



**NOTE: ASA WILL BE VOTING PROXIES AND ASKING QUESTIONS AT THIS VIRTUAL AGM THE SAME AS THEY WOULD AT A FACE-TO-FACE MEETING**

**Out with the old and in with the New**

<b>Company/ASX Code</b>	AMP
<b>AGM date</b>	Friday 30 April 2021
<b>Time and location</b>	10am Virtual Lumi AGM
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Ian Graves assisted by Julieanne Mills
<b>Pre AGM-Meeting</b>	Yes, with Chair Debra Hazelton, NED Remuneration Chair Michael Sammells, Institutional Investment Relations Mgr Michael Vercoe, Group Director People Rebecca Nash and Head of Reward Alex Boyle

An individual involved in the preparation of this voting intention has a shareholding in this company.

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

**Summary of ASA Position**

It is fair to say that AMP has had another difficult year. One year into its transformation strategy under CEO Francesco De Ferrari, impacted by COVID-19 and a series of “cultural issues” which saw significant board and KMP changes, and then the instigation of a portfolio review and now the announcement of a new CEO and a change in strategy.

A month ago, it was hard to see who was running the company and in what direction? Today the board has taken action and we now see a change of course. Is it the right course? Only time will tell.

The announcement of a strategic review of the company was instigated by an apparent interest from ARES. An Ares bid followed but was reduced to a bid for AMP Capital private markets business. The question what is it worth if they sell the whole or parts did seem a bit desperate?

Progress to date has seen:

AMP Life sale completed, and a distribution was paid to shareholders of 10c/share in October FY20.

AMP repurchased 15% stake in AMP Capital from Mitsui UTB for \$418m to help facilitate the Ares bid and, or any other potential separation of AMP Capital. With \$521m surplus Capital...

AMP Australia and NZ wealth review has been concluded, and the current transformation strategy will continue in these divisions, but AMP Capital is still in play.

### **Financial performance**

AMP 2020 results of underlying NPAT \$A295m is a reduction of \$A144m in 2019 FY Statutory NPAT of A\$ 177m reversing A2.5B loss in FY2019.

The continuing Business units' results show underlying NPAT was down for all Units

- Australian Wealth Management \$110m (43.6%)
- AMP Bank \$119m (15.6%)
- NZ Wealth Management 36m (18.2%)
- AMP Capital which is subject to ongoing negotiations \$139m (31.9%)

Although net cash flows were negative this had been impacted by the early release of super and loss of several corporate super mandates. The outflow is showing signs of stabilisation and an improvement on FY19.

No final full year dividend has been declared.

### **Governance and culture**

2020 saw a change in leadership at board level and other changes to the board and KMP (see below)

The chairman Mr Murray resigned amidst the uproar over Boe Paharis' appointment as AMP Capital CEO and the prior resignation of Mr Wade after alleged sexual harassment claims.

Under the new Chairman Debra Hazelton there has been a significant cultural shift in the AMP board. The board has focused on culture with the Symmetra workforce conducted review, board working groups on culture and with a focus on inclusive leadership, a new code of conduct and a new group integrity office, there is a sense that this has now been addressed.

### **Key events**

80% of Remediation has been completed, Removal of grandfathered commissions and simplification of super business.

### **Key Board or senior management changes**

Board and KMP have seen some dramatic changes this year. With the departure of CEO AMP Australia Mr Alex Wade, after accusations of misconduct. The appointment of Mr Boe Pahari, as CEO of AMP Capital, and subsequent removal after a staff, client and shareholder revolt over prior sexual harassment claims against him. Ultimately leading to the resignation of the Chairman Mr Murray, and John Fraser on 24 August.

With Mike Wilkins retiring in February. Peter Varghese, and Andrew Harnos resigning after the AMP Life sale, and Trevor Mathews retiring in July. Six Directors were gone leaving Rahoul Chowdry and Michael Sammells, who had been appointed to the board early in 2020, John O'Sullivan, Andrea Slattery and Debra Hazelton remaining.

## **Summary**

With the appointment of Kate McKenzie in November the board has been reduced to seven board members. With Debra Hazelton being appointed the Chair in August 2020 and Alexis George CEO in April 2021, and due to start in the second half of 2021. With the Board now comprising 43% female and with both the Chair and CEO female there is optimism of ongoing commitment to ensuring that the cultural changes will occur

There was a loss of 6 KMP in 2020 due to the sale of AMP Life and restructuring of the AMP bank. David Atkin was appointed deputy CEO AMP Capital; Scott Harley was appointed CEO AMP Australia in January 2021. With a new CEO Alexis George being appointed and due to start in second half of 2021.

The board acknowledges the significant changes made during the year and will be focused on maintaining corporate knowledge and establishing a succession plan, along with possible further appointments in 2021.

## **ASA focus issue**

### **COVID 19**

The impact of super withdrawals, potential mortgage defaults, rental abatements and exposure to infrastructure and assets and travel restrictions were just some of the challenges in keeping open retail and commercial properties.

AMP did not participate in JobKeeper.

### **ESG**

As part of the transformation focus for 2021 AMP's is committed to enhancing sustainability through improving the client experience, developing stronger governance, maintaining board diversity along with further initiatives in inclusive leadership training for all senior leaders in 2020 with rollout to all employees in 2021.

Group wide review of their climate related capabilities in 2020 with the aim of having all managed real estate funds to be net zero carbon by 2030. To ensure the achievement of this goal AMP have established. 'Marri Darumi' a 400-hectare bio conservation reserve as well as investigating other environmental measures including solar and waste minimisation methodologies.

(As at FYE)	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
NPAT (\$m)	177	(2.434)	28	848	(344)
UPAT (\$m)	295	464	680	1,040	486
Share price (\$)	1.56	1.917	2.45	5.19	5.04
Dividend (cents)	10	0	14	29	28
TSR (%)	(13)	(24)	(33.5)	8.5	(8.7)
EPS (cents)	5.2	(79.5)	0.01	29.3	(11.7)
CEO total remuneration, actual (\$m)	2.200	5.230	NA	4.07	1.900

For 2020, the CEO's total actual remuneration was **23.9** times the Australian Full time Adult Average Weekly Total Earnings of \$92,034 (based on Nov 2020 data from the Australian Bureau of Statistic))

<b>Item 2</b>	<b>Election of Kate McKenzie as a Director</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Kate McKenzie was appointed to the board in 2020 and is a member of the Audit, Nomination Risk & Remuneration Committees. At the same time Kate was appointed to the AMP Bank Board and Audit and Risk Committees M/s McKenzie was previously CEO of Chorus New Zealand's telecommunications company between February 2017 and December 2019 prior to this held several executive roles at Telstra including as Chief operating officer. She has had more than 25 years in either Board or senior in leadership roles. Kate has skill and experience in change management and turn arounds and is known for integrity, great judgement and building collaborative and effective teams.

Kate is a Non-Executive Director of Stockland, NBN Co and Healius and has previously served on the boards of Allianz, Foxtel, Telstra Ventures, Sydney Water and Work Cover.

ASA supports M/s McKenzie's election and will vote all undirected proxies in favour of the resolution.

<b>Item 3</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>Against</b>

### Summary of ASA Position

Last year ASA along with other proxies and shareholders voted against the Remuneration Report resulting in 67.08% against vote and a First Strike.

This year although shareholders are voting on the 2020 Report which is the same as the previous year. AMP have announced that 2020 was a year in transition and have announced and implemented their 2021 Remuneration structure which became operative on 1 January 2021.

During 2020, the decision was made to dissolve the Management Remuneration Committee to facilitate structural and governance efficiencies. Management oversight of remuneration matters became the responsibility of the CEO AMP with the support of Executive officers. This adopted a Risk Management approach with the board having a range of mechanisms available to adjust remuneration. Using a framework that had been developed to guide the board in applying discretion to remuneration outcomes. The framework sets out the approach the board will take and criteria it will consider when determining whether and how discretion should be applied. All variable remuneration is subject to board discretion. This year saw no STI or LTI awarded to the CEO and KMP. There was no increase to fixed remuneration. The new CFO and CRO were allocated Transformation Incentive awards in line with other KMP replacing the 2019-2020 LTI.

## **Board Remuneration and minimum Shareholding**

There is now a minimum shareholding requirement for the CEO (2x fixed remuneration) and KMP (1x fixed remuneration) within 5 years of commencement. The director requirements now include a minimum shareholder requirement of the equivalent to 1 year's base fees within 4 years and expectation of 25% per year. Directors are encouraged to increase their holding over their tenure.

Chairman's remuneration reduced from \$850k to \$660k from March 2020 and no increase in NED fees. However, Directors Fees will be reviewed this year.

### **Remuneration.**

In 2019 ASA voted against the Remuneration Report for the second consecutive year. As the STI at the maximum opportunity was 200% of the Fixed remuneration and the CEO's excessive Remuneration package in comparison with his peers in the financial sector. This along with other Shareholders resulting in a first strike.

Although voting on the 2020 Remuneration Plan the 2021 Remuneration Framework as shown has been in effect since 1 January 2021.

While having some improvements on the previous plan it is still too focussed on Short Term incentives with 50% being available as against 25% for the Long-Term incentive.

CEO rem. Framework for F2021	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.200	33	2.200	25
STI - Cash	0.880	13	1.760	20
STI - Equity	1.320	20	2.640	30
LTI	2.200	33	2.200	25
Total	6.600	100.	8.800	100

### **2020 Remuneration Report.**

Although no bonuses were awarded 2020 this does not alter ASA's opposition to the report which was reinforced by the awarding of Retention incentives.

The Retention Awards which are up to 100% of fixed remuneration were awarded to key KMP and critical talent, excluding the CEO, to a total of \$3.89m. The awards are 60% deferred in cash until Oct 2021 and 40% in share rights until Oct 2024 with no hurdles other than continuing service.

ASA opposes the use of retention payments or incentive awards which are not subject to performance.

As a result, ASA does not support the report and will vote all undirected proxies against the resolution.

<b>Item 4</b>	<b>Approval of the LTI incentive to CEO/Managing Director Francesco De Ferrari</b>
<b>ASA Vote</b>	<b>Withdrawn - ASX announcement 14 April 2021</b>

### Summary of ASA Position

This Grant is for approximately 75% of the CEO's maximum opportunity for 2021 is made up of STI and LTI at risk Vesting of the CEO's 2021 LTI Award and is subject to AMP achieving relative total shareholder return performance of at or above the medium of its peer group. The board is proposing AMP grant the CEO performance rights with a face value of \$2,200,000 under AMP's Equity Incentive Plan. The actual value to be determined at the end of the 3-year performance period. ASA doesn't support the 2021 Remuneration Plan from which these rights will accrue.

Prior to the announcement of the new CEO which made this resolution redendant, ASA planned to vote all undirected proxies against this motion.

<b>Item 5</b>	<b>Spill motion (contingent resolution)</b>
<b>ASA Vote</b>	<b>Against</b>

### Summary of ASA Position

The recent changes to the Board and management have seen considerable disruption, while we may not agree with the remuneration decisions in full, we can see the necessity to provide some incentive to retain staff during this difficult period. The board has taken significant steps to improve culture and provide more transparency and accountability within the remuneration framework.

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