

ASX RELEASE | 30 April 2021

## AMP 2021 AGM – Chair’s address & CEO presentation

In accordance with ASX Listing Rule 3.13.3, AMP Limited attaches the Chair’s address and Chief Executive Officer’s presentation slides to be delivered at AMP’s 2021 Annual General Meeting.

### Media enquiries

---

**Mark Roberts**

Mobile: +61 466 328 581

**Katherine Perry**

Mobile: +61 411 247 629

### Investor enquiries

---

**Jason Bounassif**

Phone: +61 411 404 637

**Michael Vercoe**

Phone: +61 2 9257 4244

Authorised for release by AMP’s Market Disclosure Committee.

## AMP AGM 2021 Chair address

Today is my first meeting as AMP Chair. I joined the AMP Board in 2019 and moved into the Chair's role in August last year.

But today is not about me, it is a day for you, the shareholders. My role today, on behalf of the Board, is to listen to you, as the owners of our company, share an update on progress, and to do my best to respond to your questions and comments.

Your board recognises that the challenges we have faced over the past few years mean that many of you are very disappointed about where AMP is today and about the share price performance.

2020 was an extraordinary year for the world and while AMP was not immune to the macro challenges – we also faced challenges of our own – predominantly cultural. However, to fully understand the current position, I would like to step back for a moment to look at the longer-term context.

This context is important in understanding our current position and providing perspective on the progress we are making in a very significant transformation journey.

The decision made to embark on a major transformation of AMP's business was essential.

The Banking Royal Commission was a game-changer for much of the financial services industry in Australia. It served to fundamentally challenge traditional wealth management business models and to radically change the wealth management landscape.

The industry today looks fundamentally different. Legislation and regulatory change have altered the playing field. The major banks have substantially withdrawn, and the number of financial advisers has declined by a third since 2018.

Yet dramatic change also creates real opportunity. Viewed with a longer-term lens, AMP is poised to take advantage of opportunities arising from this disruption – but could not do so without reinvention.

This has involved rethinking AMP, reviewing our portfolio of businesses to consider how and where we compete, addressing the legacy issues of the past while simultaneously shaping a new future.

As a Board, we have confronted the difficult decisions head on and remain absolutely committed to rebuilding AMP – guided by a strong sense of purpose.

Transformations of this scale are difficult. They take time to get right and it is often hard to see progress in the earlier stages.

Yet we have made substantial progress.

We have sold our life insurance business, renovated our core banking platform, made meaningful progress on product simplification, are close to completing our client remediation program, taken significant steps on our culture transformation, embarked on reshaping our advice network and grown our North platform.

Moreover, we have worked to improve transparency in reporting, improved the diversity of our board and management teams and recently published our Climate Change Position and Action Plan in line with a broader upgrade of our sustainability reporting and commitments.

And importantly, through the recent announcement of the separation and demerger of our two core businesses, we have set the future course for your company to unlock value and drive growth.

We have delivered much of this against the backdrop of a global pandemic.

AMP has played an integral role in the Australian financial landscape for 172 years. And we continue to play a very important role, supporting more than 1.5 million retail clients across Australia and New Zealand.

In 2020 AMP helped 5,800 clients buy a home and more than 124,000 clients to retire. AMP Capital also supports more than 560 institutional investment management clients, with over 360 of them located outside of Australia and New Zealand.

I would like to take this opportunity to acknowledge the resilience of our people and thank them for their tireless and ongoing commitment to our clients throughout this transformation journey.

Together, the Board, management and our dedicated employees remain focused on rebuilding your trust and on delivering our transformation strategy with complete commitment to returning your AMP to long-term sustainable growth.

With this in mind, over the past few months, the Board, and I have listened to and heard from many of our shareholders – both large and small. The issues raised are broadly consistent and fall into five key themes: the portfolio review, dividends and buyback, our culture, our remuneration approach and leadership.

### **Portfolio review**

I would like to address each in turn – starting with the portfolio review.

We have received many questions from our shareholders about the rationale for and outcome of our portfolio review.

The Board initiated the review in response to a substantial increase in unsolicited interest in our group's assets and businesses following the completion of the AMP Life sale last year. We believed undertaking a comprehensive, public process represented best practice, best governance and was in the best interests of shareholders.

We have been deliberately rigorous, testing all options against delivery of our existing transformation strategy and while very cognisant of the urgency of reaching a conclusion, were determined to take the time necessary to be thorough.

In February of this year, we finalised the review of our AMP Australia and New Zealand wealth management businesses confirming that, for these businesses, our existing transformation strategy delivers the strongest outcome for shareholders.

With regards to the AMP Capital business, the portfolio review identified the opportunity to accelerate the growth of the private markets' businesses (which include infrastructure equity, infrastructure debt and real estate) either via sale, joint venture or demerger.

Last week, we announced our intention to pursue a demerger of these businesses, as we ultimately determined that this would provide investors with the strongest long-term value outcomes, creating two focused entities – AMP Limited and Private Markets – with the agility to pursue new growth opportunities in their respective markets.

- AMP Limited will continue to be a retail focused wealth management, investment and banking group with scale and market-leading positions in Australia and New Zealand. It will also retain and benefit from valuable strategic equity partnerships including our long-standing relationship with China Life and Resolution Life.
- Private Markets will sharpen its focus as an independent and global private market investment manager, backed by a strong performance track record and an experienced and well-regarded team. In time, we expect the business has the capability to expand into adjacent growth markets.

We have already begun the process of internally separating the business and expect to complete the demerger by the first half of next year, subject to approvals from regulators and shareholders.

Internal separation will require a new board for Private Markets, with Michael Sammells appointed as Interim Chairman. We are also fast-tracking development of a new brand and implementation of a management equity plan to retain and attract key talent.

As part of the demerger, all AMP shareholders, will receive shares in Private Markets proportional to your existing shareholdings, after taking into account any shares that might be retained by AMP Limited.

We will provide further information in due course and keep you informed on our progress.

### **Buyback and dividends**

The second issue we have heard from you, our shareholders, is around dividends and buy back.

Following completion of the AMP Life sale, we were pleased to pay a special dividend of 10 cents per share in August last year returning \$344 million to shareholders.

We also committed to undertaking an on-market share buy-back of up to A\$200 million. The buyback was put on hold during the portfolio review, but following our demerger announcement, we now intend to recommence the program. Returning capital to shareholders in this way is highly value accretive given the current share price.

However, the Board clearly understands the importance of dividends to our shareholders. Our decision to not pay an ordinary dividend last year was not taken lightly and we have heard your feedback. We will continue to review our dividend policy, with a view to restarting ordinary dividends as market and business conditions allow.

### **Remuneration**

Thirdly, we have heard from and had extensive engagement with many shareholders regarding our remuneration approach.

Last year, we made significant changes to our remuneration framework to address the feedback we received in response to a strike against our 2019 remuneration report. We also worked hard to ensure the remuneration outcomes for key management personnel aligned to our shareholders' experience.

In 2020, the key issue of contention has been the use of retention payments through the portfolio review.

The Board did not take this decision lightly.

Our business has been through an extraordinarily challenging period and the Board believed that retention of key leaders, investment teams and other business critical employees is essential to continue to drive transformation and protect shareholder value. We were in unprecedented circumstances and had to ensure stability.

However, we have heard and understand your feedback and, in normal circumstances, would absolutely concur.

We will provide additional detail on actions taken in 2020 and our go-forward remuneration framework at item 3 on today's agenda.

### **Culture**

The fourth issue that has been raised by many of you relates to AMP's corporate culture.

Transforming our company culture is a core priority in our strategy to reinvent AMP.

In 2020, following the disappointment expressed by many stakeholders including our people, the Board and leadership team acknowledged we had to act decisively if we were to achieve our objective of creating an inclusive, accountable, agile and performance-driven culture.

We have taken decisive action:

- We undertook immediate Board renewal, including a change of chair and the appointment of a new non-executive director in Kate McKenzie. Kate brings extensive transformation experience, including culture change programs.
- We established a Board Working Group on Culture, to oversight the culture transformation initiatives.
- We initiated an objective review of our workplace conduct to benchmark our organisation against global best practice. This work has provided a baseline for our business and informed an extensive culture action plan.
- We strengthened our approach to consequence management establishing a group-wide approach to ensure fairness and consistency of outcomes.
- We established an employee-led inclusion taskforce, to represent the voice of employees.
- And we put all senior leaders through an inclusive leadership for performance program with further training rolling out across the organisation this year.

The Board reviews the actions being taken on a monthly basis, and I'm pleased to say we have delivered on more than half the initiatives on our plan to date.

Our work has shown AMP has many strong elements to its culture. However, as a company and a Board, we acknowledge that we can, we must and we will improve.

### **Leadership**

The fifth theme I want to address is leadership.

As our portfolio review approached completion, the Board with our CEO, Francesco, held discussions regarding the future leadership required given the changing size, scale and focus of the business.

Following those discussions Francesco decided it was the right time for him to retire as CEO and hand the baton to a new leader. The Board is pleased to have secured Alexis George, the Deputy CEO of ANZ, as our new Group CEO.

On behalf of the Board, I'd like to sincerely thank Francesco for his service and commitment to AMP.

In very difficult circumstances facing many complex legacy issues and unique challenges, responding to huge regulatory changes, Francesco accomplished a great deal in terms of designing and executing the first stage of AMP's transformation.

He has brought energy, courage and determination to the role. We all wish him the very best

Francesco will ensure an orderly and effective handover to Alexis.

The Board believes Alexis is an excellent fit for the future of our business. She has deep industry experience in Australia and overseas through senior roles with ANZ, and prior to that with ING, BNP Paribas and BT. She is held in high regard across the industry, respected for her values and deep commitment to both employees and customers.

Alexis will start at AMP in Q3 this year and unfortunately was not able to join us today.

In our discussions she has asked me to convey some sentiments to you. She says she feels humbled to be joining AMP to lead it through the next phase of its history and has already received many messages of support, reflecting the goodwill this company enjoys, and the fact that many people want it to succeed.

She has acknowledged the scale of the challenge but has said to me that her first action will be to listen – to our people; to the customers who have entrusted AMP with their future prosperity; and to you, our shareholders, who are equally invested in the company's success.

She shares the Board's determination to restore AMP's trust and reputation, and become known for innovation, putting customers first and being a great place to work.

She's ambitious to succeed and we look forward to welcoming her on board.

### **Conclusion**

In conclusion, it is important to recognise that AMP has been significantly impacted by disruption – of the industry, the economy and societal change – over the last three-plus years. This has demanded proactive change to our underlying business model and culture.

The board, working with the management team, has faced into these complex challenges and made difficult decisions – always prioritising the advancement of the company and shareholder and employee interests.

We have focused on driving long-term sustainable returns while balancing near-term objectives and, together with our resilient management team and dedicated people, we have made substantial progress to date – from the sale of the life company to last week's announcement of demerger.

We know we have further work to do. but we are absolutely committed to putting clients at the core of all we do, improving our culture and transforming our business.

The AMP of tomorrow will look very different from today. But it will remain true to its founding purpose.

We will do everything necessary to earn back your trust and confidence and to deliver to you, our shareholders, and to all of our stakeholders.

And with that, I would now like to ask Francesco to provide a brief overview of our performance last year and detailed progress on strategy.



# 2021 AGM

30 April 2021

# Supporting our clients, people and community

We invested to support and prioritise the health and wellbeing of our key stakeholders

## Our clients

**Paused home loan repayments** for ~11% of AMP Bank mortgage clients

**Paid A\$1.8b in early release of super** to clients in need

Assisted clients with **over one million client conversations during COVID-19**

**Supported AMP Capital tenants with flexibility** of rent payment terms and trading hours

**Launched partnership with Good Shepherd** to provide free confidential financial counselling to AMP clients experiencing hardship

## Our people

**Rapidly scaled remote working technologies** enabling 95% of employees to work flexibly

**Coordinated and delivered key projects** including one of the largest successor fund transfers in Australian history **while working remotely**

Launched **wellbeing initiatives to support employees**

Initiated inclusive **leadership training for senior leaders**

## Our community

**Supported COVID-19 impacted charities through emergency A\$2m grants program** from AMP Foundation

**Delivered A\$1m AMP Tomorrow Fund program** for extraordinary Australians for seventh year

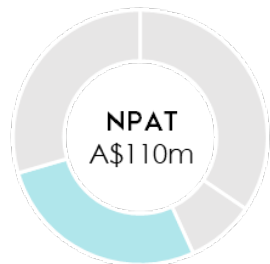
**Employees donated >A\$700,000** in 2020 through payroll giving and fundraising

**Launched Innovate Reconciliation Action Plan (RAP)**, building on strong progress since the 2019 launch of AMP Capital's Reflect RAP

**Converted several AMP Capital infrastructure assets to COVID-19 crisis centres** and community assessment clinics

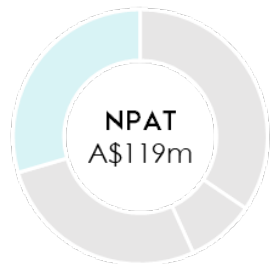


# 2020 business unit performance



**AMP Australia**  
wealth management

**Strong transformation momentum;**  
clients prioritised through COVID-19

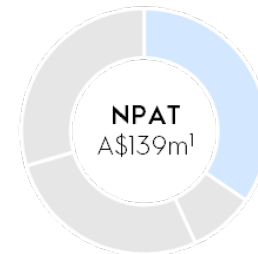


**AMP Australia**  
AMP Bank

**COVID-19 provision impacted**  
earnings in 2020; major technology  
platform renovation delivered,  
positioning for growth

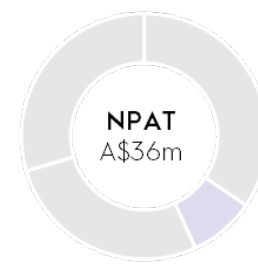
**AMP Capital**  
Asset Management

**Demand for real assets; COVID-19**  
impacted performance fees, earnings  
and asset valuations



**New Zealand**  
wealth management

**Agile and well positioned for delivery**  
following localisation of operations



1. The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.

# Reinventing AMP

Refocusing our portfolio to higher growth, higher return businesses

## Australian Wealth Management

Simpler client-led wealth manager with tailored offering to meet the needs of Australians

## AMP Bank

Technology enabled challenger bank that integrates with clients' wealth management needs

## AMP Capital

Leading global asset manager expanding private markets through differentiated active management capabilities

## New Zealand Wealth Management

Leading wealth manager and general insurance provider

## Partnerships

Strategic partnerships giving access to diversified shareholder returns and strategic growth opportunities

Enablers of long-term shareholder value

Redefining the business portfolio by shifting capital allocation to higher growth, higher return assets

Disentangling the value chain to enable operational efficiency and improved cost management

Strengthening our culture to drive accountability, inclusion and high-performance

# Progress update towards reinventing AMP

Delivered 90% of 2020 market commitments while navigating significant market disruption

