

# AMP Limited Remuneration Committee Terms of Reference

Adopted by the AMP Limited Board on 29 November 2018

## 1. Committee purpose

The Remuneration Committee (Committee) is a committee of the AMP Limited Board (Board) that assists the Board and the boards of AMP subsidiaries (including the APRA-regulated subsidiaries) in establishing and having oversight of AMP's remuneration policy and practices.

The boards of AMP's APRA-regulated subsidiaries have delegated their remuneration committee function to the Committee to be exercised on an AMP group basis.

Its key responsibilities include:

- review and make recommendations to the Board on the remuneration of non-executive directors, the CEO, the GLT, any other persons whose activities may impact the financial soundness of AMP, and any other person the Board determines (specified individuals)
- review and make recommendations to the Board on AMP's remuneration policy, including an assessment of the policy's effectiveness and compliance with prudential standards
- review and make recommendations to the boards on AMP's remuneration disclosures
- review and make recommendations to the Board on performance goals and objectives relevant to the remuneration of the CEO, and the performance of the CEO in light of these objectives
- review and make recommendations to the Board on incentive plans for specified individuals
- oversee all incentive plans
- review and make recommendations to the Board in relation to equity-based plans
- oversee general remuneration practices across AMP.

The Board authorises the Committee to fulfil its responsibilities as set out in these terms of reference.

## 2. Responsibilities

### Remuneration arrangements and outcomes

- 2.1 AMP remuneration** – the Committee will recommend to the Board for approval, at least annually, the total remuneration arrangements and outcomes (including termination payments as required) for the chief executive officer (CEO), the GLT, and other specified individuals of AMP Limited. It will also note payments under any incentive plans greater than \$1m.
- 2.2 AMP objectives** – the Committee will recommend to the Board for approval the annual performance objectives and measures for the CEO, the GLT and other specified individuals of AMP Limited. The performance objectives and measures for the Chief Risk Officer (CRO) will be set by the Board Risk Committee (BRC).
- 2.3 Subsidiary remuneration** – The Committee will
  - recommend to the board of each AMP APRA-regulated subsidiary for approval or noting at least annually (in accordance with the AMP remuneration policy) the total remuneration arrangements, including performance measures, and outcomes for the specified individuals of that subsidiary
  - consider the requirements under BEAR when reviewing the remuneration of Accountable Persons and has regard to input from the AMP Bank Board as part of this process.

## Remuneration arrangements – Non-executive directors

- 2.4 Structure and policies** – the Committee will regularly review the remuneration structure and policies for the non-executive directors of AMP, the key operating subsidiaries and the nominated subsidiaries.
- 2.5 Changes** – the Committee will recommend to the Board for approval any changes to the remuneration, remuneration structure or remuneration policies for:
- the non-executive directors (including the chairman)
  - the chairman and members of the committees of the boards of AMP, the key operating subsidiaries and the nominated subsidiaries.

## Remuneration strategy and policy

- 2.6 Remuneration policy** – the Committee will:
- conduct regular reviews (at least every two years) of the AMP remuneration policy, including its effectiveness and compliance with regulatory requirements (including APRA prudential standards and BEAR)
  - report to the Board and the board of each AMP APRA-regulated subsidiary on the outcomes of that review and make recommendations to each of those boards on any changes to the policy.

## Incentive plans

- 2.7 Incentive plans** – the Committee will review and approve:
- any new plan
  - any material<sup>1</sup> change to any plan.

The Committee will review at least annually the effectiveness and outcomes under the plans.

- 2.8 Group-wide incentive plans** – the Committee will recommend to the Board for approval:
- the performance measures
  - the size of the pool.
- 2.9 AMP Capital Enterprise Profit Share Plan** – the Committee will recommend to the Board for approval the size of the pool.

## Equity plans

- 2.10 Equity plans** – the Committee will:
- recommend to the Board for approval any new equity (or equity-linked) plan or material change to the terms of an existing equity (or equity-linked) plan (including all employee share plans)
  - approve any other change to the terms of an existing equity (or equity-linked) plan.
- 2.11 Equity plan vesting** – the Committee will approve the vesting or non-vesting (lapse / forfeiture) of awards (including adjustments following risk and conduct reviews or decisions to delay vesting pending an investigation).
- 2.12 One-off equity awards** – the Committee will approve:
- annually a pool available for one-off equity offers (eg for sign-on awards)
  - one-off equity awards above \$250,000.

## Disclosures

- 2.13 External reporting** – the Committee will oversee the preparation of any reports required by law or listing rules, or requested by the Board, including relevant remuneration sections of the annual report and other shareholder documents. The Committee will review, recommend and provide relevant assurances through the Board Audit Committee to the Board for approval of the remuneration report to be included in the annual Director's Report.
- 2.14 Subsidiary disclosures** – the Committee will recommend any remuneration disclosures required to be made by an AMP APRA-regulated subsidiary to the board of that subsidiary for approval.

<sup>1</sup> As determined by the Director, Performance and Reward. Non-material changes can be approved by the Group Executive, People & Culture.

### 3. Composition and chair

- 3.1 **Composition** – the Committee will be composed of at least three non-executive directors of AMP, the majority being independent directors. No executive directors will serve as members of the Committee.
- 3.2 **Chairman** – the Chairman of the Committee will be an independent non-executive director. If the Chairman of the Committee is absent from a meeting, the members of the Committee present at that meeting will appoint a chairman for the meeting.
- 3.3 **Secretarial support** – the company secretary, or a delegate, will act as secretary to the Committee.

### 4. Committee procedures

- 4.1 **Meetings** – the Committee will meet at least four times a year or more frequently if required. Meetings of the Committee will be convened and conducted on the same principles as those that apply to the Board pursuant to the constitution, except as otherwise provided in these terms of reference.
- 4.2 **Quorum** – a quorum for meetings of the Committee is two members of the Committee present.
- 4.3 **Written resolutions** – the Committee may pass resolutions without holding a meeting in the manner prescribed by the constitution.
- 4.4 **Management attendance** – the Committee may invite members of management or other external parties to attend all or part of any meeting of the Committee including:
  - the CEO, who has a standing invitation to each meeting
  - the Group Executive People & Culture, who has a standing invite to each meeting and their input must be sought when considering remuneration outcomes
  - the CRO, who will be invited to meetings related to the annual remuneration review process and their input must be sought on risk and conduct issues.
- 4.5 **Terms of reference** – the Committee will review these terms of reference at least every two years, with any proposed changes recommended to the Board for approval. In addition, the Committee will notify each AMP APRA-regulated subsidiary of any changes and provide assurance that the changes comply with the relevant APRA requirements.
- 4.6 **Evaluations** – the performance of the Committee will be assessed periodically by the Board.
- 4.7 **Reporting** – the Committee, through its Chairman, will report to the:
  - Board on its activities on a regular basis by providing copies of Committee papers and minutes
  - boards of the AMP APRA-regulated subsidiaries on an required basis.
- 4.8 **Minutes** – the minutes of meetings of the Committee and any resolutions passed by the Committee without a meeting will be available to the Board.
- 4.9 **Resources** – in carrying out its responsibilities, the Committee:
  - will have unrestricted access to senior management, risk and financial control personnel, and other parties (internal and external)
  - to the extent the Committee considers it necessary and at AMP's expense, has the power to retain any external advisers and obtain any other information or resources in accordance with AMP's protocols.
- 4.10 **Sub-delegation** – any sub-delegation must be approved by the Board.
- 4.11 **Access to Committee** – the Committee will provide the boards of the AMP APRA-regulated subsidiaries with free and unfettered access to the Committee.
- 4.12 **APRA** – members of the Committee will be available to meet with APRA on request.

## 5. Definitions

<b>Accountable Persons</b>	Specified employees and directors of AMP Bank Limited and other AMP entities (including AMP Limited) as required by the Banking Executive Accountability Regime (BEAR) contained in the Banking Act.
<b>AMP APRA-regulated subsidiaries</b>	AMP Bank Limited, AMP Life Limited, AMP Superannuation Limited (ASL), N.M. Superannuation Proprietary Limited (NM Super) and The National Mutual Life Association of Australasia Limited.
<b>APRA</b>	Australian Regulation Prudential Authority.
<b>BEAR</b>	Bank Executive Accountability Regime.
<b>CEO</b>	Chief Executive Officer.
<b>GLT</b>	AMP's Group Leadership Team, being those senior executives who are direct reports of the CEO.
<b>Group-wide incentive plan</b>	Any incentive plan that applies to the majority of AMP employees (eg the AMP STI Plan, Executive Performance Incentive Plan).
<b>Key operating subsidiaries</b>	<ol style="list-style-type: none"><li>a. AMP Life Limited and The National Mutual Life Association of Australasia Limited</li><li>b. AMP Bank Limited</li><li>c. AMP Capital Holdings Limited</li><li>d. any other subsidiary of AMP Limited approved by the AMP Limited Board.</li></ol>
<b>Nominated subsidiaries</b>	AMP Superannuation Limited, N.M. Superannuation Proprietary Limited and any other subsidiary of AMP nominated by the Chairman and the chief executive officer, based on its profile or the nature of its business within the AMP group.
<b>Specified individuals</b>	AMP employees whose remuneration arrangements are required to be reviewed by the Committee and approved by the board of an AMP APRA-regulated entity, pursuant to APRA prudential standards applying to that entity.