

Directors' report

for the year ended 31 December 2021

ABOUT THE DIRECTORS' REPORT

This directors' report provides information on the structure and progress of our business, our 2021 financial performance, our strategies and prospects for the future and the key risks we face. It covers AMP Limited and the entities it controlled during the year ended 31 December 2021.

OPERATING AND FINANCIAL REVIEW

Principal activities

AMP is a leading wealth management company in Australia and New Zealand offering customers financial advice and superannuation, retirement income, banking and investment products across a portfolio of businesses. We also provide corporate superannuation products and services for workplace super and self-managed superannuation funds (SMSFs). In AMP Capital, we manage investments across a number of major asset classes for domestic and international clients.

AMP holds several strategic partnerships including:

- 19.99% equity interest in China Life Pension Company (CLPC)
- 14.97% equity interest in China Life AMP Asset Management Company Ltd (CLAMP), a fund management company which offers retail and institutional investors in China access to leading investment solutions
- 24.90% equity interest in US real estate investment manager, PCCP LLC

During the year AMP agreed to sell its 19.13% equity interest in Resolution Life Australasia for \$524 million and this transaction is expected to complete in 1H 2022 subject to regulatory approvals.

For the purposes of this report, our business is divided into four areas: AMP Bank, Australian Wealth Management, New Zealand Wealth Management and AMP Capital.

Description of business units

AMP Bank offers residential mortgages, deposits and transactional banking. The Bank continues to focus on growth through investing in technology to streamline the origination process, improving the experience for both customers and intermediaries. As at 31 December 2021, AMP Bank helped around 161,900 clients with their banking needs and provided over 10,700 new home loans.

Australian Wealth Management (AWM) comprises of three different business lines providing advice, superannuation, retirement income and managed investments products:

- **Platforms** includes superannuation, retirement and investment products through which managed funds, managed portfolios, listed securities, term deposits and guarantee investment options can be accessed to build a personalised investment portfolio. The flagship North platform is an award-winning online wrap platform which continues to deliver on its commitment of strengthening and broadening investment choice for our clients and providing a contemporary platform for advisers to manage their clients' funds.
- **Master Trust** offers the largest single retail superannuation product set in Australia (SignatureSuper) with around 850,000 customers. The highly rated SignatureSuper offer consists of three products across super and pension. The open investment menu caters to different risk profiles with exposure to a range of professional managers in order to meet the needs and goals of customers. The Master Trust business delivers high quality member services, with strong administration, contact centre and digital capabilities. It also has a proven pedigree in managing corporate super plans with complex and tailored benefit designs, including defined benefits.
- **Advice** provides professional services to a network of aligned and external financial advisers (EFAs). These advisers provide financial advice and wealth solutions to their clients, including retirement planning, investments and financing. In addition to supporting a network of professional advisers, the Advice business partners with a number of aligned advice businesses via equity ownership to support the growth and development of these businesses.

New Zealand Wealth Management encompasses the wealth management, financial advice and distribution business in New Zealand. It provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and distribution of general insurance.

AMP Capital is a diversified investment manager across major asset classes including infrastructure debt, infrastructure equity and real estate which make up its Private Markets business, Global Equities and Fixed Income (GEFI), diversified, multi-manager and multi-asset funds which make up its Public Markets business. AMP Capital's aspiration is to build a leading global private markets platform, underpinned by equity investments in infrastructure and real estate.

On 23 April 2021, following the conclusion of AMP's portfolio review, AMP announced the intention to demerge AMP Capital's Private Markets business, consisting of infrastructure equity, infrastructure debt and real estate. Subsequently, on 24 December 2021, AMP announced the further simplification of Private Markets with the sale of infrastructure debt, which is expected to complete in Q1 2022. The demerger of the Private Markets business will create two focused businesses better equipped to pursue and allocate capital to distinct growth opportunities and realise efficiencies.

As part of the demerger preparations, on 8 July 2021, AMP announced the sale of its Global Equities and Fixed Income business (GEFI), which is expected to complete by Q1 2022.

The remaining AMP Capital Public Markets business, the Multi-Asset Group (MAG), which is responsible for asset allocation on behalf of AMP's superannuation clients, will complete its transition to Australian Wealth Management prior to demerger, creating an end-to-end superannuation and investment platform business, with the transition of front office functions already complete.

Client remediation

AMP has completed all file reviews for its client remediation program. The total cost of the program will be \$828 million, of which approximately \$588 million represents payments to customers. This total program cost is six per cent above original estimates made three years ago. These costs are now fully provisioned.

To date \$37.9 million has been paid to customers under the inappropriate advice program, with a further \$1.9 million offered, but not yet paid. Customers have so far received \$489.7 million in fee for no service remediation, and all payments are targeted to complete by end of Q1 2022.

Demerger update

On 23 April 2021, AMP announced its intention to demerge its Private Markets business by 1H 2022.

AMP continues to make strong progress on the operational separation of AMP Capital's Private Markets business, in preparation for demerger in 1H 2022. A clear perimeter has been set with the agreed sale of the GEFI business, the announcement of the sale of the infrastructure debt business and the transfer of the MAG, and CLAMP to AMP Limited. In addition, the appointment of Shawn Johnson as CEO, AMP Capital in June 2021 and the appointments of Patrick Snowball and Andrew Fay as Chairman designate and Deputy Chairman designate further strengthen our readiness for demerger.

The demerger will be subject to final board approval, required regulatory approvals, applicable consents and approval from AMP's shareholders and is expected to occur in 1H 2022.

AMP announces new contemporary advice service model

On 26 July 2021, AMP announced the introduction of a new service model with its aligned advice network marking a new era for financial advice at AMP.

The new model, developed in collaboration with AMP adviser associations, will be progressively introduced with AMP providing services to advisers which support the delivery of quality advice, improve practice efficiency and help advisers grow their businesses.

Divestment of equity interest in Resolution Life Australasia

On 3 November 2021, AMP announced an agreement to divest its 19.13% equity interest in Resolution Life NOHC Pty Ltd (RLA) for consideration of \$524 million to Resolution Life Group, less the amount of any dividends, distributions or capital returns that are paid from RLA to AMP. The sale is subject to regulatory approval and is expected to complete in 1H 2022.

Subsequent to the agreement to divest, AMP received dividends and capital returns from RLA of \$15 million.

As part of the divestment agreement, AMP and RLA have also agreed to settle a number of post-completion adjustments and certain claims between the parties, subject to various limitations and exclusions, which results in a payment of \$141 million from AMP to RLA at completion.

Divestment of Infrastructure Debt platform

On 24 December 2021, AMP announced an agreement to sell its Infrastructure Debt platform to Ares Holdings LP for consideration of up to \$428 million. The sale is subject to a number of conditions precedent and is expected to complete in the first quarter of 2022. As the Infrastructure Debt platform has been controlled by AMP throughout the reporting period, the results of this business are included in AMP's 2021 results.

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Review of operations and results

The loss attributable to shareholders of AMP Limited for the year ended 31 December 2021 was \$252 million (2020: \$177 million profit).

Basic (loss)/ earnings per share for the year ended 31 December 2021 on a statutory basis was (7.6) cents per share (2020: 5.2 cents per share). On an underlying basis, the earnings per share was 10.7 cents per share (2020: 8.6 cents per share).

Key performance measures were as follows:

- 2021 NPAT (underlying)¹ of \$356 million increased 53% from \$233 million in 2020. This increase largely reflects the impact of stronger AMP Bank earnings (+38%), AMP Capital earnings (+18%), New Zealand Wealth Management earnings (+11%) and stronger investment income from Group Office, including contributions from CLPC and Resolution Life Australasia, partly offset by lower Australian Wealth Management earnings (-25%).
- 2021 NPAT (statutory) loss of \$252 million was impacted by items reported below NPAT including \$312 million of impairment charges, reflecting a comprehensive review of the balance sheet, \$133 million of transformation costs, \$78 million of remediation and related costs and other one-off items.
- AMP's total assets under management (AUM) and administration were \$248.2 billion² at 31 December 2021 (2020: \$255 billion).
- Australian Wealth Management net cash outflows were \$5.2 billion in 2021 compared to net cash outflows of \$7.8 billion in 2020. Net cash outflows in 2021 also included \$1.9 billion of regular pension payments to members. The improvement in net cash outflows was largely attributable to one-off impacts in 2020, including the \$1.8 billion loss of corporate mandates and \$1.8 billion of COVID-19 Early Release of Super (ERS) payments.
- AMP Capital external net cash outflows were \$12.8 billion, with \$4.6 billion of net cash outflows across real estate largely attributable to the exit of the AMP Capital Diversified Property Fund (ADPF) and \$6.9 billion net cash outflows across public markets.
- AMP Bank's residential mortgage book increased to \$21.7 billion driven by competitive pricing and offers, consistent service and targeted growth in principal and interest loans across both owner-occupied and investment lending.
- AMP's controllable costs, excluding AMP Capital, of \$775 million were 7% lower than 2020 due to cost out benefits partly offset by structural cost increases, variable remuneration and reinvestment spend.
- AMP's cost to income ratio was 71.3% in 2021, down from 75.5% in 2020.
- Underlying return on equity was 8.4% in 2021, up from 6.3% in 2020.
- 2021 total eligible capital resources were \$383 million above target requirements, down from \$524 million at 31 December 2020.

Operating results by business area

The operating results of each business area³ for 2021 were as follows:

AMP Bank – 2021 NPAT (underlying) of \$153 million increased by \$42 million (38%) from 2020 largely due to a \$26 million release of credit loss provisions as a result of the improved macro-economic outlook since the impact of COVID-19 in 2020.

Australian Wealth Management – NPAT (underlying) of \$48 million in 2021 declined 25% from 2020 primarily due to impairments to the carrying value of Advice assets, lower revenue predominantly from the impact of repricing in Master Trust and Platforms, and the cessation of grandfathered remuneration, partly offset by lower variable and controllable costs from cost reduction initiatives.

New Zealand Wealth Management – 2021 NPAT (underlying) of \$39 million increased by \$4 million (11%) from 2020 primarily due to the rebound in investment markets and improved cost performance.

AMP Capital – 2021 NPAT (underlying) of \$154 million increased 18% from \$131 million in 2020, reflecting higher performance and transaction fees in 2021 and higher seed and sponsor investment returns due to a partial recovery of COVID-19 devaluations in certain asset classes and strong performance in some individual assets.

Capital management and dividend

Equity and reserves of the AMP Group attributable to shareholders of AMP Limited was \$4.0 billion at 31 December 2021 (\$4.3 billion at 31 December 2020).

AMP's surplus capital above target requirements at 31 December 2021 is \$383 million (\$524 million at 31 December 2020).

The board has resolved not to declare a final 2021 dividend. The board continues to maintain a conservative approach to capital management to support the transformation of the business. The capital management strategy and payment of dividends will be reviewed following the completion of the demerger in 1H 2022.

1 NPAT (underlying) represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.

2 Includes SuperConcepts assets under administration.

3 Operating results have been re-presented to align to the FY 2021 Investor Report.

Strategy and prospects

AMP provided an update on its planned demerger and strategic growth plans for the two post-demerger businesses AMP Limited and AMP Capital's Private Markets business on 30 November 2021.

In AMP Limited, the strategy sets a clear path to create a new AMP by:

- Renewing AMP's purpose and values to put the customer at the centre, and continuing to drive cultural transformation;
- Repositioning core capabilities to drive growth in banking and wealth platforms;
- Delivering stable earnings in the Master Trust and New Zealand Wealth Management businesses, and accelerating the transformation of Advice;
- Simplifying the business to drive efficiency and agility, including delivering on the 2019 to 2022 \$300 million cost reduction program and committing to a further \$115 million of cost reduction initiatives from 2022 through to 2024; and
- Exploring new opportunities, including in retirement and in direct-to-consumer solutions, as well as in new business adjacencies.

In AMP Capital's Private Markets business, the strategy will focus on leveraging the significant opportunity to become a global leader in the fast-growing private markets industry through:

- Delivering autonomy through an effective separation and demerger from AMP;
- Simplifying the business and organisation structure and achieving a run-rate cost base of \$275–\$280 million by 2023;
- Growing its client base, led by a newly established global client solutions team and scaling its existing infrastructure and real estate investment strategies; and
- Diversifying its product offering to clients, including potential new investment strategies structured to meet client specific interests globally.

Invest to grow AMP Bank

The Bank continues to focus on growth by optimising its customer value proposition and being service experience led for both customers and brokers. It remains on track to achieve double-digit growth in the mid-term in a highly competitive market. In particular, the Bank is benefiting from, and continuing to invest in, technology to further digitise and automate its lending platform.

Transform Australian Wealth Management

The Australian Wealth Management business consists of the Platforms, Master Trust and Advice businesses which are transforming from a vertically integrated wealth model to a competitive, contemporary wealth model.

GROW THE NORTH PLATFORM

Our Platform growth strategy is focused on attracting inflows through the external fund adviser market onto AMP's flagship platform North by delivering enhanced digital experiences and differentiating through innovative market leading retirement solutions.

OPTIMISE CLIENT OUTCOMES IN MASTER TRUST

The Master Trust strategy continues to focus on its asset management capability to deliver strong investment performance to our customers and focusing on exploring partnership opportunities to drive scale and efficiencies.

ACCELERATE THE TRANSFORMATION IN ADVICE

Over the last year our Advice model has undergone significant transformation with the announcement of our exit of the employed advice channel occurring on 3 December 2021. AMP's Advice strategy is to be a professional services provider, delivering valued licensee services at a competitive and sustainable price. Acceleration of the Advice business' transformation will also see significant simplification of our Advice model, with an ambition of breaking even by 2024.

Deliver stable client earnings in New Zealand Wealth Management

In 2H 2021 the business completed the transfer to a new investment approach with BlackRock along with the introduction of a new fee structure resulting in improved customer outcomes. New Zealand's wealth management strategy is focused on leveraging partnerships and broadening its distribution footprint, whilst simplifying its cost base through automation and digitalisation.

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AMP Capital: Expand asset management footprint in private markets and explore partnership opportunities for public markets

PRIVATE MARKETS

In 1H 2021, work commenced to demerge AMP Capital's Private Markets business from AMP Limited. The business has continued to deliver strong outcomes for clients with more than 90% of capital in the Global Infrastructure Fund II committed in infrastructure assets around the world. The demerger and listing on the ASX are on track to complete in 1H 2022. Its strategy is to become a client led, globally integrated investment manager offering a diversified suite of real estate and infrastructure capabilities across risk profiles and geographies. As a standalone business, investors will be able to gain unique exposure to the investment management sector's fastest growing asset class, through a unique investment platform, a growing distribution footprint and a globally recognised team with a proven track record.

PUBLIC MARKETS

On 8 July 2021, AMP announced it entered into a binding agreement with Macquarie Asset Management to sell AMP Capital's GEFI business for a consideration of up to \$185 million. This includes upfront cash consideration of up to \$110 million and a cash earn-out of up to \$75 million payable after the second anniversary of completion. The aggregate consideration is subject to meeting certain conditions, including revenue targets, with the upfront cash component now expected to be approximately \$80 million. This transaction delivers on the previously announced strategy for the AMP Capital Public Markets business to increase the scale of GEFI through partnerships or sale and is an important step in preparing for the planned demerger. The deal is expected to complete in Q1 2022. AMP Capital is also in the process of transferring the MAG business to AMP Australian Wealth Management to create an end-to-end superannuation and investment platform business and this is on track for completion prior to the demerger.

Redefine and right size operating model for agility and efficiency

Building on the positive momentum achieved in 2021, the Company continues to progress commitments on its cost-base, capital management and culture. Disciplined cost management has reduced controllable costs by \$59 million (7%) to \$775 million (excluding AMP Capital) through the simplification of organisational structures, rationalising our property footprint and other efficiencies. \$260 million of cumulative gross cost-savings have been achieved since 2019. The on-market share buy-back was successfully completed during 1H 2021 and at 31 December 2021 AMP has a strong capital position of \$383 million above target requirements.

The path to a new AMP is enabled by cultural transformation (improving inclusion, diversity, strengthening accountability and performance), a purpose and values reset, and leadership engagement led by a new CEO. In 2021, we delivered the changes necessary in the transition to a simpler, purpose-led AMP. This work included:

- Improving inclusion and diversity to drive performance
 - Launched new Inclusion and Diversity Policy as a new foundation and standard for what inclusion means at AMP
 - Introduced an Inclusion Index to group and leader scorecards to measure how we are improving over time
 - Provided Inclusive Leadership training to Senior Leaders and extended Core Inclusion training to all employees
 - Implemented a new flexible work policy (WeFlex), to support an inclusive workplace
 - Implemented a new approach to gender diversity with 40:40:20 gender representation targets
 - Met 40:40:20 target for gender diversity for the Board, middle management, and the workforce generally, with more to do at the Executive management and Head of level
 - Launched new Parental Leave Policy removing parenting labels, increasing accessibility, and extending the period in which super contributions are made during unpaid parental leave
- Strengthening accountability across the company
 - Implemented a management action plan in response to a review of workplace conduct, with management delivering 55 actions
 - Uplifted governance in support of prevention and taking a person-centred response to harassment and discrimination
 - Uplifted the employee relations teams' capabilities
 - Increased transparency of reporting and refined conduct and culture metrics
 - Improved the range of channels for employees to raise concerns or seek advice
 - Continued to deliver strong compliance with Code of Conduct through training and support
- Creating a high-performance culture
 - Defined a culture change plan in support of business objectives and creating a simple, purpose-led AMP
 - Conducted extensive workforce engagement program, with more than 30% of employees participating in culture workshops and over 12,000 unique data points collected to inform our refreshed purpose and values
 - Implemented an improved performance framework strengthening link between performance and reward, including risk, leadership and conduct
 - Delivered quarterly culture dashboard to track culture change progress
 - Supported employee's mental health and wellbeing through a new EAP program, resources, support and training
 - Launching LinkedIn learning to all employees to encourage our people to upskill, reskill and explore professional interests
 - Launched the Into-Great program, to give all employees access to personalised coaching and counselling services

Key risks

Risk is inherent to our business and AMP takes measured risks within our risk appetite to achieve our strategic objectives. We have a clear strategic plan to drive our business forward and an Enterprise Risk Management framework to identify, measure, control and report risks.

Enterprise Risk Management framework

The Enterprise Risk Management (ERM) framework provides the foundation for how risks are managed across AMP. There are six key elements of the ERM framework including governance, risk strategy and risk appetite, risk culture and conduct risk, management information systems, risk management process (encompassing how AMP identifies, measures, responds to and reports risk) and the risk ecosystem.

The guiding principles in the framework assist with effective risk management practices and enable AMP to meet its legislative and regulatory requirements, codes and ethical standards, as well as internal policies and procedures.

AMP's ERM framework includes a risk management strategy which establishes the principles, requirements, roles and responsibilities for management of risk across AMP. It enables business leaders to make informed decisions and supports AMP in achieving its business strategy. The integrated framework details how risks are to be managed to fulfil the obligations to key stakeholders, clients, shareholders, policyholders and regulators to achieve financial and non-financial outcomes.

The Risk Appetite Statement articulates the nature and level of risk the board and management are willing to accept in the pursuit of delivering their strategic objectives. Alignment between AMP's corporate strategy and the risk appetite of the AMP Limited Board seeks to ensure that decisions are consistent with the nature and level of risk the board and management are willing to accept.

Further information can be found in AMP's Enterprise Risk Management Policy, available on our website at: amp.com.au/corporategovernance.

Key business challenges

Given the nature of the financial services industry, COVID-19 continues to have an adverse impact on the business but AMP remains focused to deliver its transformational strategy. Significant business challenges (in alphabetical order) include but are not limited to the following:

BUSINESS, EMPLOYEE AND BUSINESS PARTNER CONDUCT

The conduct of financial institutions continues to be an area of significant focus for the financial services industry both globally and in Australia and New Zealand. AMP devotes significant effort to ensure that our business practices, management, staff or business partner behaviours adequately meet the expectations of regulators, customers and the broader community, and do not result in an adverse impact on our reputation and value proposition to customers.

Our Code of Conduct outlines how AMP seeks to conduct its business and how it expects people to conduct themselves. The principles that define the high standards outline the behaviour and decision-making practices, including how we treat our employees, customers, business partners and shareholders. We are committed to ensuring the right culture is embedded in our everyday practices.

AMP embraces a safe and respectful work environment that encourages our people to report issues or concerns in the workplace. Directors, employees (current and former), contractors, service providers or any relative or dependants of any of these people can utilise the Whistleblowing program to report conduct or unethical behaviours.

CLIMATE CHANGE

AMP, its customers and its external suppliers may be adversely affected by physical and transition risks associated with climate change. These effects may directly impact AMP and its customers on a range of physical, financial and legal risks to our business, the investments we manage on behalf of our customers and the wider community.

Initiatives to mitigate or respond to adverse impacts of climate change may in turn impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes.

AMP's approach to managing climate related risks and opportunities is outlined in AMP's Climate Position and Action Plan, available on the AMP website. It includes providing low carbon and green investment choices to customers, managing and disclosing investment risks, leveraging our influence as an investor, reducing our own operational impacts and supporting customers and communities where possible.

AMP provides annual performance disclosures aligned to key pillars of the Task Force on Climate-related Financial Disclosures (TCFD) framework, including through its Sustainability Report and through investor led disclosures such as the CDP (formerly Carbon Disclosure Project). In 2021, AMP retained an A- rating (second highest rating available) in the annual CDP investor disclosure program, indicating leadership in our management of climate related risks and opportunities. AMP has been carbon neutral across its operations since 2013 to address the direct impacts of our business activities.

COMPETITOR AND CUSTOMER ENVIRONMENT

The financial services industry continues to face challenges from the COVID-19 pandemic but AMP remains focused in supporting clients and employees during these unprecedented times. We have supported clients with banking and early release of super initiatives during COVID-19.

Customer expectations are evolving which is intensifying competition within wealth management as COVID-19 causes market volatility, affecting the performance of its assets under management across the industry. There is also strong competitive tension in asset management. AMP continues to adapt its capabilities and operating model in order to remain competitive and relevant to customers but an on-going pandemic may impact on new business and retention of existing business.

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In 2021, AMP continued to deliver its strategy to reposition AMP as a simpler, client-led, growth-oriented business. The strategy to reinvent AMP as a contemporary wealth manager is to fund growth, reduce costs and fix legacy issues. The strategy builds on core strengths and market positions with whole-of-wealth solutions.

At the end of 2021, AMP announced its updated strategy to manage core capabilities to drive growth in banking and wealth platforms, delivering stable earnings in the Master Trust and New Zealand Wealth Management businesses, and accelerating the transformation of Advice. The program will also simplify the business to drive efficiency and agility, as well as explore new opportunities including in retirement and direct-to-consumer solutions, as well as in new business adjacencies.

CYBER SECURITY THREATS

Cyber risk continues to be a threat in a rapidly changing technological and regulatory environment as the magnitude of the costs of cybercrime vary depending on the nature of the attack. We are committed to enhancing our cyber security capability and control posture as we recognise the current environment of cybercrime activity has increased across the industry during the period.

AMP is investing in building a capability that is both sustainable and commensurate to the threats faced, including having recently launched a new Cyber Defence Centre and having built an enduring team to further uplift its cyber defences to mitigate malicious threats and cybercrime activities. Whilst AMP has demonstrated maturity uplifts against the National Institute of Standards and Technology Cyber Security Framework and our adopted industry best-practice framework, cyber risk will retain its position as a key risk as AMP continues to mature and evolve its cyber security operating model. This will assist in preventing, detecting and responding to cyber incidents, in order to protect AMP's assets and business operations.

OPERATIONAL RISK ENVIRONMENT

Operational risk exposures, relevant to the industry in which AMP operates, relate to losses resulting from inadequate or failed internal processes, people and systems or from external events. These include, but are not limited to, information technology, human resources, internal and external fraud, money laundering and counter-terrorism financing, bribery and corruption. High operational risks are driven by a complex operating environment associated with legacy products, systems and, in some cases, manual controls. This environment will be further stressed by the key business challenges included in this section.

Staff retention and key person risk are key operational risks for AMP, particularly in AMP Capital's asset management business which operates in a very competitive industry where competition for talent is high. AMP Capital remains subject to threats to its funds and its people from time to time.

We are committed to containing operational risk by reducing operational complexity and strengthening risk management, internal controls and governance. We have completed all file reviews for our client remediation program with some outstanding payments to be completed by Q1 2022. We continue to reshape the Adviser network and simplify superannuation products and investment options.

The AMP operational risk profile reflects these exposures and the financial statements of AMP contain certain provisions and contingent liability disclosures for these risks in accordance with applicable accounting standards.

ORGANISATIONAL CHANGE

In 2021, AMP concluded its portfolio review, announcing the planned demerger of the Private Markets business of infrastructure equity, and real estate, the sale of the infrastructure debt platform to Ares Management Corporation, the sale of the Global Equities and Fixed Income (GEFI) business to Macquarie Asset Management and the transfer of the Multi-Asset Group (MAG) to the Australian Wealth Management. This coincided with additional changes to simplify the internal operating model.

There is a risk that business momentum is lost whilst organisational change is implemented. The increase in volume of change may have an adverse impact to employees causing a strain to deliver on our strategy and transformation initiatives. These risks will be mitigated by maintaining leadership and performance focus on the business.

AMP continues to invest in adopting new ways of working to drive efficiency and improve our practices to increase accountability and build on core strengths. We recognise that failure to execute appropriately on the implementation of these changes can increase the risks of disruption to AMP's business operations.

REGULATORY ENVIRONMENT

AMP operates in multiple jurisdictions across the globe, including Australia and New Zealand, and each of these jurisdictions has its own legislative and regulatory requirements. The financial services industry both globally and in Australia and New Zealand continues to face further challenges as temporary regulatory changes were introduced causing disruption to the wealth industry.

AMP continues to respond and adjust its business processes for these changes, however, failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on the performance of its businesses and achieving its strategic objectives. AMP's commitment to strengthen its risk management practices, its control environment and enhancing its compliance systems across the businesses, will address these legislative and regulatory requirements. AMP's internal policies, frameworks and procedures seek to ensure any changes in our domestic and international regulatory obligations are complied with in each jurisdiction. Compliance, legal and regulatory risk that results in breaches is reported to AMP management committees and regulators. This is managed in accordance with internal policies.

Regulatory consultations and interactions are reported and monitored as part of AMP's internal risk and compliance reporting process. AMP actively participates in these interactions and co-operates with all regulators to resolve such matters.

More information about our approach to these challenges can be found on our website at: corporate.amp.com.au/about-amp/corporate-sustainability.

THE ENVIRONMENT

In the normal course of its business operations, AMP is subject to a range of environmental regulations of which there have been no material breaches during the year. You can find further information about AMP's environmental policy and activities at corporate.amp.com.au/about-amp/corporate-sustainability

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

Apart from elsewhere disclosed in this report, there were no other significant changes in the state of affairs during the year.

EVENTS OCCURRING AFTER THE REPORTING DATE

As at the date of this report and except as otherwise disclosed, the directors are not aware of any other matters or circumstances that have arisen since the reporting date that have significantly affected, or may significantly affect, the group's operations; the results of those operations; or the group's state of affairs in future periods.

THE AMP LIMITED BOARD OF DIRECTORS

The directors of AMP Limited during the year ended 31 December 2021 and up to the date of this report are listed below. Directors were in office for this entire period except where stated otherwise:

CURRENT NON-EXECUTIVE DIRECTORS:

- Debra Hazelton (Chair)
- Rahoul Chowdry
- Kate McKenzie
- John O'Sullivan
- Michael Sammells
- Andrea Slattery
- Mike Hirst (appointed 1 July 2021)

EXECUTIVE DIRECTOR:

- Alexis George (Chief Executive Officer and Managing Director) (appointed as a director on 11 August 2021)

FORMER EXECUTIVE DIRECTOR:

- Francesco De Ferrari (Chief Executive Officer and Managing Director) (resigned as a director on 30 June 2021)

Debra Hazelton CHAIR

BA (Hons), MCom, GAICD

Debra was appointed to the AMP Limited Board as a non-executive director in June 2019 and as the Chair in August 2020. She is also the Chair of the Nomination Committee and is a member of the Remuneration, Audit and Risk Committees.

Debra is the Chair of the AMP Bank Board and is a member of its Audit and Risk Committees.

EXPERIENCE

Debra brings significant experience from more than 30 years in global financial services, including as the local Chief Executive of Mizuho Bank in Australia and Commonwealth Bank (CBA) in Japan. She has expertise across global corporate culture transformation, institutional banking, risk management, treasury, financial markets and human resource management.

Debra is also a non-executive director on the boards of Treasury Corporation of Victoria and Persol Asia Pacific Pte Ltd (Singapore) and Vice President of the Australia-Japan Business Cooperation Committee. Her previous board experience includes Australia-Japan Foundation, Australian Financial Markets Association (AFMA), Asia Society and Women in Banking and Finance. She has graduate and post-graduate degrees in Japanese language, literature and philosophy as well as economics and finance.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES: None

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Director, Treasury Corporation of Victoria (appointed August 2018)
- Vice President, Australia-Japan Business Cooperation Committee (AJBCC) (appointed October 2020)
- Member, Australian Chamber Orchestra - Japan Advisory Committee (appointed May 2019)
- Adviser, Japan Women's Innovation Network (appointed December 2020)
- Member, Chief Executive Women (CEW) Australia (appointed January 2020)

Rahoul Chowdry INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom, FCA

Rahoul was appointed to the AMP Limited Board as a non-executive director in January 2020. He is a member of the Remuneration, Nomination, Audit and Risk Committees and was appointed as Chairman of the Risk Committee in May 2020. At the same time, he was appointed to the AMP Bank Board and is a member of its Audit Committee and the Chairman of the Risk Committee.



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EXPERIENCE

Rahoul has over 40 years' experience in professional services, advising complex multinational organisations in Australia and overseas.

He is currently a Senior Advisor at Minter Ellison and is a member of the Audit and Risk Committee of the firm's Partnership Board. Between January 2018 and June 2021 he was Partner and National Leader of Minter Ellison's financial services practice in Australia and leader of the risk consulting practice. Prior to this, Rahoul was a Senior 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.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES: None

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Member, Reserve Bank of Australia, Audit Committee (appointed February 2018)

Mike Hirst INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom, SFF

Mike was appointed to the AMP Limited Board as a non-executive director in July 2021 and is a member of the Audit, Nomination, Risk and Remuneration Committees. At the same time, Mike was appointed to the AMP Bank Limited Board and its Audit and Risk Committees.

EXPERIENCE

Mike has more than 40 years of experience in board and senior executive leadership roles within retail banking, treasury, funds management and financial markets.

He was the Managing Director of Bendigo and Adelaide Bank from 2009 to 2018 and prior to this worked in senior executive and management positions with Colonial Limited, Westpac Banking Corporation and Chase AMP Bank.

Mike served as Deputy Chairman of the Treasury Corporation of Victoria and previously held non-executive directorships with Austraclear Limited, Colonial First State, Rural Bank and Barwon Health Limited.

He was a Commissioner on the Federal Government's National COVID-19 Commission Advisory Board, a member of the Federal Government's Financial Sector Advisory Council and was Deputy Chairman of the Australian Bankers Association.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES:

- Non-executive director of AMCIL Limited (appointed January 2019)
- Non-executive director of Butn Limited (appointed September 2020)

DIRECTORSHIPS OF OTHER COMPANIES:

- Non-executive director of GMHBA Limited (appointed July 2018)

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Deputy Chairman of Racing Victoria (appointed October 2016)
- Member of the Australian Institute of Company Directors (appointed April 2003)
- Senior Fellow of FINSIA (appointed September 2003)
- Honorary Member of the Business Council of Australia (appointed July 2018)

Kate McKenzie INDEPENDENT NON-EXECUTIVE DIRECTOR

BA, LLB, GAICD

Kate was appointed to the AMP Limited Board as a non-executive director in November 2020 and is a member of the Audit, Nomination, Risk and Remuneration Committees. At the same time, Kate was appointed to the AMP Bank Board and its Audit and Risk Committees.

EXPERIENCE

Kate has more than 25 years of experience in other board and senior executive leadership roles.

She is currently non-executive director of NBN Co., becoming the Chair of NBN Co. on 1 January 2022, and Stockland Corporation Limited and has previously served on the boards of Allianz Australia, Foxtel, Telstra Ventures, Sydney Water and Workcover. Kate was the Chief Executive Officer of Chorus, the New Zealand telecommunication group, listed on the ASX and NZX, from February 2017 to December 2019, and held several executive roles at Telstra, including as Chief Operating Officer, prior to this.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES:

- Stockland Corporation Limited (appointed December 2019)
- Healius Ltd (appointed February 2021)

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Member, Chief Executive Women (CEW) Australia (January 2006)

John O'Sullivan INDEPENDENT NON-EXECUTIVE DIRECTOR
BA, LLB, LLM, FAICD

John was appointed to the AMP Limited Board in June 2018. He was appointed a member of the Audit, Nomination, Risk and Remuneration Committees in January 2019.

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

EXPERIENCE

John has over 40 years experience in the legal and financial services sectors in Australia. He started his career at Freehill Hollingdale & Page (Herbert Smith Freehills), later becoming a partner at the firm where he was recognised as one of Australia's leading corporate and mergers and acquisitions lawyers.

From 2003 to 2008, John was General Counsel of the Commonwealth Bank of Australia before spending ten years at Credit Suisse Australia where he was Executive Chairman, Investment Banking and Capital Markets, Australia until February 2018. John is a member of the Takeovers Panel. He holds a Bachelor of Laws and Bachelor of Arts from the University of Sydney and a Master of Laws from the University of London.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES: None

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Ambassador of the Australian Indigenous Education Foundation (appointed 2008)
- Director of Serendipity Capital Holdings Limited (appointed April 2020)

Michael Sammells INDEPENDENT NON-EXECUTIVE DIRECTOR
BBus, FCPA, GAICD

Michael was appointed to the AMP Limited Board as a non-executive director in March 2020. He is the Chairman of the Remuneration Committee and a member of the Audit, Nomination and Risk Committees. In March 2020, Michael was also appointed to the AMP Bank Board and is a member of its Audit and Risk Committees.

EXPERIENCE

Michael has over 35 years of professional experience, with significant experience in senior executive financial and commercial roles. His experience as Chief Financial Officer spans over 20 years from 1999 to 2019, where he held this role in government, private and ASX listed companies.

Michael is also a non-executive director of Sigma Healthcare Limited and has served on numerous private boards for the last 13 years.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES:

- Sigma Healthcare Limited (appointed February 2020)

Andrea Slattery INDEPENDENT NON-EXECUTIVE DIRECTOR
BAcc, MCom, FCPA, FCA, FSSA, FAICD, GCB.D

Andrea was appointed to the AMP Limited Board as a non-executive director in February 2019 and is a member of the Audit, Nomination, Risk and Remuneration Committees. At the same time, she was appointed to the AMP Bank Limited Board and its Audit and Risk Committees. She was appointed Chair of the AMP Limited and AMP Bank Audit Committees in May 2019.

EXPERIENCE

Andrea has substantial experience as a non-executive director and senior executive in the financial services, retirement and superannuation, government relations, clean energy & low emissions technologies, infrastructure and professional services sectors with expertise in strategic, digital and corporate governance transformation and ESG, spanning more than 29 years.

Andrea was the managing director and CEO of the SMSF Association for 14 years from 2003 to 2017, which she co-founded. Prior to this, Andrea was a financial adviser, as well as founding her own tax consulting and advisory business. Andrea attained the Global Competent Boards ESG (GCB.D) in 2021.

Her previous Government Advisory Committee appointments include, the Federal Government's Innovation Investment Partnership, Stronger Super Peak Consultative Group, Superannuation Advisory Group, the Future of Financial Advice, the Shadow Ministry's Infrastructure and Innovation and Superannuation and Industry Partnerships.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES:

- Argo Global Listed Infrastructure (appointed April 2015)
- Centrepont Alliance Limited (November 2018 – January 2019)

GOVERNMENT AND COMMUNITY INVOLVEMENT

- Director of Clean Energy Finance Corporation (appointed February 2018)
- Deputy Chairman of Woomera Prohibited Area Advisory Board (appointed July 2019)

Directors' report

for the year ended 31 December 2021

Alexis George CHIEF EXECUTIVE OFFICER
BCom, FCA, GAICD

Alexis George was appointed Chief Executive Officer (CEO) of AMP Limited on 2 August 2021. She is responsible for leading the AMP business. Alexis was appointed to the AMP Limited Board and AMP Bank Limited Board on 11 August 2021.

EXPERIENCE

Alexis has more than 25 years' experience in the financial services industry in Australia and overseas. She spent seven years at ANZ, most recently as the Deputy Chief Executive Officer, working to drive group-wide strategic initiatives in addition to responsibility for shared service centres and banking services.

As the Group Executive Wealth Australia, Alexis led ANZ's ~\$4 billion wealth divestment program, including the separation and sale of its life insurance and superannuation businesses.

Prior to ANZ, Alexis spent ten years with ING Group in a number of senior roles including CEO Czech Republic and Slovakia responsible for banking, insurance and funds management and Regional COO Asia responsible for product, marketing, technology and operations.

DIRECTORSHIPS OF OTHER ASX LISTED COMPANIES: None

GOVERNMENT AND COMMUNITY INVOLVEMENT

– Member, Chief Executive Women (CEW) Australia (October 2016)

Attendance at board and committee meetings

The AMP Limited Board met 25 times during the year ended 31 December 2021. The Chair and directors also attended other meetings, including board committee meetings, special purpose committees, strategy sessions and working groups. The Chair and directors also frequently attended meetings of subsidiary boards and committees, special purpose committees, and working groups of which they were not a director or member during the year.

The table below shows details of attendance by directors of AMP Limited at meetings of boards, committees and working groups of which they were members during the year ended 31 December 2021. Any voluntary attendances by directors in the capacity as observers are not included in the table below:

Board/committee	AMP Limited Board Meetings ¹		Audit Committee		Risk Committee		Nomination Committee		Remuneration Committee		Subsidiary board and committee meetings ²		Additional Committees ³
	A	B	A	B	A	B	A	B	A	B	A	B	B
Held/attended	A	B	A	B	A	B	A	B	A	B	A	B	B
Debra Hazelton	25	25	4	4	7	7	4	4	6	6	5	5	2
Rahoul Chowdry	25	25	4	4	7	7	4	4	6	6	–	–	11
John O'Sullivan	25	25	4	4	7	7	4	4	6	6	–	–	15
Michael Sammells	25	25	4	4	7	7	4	4	6	6	4	4	13
Andrea Slattery	25	25	4	4	7	7	4	4	6	6	–	–	6
Kate McKenzie	25	24	4	4	7	7	4	4	6	5	–	–	0
Mike Hirst⁴	12	12	2	2	3	3	2	2	3	3	–	–	0
Alexis George⁵	10	10	–	–	–	–	–	–	–	–	–	–	–
Francesco De Ferrari⁶	13	10	–	–	–	–	–	–	–	–	–	–	–

Column A – indicates the number of meetings held while the director was a member of the board/committee. Directors may, and frequently do, attend meetings as observers if they are not a member of the board/committee.

Column B – indicates the number of those meetings attended.

- Where board and committee meetings of AMP Limited and AMP Bank Limited were held concurrently, only one meeting has been recorded.
- Subsidiary board and committee meetings refer to meetings of the following board and committee main-subsiary: AMP Capital Holdings Limited.
- Additional committees were convened during the year on matters including the portfolio review, due diligence, and financial results.
- Mike Hirst was appointed as a director of AMP Limited effective 1 July 2021.
- Alexis George was appointed Chief Executive Officer of AMP Limited effective 2 August 2021 and as Managing Director on 11 August 2021.
- Francesco De Ferrari resigned as Managing Director of AMP Limited effective 30 June 2021.

COMPANY SECRETARY DETAILS

Details of the company secretary of AMP Limited as at the date of this report, including her qualifications and experience, are set out below.

Marissa Bendyk, General Counsel, Corporate Governance & Group Company Secretary

LLB (Hons), BCom (Accounting), GAICD

Marissa was appointed as the Company Secretary for AMP Limited on 6 May 2019 and is also secretary of several other AMP group companies. Before joining AMP, Marissa worked at APA Group and King & Wood Mallesons focusing on corporate governance, mergers and acquisitions, and corporate and commercial law.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Under its constitution, the company indemnifies, to the extent permitted by law, all current and former officers of the company (including the non-executive directors) against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2021, the company maintained, and paid premiums for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the company) against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, the company and each of the current and former directors are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- the directors will have access to board papers and specified records of the company (and of certain other companies) for their period of office and for at least 10 (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- the company indemnifies the directors to the extent permitted by law, and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant director in their capacity as a current or former director of the company, or as a director of any AMP group company or an AMP representative to an external company; and
- the company will maintain directors' and officers' insurance cover for the directors, to the extent permitted by law, for the period of their office and for at least 10 years after they cease to hold office.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from any negligent, wrongful or wilful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2021.

REMUNERATION DISCLOSURES

The remuneration arrangements for AMP directors and senior executives are outlined in the remuneration report which forms part of the directors' report for the year ended 31 December 2021.

Directors' and senior executives' interests in AMP Limited shares, performance rights and options are also set out in the remuneration report on the following pages.