



Excessive incentives created the problems - they aren't the solution.

Company/ASX Code	AMP Limited (AMP)
AGM date	Friday 8 May 2020
Time and location	The AGM will be held Friday 8 May at 11am, however because of Covid 19 the AGM will be webcast and Instructions for joining the webcast and asking questions will be made available on the AMP website.
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Ian Graves assisted by Colin Broad
Pre AGM-Meeting by Teleconference	With Chairman David Murray, Marissa Bendyk Company Secretary, Howard Marks Director Investor Relations, Amanda Hughes Director People.

One of the individuals involved in the preparation of this voting intention has a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

AMP is a company in transition with 2019 financial results materially affected by legacy issues. Net loss was \$2.467 billion primarily due to a non-cash impairment of \$2.35 billion to write down goodwill in Australian wealth management and Australian and New Zealand wealth protection and mature capitalised project costs and valuations of advice registers given changes to buy back terms and associated practice finance loans. Underlying profit was \$464 million down from \$680 million in 2018 principally due a \$181 million decline in Australian wealth management profits driven by the removal of \$85 million of earnings to the benefit of Australian and New Zealand wealth protection and mature , lower investment related revenue arising from margin compression , including My Super price changes and higher regulatory and compliance project costs. The main distribution platform North has been resilient with net inflows in FY19 of \$9.7 billion.

The company undertook a capital raising in 2019 through an institutional placement and a retail share purchase plan and remains well capitalised with level 3 eligible capital above minimum regulatory requirements of \$2.5 billion at 31 December 2019 up from \$1.65 billion at 31 December 2018. Liquidity also improved with Cash and cash equivalents of \$8.182 billion compared to \$7.382 billion in 2018. A revised sale agreement for the Australian and New Zealand wealth protection and mature businesses to Resolution Life was announced in August 2019. The revised sale price is \$ 3 billion comprising \$2.5 billion cash and an equity interest of \$500 million in Resolution Life. The sale is expected to complete by 30 June 2020.

AMP considers they are in a unique position in the financial advice market following the withdrawal of services by the major banks. They point out that there is a growing need for advice amongst Australians both through face to face and digital. Their strategy is to develop whole of wealth offers encompassing advice, wealth and banking services. The superannuation simplification program is expected to accelerate following the sale of AMP Life which will reduce the number of superannuation offerings from six to one and around seventy products to six.

Governance and culture

A number of initiatives underway to support cultural change including new company purpose and behaviours statement, changes to the performance management approach and a new accountability framework. Whistle blowing protection officer has the responsibility to ensure the following protections to persons who raise a disclosure:

- Confidentiality – identity of whistle-blower cannot be divulged without their express permission
- Victimisation / Detriment – no adverse consequences for a whistle-blower who has raised a protected disclosure.

Financial performance

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Dividends

Because of the poor performance in 2019 no dividends were paid. AMP has stated the Dividend policy will be reviewed following the completion of the sale of AMP life.

Board

The AMP Board has seen extensive renewal with six of the eleven director's tenure being less than two years including independent chairman David Murray. Indeed, the longest member tenure is Trevor Mathews of five years eleven months. The average tenure of the independent non-executive directors is two years two months.

With the Board changes and refreshment, a new skills matrix has been adopted, thus enabling shareholders to clearly identify the mix of skills and experience represented by the Board.

As a result of these changes the representation of women on the Board has fallen from 40% and doesn't meet their target of 40%. Being only 20% at 31 December 2019, although the target for 2020 remains 40%.

Although representation of women at Senior Executives and Middle Management representation both exceed that ratio with 44 % and 47% respectively.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	(2,434)	28	848	(344)	972
UPAT (\$m)	464	680	1,040	486	1,120
Share price (\$)	1.917	2.45	5.19	5.04	5.83
Dividend (cents)	0	14	29	28	28
TSR (%)	(24)	(33.5)	8.5	(8.7)	28
EPS (cents)	(0.79)	0.01	29.3	(11.7)	33.3
CEO total remuneration, actual (\$m)	5.230	NA ¹	4.07	1.900	4.305

For 2019, the CEO's total actual remuneration was **58 times** the Australian Full time Adult Average Weekly Total Earnings of \$89,440 (based on Nov 2019 data from the Australian Bureau of Statistics).

Item 2a	Re-election of Trevor Mathews as a Director
ASA Vote	For

Summary of ASA Position

Mr Mathews was appointed to the Board 2014. Audit Committee in May 2014 and became a member of its Risk Committee in November 2014. He was also appointed as a member of the Remuneration Committee in May 2018.

Joined the AMP Life Limited and The National Mutual Life Association of Australasia Limited boards in June 2014 and was appointed Chairman of those boards in May 2016. He is also a member of the Audit Committee and Risk Committee of each of those boards.

In February 2019, Mr Mathews was appointed to the AMP Bank Limited Board and as a member of its Audit and Risk Committees.

Mr Mathews other Directorships are, Chairman of 1st Group Ltd ,(appointed February 2015) Chairman of the NSW Regulatory Authority(appointed November 2015 ,Mr Mathew skills are highly relevant and improve Board skills diversity as he is an actuary with over 40 years' experience and having life and general insurance chief executive roles in Australia, North America, Asia and Europe.

AMP directors are expected to hold a minimum value of shares equivalent to the base NED fees of \$240,000 after 4 years. Although Mr Mathews has 63,763 shares due to the decline in AMP's share price since 2018 his holding has fallen below the level expected under the minimum shareholding

¹ As there had been 2 CEO's & 1 acting during the year CEO remuneration was not comparable

policy. Mr Mathews has actively purchased additional shares when permissible to attempt to meet this requirement.

ASA supports Mr Trevor Mathews re-election and will vote all undirected proxies in favour of this resolution.

Item 2b	Election of Debra Hazelton as a Director
ASA Vote	For

Summary of ASA Position

Ms Hazelton was appointed to the Board in June 2019 and is a member of the Remuneration, Audit and Risk Committees. At the same time, she was appointed to the AMP Bank Limited Board and is a member of its Audit and Risk Committees. In addition, Ms Hazelton was appointed to the AMP Capital Holdings Limited Board in June 2018 and also a member of its Audit and Risk Committee.

Ms Hazelton is also a Director of the Victorian Treasury Corporation and has extensive Treasury skills with more than 30 years' experience in global financial services including as the local chief executive of Mizuho Bank in Australia and Commonwealth Bank in Japan

Ms Hazelton's shareholding at the 31 December was valued at \$191,500, having been on the Board 6 months her shareholding is within AMP's Guidelines.

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

Item 2c	Election of Rahoul Chowdry as a Director
ASA Vote	For

Summary of ASA Position

Mr Chowdry was appointed to the AMP Board in January 2020 and is a member of the Remuneration, Audit and Risk Committees. At the same time, he was appointed to the AMP Bank Limited Board and is a member of its Audit and Risk Committees.

He is currently Partner and National Leader of Minter Ellison Consulting's financial services, risk and regulatory practice in Australia. Prior to this, Mr Chowdry was a Partner at PwC for almost 30 years, where he undertook a number of leadership roles, delivering audit, assurance, and risk consulting services to major financial institutions in Australia, Canada and the United Kingdom. Rahoul is also a member of the Reserve Bank of Australia audit committee.

ASA supports Mr Chowdry's election and will vote all undirected proxies in favour of this resolution.

Item 2d	Election of Michael Sammells as a Director
ASA Vote	For

Summary of ASA Position

Mr Sammells was appointed to the AMP Limited Board as a non-executive director in March 2020 and is a member of the Remuneration, Audit and Risk Committees. At the same time, he was appointed to the AMP Bank Limited Board and is a member of its Audit and Risk Committees. Mr Sammells has over 35 years of professional experience, with significant experience in senior management and has over 20 years as a CFO

His experience as Chief Financial Officer spans over 20 years from 1999 to 2019, both private and ASX-listed companies.

Mr Sammells is also a non-executive director of Sigma Healthcare Limited.

ASA supports Mr Sammells election and will vote all undirected proxies in favour of this resolution.

Item 3	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

Last year ASA voted Against the Remuneration report because it was being rewritten and although ASA liked the broad structure of the scheme there wasn't enough detail about the KPI's, targets or vesting for ASA to make a judgement.

This report completes the changes foreshadowed to the 2018 remuneration plan. The presentation of the report to shareholders is disjointed being spread across the annual report, the corporate governance report and the notice of meeting.

The Remuneration Framework incorporates the 2020 increase announced on 13 February 2020 increasing the CEO's for the maximum STI opportunity from 120% of Fixed to 200% for 2020.

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.200	20%	2.200	16%
STI - Cash	1.760	15%	3.520	26%
STI - Equity	.440	5%	.880	6.5%
LTI	7.000	60%	7.000	51.5%
Total	11.400	100%	13.600	100%

The amounts in the table above are the statutory amounts that are envisaged in the design of the Plan and show the Remuneration Framework.

The target level for the STI is the same as the Fixed Remuneration, with the Maximum Opportunity being 200% of the Fixed Remuneration. As well, the STI allocation of 80% cash & 20% equity is contrary to ASA requirement that the STI be not be more than the Fixed Remuneration, and at least 50% paid in deferred equity.

STI

Methodology

The Group incentive pool was determined based on performance against the 2019 Financial outcomes and set of key priorities. The plan includes a Risk & Conduct Gateway to ensure the board's expectations and individuals performance are met before vesting can occur.

The pool was increased from \$32.9m in 2018 to \$39.6million being 8.5% of Underlying profit. Having set performance & progress against the Strategic plans, the results were measured on progress against the agreed priorities in 2019. The CEO was awarded 75% of the Target STI Opportunity, being \$1,650,000. This compares with the shareholder experience of a large statutory loss, fall in share price and nil dividend.

ASA has concerns that the STI's are opaque in terms of the financial measures or largely subjective. Overall it is difficult for shareholders to confidently assess the rigour of the assessment, especially when the financial plan assessment criteria are not disclosed.

LTI Performance Measures

- Compound Annual Growth Rate (CAGR) in AMP Total Shareholder Return (TSR)
- Award will not Vest if both CAGR & TSR is below index and CAGR is below index return
- Vesting subject to two separate Gateways
 - Risk and Conduct if not in line with AMP expectations Board can amend the vesting outcome
 - Performance gateway

- **Group Incentive Plan**

The major concern ASA has with the Plan, is that it does not have any performance criteria, and appeared to be more of a retention bonus, especially with only a 2-year vesting period and the only performance criteria being a service-based condition. Although AMP states that it was designed for shareholder alignment and incentivisation purposes. ASA is opposed to this practice.

- **The Recovery Incentive plan 2019**

This plan was to replace the original incentive plan which had a higher share price vesting. The replacement Recovery incentive has Target of \$2.40. by 2020. When the 2019 results were released the share price was \$2.08, notwithstanding around \$1.30 impact mainly as a result of the drop-in line with the overall market.

As well as having concerns about the structure of the Remuneration report ASA is also concerned about the lack of transparency in a number of areas especially in relation to assessment criteria and the board discretion, without disclosing what will be the criteria for considering such adjustments.

ASA considers that the Remuneration package for the CEO is excessive especially in comparison with its peers in the financial sector as its Market capitalisation is now only \$4.5B and does not align with shareholder returns. ASA does not support the report and will vote all undirected proxies against the resolution.

Item 4	Cancellation of CEO 2018 Recovery Incentive
ASA Vote	For

Summary of ASA Position

Shareholder approval is being sought for the cancellation of the 2018 Recovery Incentive as it has been replaced by the 2019 Recovery Incentive as detailed in the Remuneration Report. The 2018 Recovery Incentive was granted to Francesco De Ferrari on his appointment as CEO of AMP for the purposes of ASX listing rule 6.23.2. Although ASA voted against the 2018 Remuneration Report which approved the award. It is in the best interests of shareholders to support this resolution. ASA supports the resolution and will vote all undirected proxies in favour of the resolution.

Item 5	Refresh placement capacity
ASA Vote	For

Summary of ASA Position

Shareholder approval is being sought for the issue of 406.3 million fully paid shares ordinary shares which were issued pursuant to the institutional placement announced by AMP to the ASX on 8 August 2019. for the purposes of ASX Listing Rule 7.4. ASA supports the resolution and will vote all undirected proxies in favour of the resolution.

Item 6	Approval of convertibility of AMP Capital Notes
ASA Vote	For

Summary of ASA Position

Shareholder approval is being sought for conversion of 2,750,000 Capital notes into fully paid shares ordinary shares. subject and in accordance with the AMP Capital Terms Notes 2 for the purposes of ASX listing Rule 7.1 Note holders will receive approximately \$101 worth of AMP shares based on the VWAP during a period of 20 trading business days prior to redemption. ASA supports the resolution and will vote all undirected proxies in favour of the resolution.

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