

COMMUNITIES AND ENVIRONMENT

Responsible investment

AMP is committed to responsible investment, taking a long-term view of how our investments will balance improved financial outcomes for our clients and members, and foster a sustainable and equitable future for everyone in our community. Environmental, Social and Governance (ESG) factors are important considerations in our investment decisions.

As trustee and investment manager for our clients and members' money and future wellbeing, our responsibility is to assess the economic, social and environmental risks and opportunities of each investment we make. We believe that taking a holistic approach to ESG issues, impacts and opportunities when investing leads to better results for all stakeholders.

AMP and our underlying investment managers consider a range of factors when investing on behalf of our clients and AMP superannuation members, including natural resource use, climate change, human rights, workplace health and safety, executive remuneration, board composition and diversity.

Through AMP Capital, we have a long history in responsible investment and gained insights that have shaped our broader investment management process and philosophy. AMP Capital launched our first responsible investment funds in 2001 and became one of the first signatories to the UN-backed Principles for Responsible Investment (PRI) in 2007. AMP Capital is also a member of the Responsible Investment Association of Australasia (RIAA) and the Tobacco Free Portfolios initiative.

ALIGNED SDGs



2021 at a glance

Our ongoing commitments to ESG and responsible investing have been reflected through:



AMP Capital's flagship

**GLOBAL LISTED
REAL ESTATE
STRATEGY
attains
certification RIAA**

for its consideration of ESG as a central pillar in the first step of its investment process; making it one of the only listed real estate managers certified by RIAA



**AMP CAPITAL REAL
ESTATE PLATFORM**

scoring an average

92%

in GRESB, a key ESG benchmark for real estate. This was an increase from our 2020 score, and with five funds receiving five Green Stars – the highest rating available



Launching an

**UPDATED
RESPONSIBLE
INVESTMENT
AND ESG
STATEMENT**

as part of the transition of the multi-asset capability from AMP Capital to Australian Wealth Management



A/A+

PRI RATING

across AMP Capital asset classes in the most recent reporting period of 2020. Due to changes in the PRI methodology, ratings were not released at time of publication

**MYNORTH
LAUNCHING
TWO ADDITIONAL
RISK PROFILES**

for the Sustainable Managed Portfolios, Moderately Conservative and Moderately Aggressive added to the existing Balanced Risk profile, to cater for a wider range of clients

Investment approaches

As a universal investor and large owner of companies and assets, on behalf of our clients and members, we have a stake in the effective operation and sustainability of the broader economy, the integrity and transparency of markets, and good governance and business conduct. We strive to embed ESG practices throughout our investments and risk management processes. Consideration of ESG factors and sustainable wealth creation are essential components of investing in our future.

Australian Wealth Management

In 2021, AMP developed a Responsible Investment and ESG statement and supporting framework, reflecting the largely outsourced investment model of the multi-asset business that has been developed to govern processes and decision making. To support its implementation, a new function reporting to the CIO was established and will assist in a range of ESG and responsible investment decisions, including:

- Managing our existing ethical principles screening and exclusion processes and controls.
- Continuing carbon footprint disclosures that were transitioned from AMP Capital in the new operating structure.
- Determining changes to the responsible investment approach in Australian Wealth Management where appropriate.

New Zealand Wealth Management

In 2021, we evolved our sustainable investment framework and philosophy focused on reducing the impacts of climate change through our core business, which delivered an initial reduction of ~60% in exposure to carbon emissions across our entire investment portfolio.

The new framework is expected to help our business produce returns in line with or better than the broader market index and result in a more sustainable impact for the world. This approach encompasses three key elements:

- Sustainable Investment Exclusions.
- Integration of Environmental, Social and Governance (ESG) considerations into our investment decisions.
- Stewardship through voting and engagement with companies.

RESPONSIBLE INVESTMENT

AMP Capital

AMP Capital's ESG and Responsible Investment Philosophy outlines our approach to considering material ESG factors across the assets managed by AMP Capital. Our team of specialists work in asset classes and across investment teams, providing research and advice that is integrated into our decision making and active ownership strategies. As Collimate Capital is separated from AMP Limited, the two businesses have established respective ESG capabilities.

ESG-themed investments ¹	Proportion of total AUM	
	2021	2020
AMP Capital	11.1%	9.6%
AMP Capital Private Markets (Infrastructure and Real Estate)	38.9%	32.8%

¹ Investments specifically related to environmental or social themes. This includes low carbon investments such as energy efficient buildings, clean power generation, social infrastructure and green bonds.

Investor collaborations

AMP and AMP Capital engages with other investors for industry responses to several ESG issues. As of 2021, AMP Capital is an active member or signatory of a number of initiatives, summarised in this table.

ESG	Climate	Gender	Governance	Human Rights
Principles for Responsible Investment (PRI)	Carbon Disclosure Project (CDP)	30% Club	International Corporate Governance Network (ICGN)	Cleaning Accountability Framework (CAF)
Responsible Investment Association of Australasia (RIAA)	Investor Group on Climate Change (IGCC)			
Global Real Estate Sustainability Benchmark (GRESB for real assets)	Climate Action 100+ (CA100+)			

Engagement model

As a global investor, AMP recognises our responsibility to engage with companies and assets where improvements in ESG performance may contribute to improved business and investment outcomes.

Given our diverse business and investment styles, AMP has varied approaches to engagement with companies and underlying managers. AMP Capital has internally managed funds, primarily through its Global Equities and Fixed Income (GEFI) business, where engagement activities are led by ESG and investment teams. In Australian Wealth Management, the majority of total AUM is ultimately externally managed by external fund managers. These external investment managers are responsible for engagement activities on behalf of AMP customers and members.

Following the sale of our GEFI business and integration of multi-asset investment capability to AWM, AMP expects to continue to use a combination of specialist investment managers operating under a separate investment mandate, or in pooled investments or unitised vehicles.

AMP Capital engagement – internally managed funds

AMP Capital's ESG and Investment Stewardship Team held direct interactions on behalf of clients of our internally managed funds with Boards and senior management of Australian companies. AMP Capital's investment teams recognise the importance of ESG issues to investors and investment decisions, regularly raising ESG-related matters with companies as part of broader discussions. For more information on how ESG perspectives have changed over time, read the AMP Capital ESG and investment stewardship reports. In 2021, the ESG team participated in 128 engagements with 95 individual Australian companies, including more than 50 direct meetings.

Key engagement topics raised in 2021 are outlined below. Some companies were engaged on specific issues in depth as part of an engagement process alongside other asset managers such as with Climate Action 100+.

Proxy voting

AMP Capital's approach has been to actively participate in voting on companies shareholder resolutions and participating in active and constructive engagement plays an important role in the long-term success of our investments. On behalf of our clients, AMP Capital has taken a proactive approach to assessing the resolutions in addition to guidance from proxy advisers. In 2021, this activity included communicating with 50 listed companies regarding our voting decisions.

Where AMP has appointed an external investment manager under a separate investment mandate, we require the manager to have their own proxy voting or corporate governance policy in place and authorise them to exercise voting rights attached to any securities forming part of the portfolio. In the process of voting, many external managers engage directly with companies on ESG or sustainability issues as part of their investment processes.

AMP monitors the voting and reserves its right to override the recommendations put forward by either proxy voting advisers and/or its investment managers. AMP also undertakes periodic reviews and has meetings with its external managers to understand their approach to ESG and sustainability issues.

In aggregate, external managers voted at 5,549 meetings comprising 56,971 resolutions across 58 countries in 2021. 80% of the time and participated in 671 shareholder resolutions. The details of our proxy voting activities, including our voting statistics, are available on the [AMP Capital website](#).



	%
● Governance – Remuneration	33
● Diversity – Gender Equity	8.5
● Environment – Climate Change	18.5
● Human Rights – Modern Slavery	15.5
● Waste – Plastic and Recycling	9
● Safety – COVID-19	15.5

RESPONSIBLE INVESTMENT

Ethical framework

In exceptional circumstances, AMP Capital has sought to exclude companies, asset types or industry sectors from our investable universe on moral or ethical grounds.

In Australia, AMP has determined that manufacturers of cluster munitions, anti-personnel landmines, biological and chemical weapons (together 'controversial weapons') and tobacco do not meet the ethical principles. We avoid investment in companies considered to be materially involved in the manufacture, maintenance or delivery of controversial weapons and companies considered to be materially involved in the 'production and manufacture' and the 'distribution and sale' of tobacco and electronic cigarette (ENDS) products.

Where AMP has appointed an external fund manager under a separate investment mandate, we will require those investment managers to adopt these same divestment and exclusion strategies.

Where AMP does not have exclusive control of managed funds, for example where we invest in externally managed pooled vehicles without a separate investment mandate, we can not directly influence the external manager(s) to uphold our policy. We may continue to invest in such pooled funds, unit trusts or exchange traded funds and accept that the policies of that fund will apply.

In New Zealand, negative investment screens extend to other controversial activities that reflect stakeholder and legislative requirements in the country. These include investments in fossil fuels, palm oil, nuclear weapons, nuclear power, whale products and military and civilian firearms. More information on these screens is available on the [New Zealand Wealth Management website](#).

AMP Capital Real Estate

In 2021, we continued to progress on our 2030 Real Estate Sustainability Strategy, which aims to address key sustainability issues for the assets we manage on behalf of clients. These include climate change, waste, biodiversity, social impact, accessibility and supply chain impacts.

We are pleased to report progress on a number of objectives and targets in 2021, including:

- **GRESB results:** The average GRESB score in 2021 was 92%, an increase from 2020. Our client, UniSuper, was also recognised by GRESB as a Global and Regional Sector Leader for the Retail development benchmark, relating to new build activities.
- **Renewable Energy Power Purchase Agreement for UniSuper:** Following the successful procurement of renewable electricity for the Office strategy in 2020, a contract for all UniSuper East Coast assets was signed in June with a start date of 1 January 2022 to support its net zero ambition.
- **6-Star National Australian Built Environment Rating System (NABERS) ratings:** Four assets achieved or maintained the highest possible NABERS rating in 2021, earning a 6-star rating, which indicates a market leading performance.
- **Accessibility:** We are committed to creating inclusive places for the community and in 2021 opened adult changing facilities at Marrickville Metro's Smidmore Street and Karrinyup Shopping Centre, and are investigating Changing Place certification. We are also finalising a Guideline on Accessibility document to support retail centre staff and contractors in our approach.



INVESTING IN COMMUNITY INFRASTRUCTURE

In 2021, the community infrastructure capability acquired a 42% stake in Royal Adelaide Hospital – the largest single infrastructure project in South Australia and one of the most energy efficient and technologically advanced medical facilities in the world.

The landmark \$2.2 billion debt refinance of 100% of the project's debt involved a consortium of 18 banks and is the largest green loan for a PPP in Australia to date, the first to be issued with a social loan component in Australia and the largest combined green and social loan in the healthcare sector globally.

AMP Capital Infrastructure

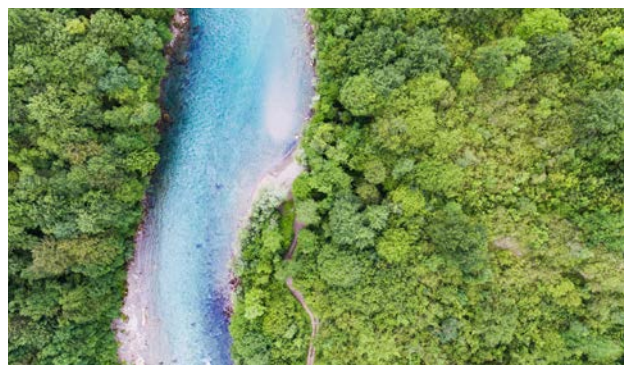
AMP Capital also manages funds which invest in community infrastructure assets across healthcare, education, justice, defence, community housing, transport, energy, water and recreational facilities. Our [Infrastructure ESG Policy Guidelines](#) details our approach to ESG in infrastructure and we continue to evolve our policy as ESG understanding and knowledge develops.

Three of our infrastructure funds and 22 assets participated in the [GRESB Infrastructure Assessments](#) in 2021. The average fund score was 84 out of a possible 100 points and an average asset score of 77 out of a possible 100 points. These results were above the global fund average score of 77 and the global asset average score of 72. Further, one fund and seven AMP Capital infrastructure assets were awarded 5-star GRESB ratings, recognised for their place in the top 20% of infrastructure participants.

We also maintained regular engagement with our investee companies on a range of topics, including GRESB assessments, modern slavery, people and culture and inclusion and diversity, and hosted several sessions throughout 2021 to encourage shared learning on complex ESG issues.

Responsible Investment options on platforms

AMP clients have access to a growing range of responsible investment options through our Wrap platforms via external fund managers. We are taking steps to ensure advisers are equipped with the information and tools necessary to support clients in identifying appropriate value-aligned investments to meet different risk and return appetites. Through our flagship platform, MyNorth, clients have access to over 40 responsible or sustainable investment options.



MYNORTH Sustainable Managed Portfolios

In June 2021, MyNorth launched two additional risk profiles for the [Sustainable Managed Portfolios](#) (Moderately Conservative and Moderately Aggressive) to cater for a wider range of clients.

This followed the launch of the Balanced portfolio in 2020, where the following principles are embedded into the portfolio design:

- 1 Transitioning to a low-carbon economy – a measured but meaningful approach to structural change.
- 2 Avoiding strategic investments in thermal coal, tobacco, gambling, pornography and controversial weapons – avoiding harm.
- 3 Encouraging sustainable social and environment outcomes for the community – driving positive change through capital.



Future outlook

AMP will continue to meet the increasing demand for responsible investment opportunities and management by:

- Improving measurement and reporting on the environmental and social impacts of our investments, through monitoring and review.
- Continuing to diversify and broaden the responsible and sustainable investment options available through our platforms and adviser channels.
- Increasing access to responsible investment focused information and learning opportunities for our aligned advice network.
- Managing our AMP KiwiSaver and investment product suite with a key focus on sustainable investing and addressing climate change.
- Discussing emerging responsible investment issues with the Youth Advisory Committee to understand the perspectives of young investors.