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1 March 2024

Committee Secretary
Senate Standing Committee on Finance and Public Administration
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: fpa.sen@aph.gov.au

RE: Questions on Notice

Dear Committee Secretary

Please find enclosed responses to the questions on notice taken during the Management and Assurance of Integrity by Consulting Services inquiry hearing on 9 February 2024.

Yours sincerely,

Leigh Walker
EY Oceania Risk and Independence Leader

Senator BARBARA POCOCK: Over the last five years, how much has EY received in contracts from the department of climate change?

Mrs Walker: We'll need to take that on notice.

Senator BARBARA POCOCK: Thank you. How much are past and current contracts with EY for work on the safeguard mechanism worth?

Mrs Walker: I'll need to take that on notice.

Senator BARBARA POCOCK: I think it's around \$268,000, just from taking a look at what I can find.

Mrs Walker: We did provide that information to the questions on notice. There was an Excel spreadsheet that we provided on contracts with the department.

EY's response:

EY has undertaken \$267,520 in contracts where the description in AusTender references the safeguard mechanism.

Senator BARBARA POCOCK: Terrific. Your transparency report says that your current client list includes Origin Energy, Santos, Beach Energy, BHP, BlueScope Steel and Brickworks. Is that right?

Mr Larocca: Yes.

Mrs Walker: I'll just clarify that those are audit clients.

Senator BARBARA POCOCK: Are these all companies that have facilities covered by the safeguard mechanism and that rely on carbon offsets to meet their voluntary climate targets and obligations?

Mr Larocca: I'd have to take that on notice, but I assume they do, yes.

Senator BARBARA POCOCK: Probably yes—is it also true that EY is a member of the Minerals Council of Australia; Australian Energy Producers, formerly APPEA; the Business Council of Australia; and the Queensland LG Resources Council?

Mrs Walker: For the AEP, yes, definitely—and the Business Council. For the others, I'm not sure off the top of my head, and I'll need to take on notice.

EY's response:

EY is an Associate Member of the Australian Energy Producers (AEP) and the Minerals Council of Australia. EY is a Service Member of the Queensland Resources Council (QRC).

EY holds membership with these industry representative groups because we provide services in the ordinary course of business to full members. It allows us to stay up to date with industry developments, including changes to law, regulations, or industry practices, and be invited to networking forums.

Mr Larocca: Sorry, Senator. You asked about level of confidence around our conflicts. We also have an external pair of eyes here.

Senator O'NEILL: Who's that?

Mrs Walker: We have a ISO 9001 quality management system audit conducted every single year—every three years, with a recertification every year—and that looks at our firm's quality management processes, of which conflicts of interest is a part.

Senator O'NEILL: Can you provide on notice what the bill of health looks like at this point in time, particularly—

CHAIR: Would that be your benchmarking process as well?

Mrs Walker: Yes, we look for that accreditation. I will say as well that, when we're responding to RFPs, a lot of government clients are asking for that; they're looking for that ISO accreditation. We're very proud that we have had that accreditation for 30 years now.

EY's response:

EY Australia was one of the first professional services firms to be certified under the Quality Standard ISO 9001, having obtained it in 1994, and we proudly continue to hold that certification today.

Our firm is certified under ISO 9001:2015. To be certified, we are subject to an annual audit by an external certification body. SGS Australia Pty Limited conducted our most recent surveillance audit. The audit reviews how we have established, implemented, maintained and seek to continually improve our quality management system to meet the seven quality management principles contained in the standard.

The scope of the certification is set out on the certificate. For EY, it is a full scope certification which covers the quality systems and processes in place to support all service offerings by our four Service Lines: Assurance, Tax, Strategy and Transactions and Consulting.

Our last audit was conducted in November and December 2023. The audit did not identify any non-conformities in our quality management system. The attached certificate was issued to us on completion of the successful audit.

Senator O'NEILL: It's pretty important, given the kind of work that you're doing on climate. The last time you were here, 18 July, was just prior to the landing of the Broderick review into your culture. You were quite confident at that point of time, based on quantitative data you had acquired, that you were doing okay in terms of your speak-up culture. Very shortly after you left us, the report landed, and we've had a discussion today about your response and shock—the qualitative data gave you a much clearer picture of what was happening. These blind spots about what's happening in your organisation are of interest to me.

Could you on notice write about what you are able to see: where your next set of blind spots are, what you are noticing that you can't see into, and what your response going forward into that is? Clearly one will relate to culture arising out of the Broderick review, but the other might go to your value statement.

EY's response:

We are regularly monitoring feedback of our people across the business to gauge their sentiment and identify emerging trends that we can proactively respond to at a firmwide level. Following on from the EB&Co review we have also worked alongside our marginalised groups to design new ways to monitor and gain feedback in ways that those groups indicate they are more likely to engage with.

Some of the ways that we monitor feedback across the business includes:

- All-staff EY People Pulse sentiment surveys.
- Focus sessions held with groups where we see a drop in engagement or increase in attrition
- Encourage more people to participate in exit interviews especially in teams where there is an increase in turnover
- Monitor trends in the number and nature of complaints being made to see what areas need to attention – this could be through our internal complaints process or through Ombpoint, the independent external workplace ombudsman EY has appointed. We get monthly reporting from Ombpoint which is high level due to the need for confidentiality, but does provide us with trends and insights in different parts of the business.
- We have set up a number of advisory forums to our ELT related to diversity, inclusion and safety, tasked with gathering the collective views of our people to advise on a response to the EB&CO report. These groups leverage our people's diverse cultures and lived experiences to help educate our leaders and inform how we move forward with care and sensitivity and considering all perspectives.

We more specifically are targeting increased reporting of issues and surfacing of complaints that was a focus of the EB & Co Review of EY's Culture, as historically, the number of complaints being made did not reflect the challenges we faced in our culture.

One driver of this is because some people felt a lack of trust in our complaints process and weren't speaking up, or hail from cultures where "speaking up" in the way our culture encourages, is not deemed appropriate

We are addressing this issue by offering more avenues to flag issues, being more transparent in the complaints process, offering the option of contacting an independent external ombudsman, and encouraging our leaders to create an environment of psychological safety in their teams. Since the report was released we have seen complaints numbers increase, which we have taken as a sign that more people are feeling confident to speak up without fear of repercussions.

Through this increased reporting, we aim to be able to identify and address systemic issues allowing us to design out as many risks as possible and address emerging risks far earlier.

Senator O'NEILL: Did you report any of them to any professional bodies?

Mrs Walker: Yes.

Senator O'NEILL: To whom?

Mrs Walker: I need to take that on notice. I don't want to—

EY's response:

The termination of one partner was reported to the CA ANZ and Law Society. There were no other partner terminations that met the reporting threshold of the professional bodies.

Certificate AU23/00000164

The management system of

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EY

EY Sweeney

Ernst & Young Australia Operations Pty Limited

Ernst & Young Real Estate Pty Limited

Ernst & Young ABC Pty Limited

Ernst & Young Strategy and Transactions Limited

EY Business Solutions Pty Limited

EY Identity Pty Ltd

EY Digital Pty Limited

Secureworx Pty Ltd

Axiom Forensics Pty Ltd

Cadence Australia Pty Ltd

Future Friendly Team Pty Limited

Port Jackson Partners Pty Ltd

200 George Street, Sydney, NSW 2000, Australia

has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

The Scope of Registration appears on page 2 of this certificate

This certificate is valid from 19 January 2024 until 25 October 2025 and remains valid subject to satisfactory surveillance audits.

Issue 3. Certified since 24 August 2023

Organization certified since 25 October 1994 and first certified by SGS on 24 August 2023

Certified activities performed by additional sites are listed on subsequent pages.

Authorised by

Sham McAuley

Authorised Officer

SGS Australia Pty. Ltd.

10/585 Blackburn Road Notting Hill VIC 3168

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ISO 9001:2015

Assurance services including, financial statement audit, accounting compliance and reporting, financial accounting advisory services, fraud investigation and dispute, and climate change and sustainability services.

Tax advisory services, including business tax services, tax policy and controversy, indirect tax, international tax, and transaction tax services. Global compliance and reporting including, tax compliance, payroll accounting and operate services, and entity compliance and governance. Legal services, including banking and finance law, commercial law, corporate law, labour and employment law, litigation and arbitration, public law, data privacy, real estate law and transaction law. People advisory services including workforce, leadership and talent strategy, HR transformation, organisational design, change management, learning and workforce analytics, recognition and reward consulting, international mobility consulting, employment and expatriate tax, immigration services and workforce transactions and M&A.

Strategy and Transactions including transactions and corporate finance (lead advisory, transaction diligence and valuation, modelling and economics), EY-Parthenon (strategy, transaction strategy and execution and turnaround and restructuring strategy) and international tax and transaction services (international corporate tax advisory, transaction tax advisory and transfer pricing).

Consulting services include business consulting (business transformation, finance, enterprise risk, financial services risk, supply chain and operations, technology risk), technology consulting (cybersecurity, data and analytics, digital & emerging technologies, technology solutions delivery, technology transformation) and people advisory services.



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Issue 3
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