

## 2017 corporate governance statement

AMP Limited (AMP) is committed to excellence in corporate governance, which we believe is essential for the long-term performance and sustainability of our company and the delivery of our strategy.

AMP's promise is to help people own tomorrow. This strong sense of purpose drives the AMP culture and all that we do. Three core elements underpin AMP's culture – integrity, help and performance. Integrity ensures we use our expertise to do the right thing. Help is at the core of how we support our customers, and we're driving our performance edge to deliver the best results we can for shareholders and customers. We view our governance framework as one of the foundations to support our culture. Our governance framework is designed to provide the right structure and review processes to deliver on our promise for many years to come.

We believe the long-term performance and sustainability of AMP goes beyond delivering long-term value to our shareholders. It requires us to consider the interests of a broader set of stakeholders, including our customers, our people and the wider community. Our corporate governance practices are designed to address all these interests.

You can find information on the structure of AMP's business, our board and management teams and our policies and practices at [amp.com.au/aboutamp](http://amp.com.au/aboutamp). AMP's 2017 annual report is available online at [amp2017.reportonline.com.au](http://amp2017.reportonline.com.au).

### Key information

During 2017, AMP continued to focus on enhancing its corporate governance structure and practices, including in the following key areas:

- **Risk culture** – AMP values effective risk management as fundamental to its long-term sustainability and reputation. The board and management believe that effective risk management requires a sound risk culture that drives the right behaviours and supports AMP's values of integrity, help and performance. We are committed to helping our customers and improving risk culture to keep pace with evolving regulatory, customer and community expectations. In 2017, AMP continued to implement initiatives designed to effectively integrate risk awareness into employee decision-making. For example, we further embedded the use of our risk appetite statement in the evaluation of our strategic initiatives and in enhanced periodic reporting to the board.
- **Inclusion and diversity** – AMP continues to foster an inclusive and diverse workplace, with gender diversity a clear priority. We are committed to achieving our gender diversity targets, which aim to have women hold 47% of senior executive roles and 50% of middle manager roles by the end of 2020.

Despite strong overall representation of women by industry standards – including women holding 40% of AMP Limited Board positions – AMP did not meet its progress targets for 2017. This was largely due to a realignment of AMP's organisational structure following changes to our operating model. The AMP Group Leadership Team has renewed its approach to increasing gender diversity through a focus on female talent and advocacy, recruitment and appointment practices, flexible work and targeted communication.

- **Life board governance** – Following the transfer, in January 2017, of the Australian and New Zealand life insurance business of AMP subsidiary The National Mutual Life Association of Australasia Limited (NMLA) to AMP Life Limited (AMP Life), we introduced changes to improve the decision-making efficiency of the life company boards and to better align their work with that of the AMP Limited Board to reduce duplication, while maintaining high standards of governance and regulatory compliance. These changes included:
  - the convening of concurrent meetings to discuss areas of common interest and responsibility, and
  - a change in board composition so that all AMP Life and NMLA non-executive directors are also AMP Limited non-executive directors.

- **Corporate sustainability** – At AMP, we understand that, for our business to be truly sustainable and to be able to deliver on our promise of helping people own tomorrow, we need to maintain our focus on managing our environmental impact, responsible investing, engaging our people, community investment and corporate responsibility. In 2017, AMP continued to be carbon neutral and the AMP Foundation, which celebrated 25 years of supporting the community, distributed \$5.7 million to the community, including more than \$1 million in grants through AMP's Tomorrow Fund, which supports Australians who are doing great things in the community.
- **ESG reporting** – We are expanding how we report on AMP's economic, environmental and social impact, delivering a more complete ESG (environmental, social and governance) report for 2017. This is a step towards creating a more comprehensive report on sustainability for 2018.
- **AMP Customer Advocate** – AMP has strengthened its support for customers with the creation of a centralised AMP Customer Advocate function, announced on 31 October 2017. The objective of the AMP Customer Advocate is to help customers of the Australian business who seek a review of their complaint to ensure the outcome is fair and reasonable. A further objective of the AMP Customer Advocate is to ensure AMP's customer complaint processes are accessible, robust and transparent.

## Engaging with our shareholders

**AMP encourages our individual and institutional shareholders to engage actively with our business.**

Our shareholders are the owners of our company and we value their input. During 2017, AMP had the third largest shareholder base of any company in Australia with approximately 750,000 shareholders, many of whom are also our customers.

### Keeping our shareholders informed

AMP values direct, two-way communication with our shareholders and focuses on providing clear, transparent and timely information about our business. We communicate with our shareholders on changes to our business and issues that impact our industry.

We take our continuous disclosure obligations seriously. All material price sensitive information that requires disclosure is made available through the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX). Shareholders can elect to receive emails directly from AMP on key announcements and we encourage shareholders to provide their email address so we can deliver timely updates directly to their inbox.

Shareholders can elect to receive their annual reports, notices of meeting and dividend statements in print or online. Shareholders who choose to receive their reporting information online can still opt to receive a copy of their dividend statement by post. In addition, shareholders are able to communicate electronically with our share registry, Computershare. Shareholders are also able to lodge their proxy forms online using their computer or mobile device.

Our Investor Relations team coordinates an investor relations program and conducts group and one-on-one briefings with our institutional investors and analysts. Where possible, our group briefings are webcast. Our dedicated shareholder website includes a calendar of scheduled, upcoming announcements and presentations and allows users to set up automatic diary reminders of these dates. You can find this website at [amp.com.au/shares](http://amp.com.au/shares).

### Annual shareholder meeting

The AMP Limited Board welcomes the opportunity to meet with AMP's shareholders and encourages them to join us for our annual general meeting (AGM) each year either in person or via our webcast. We encourage shareholders to provide us with any questions about our business or the business of the AGM ahead of each meeting, so that these can be addressed before or at the meeting. For shareholders who are unable to attend the AGM, we enable questions to be asked online during the AGM.

Since 2015, we have held an information session for shareholders immediately prior to the AGM, which has received very positive feedback from shareholders. These sessions provide an opportunity for shareholders to hear from our financial experts and benefit from their insights and expertise. A similar session will be held before the 2018 AGM, at 9.30am on Thursday 10 May 2018 at the Grand Hyatt Melbourne. All shareholders are invited to join the session in person or online.

### 2018 annual general meeting

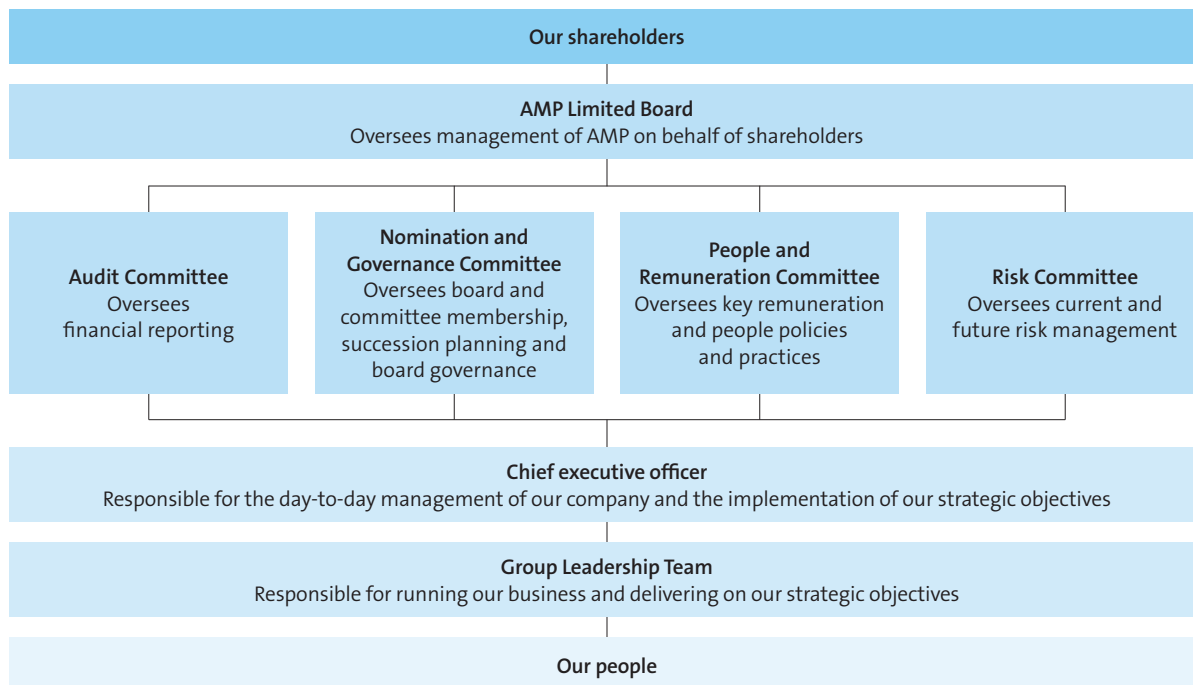
AMP's 2018 AGM will be held at 11am on Thursday 10 May 2018 at the Grand Hyatt Melbourne. Shareholders who are unable to attend can appoint a proxy to vote on their behalf, either online or by post or fax, and can observe the meeting and ask questions through our webcast. Full details will be provided in the 2018 notice of meeting.

## Our board of directors

The AMP Limited Board oversees the management of our company on behalf of shareholders.

The governance and performance of AMP is overseen by a board of directors elected by shareholders.

### Our governance structure



### Responsibilities of the board

The AMP Limited Board is responsible for overseeing the management of AMP on behalf of shareholders. In addition to the matters the board is required to approve by law, its key responsibilities include:

- reviewing and approving the strategic direction of the company and overseeing its implementation
- overseeing and approving the company’s governance model
- promoting a sound and effective corporate culture designed to meet stakeholder expectations
- approving the risk management framework (including risk appetite, risk management strategy, and control and compliance systems) and monitoring its effectiveness (including risk culture)
- monitoring the performance of management and the business
- approving the appointment of the chief executive officer (CEO) and chief financial officer (CFO) and the remuneration arrangements for certain key executives
- overseeing succession planning for key executive roles
- approving diversity targets and overseeing progress against them
- approving material transactions and capital initiatives.

The responsibilities of the board are outlined in our corporate governance charter, which you can find at [amp.com.au/corporategovernance](http://amp.com.au/corporategovernance).

The board has delegated responsibility to the CEO for the day-to-day management and performance of AMP. The CEO is supported by the members of the Group Leadership Team who work together to execute the strategy and manage the operations of the company. AMP has a comprehensive delegations of authority framework from the CEO to the Group Leadership Team and then through our layers of executives and employees.

The CEO, the Group Leadership Team and other key executives have clearly defined goals and accountabilities and an employment contract setting out their terms of employment, duties, rights and responsibilities, and entitlements on termination of employment.

## Board program

At the beginning of each year, the board settles on a work program for its normal schedule of ten meetings. This program identifies items to be considered by the board during the calendar year. Its purpose is to link the board program with AMP's strategic and operational priorities, while ensuring that adequate time remains to deal with additional strategic, governance and operational issues as they arise during the year.

The items covered by the program include consideration of strategic priorities, matters that require board approval such as the full and half-year financial results, and matters relating to our people, our culture, and our governance and risk management frameworks. The program is reviewed at each board meeting to ensure it continues to reflect the current needs of the board and the business.

Additional board meetings and board workshops may be scheduled during the year to deal with any additional matters that require board attention, or to enable the board to consider business, risk, industry or regulatory issues in more detail.

## Board composition

**AMP's non-executive directors have diverse backgrounds. Each director brings valuable skills and the experience to oversee the delivery of our strategy and manage the opportunities and risks we face.**

In accordance with our corporate governance charter, the AMP Limited Board is made up of a majority of independent non-executive directors and will have no more than two executive directors. The chairman of the board is non-executive and independent. The maximum tenure of a non-executive director will normally be until the AGM occurring in the ninth year after their first election by shareholders at an AGM. As at the date of this statement, the longest serving director has held office for approximately seven and a half years. We value the balance of fresh perspectives and corporate memory provided by diverse tenure.

The AMP Limited Board is currently made up of nine independent non-executive directors and the CEO. Our Chairman, Catherine Brenner, joined the board in 2010 and was elected chairman in June 2016. She is responsible for providing leadership to the board and the AMP group as a whole. The chairman's other key responsibilities are documented in the corporate governance charter.

During 2017, there were two changes to the board:

- Professor Peter Shergold AC, who had served on the board with distinction for nine years, retired at the 2017 AGM.
- Andrew Harnos joined the board and its Audit and Risk Committees in June 2017. Prior to his appointment to the board, Andrew had been a non-executive director of AMP Life and NMLA since August 2013, and he continues in those roles. Andrew is based in Auckland and is an experienced lawyer, corporate adviser and non-executive director. He brings significant experience in providing strategic board, governance and transaction advice across the Asia Pacific region, including as a founding director of an Auckland-based specialist legal advisory firm. Andrew will be standing for election by shareholders at our 2018 AGM.

You can find biographical details of Andrew Harnos and the other directors of AMP Limited, including details of their qualifications, tenure and experience, in the AMP 2017 annual report (on pages 10 to 12) and on our website.

## Board selection and appointment

The Nomination and Governance Committee is responsible for ensuring the AMP Limited Board comprises directors who collectively have the relevant experience, knowledge, diversity, attributes and skills required to effectively support AMP in the execution of its strategy. To assist in ensuring AMP maintains the optimum mix of directors, the Nomination and Governance Committee and board are guided by a skills matrix which identifies the collective mix of skills and experience the board considers necessary to support AMP in achieving its strategic objectives and fulfilling its legal and regulatory requirements. The skills matrix is one of several important tools employed when considering potential director candidates. The following table outlines the specialist and general areas covered by the skills matrix and the extent to which they are represented on the board as at the date of this statement. All areas in the skills matrix are currently well represented on the board as a whole.

## AMP Limited Board skills matrix

Specific director skills/experience		Board representation <sup>(i)</sup>
Financial services	Experience in, and understanding of, the wealth management, superannuation, banking or life insurance industry, in Australia or overseas.	7
Funds management	Experience in, and understanding of, the funds or investment management industry, in Australia or overseas.	6
Retail and corporate business	Experience in a large business with a substantial retail customer base or with significant corporate or institutional clients.	9
Innovation and technology	Experience in an organisation with a major focus on technology and innovation.	9
Customer, marketing and brand	Experience in marketing, brand or customer management in a large customer-focussed business.	7
Government and regulatory environment	Understanding of the policy and regulatory environment in Australia or another jurisdiction in which the AMP group has significant operations, and experience liaising with governmental or regulatory bodies at a senior level.	10
International operations	Experience in an organisation with significant international operations, and exposure to diverse political, cultural, regulatory and business environments.	10
General director skills/experience		
Investment, treasury and capital markets	Senior experience in overseeing, executing or advising on major investment, corporate finance or capital markets transactions (such as mergers and acquisitions, capital raisings or capital management initiatives), in Australia or overseas.	8
Financial acumen	Strong ability to understand and analyse the financial statements, and the drivers of financial performance, for a large, complex business, and to evaluate the effectiveness of internal financial controls.	10
Culture and organisational development	Experience in overseeing, implementing or advising on cultural or organisational change initiatives within an enterprise of a significant size.	10
Law, governance and compliance	Understanding of key legal, governance and compliance issues and risks, and governance and regulatory frameworks.	10
CEO level experience	Experience as the chief executive officer (or equivalent) of a large organisation in the private, public or not-for-profit sector.	7
Non-executive director experience	Experience acting as a non-executive director of a major listed public company in Australia or overseas.	7
Judgement and integrity	Sound judgment and insight drawing on extensive business, government or professional experience. Commitment to the highest ethical and moral standards and to acting with integrity and in the best interests of shareholders.	10

(i) This column shows the number of current directors who possess the relevant skill or experience (out of a total of 10 directors as at the date of this statement).

The appointment of Andrew Harmos to the AMP Limited Board in June 2017 enhanced the board's collective skills and experience. The skills and knowledge Andrew brings to the board include a strong understanding of AMP's business and the broader financial services industry, significant expertise in governance issues and deep experience as a non-executive director in Australia and New Zealand.

In addition to the skills and experience that are outlined in the skills matrix above, when reviewing potential board candidates, the board also takes into account independence requirements, AMP's diversity targets, the geographic spread of AMP's businesses and succession planning.

The Nomination and Governance Committee takes a holistic approach when reviewing the structure and composition of both the AMP Limited Board and the boards of our key subsidiaries, in light of AMP's conglomerate-based governance model. The board of each of our key subsidiaries is chaired by a non-executive director from the AMP Limited Board and includes at least one other non-executive director from the AMP Limited Board.

The committee's holistic approach is designed to ensure we have:

- the optimum mix of directors to support our business on an ongoing basis
- appropriate succession plans in place for both the AMP Limited Board and the boards of our key subsidiaries
- the flexibility to enable relevant specialist skills and experience to be added to the board of a key subsidiary as and when required.

Amongst other things, AMP's conglomerate-based governance model facilitates the AMP Limited Board having greater oversight of the broader business and a better flow of information on material matters impacting the key subsidiaries, as well as facilitating the escalation of key issues to the AMP Limited Board, when necessary.

## Appointment of directors

Prior to the appointment of any new non-executive director, comprehensive checks are conducted to determine if the candidate has the capabilities needed and is fit and proper to undertake the responsibilities of the role. These include extensive background checks on character, education, career experience, criminal history and bankruptcy. External consultants are engaged to assist with the selection process as necessary. Throughout their tenure, directors must continue to demonstrate they have the education, character, diligence, honesty, integrity and judgement required for the role. Relevant background checks are repeated at least triennially during their tenure. Their ability to perform their duties is assessed annually and, in 2017, all directors were confirmed as fit and proper.

If the board determines a candidate will be a valuable addition to AMP, they receive a formal letter of appointment outlining the key terms, conditions and expectations of their appointment. Before accepting the position, the candidate must confirm they have sufficient time to fulfil their obligations to AMP and provide details of their other commitments.

All new non-executive directors must stand for election by shareholders at the first AGM after their appointment and all non-executive directors must then stand for re-election at the third AGM after their first election or any subsequent re-election. If a director is to continue to hold office after their ninth AGM, they must be re-elected by shareholders at that and each subsequent AGM. As the CEO is also the managing director, the CEO is not required to stand for re-election.

Before each AGM, the board reviews the performance of each non-executive director who is standing for election or re-election and advises shareholders if it recommends their election or re-election. AMP's notice of meeting for the AGM provides all material information that is relevant to the election or re-election of each director.

As noted above, Andrew Harnos was appointed to the board on 1 June 2017. He will stand for election at the 2018 AGM. Holly Kramer and Vanessa Wallace will stand for re-election at the 2018 AGM. The AMP Limited Board unanimously recommends (with the candidate abstaining in respect of their own election or re-election) that shareholders vote in favour of the election and re-election of these directors.

## Induction, education and access to information

Once appointed, all non-executive directors participate in a comprehensive induction program. This program includes meetings with the chairman, CEO and senior leaders of AMP's financial, strategic, operational, governance and risk management functions, visits to AMP's key office locations and meetings with external industry experts to provide deeper insights on industry context and trends.

Board members receive regular briefings from senior management across the business and participate in site visits to AMP's operations. The board's program incorporates visits to offshore locations to enhance directors' industry knowledge and further develop our relationships with our strategic partners and regulators.

In 2017, the board undertook a series of meetings and workshops in China which provided directors with an opportunity to build on existing relationships between AMP and one of its key strategic partners, China Life, as well as gain a deeper understanding of economic and technological developments in China. Growing and extending AMP's partnership with China Life is one of AMP's key strategic objectives.

Each director also periodically attends board meetings of those key subsidiaries of which they are not a director. In addition, the board receives regular updates on developments in governance, regulatory, industry, accounting and capital management matters and meets with key regulators to enhance their working relationships and to promote mutual understanding of the issues that are faced by AMP and its regulators.

The board is committed to the continual enhancement of the capabilities of each director and the performance of the board generally. The board maintains an annual budget for these types of development activities. During 2017, the board undertook a structured program of activities for directors outside of board meetings, linked to AMP's customer strategy. Board workshops were also held during 2017, covering areas such as strategy, cyber security, risk appetite and board effectiveness.

With the consent of the chairman, directors may seek independent professional advice on AMP-related matters that are connected with the delivery of their responsibilities, at AMP's expense. Directors must ensure the costs are reasonable and any advice that is received must be made available to the rest of the board unless otherwise agreed by the chairman.

Procedures and courses for the induction of management assist them in participating in decision-making at the earliest opportunity.

## Director independence

**The independence of our non-executive directors enables them to best serve our shareholders by providing objective opinions on the opportunities and risks that face our company.**

We value the important role that independent directors play in the governance of our company to ensure decisions are made in the best interests of shareholders.

The chairman and other non-executive directors hold meetings from time to time without management present. They may also meet independently with management at any time to discuss areas of interest or concern.

Prior to accepting any new non-AMP board or executive appointment, directors must discuss the proposed appointment with the chairman to ensure they can continue to act at all times in the best interests of AMP, exercise independent judgment and devote sufficient time to fulfil their obligations to AMP.

All directors must immediately disclose any actual or potential conflicts of interest that could impact their independence. In certain circumstances, directors will be required to abstain from participating in any discussion or voting on matters if they have a conflict or material interest.

All of the AMP Limited non-executive directors, including the chairman, satisfy the independence criteria recommended by the ASX Corporate Governance Council and prescribed by the Australian Prudential Regulation Authority. Directors regularly review their interests and each non-executive director formally confirms their independence annually.

Directors are considered independent if they are independent of management and free from any business or other relationship or interest that could materially interfere with, or could be perceived to materially interfere with, the exercise of their independent judgment and ability to act in the best interests of AMP and its shareholders. Materiality is assessed on a case-by-case basis having regard to each director's personal circumstances.

Several directors hold appointments with companies that are customers of, or suppliers to, AMP. None of these customer or supplier relationships are material to AMP as a whole. Further, these relationships are not considered to affect the director's independence as they are not directly involved in, nor do they personally receive any material benefit from, the provision of products or services between the two companies.

## Review of board, committee and director performance

The performance of the AMP Limited Board, each of its committees and each director of AMP Limited is reviewed annually either through an internal review process or an external consultant. As stated earlier, reviews are also conducted for directors prior to their re-election at an AGM. Reviews of the chairman's performance are co-ordinated by the chairman of the People and Remuneration Committee and considered and discussed by the full board (in the chairman's absence).

In 2017, an external consultant was again retained to undertake an independent review of the performance of the AMP Limited Board, each of its committees and each director of AMP Limited. To facilitate a year-on-year comparison of the board's performance and to ensure consistency in implementing recommendations from the 2016 review, the same external consultant was retained to undertake the 2017 review.

The consultant followed a similar process to that adopted for the 2016 review, namely:

- reviewing key documents relating to the operation and function of the board and its committees
- preparing a board performance survey for completion by each director, each member of the Group Leadership Team and the group company secretary
- interviewing each director and each of those senior executives, based on questions linked to the performance, opportunities and challenges for the board
- attending a meeting of the board and each standing committee to observe the board and its committees in operation.

Following this review, the consultant prepared a report of findings and recommendations for each director and for the board as a whole (including its committees). The consultant then met with each director individually and with the board as a whole to review the reports. The board subsequently used the reports to identify further opportunities to enhance its own efficiency and effectiveness, particularly in relation to increasing focus on key strategic initiatives, reducing governance complexity and continuing to enhance succession planning.

Performance objectives and performance appraisals for key management personnel (who include the CEO and nominated direct reports of the CEO) are reviewed annually by the People and Remuneration Committee and recommended to the AMP Limited Board. Further information on the evaluation of key management personnel performance in 2017 is set out in the remuneration report in the AMP 2017 annual report (on pages 34 to 37).



## Board committees

The board is supported by four standing committees, each of which focuses in detail on different areas of the board's responsibilities and contributes to a strong governance framework.

The AMP Limited Board has four standing committees to assist in the execution of its responsibilities. The committees each consist of at least three non-executive directors and focus on different areas, considering issues and making recommendations or decisions as necessary.

Each committee has its own annual program and meets at least four times per year. Each program identifies items to be considered by the relevant committee during the year. The items covered include a range of matters that are aligned to each committee's core responsibilities. Each program is continually reviewed to ensure it reflects the current needs of the committee and its responsibilities. Details of the board committees, including a summary of the committees' membership, composition and responsibilities are described in the table below.

Throughout 2017, all standing committee members were independent directors.

The board regularly reviews the membership of its committees, particularly as new directors join the board. This ensures the committees continue to have the optimum mix of skills and experience to support the board. Periodic changes to committee appointments allow directors to make different contributions to the board throughout their tenure and enhance succession planning.

	Audit Committee	Nomination and Governance Committee	People and Remuneration Committee	Risk Committee
<b>Membership as at 31 December 2017</b>	Geoff Roberts (Chairman) Andrew Harnos Holly Kramer Trevor Matthews Mike Wilkins	Catherine Brenner (Chairman) Patricia Akopiantz Peter Varghese	Patricia Akopiantz (Chairman) Catherine Brenner Vanessa Wallace	Mike Wilkins (Chairman) Patricia Akopiantz Andrew Harnos Trevor Matthews Peter Varghese
<b>Composition</b>	<ul style="list-style-type: none"> <li>At least three non-executive directors of the board, all of whom are independent.</li> <li>Members, between them, have the accounting and financial expertise and a sufficient understanding of the financial services industry to enable the committee to discharge its responsibilities effectively.</li> <li>The chairman is independent and is not the chairman of the board.</li> </ul>	<ul style="list-style-type: none"> <li>At least three non-executive directors of the board, all of whom are independent.</li> <li>The chairman is independent.</li> </ul>	<ul style="list-style-type: none"> <li>At least three non-executive directors of the board, all of whom are independent.</li> <li>The chairman is independent and is not the chairman of the board.</li> </ul>	<ul style="list-style-type: none"> <li>At least three non-executive directors of the board, all of whom are independent.</li> <li>Members, between them, have the necessary technical knowledge and a sufficient understanding of the financial services industry to enable the committee to discharge its responsibilities effectively.</li> <li>The chairman is independent and is not the chairman of the board.</li> </ul>
<b>Responsible for</b>	<ul style="list-style-type: none"> <li>Overseeing the integrity of the financial statements.</li> <li>Reviewing the effectiveness of AMP's risk management framework.</li> <li>Endorsing the appointment of the Director of Internal Audit and the external auditor.</li> <li>Monitoring the performance, adequacy and independence of the internal and external audit functions.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing the composition of the board and the boards of the key subsidiaries.</li> <li>Overseeing succession planning for the board and the boards of the key subsidiaries.</li> <li>Planning board, committee and director performance reviews.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing and endorsing the remuneration arrangements for certain executives and non-executive directors.</li> <li>Monitoring the effectiveness of AMP's strategies for executive succession, talent management and diversity.</li> <li>Endorsing AMP's remuneration policy.</li> <li>Reviewing or approving matters relating to AMP's key incentive plans.</li> </ul>	<ul style="list-style-type: none"> <li>Overseeing the implementation and operation of AMP's enterprise risk management framework.</li> <li>Monitoring and reviewing AMP's risk culture.</li> <li>Approving material risk management and compliance policies.</li> <li>Endorsing AMP's risk management strategy and risk appetite statement.</li> <li>Endorsing the appointment of the group chief risk officer.</li> </ul>

The relevant qualifications, tenure and experience of committee members, and committee attendance records, are included in the AMP 2017 annual report (on pages 10 to 12 and 25). You can find the terms of reference for each committee at [amp.com.au/corporategovernance](http://amp.com.au/corporategovernance).



## Company secretaries

AMP Limited has three board-appointed company secretaries. You can see their biographical details and qualifications in the AMP 2017 annual report (on page 26).

The group company secretary has overall responsibility for the group corporate governance function and is directly accountable to the board, through the chairman, on all matters to do with the proper functioning of the board. This includes advising the board and its committees on governance matters, coordinating board business and providing a point of reference for dealings between the board and management.

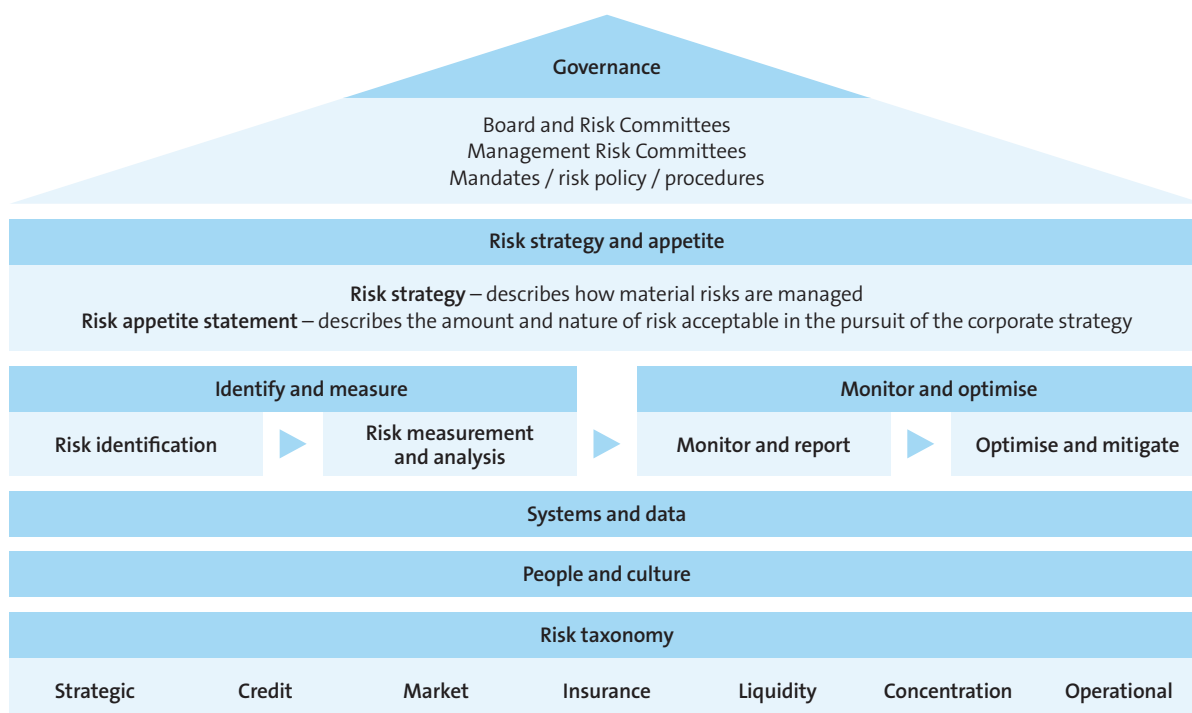
## Risk management

**Every day AMP monitors and manages risks to deliver sustainable growth, protect our business and our customers', shareholders' and employees' interests, and meet our legal and regulatory obligations.**

Risk is inherent in our business and industry. As such, we take measured risks to achieve AMP's vision of 'helping people own tomorrow' and deliver sustainable value to our shareholders. Effective risk management supports informed decision-making and aids in capitalising on business opportunities to support achievement of strategic objectives. The board and management consider effective risk management to be fundamental to AMP's long-term sustainability and reputation. In addition, the board and management believe effective risk management requires a risk-aware culture amongst all employees, which in turn promotes risk-informed decision-making.

### Our enterprise risk management framework

The enterprise risk management (ERM) framework provides the foundation for how risks are managed across AMP. There are five key elements of the ERM framework as below: governance, risk strategy and appetite, the risk management process (encompassing how AMP identifies, measures, monitors and optimises risk), systems and data, and people and culture.



## Governance

### Board and Risk Committees

The AMP Limited Board is ultimately responsible for the ERM framework and oversight of its operation by AMP's management. In particular, the board is responsible for setting AMP's risk appetite, the strategic plan and risk management strategy. It also monitors policies and business practices to align achievement of strategic objectives with AMP's risk appetite and with applicable laws and regulations. The Risk Committee and board review the ERM framework at least annually, including for 2017, to satisfy themselves that it continues to be sound.

The board's oversight, review and monitoring of the effectiveness of risk management at AMP are supported by board committees and management committees. The Risk Committee oversees the implementation and operation of AMP's ERM framework and the risk culture within AMP. The Audit Committee assists by providing an objective non-executive review of the effectiveness of the ERM framework.

AMP also has management committees to assist in overseeing risk management. The Group Risk and Compliance Committee guides the implementation of risk management practices, processes and systems, and oversees all material risk exposures and risk decisions facing AMP. The Group Asset and Liability Committee oversees financial risks across AMP in relation to capital and financing, and the risk appetite as it relates to financial risk and shareholder capital.

The AMP Limited Board and Risk Committee have been provided with assurance from the CEO, CFO and the group chief risk officer (CRO) that, to the best of their knowledge (having made appropriate enquiries), in all material respects, the systems and resources that AMP has in place for identifying, measuring, evaluating, monitoring, reporting, and controlling or mitigating material risks, and the risk management framework, are appropriate to AMP (having regard to the size, business mix and complexity of AMP), and the risk management and internal control systems in place are operating effectively and are adequate having regard to the risks they are designed to control.

### **Three lines of defence**

We have a 'three lines of defence' approach to risk management accountability:

Line 1 – management is responsible for identifying, assessing, monitoring and managing material risks in the business. Business unit teams are responsible for decision-making and the execution of day-to-day business, while managing risk and the resulting profit and loss in line with the board's risk appetite and strategy.

Line 2 – the Enterprise Risk Management team, led by the CRO, is responsible for designing, implementing and monitoring the practices and processes to identify, assess, monitor and manage material risks, and providing advice and oversight on material business decisions. The team also provides objective advice and challenge to the first line's decisions and provides assurance to the board that the risk profile is aligned with the board's expectations.

Line 3 – the Internal Audit team provides independent and objective assurance to the board on the operational effectiveness of risk management across the business and the effectiveness of our control processes.

The 'three lines of defence' approach is designed to provide assurance to management and the board that risks are identified, managed and reported effectively. Further information about the operation of this approach is outlined below.

#### **Line 1: Management and employees within the business**

Management and employees within the first line are responsible for driving a risk-aware culture, and owning and managing risks within their day-to-day business areas. With support and oversight from the Enterprise Risk Management team and CRO, business unit teams develop and implement processes that meet the requirements of the framework, and monitor and review the business environment to identify, understand, escalate and report on risks, issues, incidents and changes in the business unit. In addition to these activities, management and employees within the business are responsible for the timely reporting and escalation of relevant information to senior management, committees and boards.

#### **Line 2: CRO and the Enterprise Risk Management team**

The CRO heads up Enterprise Risk Management, which is independent to the business function, reports to the CEO, and has unrestricted access to the various boards and committees. The CRO has primary responsibility for the design and establishment of the ERM framework and oversight of the first line's implementation and operation of the framework. If there are material breaches or deviations from the ERM framework or the ERM framework did not adequately address a material risk, the CRO, on behalf of the board, will notify APRA and a qualification will be included in the board's annual risk management declaration to APRA with a description of the cause and circumstances and steps taken, or proposed to be taken, to remedy the problem.

#### **Line 3: Internal Audit & External Audit**

Our Internal Audit team provides the board and management with an independent and objective evaluation of the adequacy and effectiveness of the controls over the risks for AMP and its subsidiaries. The team calls on support and advice from external experts as required.

To maintain independence, the Internal Audit team does not have responsibility for any of our business or risk management processes or practices. The Director of Internal Audit has a reporting line to the Chairman of the Audit Committee and regularly meets with the committee without management present. The Audit Committee assesses the adequacy, performance and independence of the Internal Audit function annually and was satisfied with the results of this assessment in 2017. An independent quality assurance review of the effectiveness of the Internal Audit team, and its compliance with international internal audit standards, is undertaken periodically, with the next review expected to be completed, by a third party, in 2018.

AMP has appointed Ernst & Young (EY) as the company's external auditor with the lead auditor rotating every five years unless special circumstances require this to be extended for additional years. Our Audit Committee has adopted a charter of audit independence, which sets out a framework to assist in maintaining the independence of EY as a result of its business dealings with AMP.

At each AGM, shareholders are given the opportunity to ask the lead auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by AMP in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

## Risk strategy and appetite

The risk appetite statement articulates the AMP Limited Board's expectations of the amount and nature of risk AMP is willing to accept in the pursuit of its strategic objectives. The risk appetite statement covers the major impacts of material risk types relevant to AMP, and can be used to influence risk and reward trade-off decisions and support AMP's desired risk culture.

The major impacts of risk are classified into four dimensions: earnings stability, capital adequacy, liquidity, and reputation, as outlined in the table below. These four impact dimensions have been established to enable a consistent way for AMP to identify, measure and manage material risk types and are used to limit risk taking across business activities. They are the mechanism for APRA-regulated and major AMP entities to set their risk appetite and the qualitative and quantitative metrics to monitor and report performance against the risk appetite statement limits.

Risk dimension	Description
Capital adequacy	This reflects AMP's level of protection/buffer against significant losses in tail events that could lead to insolvency/default or emergency balance sheet restitution
Earnings stability	This constrains excessive volatility of earnings and guards against surprises that lower the predictability of returns to shareholders
Liquidity	This reflects AMP's level of protection against a period of prolonged funding stress and ensures the group can meet its cash obligations without having to resort to an asset fire sale
Reputation	This reflects the extent to which AMP is willing to accept unexpected failure to meet customer, adviser, shareholder, regulator or employee expectations. This dimension is difficult to quantify but can be a substantial threat to AMP's overall reputation and long-term value

AMP's risk management strategy provides an overview of how the ERM framework addresses material risks at AMP. The risk appetite statement and risk management strategy support the development of AMP's corporate strategy and are designed to ensure that the impacts of the strategic objectives on the risk profile are within the board's risk appetite and are effectively managed. The risks arising from setting the corporate strategy and risks to achieving the strategy are also identified and considered in relation to the board's appetite.

## Risk management process

AMP's risk management process articulates how AMP identifies, measures, monitors and optimises risks. Risk identification is the process of determining which risks could potentially prevent the achievement of AMP's objectives. Risk assessments are conducted to measure the 'likelihood' of the risk occurring and the 'impact' it will have on AMP's business should it occur, taking account of the controls and structures in place to manage risk. Risks are monitored and reported so that any change in AMP's risk exposures can be identified and managed. Depending on whether the risk is within the risk appetite, actions are taken to either optimise or mitigate the risk.

In an environment where the operating landscape is rapidly shifting, AMP has developed a process to proactively identify and assess emerging risks and opportunities. Emerging risks and opportunities are defined as possible events which may occur but are not yet fully understood and have the potential to significantly impact AMP in the future. Selected emerging risks are chosen for deeper analysis and stress testing to assess the potential likelihood and impact, and to determine appropriate actions if necessary.

## Systems and data

Access to robust systems and appropriate data is fundamental for supporting an effective ERM framework. Risk systems capture elements of the risk management process and measure the effectiveness of controls in managing risks. Our systems and databases monitor any changes in the potential impact or likelihood of current or emerging risks, ensuring that risks can be responded to and reported appropriately at all levels of the organisation.

## People and culture

The board and management believe that effective risk management requires a sound risk culture that drives the right behaviours and supports AMP's values of integrity, help and performance.

AMP's risk culture framework defines risk culture as AMP's attitudes, values and behaviours towards risk management. Simply put, it is how we operate on a day-to-day basis. The board oversees and assesses AMP's risk culture through a combination of qualitative and quantitative metrics which include risk management practices, people and customer measures and people surveys. AMP is committed to improving risk culture to keep pace with regulatory, customer and community expectations. As such, AMP focuses on embedding risk awareness into AMP's broader culture to integrate risk into decision-making.

AMP also integrates effective risk management into the remuneration framework throughout the organisation. Risk behaviours and controls are a key consideration in the assessment of remuneration outcomes.

In addition to a risk-aware culture, AMP is committed to maintaining an appropriately skilled and staffed ERM function to provide a sufficient line of sight, access and input into key risk decisions. The ERM function also supports AMP by developing the ERM framework, policies and procedures to facilitate a consistent approach to the identification, assessment and management of risks.

## Key business challenges

Given the nature of our business environment we continue to face challenges that could have an adverse impact on the delivery of our strategy. The most significant business challenges (in no particular order of importance) include, but are not limited to:

- Competitor and customer environment
- Cyber security threats
- Organisational change
- Business, employee and business partner conduct
- Regulatory environment.

You can see a more detailed outline of AMP's key business challenges in the AMP 2017 annual report (on pages 23 to 24) and on our website at [www.amp.com.au/amp/about-amp/corporate/risk-management](http://www.amp.com.au/amp/about-amp/corporate/risk-management).

## Material risks

AMP has categorised risk in seven material risk types that are managed to support the achievement of strategic objectives. These risk types and definitions are noted below.

Risk type	Definition
Strategic risk	Risk of loss or foregone value associated with strategic decisions and competitive positioning of the business and our ability to respond in a timely manner to changes in the regulatory, customer or competitive landscape.
Credit risk	The risk of loss or foregone value due to non-payment of a contractually required payment by a counterparty.
Market risk	The risk of loss or foregone value due to adverse movements in market prices and investment values. This may be due to economic changes or events that have an impact on large portions of the market.
Insurance risk	The risk of loss due to adverse developments in morbidity/mortality rates, longevity, expense, and changes to policyholder behaviour.
Liquidity risk	The risk of loss due to an inability to fund or trade liquidity risk at a given period to meet debt obligations at a reasonable price.
Concentration risk	The risk of loss due to a series of exposures with the potential to produce large enough losses. It may arise in the form of credit concentration, market correlation, cross risk types, pandemic, which may have been accumulated over time.
Operational risk	Risk of loss resulting from inadequate or failed internal processes and systems or from external events.

Within these risk types, the specific risks that AMP is exposed to are identified, measured, monitored and managed. The impact of these risks is assessed against the four risk dimensions outlined above. Stress and scenario testing is performed periodically to assess the potential impacts and resilience to risk in stressed periods.

## Environmental, social and governance risk

Failure to identify or address existing or emerging economic, environmental and social sustainability issues could result in material reputational or financial loss. AMP continuously considers and improves on the ways in which economic, environmental and social sustainability is incorporated into our business operations, and this work is supported by a range of programs, policies and processes including:

### Environment

- reducing AMP's impact on the environment, by setting targets and pursuing a range of waste, energy and emission-reduction initiatives at AMP office locations. AMP is reviewing the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD), within the context of our existing approach to climate risk.

### Responsible investing

- integrating environmental, social and governance (ESG) factors into investment decisions and engaging in active ownership practices across asset classes, by AMP's investment management arm, AMP Capital. This framework is detailed in AMP Capital's ESG and Responsible Investment Philosophy and includes divestment from tobacco, cluster munitions, landmines, and biological and chemical weapons. AMP Capital also engages with investee companies, encouraging sound decision-making and risk management, appropriate capital allocation, good board composition, fair remuneration and open and honest disclosure.

### Our people

- supporting and developing our people through a range of development and career opportunities, actively supporting employee wellbeing, providing a range of employee benefits, and promoting inclusion and diversity in our workforce.

### Community investment

- investing in the community through the AMP Foundation – AMP's philanthropic arm – whose goal is to create a better tomorrow for everyone, especially people facing challenges in accessing education and employment opportunities. The AMP Foundation supports charities that give disadvantaged Australians life-changing learning and work opportunities. It also supports AMP employees and financial advisers to share their time, skills and resources with people in need, and backs amazing Australians who are doing great things in the community through its AMP Tomorrow Fund grants. Through the AMP Scholarships program, the AMP group also helps extraordinary New Zealanders to pursue their dreams.

AMP manages its exposure to economic, environmental and social sustainability risks in accordance with the risk management framework, strategy and processes outlined above.

You can find more information on AMP's corporate sustainability framework at [amp.com.au/corporatesustainability](https://amp.com.au/corporatesustainability) and in our 2017 sustainability report (which you can find at that address).

## CEO and CFO assurance

In accordance with the Corporations Act 2001 (Cth) and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, before the board approves AMP's financial statements for each financial year, the CEO and the CFO are required to provide the board with a declaration of their opinion as to whether:

- the financial records for the financial year have been properly maintained
- the financial statements and notes for the financial year comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the AMP group, and
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The CEO and the CFO provide a certification in similar terms before the board approves AMP's half-year financial statements.

## Inclusion and diversity

**An inclusive and diverse workplace delivers better performance, so we have expanded our inclusion and diversity work and set ourselves challenging gender diversity targets for management, executive and board roles.**

We believe an inclusive and diverse workplace delivers better results for our shareholders, customers, employees, business partners and communities.

Harnessing AMP's diversity helps us create a company that is greater than the sum of its parts. Our customers are as unique as we are, and to truly understand and support them we are leveraging the strengths and skills of each and every one of our people.

We value different ways of thinking, and everyone is encouraged to share their thoughts and experiences to deliver better business decisions and solutions. Inclusion is the basis of the following four pillars of our inclusion and diversity strategy:

**Committed and inclusive leadership** – we support our leaders to create an inclusive culture. In our 2017 people survey, our employees overwhelmingly said they feel supported to perform to the best of their abilities, their leader genuinely cares about their wellbeing and AMP employees are treated fairly regardless of gender, age, ethnicity, race, disability, religion, sexual orientation or other differences.

**Merit-based policies and practices** – we focus on equality when we recruit, develop, promote and pay our people, as well as when we recognise and reward their performance. This includes having gender-balanced recruitment shortlists, developing female leaders, reviewing our pay and performance outcomes and providing policies and practices – like flexible work – that support all our people.

**Decision-making and voice** – we leverage the diverse thinking across our business to better understand our customers and meet their needs. We use human-centred design and the net promoter system to listen to the needs of our customers and guide the design of our processes and products.

**Measurement, accountability and rewards** – we set challenging diversity targets and believe meeting these targets will deliver better results for our business. AMP also conducts an annual pay equity review to identify, analyse and address potential areas of inequity.

The CEO and Group Leadership Team make up the AMP Inclusion and Diversity Council and guide the organisation's goals and direction for inclusion and diversity. They are also responsible for inspiring our leaders and holding them to account.

AMP inclusion and diversity policy is available in the corporate governance section of our website. This policy requires the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and our progress in achieving them. The People and Remuneration Committee is responsible for overseeing the implementation of our inclusion and diversity initiatives, and reporting key actions and progress to the board.

### Gender equality

AMP was honoured to be named an Employer of Choice for Gender Equality by the Federal Government's Workplace Gender Equality Agency again for 2017.

AMP has challenging gender diversity targets in place, and we remain committed to achieving them. Our goal is to have women hold 47% of senior executive roles and 50% of middle manager roles by the end of 2020. These targets reflect our belief that an inclusive and diverse workplace delivers better results for our shareholders, customers, employees, business partners and communities.

Despite our ongoing focus on gender diversity, AMP did not meet its progress targets in 2017. This was largely due to a realignment of AMP's organisational structure following changes to our operating model. The representation of women in senior executive roles fell to 38% at 31 December 2017, with women holding 41% of middle manager roles.

The CEO and Group Leadership Team (as the AMP Inclusion and Diversity Council) has renewed its focus on gender equality with a dedicated plan to increase the representation of women at these levels by:

- taking overt accountability for female succession, talent, sponsorship and advocacy
- reviewing and aligning recruitment and appointment practices and decision-making
- mainstreaming flexible work for all employees
- openly communicating and sharing stories about gender issues and actions.

Overall, women make up 51% of our workforce.

We also have a 40:40:20 target in place for the AMP Limited Board, whereby women hold 40% of board positions, men hold 40% of positions, and either women or men hold the remaining 20% of positions. Women currently fill 40% of positions on the AMP Limited Board and we are proud to be one of the few ASX 200 companies with a female chairman.

2017 saw the introduction of our domestic and family violence support policy to support employees who are directly or indirectly experiencing domestic or family violence. AMP is committed to the safety and wellbeing of all employees and we want to provide an environment where our people feel comfortable to raise issues, and confident they'll receive the help and support they need.

### Representation of women at AMP

Roles	2020 target (%)	2017 progress target (%)	31 December 2017 (%)	31 December 2016 (%)
AMP Limited Board	40	40	40	40
Senior executives <sup>(i)</sup>	47	42	38	40
Middle management <sup>(ii)</sup>	50	44	41	41
All employees	n/a	n/a	51	52

(i) Senior executives are generally one to four reporting layers below the CEO and represent the top 8% of the organisation. People in these roles typically lead discrete functions and are responsible for making strategic decisions for those functions. They generally have the title Group Executive, Director or Head of.

(ii) Middle managers are generally between three to six reporting layers below the CEO and represent the next 25% of the organisation. People in these roles typically report to our senior executives and are involved in operational decision-making, or have specialised and high value skills. They have a wide range of titles including Senior Manager, Manager and Lead.

## Acting ethically and responsibly

**AMP believes that by acting ethically and responsibly we will be best positioned to create a better tomorrow for our customers, employees, business partners, communities and shareholders.**

We are committed to acting with professionalism, honesty and integrity so all our stakeholders know they can trust us to do the right thing. You can find copies of our corporate policies at [amp.com.au/corporategovernance](http://amp.com.au/corporategovernance).

### Code of conduct

Our code of conduct sets out the behaviour we expect of everyone who represents AMP. The code is supported by our employee policies, which govern the way we operate to best serve our customers and business and meet our legal and regulatory obligations.

### Inclusion and diversity policy

We believe an inclusive and diverse workplace will build a culture where diversity of thought is a competitive advantage, people and their ideas are respected, innovation is fostered and superior results are delivered for employees, customers, shareholders and communities. We are creating an inclusive and diverse working environment where high performing people choose to work.

### Environment policy

We are committed to creating shared value with the communities in which we operate and to working to build a more sustainable future. We are committed to finding ways to improve environmental performance, maximise resource efficiency and minimise our environmental impact.

### Market disclosure policy

We are committed to ensuring our shareholders receive clear, transparent and timely information about our business. Our market disclosure policy outlines the processes we have in place to ensure we provide all shareholders with equal and timely access to material information about AMP.



## Political donations

AMP adopts a bi-partisan approach to politics and actively engages in conversations with the government, the opposition, backbenchers and local communities about contemporary and future financial issues and opportunities.

AMP does not make donations for political purposes, but we pay to attend events that have been organised by political parties, such as party conferences to allow for discussion on major policy issues with key opinion leaders and policy makers. We believe this debate makes a valuable contribution to the development of public policy and is therefore of benefit to the Australian community and our customers. AMP publicly declares contributions to political parties consistent with the requirements of the Australian Electoral Act.

## Trading policy

Our trading policy outlines rules for directors, senior executives, other specified employees and their close associates for trading in AMP securities. The policy is designed to protect the interests of all AMP shareholders and to ensure that directors, employees and their close associates comply with the law when trading in AMP securities.

Our separate hedging policy provides that directors, senior executives and other specified employees who participate in our equity incentives plans may not use any form of hedging arrangement in relation to AMP shares or rights to shares.

## Whistleblowing policy

The AMP Limited Board and the Group Leadership Team are committed to a whistleblower program that encourages, protects and supports responsible reporting of wrongdoing, including fraud, corrupt conduct, questionable accounting and inappropriate workplace behaviour. This reflects the board and management's belief that professionalism, honesty and integrity are core to our culture.

Our whistleblowing policy provides an avenue for our people to report suspected unethical, illegal or improper behaviour. AMP has an objective, independent and confidential process for reporting and investigating actual, suspected or anticipated improprieties. All disclosures are treated confidentially and can be made anonymously.

## Comparison of NZX and ASX corporate governance rules

As an NZX overseas listed issuer, AMP Limited is deemed to satisfy and comply with all the NZX Listing Rules so long as it remains listed on the ASX. The only NZX requirements applicable to AMP are to give the NZX the same information and notices it is required to give to the ASX and to include a statement to this effect in its annual report.

The ASX Listing Rules and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations may differ materially from NZX's corporate governance rules and the principles of the NZX Corporate Governance Code. You can find further information about the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations on the ASX website at [asx.com.au/regulation/corporate-governance-council.htm](http://asx.com.au/regulation/corporate-governance-council.htm).

## Compliance

We take seriously our responsibilities to all our stakeholders, including our shareholders, customers, employees and the community, and place great importance on maintaining the highest standards of governance.

This corporate governance statement is up-to-date as at 27 February 2018 and has been approved by the AMP Limited Board.

Throughout 2017, we complied with the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations and we continually review our governance practices to seek to ensure that we not only meet but exceed the expectations of regulators and our stakeholders.

You can find further information on our corporate governance policies and practices at [amp.com.au/corporategovernance](http://amp.com.au/corporategovernance).