



8 January 2024

Chartered Accountants Australia and New Zealand  
33 Erskine Street  
SYDNEY NSW 2000

By Email:

Dear

I am pleased to provide you with an update on PwC Australia's Action Plan that is referred to in the CAANZ Disciplinary Tribunal's decision in regard to PwC dated 3 November 2023 . Our Action Plan serves as our roadmap to realise our vision for the future and is built around five [Commitments to Change](#). Each of our commitments contain actions that are a combination of the recommendations made by Dr Switkowski AO in the [Independent Review of Governance, Culture and Accountability](#) and other initiatives we have separately resolved to implement.

We have accepted and are implementing the Independent Review's recommendations and are clear on what we need to change.

We have redefined our vision: *to be the leading professional services firm, built on the highest ethical and professional standards with integrity at our core*. We recognise that part of achieving this vision is to transform our firm and rebuild trust with our stakeholders.

To that end, we have established a Transformation Program to address the findings of the Independent Review, implement our Action Plan, and other strategic priorities in line with our values, purpose and vision for the firm.

PwC Australia is committed to publishing our progress in meeting our commitments until these changes are fully embedded. Our Governance Board, to be led by an independent chair, will oversee our progress and reporting and make sure there is independent verification of our progress.

### **Actions being delivered**

We are on track with delivering on our Commitments to Change. From the 23 recommendations of the Independent Review, 47 actions have been set and are being delivered via the firm's Transformation Program.

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Below are some examples of our progress to date:

- Risk and ethics:
  - New firmwide and individual partner balanced scorecards are in place, with equally weighted measures for Ethics & Integrity, Culture & People, Client Centricity, Leadership & Collaboration and Sustainable Growth.
  - A central enterprise-wide risk function is driving a one firm approach to risk management. The function is led by Chief Risk & Ethics leader, Jan McCahey. David Stephen, an experienced Chief Risk Officer, has also been appointed.
  - Establishment of a firmwide Risk Committee with full Management Leadership Team membership, and a Client Committee which provides oversight of client and project acceptance.
  - Announced we are no longer making political donations.
- Culture and leadership:
  - A significant cultural traits and behaviours program is underway, using the globally recognised Katzenbach method. We have developed a detailed roadmap for driving cultural change. It will be integrated with our well established audit quality culture.
- Vision and strategy:
  - We have a renewed vision which is underpinned by a new three-year strategy which is on track to be launched in early 2024.
- Governance reform:
  - The future state design of changes to our Governance Board is well progressed and will provide independent oversight and challenge to the CEO and Management Leadership team. To the extent feasible, we will apply Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations. We envisage that changes to the Governance Board will include:
    - Appointment of independent non-executives, including a non-executive Chair, who have the power to appoint and remove the CEO.
    - CEO appointment by Governance Board based on capability assessment rather than partnership vote.
    - Skills-matrix approach to the entire Governance Board, including partner representatives, to improve quality and calibre of the entire board.

### **Forward focus**

In the calendar year 2024, we are focused on continuing to deliver against our [Commitments to Change](#), including launching and implementing our new three-year strategy; implementing our desired culture future state program; establishing our new Governance Board and operating rhythm; and commencing independent reporting on progress against our Commitments to Change.



We are committed to rebuilding and re-earning the trust of our stakeholders. If you have further questions or would like to discuss any of the matters raised in this letter, please don't hesitate to let me know.

Yours sincerely

Jan McCahey  
Chief Risk and Ethics Leader  
PwC Australia