

5 February 2019

## Royal Commission final report – a catalyst for change

The Royal Commission has been a catalyst for change across the financial services sector and within AMP. The outcomes of the final report provide greater certainty and will help to restore confidence and stability to Australia's financial system.

AMP will work constructively with the government, regulators, advisers, trustees and other bodies to ensure that, as the recommendations move into definitive legislative reform, the outcomes are clear, simple and meet the best interests of customers.

The recommendations establish a solid industry framework and provide a strong basis for setting AMP's future direction.

AMP remains committed to its purpose of helping customers manage and protect their wealth and to ensuring high quality financial advice is available and affordable for all Australians.

AMP has embraced the need for change and has already taken significant action to improve culture, governance, accountability and processes across the group including:

- The appointment of David Murray as independent Chairman of AMP Limited in June 2018.
- The appointment of Francesco De Ferrari as Chief Executive Officer in December 2018.
- Board renewal, including the appointments of three highly experienced financial services leaders as non-executive directors.
- The appointment of Alex Wade, as Group Executive, Advice.
- Acceleration of a coordinated advice remediation program.
- Appropriate consequence management including forfeiture of long and short-term incentives for a number of former executives and a reduction in Directors fees for 2018.
- Commitment to invest \$100 million (pre-tax) over two years to strengthen risk management governance and controls.

There is more work to do as we are determined to earn back the trust of our clients, our shareholders, our regulators and the wider Australian community.

David Murray, AMP Chairman, commented:

“The financial services sector is a key pillar of the Australian economy, and it is essential that customers have trust in the services it provides. The Royal Commission's final report will be a turning point for the industry, which has rightly been heavily criticised for its mistakes. AMP notes that the benefits of vertical integration remain available for customers while acknowledging that conflicts of interest need to be more effectively managed. The proposed regulatory changes will require serious and determined effort to implement but, with the support of industry, should deliver better outcomes for customers.”

AMP will review the recommendations of the final report in detail over the coming weeks and provide updates as appropriate. 

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