

# PEOPLE AND PARTNERS

## Ethical conduct and governance

**Community trust in financial institutions is essential in maintaining the confidence of our customers, employees, investors and regulators in the stability and equity of the financial system. Conduct and governance issues in recent years have meant AMP, and the financial services sector more broadly, receives a high level of scrutiny on these matters from a range of stakeholders.**

AMP is committed to building trust by taking action across multiple areas to improve our culture, strengthen governance systems and ensure executive management and employees understand their accountabilities and act in an ethical and responsible manner.

AMP's [Code of Conduct](#) is our commitment to acting ethically and responsibly. It outlines the minimum standards of behaviour, decision making and our expectations for the treatment of employees, customers, business partners and shareholders.

We are focused on ensuring we always act in the best interests of our customers and exceed the expectations of the community. We have made good progress across a range of actions to address conduct-related issues and we are committed to providing transparent and meaningful reporting on these issues. We have more to do and we are committed to continual improvement and transparency to ensure we live up to our own standards and those of our stakeholders.

### ALIGNED SDG



# 2021 at a glance

In acknowledging the need to uplift our focus on culture, conduct and customer remediation, AMP has continued to strengthen governance systems by:

## ENHANCING

processes and disclosure of conduct-related issues through internal and external avenues, including ensuring appropriate consequences are applied for substantiated misconduct



## STRENGTHENING

the Risk Culture and Capability program, ensuring employees are equipped to support effective risk management through training and awareness



## IMPLEMENTING

More than  
**95%**

of actions set for 2021 in response to the workplace conduct and culture review conducted in 2020

## COMPLETING THE CLIENT ADVICE REMEDIATION PROGRAM

having paid **90%** of remediation payments as of 2021-year end

## Workplace conduct review

In 2020, AMP commissioned a diversity, inclusion and culture consultancy firm to complete an external review of its workplace culture and conduct. This was in response to employee and stakeholder feedback to the appointment of the AMP Capital CEO in 2020 and other concerns about workplace culture and conduct.

The review included an assessment of policies, process and frameworks, a review of historical conduct case data, 1:1 interviews with leaders, an all-employee survey and employee focus groups. At the conclusion of the review, a management action plan with 69 initiatives was developed. In 2021, more than 95% of the actions set for the year were implemented, with the remaining actions expected to be delivered in 2022.

## Conduct and Consequence Management

AMP's Consequence Management Policy provides a framework for leaders to make fair, consistent and considered decisions regarding consequences for breaches of the [Code of Conduct](#), AMP policy or other types of misconduct. The policy applies to all AMP employees, directors and officers and includes a set of principles for determining appropriate consequences for different categories of breaches or misconduct.

The Consequence Management Committee continued to operate in 2021 as the primary governance mechanism for reporting and monitoring consequences. Changes were made to the role and membership of the Committee during 2021 to enhance effectiveness, increase Executive Committee accountability, and incorporate direct involvement of the Group Chief Executive Officer.

AMP has enhanced internal and external transparency on conduct issues, including:

- Quarterly reporting to the Consequence Management Committee and Board Risk Committee.
- Regular communication with employees regarding key insights, statistics and trends.
- Introduction of a quarterly Culture Dashboard to encourage discussion, debate, reflection and drive improvement.
- Sharing initiatives and progress against the Management Action Plan with clients and shareholders globally.

In 2021, AMP recorded 134 complaints or concerns alleging misconduct received through our People and Culture team, compared to 172 in 2020. 99 cases were substantiated, and consequences applied. The reduction in case numbers in 2021 is potentially a lead indicator of cultural change driven by senior leadership changes as well as other initiatives such as an awareness campaign about the company's Information Management policy.

## ETHICAL CONDUCT AND GOVERNANCE

### Workplace conduct

	2021	2020
Total number of alleged misconduct cases <sup>1</sup>	134	172
Number of substantiated misconduct cases	99	88
– Minor misconduct substantiated	46	42
– Material misconduct substantiated	53	46
Consequences applied for misconduct cases		
– Management outcome <sup>2</sup>	70 <sup>4</sup>	47
– Management and remuneration outcome <sup>3</sup>	19	17
– Terminations	6	24
Cases not substantiated (eg lack of evidence, resolved informally between individuals or complaint withdrawn)	35	84

1 Includes cases managed by AMP's People and Culture and Employment Legal teams. Cases relating to New Zealand are not included in the first half of 2021 and cases relating to SuperConcepts are not included in the first quarter of 2021.

2 "Management outcome" includes written and verbal warnings, cautions, counselling and reminders of obligations.

3 "Remuneration outcome" means a reduction to variable remuneration or incentive.

4 There were an additional four cases in which the individual resigned or exited prior to an outcome being communicated.



## Preventing and responding to sexual harassment

Following the release of the Australian Human Rights Commission [Respect@Work National Inquiry Report](#) in 2020, it is clear that organisations should adopt proactive and systemic approaches to preventing and responding to workplace sexual harassment.

As a large employer, AMP recognises its own role in addressing these issues for our employees and the broader community. AMP has introduced a range of measures throughout 2020 and 2021 to directly address our own policies, process and the underlying cultural drivers of gender inequality and power disparities. Addressing causes of workplace misconduct and sexual harassment remain complex and we are committed to continued improvement in line with emerging government and industry guidance for organisations.

The changes AMP has implemented include:

- Strengthening our workplace relations capability and expertise to manage complaints and allegations, including embedding a people-centric, trauma-informed approach to case management.
- Increasing the number of formal, informal and anonymous channels through which employees can raise concerns.
- Enhanced mechanisms for data collection and improving internal reporting on matters.
- Enhanced wellbeing support for all people involved in workplace investigations and other conduct cases (including EAP and direct support from Health, Safety and Wellbeing Team).

These changes are in addition to the measures implemented to create a diverse and inclusive culture, including gender diversity targets, inclusive leadership training and professional mental health support mechanisms to address the drivers of gender inequalities and power disparities. These are outlined in the [Human Capital Management](#) section of this report.

As part of our commitment to implementing industry recommendations on transparency, AMP is disclosing metrics regarding sexual harassment matters for the first time. In 2021, there were five matters involving allegations of sexual harassment addressed by the organisation, the same number as in 2020. In 2021, one matter was substantiated, compared to two substantiated matters in 2020, all of which saw formal warnings applied. Additional consequences were applied as appropriate, including additional training and adjustments to variable remuneration. In 2021, all cases were specifically approached with a focus on the prioritisation of wellbeing, safety and support for people, and respecting the preferences of those impacted, as much as possible.

Sexual harassment matters	2021	2020
Sexual harassment matters informally and formally addressed by AMP	5	5
– Matters substantiated	1	2
– Matters not substantiated (eg lack of evidence, resolve informally between individuals or complaint withdrawn)	4	3
– Substantiated sexual harassment matters resulting in formal warning and additional consequences as appropriate, including additional training and adjustments to variable remuneration	1	2



# ETHICAL CONDUCT AND GOVERNANCE

## Group Integrity Office

AMP's Group Integrity Office (GIO) comprises the following functions:

- Integrity Investigations (including the Whistleblowing Program)
- Group Fraud
- Risk Culture and Capability
- Privacy
- Governance, strategic and financial risk

The GIO is critical to ensuring we uphold the integrity of AMP by having independent mechanisms for people to speak up and raise concerns, establishing measures to prevent and effectively manage fraud, privacy and other risks as well as for training and awareness.

## Whistleblowing

AMP's Whistleblowing Program provides a secure channel for people to report concerns relating to AMP. It provides assurance that concerns will be reviewed and/or investigated in an objective, independent and confidential manner, with appropriate corrective action taken where concerns are substantiated.

In 2021, we conducted updated face-to-face training for senior leaders and e-learning for all employees, as well as ongoing awareness raising activities and investment in our Whistleblowing Program. 25 whistleblowing matters were raised. This represented a decrease compared to 2020, noting that there were a higher than usual number of disclosures in 2020. The [Whistleblowing Policy](#) is accessible to all current and former employees, contractors, service providers, associates and officers of AMP.

## AMP whistleblowing

	2021	2020	2019
Issues raised through AMP Whistleblowing Program	25	69	37
– Issues directed to the Your Call external, confidential service	11	29	20
– Issues directly received by our Whistleblowing Program <sup>1</sup>	14	40	17
– Issues investigated that were not substantiated	20	36	20
– Issues substantiated, resulting in appropriate consequences	5	21	10
– Issues investigated that were related to corruption	0	0	0
– Issues still under investigation	0	8	5
– Issues not investigated as subject to other business investigation	0	4	2

1 Figure includes issues received by our Whistleblowing Program via disclosures received direct to eligible recipients.

## Strengthening risk culture

A strong risk culture is a key enabler of effective risk management. There is a dedicated team in the Group Integrity Office who designs and executes the three-year risk culture strategy and maturity model, partnering with business leaders to uplift risk behaviours, capability and awareness. In 2021, there was a focus on initiatives to strengthen AMP's risk culture, including those where:

- A strong tone from the top is demonstrated.
- Meaningful, consistent communication is evident.
- Knowledge of risk management is actively applied by most people.
- Demonstration of good risk behaviour is often recognised and rewarded.
- Consistent outcomes are applied for poor risk behaviour.
- Improved data/risk reporting supports decision making.

## Mandatory training

AMP employees and advisers are required to complete regular mandatory training modules to ensure ongoing compliance with relevant laws, regulations, policies and practices required of AMP employees. Content includes topics such as the AMP Code of Conduct,

provision of personal and financial advice, preventing financial crime, anti-bribery and corruption, workplace health and safety, information security, privacy, ESG and modern slavery. In 2021, completion rates remained high at 99%.

## Mandatory training

	2021	2020	2019
Employees completing mandatory training, including Code of Conduct and Consequence Management <sup>1</sup>	99%	99%	98%

1 Completed by individuals on the AMP payroll, including employees and time and materials contractors.

## Anti-bribery and corruption

AMP has an Anti-bribery and Corruption (ABC) Policy, which is approved by the AMP Limited Board Audit Committee and communicated to all employees. It defines our approach to prevent, detect and deter bribery and corruption and comply with relevant legislation in all jurisdictions in which we operate and/or have an active registration or licence.

It identified and compensated clients who have suffered loss or detriment as a result of:

- Inappropriate advice from their adviser; or
- Where clients have been charged an advice service fee without the provision of financial advice services (or insufficient evidence of the provision of financial services).

Remaining payments relate to clients that paid their ongoing advice fees via third-party products. AMP is working with these providers to facilitate payment as soon as possible, with a target completion date of Q1 2022.

The final cost of the remediation program will be approximately \$828 million, 6% above original estimates.

AMP has undertaken or is in the process of remediation activities related to its Superannuation business, related to regulatory actions. These are detailed in the Regulatory and Legislative Environment section of this report.

## Client advice remediation

The client advice remediation program has completed 100% of reviews and more than 90% of remediation payments as of FY21. This mandatory program followed findings at the Royal Commission.



## Future outlook

Conduct, accountability and creating a strong risk culture remain key priorities for AMP as part of AMP's cultural transformation. Key future activities will focus on:

- Refining our conduct and consequence management frameworks, in line with emerging best practice standards and employment and safety laws.
- Progressing further initiatives and action on responding to and preventing workplace misconduct including sexual harassment, with a focus on education/knowledge, culture, policies, reporting pathways and complaint handling, and continued transparency.
- Further implementing the risk culture plan through employee training and awareness and embedding risk accountabilities into AMP's performance management framework.
- Completing the final payments of our client advice remediation program.