over an extended period of time, and while not yet complete, is comforted by PwC Australia's commitment to continue pushing for and delivering on that change.

Accountability

Remuneration and Consequence Management

Recommendations 21-23 of the Switkowski Review relate to the improvement of processes around performance management, partner remuneration and the transparency and communication of principles, minimum standards as well as behavioural issues and consequence management to set clear expectations on conduct.

Dr Switkowski noted *'A lack of accountability in an organisation will exist where it is difficult to identify who is charged with control or influence over activities or decisions'* and

²⁷ PwC Australia's Annual Report 2024.

‘Remuneration and consequence management frameworks provide mechanisms to reinforce individual and collective accountabilities.’

The recommendations include the review of partner performance and consequence management frameworks to ensure non-financial performance is considered. PwC Australia identified five actions in response, including one additional action not directly related to the recommendations, and Webb Henderson has found all actions have been implemented.

Switkowski Review – Accountability: Remuneration and Consequence Management	
Recommendation 21 – Review partner performance management framework	
PwC Australia response/action	Webb Henderson assessment
<p>21.1 A new FY24 Balanced Scorecard was launched to partners on 7 September 2023. This includes a significant emphasis on non-financial measures in areas such as ethics and integrity, culture and experiences, client centricity and collaboration. Growth measures are now ‘One Firm’ and are based on sustainable growth.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>

Dr Switkowski noted that *‘The aggressive growth agenda overshadowed and occurred at the expense of the firm’s values and purpose.’ It found that ‘despite the range of metrics and goals, the common perception of interviewees and focus group participants was that financial measures (and especially revenue) receive the greatest focus in the assessment process.’*

Recommendation 20 reflected that performance and consequence management frameworks needed to consider non-financial performance areas, including:

- principles for how performance would be assessed;
- establishing firm-wide minimum standards;
- increasing the size of financial penalties for conduct and behavioural issues relative to positive adjustments; and

- revising financial measures to extend beyond a single financial year.

Webb Henderson noted PwC Australia had successfully designed and implemented both actions **21.1** and **21.2**. Webb Henderson assessed action **21.2** alongside actions **7.1** and **15.2**, which also related to actions including consequence management.

In action **21.1**, PwC Australia launched its new Balanced Scorecard in September 2023 to partners, alongside written guidance explaining how metrics would be measured and incorporated into partner performance process. The Balanced Scorecard emphasises the non-financial measures of:

- ethics and integrity;
- culture and experience;
- client centricity;
- leadership and collaboration; and
- sustainable growth.

PwC Australia notes the action is being embedded through metrics supporting quarterly conversations between partners and their primary reporting partner.

Webb Henderson noted that the *'FY24 Balance Scorecard 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... incorporating learnings from FY24'*.

In action **21.2** PwC Australia started using of the Balanced Scorecard to guide remuneration decisions through the Partner Evaluation and Income Scheme. PwC Australia states *'the 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 [the Balanced Scorecard], and the application of the Consequence Management Framework.'* The Consequence Management Framework for staff and partners was agreed to be harmonised in October 2023, aligning with PwC Australia's 'One Firm' model.

Finance notes the development of a new Balanced Scorecard approach captures the importance of ethical behaviour. Finance recognises that the impact of the Balanced Scorecard will be felt over time. However, Finance notes advice from PwC Australia that implementation of the Balanced Scorecard and its interaction with remuneration has had immediate effective results in pushing through the accountability and culture changes of the organisation.

Finance also notes that as an additional action, PwC Australia's CEO has put in place Accountability Statements for each member of the Management Leadership Team to enhance transparency, governance, and personal accountability.

Switkowski Review – Accountability: Remuneration and Consequence Management	
Recommendation 22 – Strengthen partner remuneration process	
PwC Australia response/action	Webb Henderson assessment
<p>22.1 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.</p>	<p>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.</p>
<p>22.2 As part of the review 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.</p>	<p>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.</p>

The Switkowski Review found that the Partner performance review process could benefit from additional ‘checks and balances’ to mitigate against normal human biases and considered *‘there may be opportunity for additional cross-line of Service or other independent challenge in the moderation process for partner remuneration.’* Additionally, it noted *‘PwC does not currently have mechanisms for the deferral of incentives to partners, or for the clawback of rewards when poor conduct is later revealed.’*

Webb Henderson noted that PwC Australia demonstrated its design and implementation of action **22.1** through the implementation of additional mechanisms providing for cross-firm input into partner outcomes. PwC Australia’s partner moderation meetings had historically been conducted with partners from within the relevant partner’s line of service. In action **22.1** PwC Australia has implemented a change requiring involvement by a partner from a different line of service, in the partner remuneration process, to provide input and challenge and minimise unconscious bias. Participants were given instructions and supported by the Partnership Operations team for the Independent Performance Assessments for the 2023-24 financial year.

PwC Australia notes it is currently reviewing the outcome from the first Independent Performance Assessments process to inform its approach to the 2024-25 financial year.

Webb Henderson noted that PwC Australia demonstrated its design and implementation of action **22.2**. In action **22.2** PwC Australia amended the Partner Evaluation and Income Scheme and Partnership Agreement to permit PwC Australia to withhold part, or all, of a partner’s distribution of profit for a period of time (as part of the Management Leadership Team or for a retiring partner) to be clawed back or offset against costs and liabilities where there has been misconduct, breach of obligations or other conduct detrimental to PwC Australia.

Finance notes amendments include penalties for Management Leadership Team members specifically, as well as all partners for identified breaches of conduct. The changes introduce additional scrutiny from outside of the line of service for performance decisions and additional accountability and application of consequence in remuneration decisions.

Switkowski Review – Accountability: Remuneration and Consequence Management	
Recommendation 23 – Provide greater transparency of behavioural expectations and consequence outcomes	
PwC Australia response/action	Webb Henderson assessment
23.1 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.	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.

The Switkowski Review found that *'while the mechanics of the remuneration and consequence frameworks may theoretically be sound, it remains unclear whether issues are consistently identified, investigated and penalised. When issues are public there are examples of PwC Australia taking a firm approach to consequence management. The appetite to do so is less clear when matters are not so widely known.'*

Additionally *'it seems clear from public disclosures in connection with the Senate Inquiry that a number of partners (and potentially other senior personnel) at PwC Australia were potentially aware of potential breaches of confidentiality within the tax practice at least as early as March 2021 when the TPB commenced its investigation into PwC Australia' and 'the public record indicates that thorough internal investigations were not commenced into these matters, or the governance failings that followed, at that time.'*

Webb Henderson noted PwC Australia had successfully designed and implemented action **23.1**. Action **23.1** builds upon several actions within the Action Plan including: launching and integrating a Balanced Scorecard (actions **8.2**, **20.2** and **21.1**); reviewing and updating PwC Australia's consequence management framework (actions **7.2**, **15.1** and **21.2**); launching the Ethics and Business Conduct SharePoint site (action **15.2**).

Finance considers that this action, and the other linked actions, support the cultural change that was needed in PwC Australia. Finance notes that the action has improved the management of issues and handling of consequences where issues are identified.

Summary of Accountability

Dr Switkowski noted PwC Australia's emphasis on individual, rather than collective, success increased the risk that partners focus on individual financial performance rather than the financial health and sustainability of the firm; that there were gaps in capturing information

that was relevant to performance reviews and whether issues were consistently investigated and penalties consistently applied.

Finance notes significant changes have been implemented to improve accountability in PwC Australia. Changes include:

- the design and implementation of a Balanced Scorecard which includes ethical and cultural behaviour and outcomes to assess partner performance, including for consideration of remuneration in the Partner Evaluation and Income Scheme;
- more open assessment of partner performance, including the inclusion of a partner from outside of the line of service of the assessed partner;
- the ability to withhold and/or claw back a proportion of profits from partners for a period of time; and
- improved governance processes to capture, assess and report on behavioural and ethical issues.

The changes to accountability processes, including remuneration and reporting, reinforce transparency and consequences of behaviour – good and bad. This supports work to change the culture of PwC Australia and implemented and embedded fully, will support the rebuilding of trust in PwC Australia.

Conclusion on PwC Australia's Ethical Soundness

Finance recognises there has been significant change in PwC Australia since May 2023. This includes changes in key personnel, the divestment of its Government consulting arm, implementation of actions arising from the Switkowski Review, and other systemic improvements to address governance, culture and accountability deficits in the organisation.

Broadly, Finance notes that PwC Australia has established processes and procedures, including clear roles and responsibilities and reporting lines to provide strong governance. These organisational changes support improved culture within the organisation, and provide deterrents through increased transparency and consequence management as part of performance assessment. Cultural change is being led through the Board and Management Leadership Team providing clear standards of behaviour supported by training. As noted, over the past two years, Finance has observed the tone at the top has improved markedly, with a significantly stronger focus on an accountability culture.

Leadership change

Since the Collins matter occurred there have been changes made to its partnership, senior leadership and personnel. Of most relevance:

- Mr Collins retired as a partner of PwC Australia, and PwC Australia advise all other partners identified as having been responsible for the confidentiality breaches or the failure to take appropriate action are no longer partners or had consequences applied;
- PwC Australia has had a change of CEO;
- the Chairs of the Governance Board and Risk Committee have been replaced; and
- the importance of ethical conduct has been recognised through the establishment of a Chief Risk and Ethics Leader.

Finance notes that with the exception of the changed CEO, Kevin Burrowes who was appointed on 17 July 2023, the whole Governance Board was appointed in 2024 or 2025.

Governance and culture change

Since May 2023 PwC Australia has implemented the following key changes to its governance, its frameworks and its staff management practices which go to establishing an ethically sound governance structure and culture:

- changes to the structure of the Governance Board to increase independent views and oversight with the appointment of four independent Board members, including an independent Chair;
- a restructure of committees reporting to the Governance Board and Management Leadership Team, clarifying purposes and reporting lines;
- a Firm-wide Balanced Scorecard that includes ethical behaviour and governance as measures for performance and impacts remuneration;
- a Leadership reinvention program to improve leadership capability;

- work to implement a Three Lines of Accountability structure to clarify roles, reporting lines and oversight;
- PwC Australia's broader cultural change program; and
- adoption of the updated global PwC Code of Conduct supported by ethics and compliance training

Culturally, PwC Australia has acknowledged the shortcomings of its previous growth-driven environment and taken steps to address them. Reforms have focused on restoring trust, ensuring accountability, promoting ethical leadership, and shifting the organisational tone from competition to collaboration.

Accountability change

Accountability mechanisms have been strengthened to reinforce transparency and consequence management. These reforms have included the introduction of a Balanced Scorecard, transparent performance assessments, consequence management frameworks in cases of misconduct, and strengthening of processes for capturing and reporting ethical issues.

Finance notes that as these changes are newly implemented and yet to be fully tested, monitoring will be required to provide the Australian Government with assurance that these changes will result in a long-term reform of PwC Australia's practices.

Finance further notes that PwC Australia has not yet fully implemented all of the Switkowski Review recommendations. However processes to give effect to these recommendations are in place, with full implementation to occur over an extended period. For example PwC Australia is undertaking a culture gap analysis which will guide further actions in response to the Switkowski Review. Finance's engagement with PwC Australia and Webb-Henderson's independent report have shown that PwC Australia has processes in place to deliver on these and other recommendations. In light of this information, Finance considers there is sufficient information to indicate that PwC Australia will continue to progress the implementation of these recommendations and support a judgment on its ethical soundness. As noted above, to ensure that PwC Australia effectively delivers on its commitment to implement the Switkowski Review recommendations, ongoing monitoring will be required to ensure the positive steps already taken are properly embedded in the organisation.

Engagement with Entities

As part of this examination, Finance sought feedback from those entities that had active contracts with PwC Australia during the period May 2023 to June 2025. Finance engaged with six entities, with all feedback received indicating no issues with PwC Australia's conduct while under contract.

New protections for the Australian Government

Commonwealth contracts have been strengthened with the introduction of the Notification of Significant Event clauses and the Commonwealth Supplier Code of Conduct. These arrangements provide the Australian Government with more opportunity to identify and take action against unethical behaviour.

PwC Australia is no longer on the Management Advisory Services Panel (the mandatory whole of government panel arrangement for the engagement of consultancy services).

Impact of non-compete agreement

Finance considers that the existence of the non-compete arrangement between Scyne and PwC Australia provides additional protection. It gives time for the outcomes of further investigations to be concluded before PwC Australia commences doing substantial work with the Commonwealth.

However, there are limited specific services outside the scope of the non-compete arrangement that PwC has agreed with Scyne that it can tender for, such as audit services or services requiring a financial services licence. Finance considers that, following the cessation of the mutually agreed pause, it is important to finalise the assessment of PwC Australia's ethical soundness, to ensure that entities considering bids from PwC Australia in these limited areas have a clear understanding of both the non-compete arrangement and PwC Australia's ethical soundness.

Impact of ongoing investigations

Finance recognises that there are investigations underway relating to some of PwC Australia's former partners. Finance has not been made privy to the content, potential findings, or timing of the finalisation of those investigations. It is possible that those investigations will bring to light additional information relating to the Collins matter, or potentially unrelated unethical behaviour by PwC Australia current or former partners and/or staff.

In the absence of clear advice regarding the timing of the finalisation of investigations and whether their findings would impact Finance's considerations, the strong public interest in the ongoing treatment of PwC Australia, and that PwC Australia has provided all relevant reports arising from its implementation of its response to the Switkowski Review, Finance considers that it would not be appropriate to delay a decision on its assessment of the ethical soundness of PwC Australia.

Finance acknowledges that acting in advance of the results of currently active investigations might result in the need to revisit the conclusions.

Finance will continue to monitor any announcements related to the currently active investigations, and should new relevant information come to light, undertake any necessary reassessment of PwC Australia's ethical soundness.

Finance notes PwC Australia's continuing reform but considers it is appropriate to conclude its examination.

Recommendations

Finance concludes that PwC Australia has implemented, or is in the process of implementing, appropriate governance, ethical and cultural structures to significantly improve its ethical operation. Finance considers that, in light of these changes and for the reasons set out above, it is appropriate for Australian Government entities to consider contracting with PwC Australia as they would any other supplier.

Noting that there is some level of uncertainty regarding the current investigations underway, and that embedding these changes across PwC Australia's business will take concerted effort, Finance recommends the following steps be taken:

For the period 1 July 2025 to 30 June 2027:

- a. where under contract to an Australian Government entity, PwC Australia to notify Finance of any potential or actual breaches of the Commonwealth Supplier Code of Conduct;
- b. PwC Australia provide to Finance six-monthly updates on:
 - i. its progress in embedding its actions from PwC Australia's *Commitments to Change*; and
 - ii. advice on breaches of PwC Australia's Code of Conduct and the outcome of any resulting finalised investigations; and
- c. Finance continue to regularly engage with Australian Government entities contracting with PwC Australia to identify any issues of contractual underperformance, including ethical concerns.

Appendix (i) – Meetings held between Finance and PwC Australia representatives

For the period of Finance's examination, meetings were held between Finance and PwC Australia on:

- 10/11/2023
- 24/01/2024
- 15/03/2024
- 10/04/2024
- 23/07/2024
- 06/09/2024
- 02/10/2024
- 08/10/2024
- 03/12/2024
- 03/04/2025
- 15/04/2025
- 09/05/2025
- 16/05/2025
- 04/06/2025
- 12/06/2025

Finance also met with Webb Henderson on 29 November 2024.

Appendix (ii) – Response to the report by Senators Richard Colbeck, Deborah O'Neill and Barbara Pocock

31 July 2025

Richard Windeyer
A/g Secretary
Department of Finance
1 Canberra Avenue
FORREST ACT 2603

Dear Mr Windeyer

We three Senators share an ongoing interest and deep involvement in this matter through our participation in parliamentary inquiries into PwC and related issues. We remain unconvinced that PwC is fit to work with the Commonwealth, and consider as premature any action to restore its ability to seek government contracts.

We stand by the recommendations we have made in our two reports, *Management and assurance of integrity by consulting services*, and *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*, and in particular:

That the Australian government not permit PwC or any of its related entities to tender for government work until the completion of all ongoing investigations including but not limited to those by the Tax Practitioners Board, Australian Federal Police and Australian Taxation Office.¹

At the time of writing, these inquiries remain ongoing, and their outcomes are unknown. In our view, this, in itself, ought to be reason enough to not contemplate a change to the arrangements for government tendering. Further, because contractual arrangements exist between Scyne Advisory and PwC that limit the firm's ability to seek government work until 2028, we see no reason for the Department's rush to make a determination before the relevant inquiries are completed. We believe the department's process and outcome sends the wrong signal to industry.

Of further concern is that in making its findings, the department has relied substantially on assessments that are the outcomes of PwC's own processes of review, such as the Webb Henderson review, and from verbal statements by PwC representatives in closed door meetings.²

¹ Parliamentary Joint Committee on Corporations and Financial Services. *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*, Recommendation 1.

² Department of Finance. *Examination of the ethical soundness of PricewaterhouseCoopers Australia*, p7.

In addition, these assessments reveal that some of the Switkowski Review recommendations are yet to be fully implemented. Clearly, progress is not complete, which the Department's report acknowledges.³

Finally, the report seeks to excuse PwCIL's failure to provide key documents to the parliament, because 'PwC Australia is a separate legal entity within the PwCIL network'.⁴

We do not agree that there is separation between PwC Australia and PwC International. The Australian entity remains under the administrative control of the global firm. Its CEO was appointed by, and was secretly paid by PwCIL. Mr Burrowes' failure to adequately disclose this to the parliament, or to recognise that it constitutes a potential conflict of interest, also prompts questions over his own understanding of the separation between Australian and International entities.⁵

PwC has been excluded from contracting with the Australian Government since April last year. In our view, there is no meaningful justification for giving them the green light after such little time, and while significant investigations remain ongoing.

We believe that the department's decision is premature, and that in line with our recommendations, the firm should remain excluded from government contracting, at least until all ongoing investigations are complete.



Senator Deborah O'Neill
Senator for New South Wales



Senator Barbara Pocock
Senator for South Australia



Senator Richard Colbeck
Senator for Tasmania

³ Department of Finance, p38.

⁴ Department of Finance, p7.

⁵ PJCCFS, at 2.63.

Appendix (iii) – PwC Australia Governance Board, Management Leadership Team and sub-committees

Governance Board and Committees Management Leadership Team and Committees as at July 2025

