TRANSCRIPT OF PROCEEDINGS

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AMP ANNUAL GENERAL MEETING

PARTICIPANTS: DAVID MURRAY, Chairman
DEBRA HAZELTON, Director
FRANCESCO DE FERRARI, Chief Executive Officer
MARISSA BENDYK, Company Secretary

SYDNEY

FRIDAY, 8 MAY 2020

MR MURRAY: Good morning, ladies and gentlemen. My name is David Murray and I'm Chairman of AMP Limited and chairman of your meeting today. As there's a quorum present, I now formally open our 2020 annual general meeting. I would like to begin by paying my respects to the Gadigal People of the Eora Nation who are the traditional custodians of the land on which we meet here today. I acknowledge the elders of this land, both past and present. I'd also like to welcome you to our AGM, which we're conducting in an alternative format given the restrictions in place as a result of the COVID-19 pandemic. I regret that the board and I are not able to meet with shareholders personally today, and I look forward to shareholders being present when we meet next year.

Today's AGM is being webcast to enable shareholders to actively participate in the meeting whilst adhering to public health advice. Shareholders can listen to the meeting, view the slides and ask online questions relating to the business of the meeting. Because of the unique situation in which we find ourselves, voting was conducted via proxy form sent to shareholders with the notice of meeting. The proxy votes will be cast in accordance with any direction provided by a shareholder on their proxy form. Proxy forms which nominated the chairman as proxy but did not direct the chairman how to vote will be cast by the chairman in favour of the relevant resolution. All voting will be conducted on the basis of a poll. I'd like to thank those participating at today's meeting via webcast, as well as those who submitted their vote via proxies.

I'm joined at this meeting at AMP offices today by our director, Debra Hazelton, the second on my left; our CEP, Francesco De Ferrari, on my immediate left; and our company secretary, Marissa Bendyk, on my right. I would like to welcome my fellow non-executive directors who are participating by webcast: Rahoul Chowdry, John Fraser, Andrew Harmos, Trevor Matthews, John O'Sullivan, Michael Sammells, Andrea Slattery and Peter Varghese. Andrew Price representing AMPs auditors, Ernst & Young, is also here in person today.

Our agenda for today is now on the screen. As you can see, Francesco De Ferrari, our CEO and I will both address the meeting before we move to the formal business. So let me start. This is not the first time AMPs meeting has occurred in exceptional circumstances. Just over 100 years ago during the Spanish Flu pandemic, the AGM was held in tents on the roof our then Pitt Street offices. I mention tents because social distancing was on the agenda then as it is today. This is a reminder of AMPs long and proud history in Australia and that crises, however confronting, do pass. At AMP, we have moved quickly to take action in response to COVID-19, launching a relief package for clients, mobilising employees to work from home, and ensuring frontline teams are ready to respond.

At last year's meeting, the board was encouraged by the strong support shown for the election of directors and the remuneration report. Since that time, the board has had to take critical decisions to position AMP for the future, negotiating the sale of AMP Life, launching a three-year transformational strategy, undertaking a capital raising, and continuing to address legacy issues. But we're also acutely aware that the fall in our share price and our decision not to declare a dividend in 2019 will have been very disappointing for our shareholders. Today I will outline the progress made against key proprieties last year and focus for 2020, including how we're responding to COVID-19 in the best interests of the company, shareholders, clients and employees.

I'd like to start with the sale of AMP Life to Resolution Life, which will be a key step in our transformational strategy. In August last year, we reached a revised agreement with Resolution Life following challenges in obtaining regulatory approvals for the original agreement. Before reaching this decision, the board assessed the revised agreement against a range of options as we communicated at the time. The board recognises that the sale of AMP Life marks a strategic shift for our company. Whilst life insurance played an important role in our history, our business, future and growth lies in wealth management, banking and invest management. We strongly believe the sale of AMP Life delivers the best outcome for shareholders, policy holders and the business. The task of unwinding 170 years of processes, systems and complexity associated with the sale of AMP Life should not be underestimated. Recent and continuing sales of major life insurance groups in Australia only reinforce the challenge and time required for such an undertaking.

The pandemic has created added complexity, but our work program continues unabated. We have sent over 1.1 million communications to superannuation members, employers and advisers with further communications to follow. The transfer of superannuation funds from the Life company back to AMP as part of the sale will be one of the largest in Australian history. To date, the business has executed seven dry runs to confirm our capability to deliver the transfer, the most recent run successfully with our team working remotely given COVID-19 restrictions. The regulatory approvals and conditions precedent required span Australia, China and New Zealand. Earlier this year approvals from the China Banking and Insurance Regulatory Commission was confirmed. In recent weeks we have received approval from APRA to facilitate the transfer of MySuper accounts, one of the key consents required in Australia and in New Zealand engagement with the Reserve Bank of New Zealand continues. We are satisfied with the progress being made and again reiterate that we remain on track to complete the transaction by 30 June this year.

At last year's meeting I provided an assurance that we would face squarely into legacy issues in 2019. I'm pleased to report that we've made significant headway including on client remediation. In 2019, the remediation program accelerated as we said it would. In the second half of the year we paid $190 million from funds already earmarked and major policies for our remediation program have been agreed with ASIC, the corporate regulator. Due to rigorous management of the project, overall remediation costs remain broadly in line with the original estimate. Following a significant ramp up in activity, we expect the program to be 80 per cent complete by the end of this year and remain on track for completion in 2021. This is testament to our commitment to doing the right things for clients and addressing issues of the past and improving our risk management systems to enable us to focus on the future.

Turning to our financial performance, to provide context, last year's performance reflects the challenges faced when we transitioned and fundamentally reset the business. Overall, in 2019 we reported an underlying profit of 464 million and a net loss attributable to shareholders of 2.5 billion. The bottom line loss was predominantly due to a non-cash charge of 2.53 billion after tax which we took in the first half of the year mainly reflecting a write down of assets and past longstanding investments. It is important to remember that this is predominantly a non-cash charge that does not affect the financial stability of our business. AMPs capital position remains strong, holding $2.5 billion above minimum regulatory requirements at year end.

However, to maintain balance sheet strength through a period of significant change, the board took the difficult decision, as I mentioned earlier, not to declare a full year dividend in 2019. This is understandably disappointing for our shareholders, but this decision was made in the long-term interests of your company. This position will be reviewed after completion of the Life company sale. Shareholders have asked how proceeds from the Life sale will be distributed. AMP anticipates that any capital in excess of target surplus post completion will first be used to fund delivery of the new strategy. Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders subject to unforeseen circumstances. As you would expect, the board will consider current economic and business conditions as it assesses any use of the proceeds from the sale.

I will now turn to governance, focusing on board renewal and renumeration. The board plays an important role in setting the tone from the top and achieving a culture that reflects the company's purpose. This has been an important factor as we renewed our board. The new appointments bring valuable insights to IMP as the industry navigates increasing regulatory, governance and risk management obligations. I'm pleased to welcome three highly capable new non-executive directors: Debra Hazelton, Rahoul Chowdhury and Michael Sammells. All have significant experience in financial and professional services and have operated at the level required to understand the challenges and opportunities at AMP. Trevor Matthews will also stand for another term, continuing his significant contribution to the board. All will stand for election and re-election today and the board fully supports their appointments.

I would like to acknowledge the retirement of three non-executive directors. Mike Wilkins stepped down from the board in February 2020. Mike has served AMP and its shareholder with distinction, particularly as interim chairman and CEO at a deeply challenging time for the company. The board and company sincerely appreciate the contribution that Mike made during this period. He will remain a non-executive director on the board of AMP Life until the completion of the sale. Peter Varghese and Andrew Harmos will also retire as directors at the conclusion of this meeting with Andrew remaining as a non-executive director on the AMP Life board, again, until completion of the sale. I would like to thank Peter and Andrew for their significant contributions to AMP and wish them the very best for the future.

I'll now turn to executive remuneration and outcomes. Prior to today's meeting, AMP has engaged with shareholders to explain our approach to remuneration, listen to views and respond to feedback. When we reach item 3, we expect a significant vote against the remuneration report. Naturally, we are disappointed, so I would like to comment on remuneration in three key areas. Firstly, the board takes seriously its duty to act in the long-term interests of the company, serving the interests of all shareholders. The 2019 remuneration structure was designed to reflect the scale, complexity and challenges involved in transforming the business as I referred to earlier, executing an ambitious strategy, separating the life insurance business, completing client remediation and addressing the company's challenging regulatory and legal matters.

The board also recognised that an extraordinary remuneration plan was required to attract and retain an executive team with the knowledge and expertise to deliver the strategy, deal with the legacy issues and ultimately, improve business performance. In our CEO and executives, we have a capable and driven team to deliver our plan. Their awards are substantial, but the hurdles are challenging. For the awards to be realised over the long term, these demanding hurdles must first be achieved, including a significant improvement in business performance and share price. This approach to executive remuneration aligns with the view expressed by the Hayne Royal Commission that boards must ultimately be mindful of the long-term impact of their decisions on both shareholders and the health of the business.

Using the health analogy, AMP has suffered multiple complications requiring continuing treatment whilst preparing for major surgery in the form of the excision of the Life business. In these circumstances, in our private lives, we would expect our health costs to rise substantially with specialist treatment and we would want to retain clinicians with best knowledge of our medical history. This reflects the way we think at AMP about remuneration, because we believe there is a future as the CEO will point out in addressing the strategy today.

In the corporate world, the requirement for non-binding votes and potential board spills every two years reduces the incentive to properly invest in specialist care, ultimately leaving the more difficult workouts to the private markets. Moreover, for companies in less challenging situations, trying to match remuneration year on year precisely to profit and dividends, there is less incentive to invest in higher management skills for higher returns. Either way, listed company shareholders lose. Put simply, investment in specialist care is expensive. Last August when we announced the capital raising, a new strategy and revised agreement for the sale of AMP Life the board also revised the CEOs remuneration arrangements as foreshadowed at last year's annual meeting. The revised remuneration arrangements included adjusting the recovery incentive hurdles and withdrawing the share option component of the incentive.

The board full recognises that retrospective adjustment of hurdles should only be considered in exceptional circumstances. I want to assure shareholders that the board has no intention to further amend the hurdles now in place. The second point I want to address about remuneration is about the complexity and potential misinterpretation reporting of remuneration. The statutory reporting required in our remuneration report and notice of meeting can easily be misinterpreted. However, the amount disclosed is neither the amount paid to the executive in a particular year, nor a reliable indicator of what proportion of long-term awards granted that year will be paid in future.

In the case of our CEO, he did not receive 13.4 million in 2019. This was the statutory disclosure. Last year he received approximately four million in fixed remuneration and short-term incentive reflecting the scale of the challenge he has undertaken and the board's judgment of work done to date. The remainder disclosed included awards that the CEO received when he joined the company, strongly supported in the response to last year's remuneration report by shareholders and the potential future earnings which are subject to challenging hurdles and the board's discretion.

In our remuneration report for this year we will aim to provide more detail to improve clarity. The nature of reporting has raised questions about the hurdles that executives must reach in order for long-term incentive outcomes to be awarded. Let me be clear: for these awards to vest, AMPs total shareholder return growth will need to keep pace with other financial services companies which face far fewer challenges. Thirdly, the board recognises there are widely differing views across shareholders and proxy advisers on the appropriate remuneration structure.

Given the unique requirements and characteristics of the company there can be no one-size-fits-all approach. The board must design a system that meets the specific circumstances and challenges facing the company. This was the driving force in developing the 2019 remuneration framework to retain and incentivise an experienced and capable management to take the business forward, address the legacy issues and ultimately grow the longer-term value of the company. However, we have heard and respect the feedback of our shareholders. The board will carefully consider all issues raised as we make our remuneration decisions in 2020.

In doing so I can confirm (1) there will be no further adjustment to the CEO recovery incentive hurdles, (2) the board will continue to apply discretion to all awards, and (3) there will be no further long-term incentive awards in 2020 for key management personnel, given these were intentionally higher in 2019. I would also like to comment on directors fees. Last year we considered how to best deliver greater operational cost efficiencies at board level. As a result of actions taken, overall spend on board fees reduced by eight per cent last compared with 2018, and by the end of 2020 we expect to see further reduction in board fees following the sale AMP Life and a more streamlined board and reduction in chairman fees as signalled last year.

Appropriately I am not involved in the discussion of my fee as chairman so I'll hand over to Debra Hazelton for comment.

MS HAZELTON: Thank you, David. As the director who led the discussions on the chairman's fee at the board, I'd like to briefly comment on the chairman's fee in 2019. David accepted the role of chairman at a particularly challenging time for AMP. Appointing a chairman with his stature, expertise, and drive was absolutely critical to turning the business around. On his appointment there was unanimous board agreement that David's fee was commensurate with his experience, the task ahead and in recognition that he would forgo income in relinquishing other roles which would have been in conflict with his role as chairman of AMP. David is very cognisant of the costs of the board including his fee as chairman.

In 2019 he approached the board with a proposal to reduce the chairman's fee from 2020 onwards, reflecting the expected reduction in the scale of the business. The board gave in principle approval for a 22 per cent reduction in the chairman's fee from 1 January 2020. In anticipation that AMP Life would be sold, board renewal would be complete and the strategy would be refined by that time. However, in January 2020, when the board reviewed the chairman's fee, they determined, with the chairman abstaining, that there should be no change in his fee since the overall size of the business had in fact not reduced, given the extended timeframe required for the revised AMP Life sale, board renewal was ongoing and the refinement of the strategy was still underway.

After the annual results, for a second time, David expressed his strong view that the chairman's fee should be reduced. His argument was that by now the initiatives I've mentioned were, from an internal perspective, well advanced. The board agreed with this approach and the chairman's fee was reduced from 850,000 to $660,000, effective from 1 March 2020, taking it back to the level set in 2015.

MR MURRAY: Thank you, Debra. At our AGM last year, we made the commitment to transform AMP into a more agile, valuable and sustainable business. In the second half of 2019 we took a critical step in delivering on that commitment by launching our three-year transformational strategy, including a significant cost reduction program. Following the renegotiation of the AMP Life sale and to support the immediate implementation of our strategy and thus the turnaround of the company, we also undertook a capital raising last year. The strong support from new and existing shareholders was welcomes and reflects confidence that AMP has a promising future.

In 2020 we are focused on execution and delivery of our strategic priorities, which the CEO will discuss shortly. Today we've also announced an update to our New Zealand Wealth Management business and, given recent economic and financial market disruption, we have ceased plans to divest this business. We will now focus on developing and growing the business in its existing market. As we've said before, the transformation of our business will take time, but we now have a clear three-year road map in place.

Finally, I will return to the subject of the pandemic, the impact of which, on the board and management – which the board and management are assessing very closely. COVID-19 has threatened our health and wellbeing, and the disruption of the economy. In our health system, governments face an upward spiral in the infection rates and overall health system stress, including first and second round effects on mortality and morbidity. Health professionals have prepared well to date, without yet having the ultimate test placed on the system's capacity. At the same time, efforts to contain the pandemic will put pressure on the economy with the risk of self-amplifying downward spirals in business failures, employment and a decline in property and other asset prices.

At this stage of the pandemic, although the government's response has been timely, decisive, large-scale and effective, we still cannot fully understand how their unenviable policy-balancing act will play out. At AMP, scenario modelling is based on variables, including infection rates, health system impacts, the time lag to vaccination and the cost and duration of the economic downturn. The outcomes in terms of community health and economic impact vary from mild to very severe. They demonstrate that as yet there is simply no way to forecast the outcome. What we do know, though, is that by the time the virus is contained or managed, Australia will have accumulated substantial incremental government debt on top of the high level of existing household debt.

Given the challenges we face, policy initiatives on the scale of the 1980s and '90s seem inevitable. If policy is directed to higher productivity, we have the opportunity to grow into the debt, meaning that the economy grows quickly enough to service it. Alternatively, we could take a protectionist approach to inflate out or tax our way out of the debt. In this scenario, there would be a higher risk that our economy stagnates, similar to the 1970s, with external pressures forcing an unpalatable agenda. In evaluation – in evaluating these policy options and considering our clients' best interests, we believe it is only a productivity driven agenda that will best protect the value of our clients' financial assets. We will continue to play our role as an essential service for our clients, people, and shareholders, and do our part to preserve stability and confidence in the country's financial system. There is still much work to be done to drive the turnaround of our business, but with the critical initiatives delivered in 2019 and the implementation of our new strategy underway, we have the foundations to do just that.

Our transformation will not happen without the commitment of many, and I would like to acknowledge their work today. My fellow directors, thank you for your expertise as we steer the business towards a better and brighter future. To management and employees, thank you for your significant effort, belief in our strategy and determination to deliver it, and finally, thank you to your shareholders for your continued support as we work to realise this once in a generation opportunity to rebuild our iconic business. To conclude where I was starting, regarding our special meeting arrangements for COVID-19, our AGM this year has recorded the highest voting participation rate from shareholders since 2004. We thank you for that and I'll now hand over to our CEO for his remarks. Thank you.

MR DE FERRARI: Thanks David, and good morning everyone. Let me echo the chairman’s regret about not being able to meet you in person, and I sincerely hope you’re all doing well and staying safe. These are indeed extraordinary times, but let me reassure you, AMP has confronted extraordinary times before. Throughout our long history, we have proudly supported clients and the community through two world wars, two depressions and the Spanish flu pandemic. At AMP, we have always done our part to emerge on the other side of these crises, as we will now. Focusing on today, as the chairman noted, AMP has taken significant steps forward over the past 12 months. We are reinventing the business and we have a new strategy in place which is starting to deliver results. Now, COVID-19 is a new challenge to navigate, but we remain committed to driving our strategy forward.

2020 has been quite a year so far, from the drought, to the bushfires, and the current global pandemic. Let me once again reassure you that as a company, we’re well placed to respond to these challenges, given our strong capital and liquidity positions. The initial response and decisive action taken by the government has had a positive impact in this first phase. Going forward, we need to ensure that all relevant parties continue to work collaboratively on the more structural changes required to kick-start the economy safely. I’m optimistic that if we continue to do that, the financial markets and the economy will recover.

Today, I would like to share with you my priorities as I lead your company through this crisis. My immediate priority has been to ensure the health and safety of our employees, and that AMP is doing its part to flatten the infection curve. From the beginning, this crisis has had a personal element for me. My family live in northern Italy, my brother and sister are both doctors, and my brother runs a large intensive care unit and has been sharing with me, from the beginning, how challenging it has been for him to be on the front line of this emergency. His advice to me was do not underestimate this disease.

At AMP, we moved swiftly, mobilising the entire organisation and ramping up our tech infrastructure to ensure we can continue to operate even in a shutdown. Today, we have over 95 per cent of AMP working from home, and to our employees who are listening in as shareholders, I’d like to tell you how proud I am of how you have adapted to these challenging circumstances, so a very big thank you. Equally important to me has been ensuring that we are here to support our clients. At the height of the pandemic, inquiries for contact centres and advisors reached an all-time high. Understandably, people are worried about the impact of this crisis on their jobs, on how to make ends meet, including balancing monthly budgets and servicing their mortgage, and how this will ultimately impact the long term affordability of their retirement and their lifestyle.

Many people have reached out for professional advice to help navigate the difficult trades off they are facing. To keep up with this exceptional client demand, we shifted employees to client facing roles and hired extra where needed. At the end of April, AMP had received approximately 50,000 requests for the early release of super. And we’ve helped around 4000 clients with deferring home loan repayments.

But it’s not just retail clients we’re supporting. Through AMP capital, we are investing in Australian companies to help weather the crisis and bounce back, having participated in the majority of recent capital raisings on the ASX.

In our real estate business, we’re working with shopping centre tenants to offer tailored rent reliefs. And our investment teams are working hard to protect our clients’ portfolios amidst the financial market volatility. A couple of weeks ago, I reached out to client who had been going through challenging situations and had recently asked us for help. I was extremely proud to hear how our employees had made a positive difference in these clients’ lives with empathy, dedication and a client-first mentality.

Another critical focus area of mine has been protecting our business and ensuring it remains strong and resilient throughout the uncertainty. As our chairman referred to earlier, the capital raise we undertook last year positions AMP strongly heading into this crisis. As we emerge on the other side, there are also likely to be many opportunities which we will actively pursue them to maximise value for shareholders. And while COVID-19 has sharpened our immediate client focus, it has not distracted us from our mission to effectively transform our business.

We’ve made significant headway since we updated you at last year’s AGM, including launching our new strategy in August. Our three year plan focuses on reinventing AMP into a client-led, simpler, growth-oriented business that ultimately lead deliverers better returns to shareholders. So let me quickly take you through the key elements of our strategy and how we will deliver value to shareholders.

It’s about simplifying our portfolio of businesses, reinventing wealth management in Australia and continuing to grow our successful AMP Capital franchise. However, adapting the business model is only half the story. At AMP we’re also fundamentally changing how we work, by transforming our culture, improving execution and driving down costs.

Let me now walk you through our progress to date, starting with simplifying our portfolio. As the chairman illustrated, we recently hit a number of key milestones on the sale of AMP Live. And we remain confident that we will complete the transaction by 30 June. Importantly, for the clients of our insurance business, I want to reiterate that your policies are not impacted by the sale and you’re guaranteed the same cover as you have today. On New Zealand wealth management, as the chairman explained, we will retain this business within AMP Group. It’s a great, well-run business with significant potential.

Moving to reinventing wealth management in Australia, let me highlight the two keys area: advice and super. In advice, our objective is to make financial advice more accessible and affordable to all Australians. The complexity of the retirement and tax systems means the need for advice has never been greater, yet, with many players exiting this industry, the accessibility has never been more at risk. Today, one in two Australian adults have unmet advice needs and last year only 12 per cent of Australians received advice.

It's concerning that we are making critical financial decisions amidst the current market volatility without the expertise of professional advisor who can explain the impacts of these choices. As an example, a 40 year old who withdraws today $20,000 from super will face an approximately 80,000 wealth gap at retirement. On the affordability front, while the ASIC relief measures are absolutely a step in the right direction, the current model remains extremely complex and requires a concerted effort to fix. Now, this is something that I am very passionate about and AMP is ready to take a leadership role in working with the government and regulators to define a fit-for-purpose advice model for all Australians. Moving to superannuation, our objective here is to build the best in class super business. Australian superannuation is the envy of the whole world, but the current crisis has highlighted a few issues that need fixing. The first is that we must not forget that the ultimate objective of superannuation is not accumulation, but the securing of the right retirement outcome. The second is the fact that we must guide clients to choose the right investment option not only based on absolute performance, but with clear disclosure of the risk associated to deliver that performance outcome.

At AMP we're simplifying our offer, improving our service delivery to get to better client outcomes. Last year we reduced fees to over 600,000 clients and we're currently investing in a major product simplification exercise. With over five million Australians set to retire in the coming years, we're focused on supporting them as they approach this critical stage of life which currently they feel unprepared for. This is a real opportunity for AMP to become to go-to retirement provider in this market. Looking forward, I also see exciting opportunities in our asset management business. The funds managed by AMP Capital have helped build the nation and will continue to do so. We've made strong progress last year in our real estate and in our infrastructure businesses. We've raised two of the top 10 infrastructure funds globally and we now have eight billion of client funds ready to be deployed in emerging opportunities.

Our investment management business also allows us to play and win globally and we're managing assets on behalf of some of the most sophisticated sovereign wealth funds and pension companies around the world. Finally, let me conclude with a few comments on why our company exists. AMP was founded on the purpose of being a sure friend in uncertain times. I feel this crisis has rekindled the true spirit of AMP and is seeing us again operate at our best. We will come out the other side of this and when we do, we have a really exciting opportunity as we transform Amp into a client-led, simpler and growth oriented business that will deliver value for our shareholders. I would like to personally thank you for your support during this three-year journey. Please stay safe and take care of one another and with this, let me hand back to our chairman.

MR MURRAY: Thank you, Francesco. Turning now to the formal business of the meeting, there are several matters I need to mention with the format of our meeting being different from that to previous years. If you're a shareholder and would like to ask a question through the webcast, please click on the ask a question tab at the top of the screen and follow the instructions provided. We will endeavour to answer as many questions from shareholders as we can. You may submit questions now or at any stage throughout the meeting. You do not need to wait until the relevant item of business. We will then seek to address your question during the discussion on the appropriate item of business. Questions sent via the webcast will be moderated to avoid repetition and if questions are particularly lengthy, we may need to summarise them in the interests of time.

We have received a number of questions from shareholders in advance of the meeting which I will address during the course of the meeting. The items of business for today's meeting are set out on the screen. Items 2 to 6 set out resolutions that will be voted on. To assist with the efficient conduct of the meeting, I declare that each of the proposed resolutions set out in items 2 to 6 of the notice of meeting are now properly before the meeting and I declare the poll open on these items of business. As foreshadowed, all direct proxies are being cast in accordance with the directions provided by shareholders and the available open proxies I am holding in my capacity as chairman are being cast in favour of each resolution. I will now close the poll.

Details of the results for each item of business will be shown on the screen after that item of business. We'll proceed now with the discussion of each resolution. Please note that only shareholders and their properly authorised representatives are entitled to ask questions at today's meeting. As chairman, I will respond to questions on governance and the CEO will deal with questions on the company's operations. Turning now to the first item of business, the purpose of this item is to discuss the 2019 statutory reports contained within the 2019 annual report. As noted earlier, Andrew Price is available today in his role as Ernst & Young's lead audit partner for AMP to answer questions related to the audit of our 2019 accounts.

Firstly, I'd like to respond to common themes responding to questions received in advance of the AGM. Some of these matters have been covered in my address. Starting with our 2019 financial performance, some shareholders have expressed disappointment in the business' financial performance last year and asked for an explanation of what lay behind the result. This is understandably a topic of great interest to shareholders. Last year's performance reflect the significant challenges the company faces and the strategic changes we're making to address legacy issues and improve performance. The business reported underlying profit of 464 million in 2019, 32 per cent lower than underlying profit in 2018. This was the result of a weaker performance in Australian wealth management which was impacted by declines in margins and the removal of product revenues transferring to AMP Life.

In contrast, AMP Capital's operating profit grew strongly, and AMP Bank delivered a solid result. At the bottom line, we reported loss attributable to shareholders of 2.5 billion, but this was predominantly due to a non-cash impairment, write-down of assets in our balance sheet enabling AMP to reset the business and support new strategy. Several questions relate to the company's share price and how we intend to improve it. I'd like to thank you for those questions, because they're very important, we know, to you. Our share price is determined by many factors, including market movements. We're acutely aware that the fall in our share price last year impacted shareholders.

Following the release of our full-year results in February, you've seen that our share price improved. Since then, the share price has declined in line with the overall market for financial stocks following market volatility resulting from COVID-19. Specific factors to AMP which have impacted the share price over the last 18 months include issues addressed at the Royal Commission, challenges in completing the Australian AMP Life sale, and legacy issues. However, we are focused on improving the business performance. We've set down a clear path to transform AMP, including launching a new three-year strategy, which will set our business up for the future, with the ultimate aim of improving shareholder performance.

Shareholders have asked for an explanation of why the board did not declare a dividend in 2019. The board took the difficult decision not to declare a full-year dividend in 2019 to maintain balance sheet strength through a period of significant change. This included the need to raise capital following the deferral of the initial AMP Life sale and continuing to focus on remediating clients. Our position on the dividend will be reviewed after completion of the AMP Life sale. I recognise that this is disappointing for shareholders, but again, this decision was made in the long-term interests of your company. Shareholder questions also relate to the business' future plans to pay a dividend. As I mentioned, the board did not declare a full-year dividend in 2019 to maintain balance sheet strength through a period of significant change. This position will be reviewed after the completion of the Life sale, which is on track to complete by 30 June 2020.

Questions have been received on our decision to sell AMP Life, described as the heritage of our business by some shareholders. The significance of selling a business that's been a proud part of AMPs heritage since inception was not lost on the board. However, our life insurance business has been challenged for some time, highlighted by the financial performance of the business in recent years. Structural changes in the industry and regulation globally have also restricted our ability to compete. Last year we announced a revised agreement for sale of AMP Life to Resolution Life to replace the original agreement. After careful consideration, the board concluded that AMP is not the natural owner of the business. Events since the revised agreement – since we entered into the revised agreements have reinforced that we have reached the right outcome for the business, shareholders and policy holders. Shareholders have also submitted questions on how AMP intends to use proceeds from the sale of our life insurance business. Understandably, this is a topic of great interest. We announced a revised agreement for the sale of AMP Life in August for three billion, including 2.5 billion cash and 500 million equity interest in the Australian business of Resolution Life.

As outlined at Full Year's Results in February, the use of net cash proceeds will include repaying debt and funding separation costs. We anticipate that any capital in excess of target surplus post completion will first be used to fund delivery of a new strategy. Beyond this, we will assess all capital management options with the intent of returning the excess above target surplus to shareholders subject to unforeseen circumstances. As you would expect, once again, the board will consider current economic and business conditions as it assesses any use of the proceeds from the Life sale. In selling life insurance, shareholders have questioned what our business will stand for after the sale.

As our CEO explained, we outlined our new strategy in August which focused on Australian Wealth Management, AMP Bank and our investment management business, AMP Capital. We consider these to be our growth businesses as we focus on improving business performance. However, the purpose of AMP and supporting our clients has not changed. Where clients want to insure themselves and their income, we will still be able to provide solutions as an adviser and distributor. We have also received a question from the Australian Shareholders Association on another topic. It reads:

> *Although ASA supports the election of all directors, we note with concern that one director attended 38 board and committee meetings. ASA considers this to be an excessive workload. Was this unusual in that it was caused by the realignment and restructuring of the business or will it be ongoing and if so, what will the board do to reduce some of this workload?*

Well, thank you for the question. All board members understand the commitment required of them and the number of meetings attended in 2019 demonstrates this. Due to the AMP Life transaction, the volume of meetings was longer last year. The attendance of some directors at higher than usual number of meetings is related to their attendance at AMP Life board meetings and its respective audit and risk committees. This will reduce following completion of the sale. We have a tightly managed and highly capable board of directors and are highly comfortable with their capacity to serve on the board. I will now respond to any questions or comments on this item of business from the webcast. Please note that we will focus specifically on the remuneration report later in the meeting. We now have a question from the webcast which I will ask the company secretary to read out.

MS BENDYK: Thanks, Chairman. We have a question from shareholder Mr Stephen Thorpe:

> *In the annual review document, you talk about AMP reinventing and resetting. You also talk about the need to change back to a client focused, growth orientated company. The question is, why did AMP have to reset and reinvent itself and secondly, why wasn't AMP client-focused in the first place and why wasn't AMP serving its clients?*

MR MURRAY: Well, let me answer that question by pointing out that in the traditional long-standing businesses of AMP, particularly AMP Life, we have thousands of employees dedicated to dealing with clients every day, for example in our claims management service. These people are capable and dedicated and we thank them for their work. But AMP, like other wealth management and advice businesses, has been caught up in a string of industry issues ever since the FOFA reforms, the financial system inquiry and the Royal Commission. Publicly, these reviews and the outcomes have caused the Australian community in particular to doubt our focus on client service.

So we have to take decisive action to make it clear that this is our focus. So the issues, to summarise, that we were caught up in were issues common with the industry, but given the mix of our business, AMP is more exposed overall than many other financial institutions.

MS BENDYK: Thanks, Chairman. We have another question from Mr Kevin Daly. Mr Murray mentions remediation costs of 264 million. For client numbers of, say, 600,000, that means the average payout per client was $440. This seems very low. The question – what was the mediation remediation payout to clients?

MR MURRAY: The CEO.

MR DE FERRARI: Yes. Thank you, Mr Daly. Client remediation has been one of our key priorities for 2020, and as the chairman highlighted, we are on track to complete the program during 2021. Our priority since the beginning has been to get money in the hands of clients as quickly as possible, and while we do not disclose the number of clients – and I see you've made an estimation on the average – it's because we made a decision to make automatic payments for all clients will low value fees, and we felt it made sense to prioritise these clients because they would be the clients who would need it most.

MS BENDYK: Thank you. Our next question is again from Kevin Daly. The question is – the CEOs message in the review stated in 2019 we announced a bold three year transformational strategy that will put clients first, simplify business, and drive growth and return for shareholders. The messaging here is right on the money. The question – apart from simplifying the business, can you point to something you've done or planned to do quite soon that would indicate that the above statement is not just rhetoric?

MR DE FERRARI: Yes. Thank you, Mr Daly, for the question. Our strategy really is not just about simplifying the business, but it's about driving growth. A number of things that we highlighted on our year end results in February as notable examples of what we've been doing so far. One is the North platform, our wrap platform. We've opened it up two year phase. We are effectively – our platform is top three in value in the market today, and we're aggressively marketing it. If you look, that has resulted in a 24 per cent growth in AUM last year, and it's a platform that has 50 billion in assets approximately, so very well-positioned to be a key winner in the platform market. Another example of things we've done to drive growth has been the automation improvement of our technology in the bank, and especially on deposits. We launched a deposit campaign last year which brought in 1.1 billion of deposits and increased our deposit to loan ratio from 64 to 70 per cent, contributing to the growth of the bank. I think another good example has been the focus on our infrastructure equity business and our infrastructure debt business, whereas I mentioned before last year, we had two of the two 10 global fund raises with AMP Capital. So these are all, I think, pretty good examples of what we've been doing to grow the company and grow the business.

MS BENDYK: Thank you. We have another question from a shareholder. The context from this question comes from the 2020 strategic priorities, reinvent advice. Most companies in the advice business reinvented themselves after the future of financial advice. The question – is the reinvent advice version – sorry, is this reinvent advice version 2.0 or was there no reinvent advice version 1.0 after 2012?

MR MURRAY: Well, thank you again for the question. Let me start by respectfully disagreeing with the notion that most companies reinvented themselves. I chaired the financial system inquiry in 2014, and at that time, the senate made their report on the advice industry, which was not particularly complimentary. We made further recommendations at the time, and since then, the Royal Commission has exposed significant issues in this industry. Now, that's not to say that everybody in the industry has an issue. We are well aware at AMP that so many of our clients have the confidence of their advisers. But there are significant structural issues and regulatory issues which our CEO pointed out that are making it extraordinarily difficult for our advisers to provide a service on a broad enough scale on an affordable basis and in a manner that will continue to grow the confidence of our clients in the financial system. That's why, as he pointed out, we intend to lobby very hard for significant improvements to make advice of high quality and more importantly, affordable to so many more Australians than it is today.

MS BENDYK: Thanks, Chairman. Following on from that, on the 2020 strategic priorities, the context is AMP Bank will focus on improving its technology and integrating with Australian Wealth Management, AMP's superannuation and advice business. The questions,

> *Is this currently operational or just a thought bubble? When will it be fully operational? What is the current state of development of the north platform? And how will that impact the AMP Bank integration?*

MR MURRAY: Please.

MR DE FERRARI: So I thank you for the question. The heart of this question is the following. I fundamentally believe that the really big synergies between advice and – so the wealth part and bank. And why is that the case? We just need to look at how, as Australians, we invest our money. If you want to be a trusted adviser, superannuation represents only 18 per cent of how we invest our money in Australia.

Real estate, through home owned and investment property is 60 per cent. And so fundamentally, being a trusted adviser really requires us to manage a whole of wealth approach in dealing with fundamental issues that client have in planning their financial affairs.

Now, what have we done for this not to be just a thought bubble, as mentioned in the question. Well, the first step we took last year was combining wealth and bank into a division called AMP Australia who's focus, really it is, to handle the issues of retail clients in Australia. Now, understandably in this first phase, the key priority of our advice business has been to focus on the re-shape. So I'm really convinced you will see the output of these synergies in the period to come.

On the second part of the question that was related to the north platform. Our platform features in the top three in value in the market and it's clearly very important. The connectivity to the bank is the fact that on the north platform, we offer products of the bank, such as the saving deposits. So it is another important milestone in making sure we get the synergies from running these two business together for the benefit of our clients.

MS BENDYK: Thank you. Our next question comes on page 22 or from page 22 of the annual report where we state – or AMP states that the 440 advisers exited the network in 2019. The question:

> *How many clients were lost as a result of the departure of these 440 advisers?*

MR DE FERRARI: So – so let me take this and thank you again for the question. It is undoubtable, as you would have heard from our comments today that the advice industry is going through a period of significant disruption. Now, we've been very mindful of that and we are very committed to running the advice business, going forward. We're very mindful of the disruption and we're accompanying advisers who want to exit this industry through some of these difficult trade-offs that they need to make. We are doing this gradually in difference maybe to some of the other players in the market because we are very mindful of the client impact and have processes and procedures in place to continue that we – to ensure that we continue to service our clients as they go through this.

MS BENDYK: Thank you. Our next question comes from the Australian Shareholders Association. In the annual reports, it states:

> *Buy-back arrangements for financial advice businesses, including buyer of last resort for BOLR.*

Specifically, it says:

> *For 2009, the accounts disclose 235 million as having been invoked with 98 million as having been paid.*

The question: how many business are involved and how many clients are affected?

MR DE FERRARI: So thank for the question. As I mentioned before, we are accompanying the advice network through this challenging industry disruption. As part of our strategy, we're setting funds aside to support this reshape, including meeting our buyer of last resort obligations. Now, to the question in particular, 235 million are BOLR requests that are in the pipeline, and these relate to roughly 260 practices, and once again, it is a clear focus of us to make sure that the clients of these practices are appropriately transitioned, either to another advisor, or a service by us as an institution.

MS BENDYK: Thank you. We have another question from a shareholder, Margaret. The question is: why is any board member who is involved in the loss of share price, good name, and confidence of this company, being allowed to stay as a director and be paid?

MR MURRAY: Well, thank you for your question, and I do understand the concerns of shareholders around the time of the Royal Commission hearings in 2018. Since then, with our board renewal, 90 per cent of the board has changed and in undertaking this renewal program, we have had to be very careful that newly appointed directors have time to pick up on corporate memory in AMP and to learn the particular complexities of the business and so we have taken a staged approach to renewal, but with the conclusion of this meeting and the voting, we expect that that will be complete.

MS BENDYK: Thank you. Our next question comes from Mr Greg Wong. The question from Fred Woollard: have you carefully considered a plan B in the case Resolution pulls out of the life acquisition?

MR DE FERRARI: So thank you for the question, Mr Woollard. Yes, we have considered a plan B. We – this transaction was troubled in July of last year, when as the chairman mentioned, we were hitting some regulatory hurdles to have it approved in its previous configuration, and so at that time, management and the board considered all alternative options that would be available.

MS BENDYK: Thank you. Our next question's been raised from a number of shareholders on the webcast, and they have asked about capital being returned to shareholders, post the Resolution Life deal. Specifically, what are the plans for the proceeds of the sale?

MR DE FERRARI: So as we mentioned at the yearend results, we will receive 2.5 billion in cash considerations for this sale. The indicative use that we've highlighted is we will use 800 million of this to repay the debt, 400 million of this will be used to fund the separation costs, and 200 million are earmarked to fund capital synergies, and then after that, AMP anticipates that any capital in excess of the target surplus post-completion, as the chairman said, will be first delivered to fund the strategy, and then we will assess all capital management options available to us to return – with the intent to return the excess above target surplus to shareholders, subject to unforeseen circumstances.

MS BENDYK: Thank you. We have another question on the life sale from Mr Mitch Taylor: what are the remaining regulatory approvals required to complete the life sale?

MR MURRAY: Let me deal with that. I mentioned some approvals that have already been obtained, and some of them very important ones. We need to have the approval of the regulator in New Zealand, where I indicated that our engagement with the Reserve Bank of New Zealand continues. After that, there are some consequential regulatory matters of a more minor nature, in which we would be confident so I just want to reiterate at this point that we remain on track to complete this sale on the 30th of June this year.

MS BENDYK: Thank you. Our next question comes from Mr David Crabb:

Mr Murray, at last year's AGM you noted that your opinions on climate change were not relevant for AMP. Do you participate in the board and risk committee's consideration and management of climate-related financial risks? If so, how do you contribute to these without proffering your opinions on climate change? Also, investor pressure on climate change has recently seen Lee Raymond step down as lead independent director of JPMorgan Chase and a large protest vote against his position on the board as expected. Mr Murray, given your past comments questioning the science of climate change, are you concerned our institutional investors may look to exert similar pressure over your position as chair of AMP?

MR MURRAY: Well, thank you, Mr Crabb for your question. I remain chair of AMP Limited only as long as the shareholders want me here and only as long as my fellow directors are prepared to elect me as chairman of the board, and I respect the right of shareholders and other directors to follow through the authorities that they have. The sustainability report that we have issued with our annual report indicates that AMP recognises that climate change is a significant environmental and economic challenge, supports the Paris Agreement and has remained carbon neutral for seven years, are active members in the Investor Group on Climate Change, and Climate Action 100+, and AMPs current disclosures align to some elements of the Task Force on Climate-Related Disclosures Framework.

So you can see that we do address what we should in this area. Everyone on the board has different opinions about different things and that's a healthy thing for our company.

MS BENDYK: Thank you. The next question comes from Kay Cameron:

AMPs most recent sustainability report states "Climate change poses a range of physical, financial and legal liabilities to our business, the investments we *manage on behalf of our clients and the wider community, however, there is little detail provided particularly regarding physical climate risks. Mr Murray, as chair of the company and a member of the risk committee, in what ways, if any, do you think physical climate change risks could manifest to materially impact AMP. And secondly, how do you expect the likelihood and potential impact of these risks to change over time, particularly under high carbon emission scenarios.*

MR MURRAY: Well, given that we're not a general insurance company our focus at AMP Capital in particular is to have a framework to manage the physical impact of climate change in its real estate portfolio. And in that area it is decarbonising and adapting the portfolio including aiming to be zero net carbon by 2030. AMP Capital real estate is evaluating and mitigating exposure to the predicted impacts of climate change and has also conducted a climate vulnerability assessment of our portfolio. AMP Bank is building increased reporting capabilities to monitor physical risks to mortgage assets, for example, from bushfires, floods and inundation.

MS BENDYK: I think that's all the question on that item. Thank you, Chairman.

MR MURRAY: So I believe everyone has had a reasonable opportunity to ask questions. We will now turn to the other items of business. For each item discussed today we will show the final proxy position on the screen after discussion of that item. Item 2 is the election of directors so let's move to that item of the notice of meeting which concerns the election and re-election of our directors and we will proceed with item 2A which concerns the re-election of Trevor Matthews as a director. The proposed resolution is on the screen. This item must be approved by an ordinary resolution. Trevor was appointed to the board in March 2014, became a member of the Audit Committee in May 2014 and a member of the Risk Committee in November 2014. He was also appointed as a member of the Remuneration Committee in May 2018. Trevor joined the AMP Life Limited and National Mutual Life Association of Australasia Limited boards in 2014 and was appointed chairman of those boards in 2016. He's also a member of the Audit Committee and Risk Committee of each of those boards. In February 2019, Trevor was appointed to the AMP Bank Limited board and as a member of the Audit and Risk Committees.

Trevor is an actuary with more than 40 years experience in financial services and has considerable expertise in life insurance, general insurance, wealth management, banking, investment management and risk management. He has held life and general insurance chief executive roles in Australia, North America, Asia and Europe. Following completion of the Life sale, Trevor intends to resign from the AMP Limited board. He will remain an AMP appointed director of the Life business known as AMP Life. I confirm that Trevor has the unqualified support of his fellow directors for his re-election and now open the discussion on Trevor Matthews' re-election. I'll respond to any questions or comments from the webcast.

MS BENDYK: I'll just wait one moment see if we've got any questions on this item of business. Chairman, there's no specific questions on this item of business.

MR MURRAY: Thank you. As there are no questions, I will close the discussion. The proxy position which now reflects the results of the vote is shown on the screen. On that basis, I declare the resolution passed. Congratulations, Trevor. We now move to item 2(b) concerning the proposed election of Debra Hazelton as a director. The proposed resolution is shown on the screen. Debra was appointed to the board in June 2019 and is a member of the Remuneration, Audit and Risk Committees. At the same time, she was appointed to the AMP Bank board and is a member of its Audit and Risk Committees as well. In addition, Debra was appointed to the AMP Capital Holdings Limited board in June 2018 and is a member of its Audit and Risk Committees.

Debra brings significant experience from more than 30 years in global financial services, including as local chief executive of Mizuho Bank in Australia and Commonwealth Bank in Japan. She has expertise across fixed interests, treasury, institutional banking, risk management and financial markets. Debra is also a non-executive director on the boards of Treasury Corporation of Victoria, Persol Holdings Australia, and the Australia-Japan Foundation. She speaks both Japanese and Chinese. I confirm that Debra has the unqualified support of her fellow directors for her election and I will now open the discussion on Debra Hazelton's election.

OPERATOR: I think, Chairman, we have no specific questions relating to this item of business.

MR MURRAY: Thank you. As there are no questions, I will close the discussion. The proxy position which now reflects the result of the vote is shown on the screen, and on that basis, I declare the resolution passed. Congratulations, Debra. We now move to item 2(c) concerning the proposed election of Rahoul Chowdry as a director. The proposed resolution is shown on the screen. Rahoul was appointed to the board as a non-executive director in January 2020 this year and is a member of the Remuneration, Audit and Risk Committees. At the same time, he was appointed to the AMP Bank board and is a member of its Audit and Remuneration Committees.

Rahoul has 35 years experience in professional services, advising complex, multinational organisations in Australia and overseas. He's currently partner and national leader of MinterEllison's consulting financial services risk and regulatory practice in Australia. Prior to this, Rahoul was a partner at PricewaterhouseCoopers for almost 30 years, where he undertook a number of leadership rules, delivering audit assurance and risk consulting services to major financial institutions in Australia, Canada and the United Kingdom. I confirm that Rahoul has the unqualified support of his director – fellow directors for his election and now open the discussion on his election. I'll respond to any questions or comments.

OPERATOR: Thanks, Chairman. No further questions on this item of business. Thank you.

MR MURRAY: As there are no questions, I will close the discussion. The proxy position which reflects the results of the vote is shown on the screen. On the basis, I declare the resolution passed. Congratulations, Rahoul. We now move to item 2D, concerning the proposed election of Michael Sammells as a director. The proposed resolution is shown on the screen.

Michael Sammells was appointed to the board in March this year. He has over 35 years of professional experience, with significant experience in senior management and financial controller roles. His experience as chief financial officer spans 20 years, from 1999 to 2019, where he held this role at private and ASX-listed companies. He's currently a non-executive director of Sigma Health Care Limited and has served on numerous private boards over the last 10 years.

I confirm that Michael has the unqualified support of his fellow directors for his election and now open the discussion on Michael Sammells' election. I'll respond to any questions.

MS BENDYK: Thanks, Chairman. No questions on Michael Sammell's election.

MR MURRAY: Thank you. As there are no questions, I will close the discussion. The proxy position, which now reflects the results of the vote, is shown on the screen. On the basis, I declare the resolution passed. Congratulations, Michael. I will now turn to item 3, being the adoption of the 2019 remuneration report. The proposed resolution is shown on the screen. The remuneration report appears on pages 28 to 52 of the 2019 annual report. It provides an overview of our remuneration approach and structure and details of the remuneration of the CEO, nominated direct reports of the CEO and the non-executive directors in 2019.

As I mentioned earlier, the proposed new remuneration scheme is designed to reflect the scale and complexity and challenge of transforming AMP. Outcomes have, therefore, been designed to incentivise key executives to deliver the strategy over the next three years, deal with legacy issues and drive the turnaround of the business. Each director recommends the shareholder's vote in favour of adopting the remuneration report. I recognise that directors have expressed concerns about the 2019 remuneration report. And this will be reflected in the result. The board has heard and respects the feedback of shareholders. And the board will carefully consider all issues raised as we make our remuneration decisions in 2020.

I would like to address common themes responding to questions received in advance of the AGM. Shareholders have questioned the rationale of our remuneration approach against the backdrop of our financial performance in 2019. Thank you for this opportunity to explain further. As I outlined in my address, in developing the framework, the board considered the exceptional circumstances facing the company. The remuneration structure was therefore designed to reflect the scale and complexity and challenge in the transformation.

It aims to motivate and retain executives to deliver three year strategy, deal with the company's legacy issues and ultimately improve our performance for shareholders. This approach to remuneration aligns with the view expressed by the Hayne Royal

Commission that boards must remain mindful of the long term impact of their decisions on both shareholders and the health of the business.

The CEOs remuneration package and the board decision to award this outcome has also been the subject of many questions. And I thank you for them. As outlined in my address, the statutory reporting required in our remuneration can easily be misinterpreted. In our remuneration report this year, we will aim to provide more detail and clarity. To be clear, the 13.4 million figure published in the annual report is the statutory disclosure of CEO remuneration only, not the amount our CEO was paid in 2019. Last year the CEO received approximately 4 million in fixed remuneration and short term incentive, reflecting the scale of the challenge he has undertaken.

The remainder of the outcome disclosed includes awards received when he joined the company and potential future earnings which are subject to challenging hurdles and the board's discretion. For the awards to be realised over longer term, demanding hurdles must first be achieved including significant improvements in business performance and share price. I would also reiterate that the CEOs remunerations arrangements were designed to take account of his experience as a change agent and the significant task in leading the business through an ambitious transformation. Shareholders have asked for clarification on the outcomes awarded to the executive team. As I outlined in my address, remuneration outcomes have been designed to incentivise key executives to deliver our strategy over the next three years and deal with legacy issues. It is extremely important that we retain key people and their knowledge at this critical time. The rewards are substantial, but the hurdles are challenging.

As with the CEO, for the awards to be realised over the longer term, a number of hurdles must first be achieved including a significant improvement in business performance and share price, specifically, we have received questions about the long-term incentives or LTIs available to executives. As noted earlier, the board designed the remuneration approach to ensure key people were incentivised to deliver strategy and deal with legacy issues. The board recognises the LTIs awarded are substantial, but they also come with clear hurdles. Let me be clear, for these awards to vest, AMPs total shareholder return growth will need to keep pace with other financial services company which face far fewer challenges.

I can also confirm that there will be no further long-term incentive awards in 2020 for key management personnel given these were intentionally higher in 2019. Shareholders have also questioned how executive performance was measured in 2019 and I thank them also for this question. The board oversees a rigorous process in setting performance and performance objectives and measures for each of the executives. The board strongly believes that both financial and non-financial metrics are key to delivering our strategy and improving business performance. As explained in the annual report, the board agreed to a set of key priorities that executives must deliver: delivering the 2019 financial plan, separating AMP Life, transforming Australian Wealth Management, prioritising client remediation, strengthening risk and resetting the strategy.

Shareholders have also asked for clarification on the CEOs revised remuneration arrangements that were announced in August. Last August when we announced the capital raising, a new strategy and revised agreement for the sale of AMP Life, the board also revised the CEOs remuneration arrangements, as foreshadowed at this meeting, that is, last year's annual meeting. The revised remuneration arrangements included adjusting the recovery incentive hurdles and withdrawing the share option component of the incentive. The board recognises that retrospective adjustment of hurdles can be of concern. I want to assure shareholders that the board has no intention to further amend the hurdles now in place.

I will respond to a question from the Australian Shareholders Association who have asked if AMP use the same remuneration consultant over this period and if so, when will consideration be given to changing consultants. The board – in responding, the board has not engaged any remuneration consultants to make a recommendation. We have sought and received information from a number of courses including specialist advisers on market practice both in Australia and overseas. We've also received information about accounting, tax and legal issues on occasion. To be clear, we do not have a retained remuneration consultant. I'll now respond to any questions or comments on 2019 on the remuneration report from the webcast. We have a question which I'll ask the company secretary to read.

MS BENDYK: Thank you, Chairman. This question comes from shareholder Ms Kerry Kreias and I hope I've pronounced that correctly:

> *As shareholders, we have not received a dividend for the 2019 reporting year. What financial hardship would the AMP executive team have to endure?*

MR MURRAY: Well, thank you for the question. We reiterate that our remuneration seeks to balance attracting – balance attracting and retaining the right talent to deliver a challenging and ambitious strategy. The successful transformation needs to be reflected in AMPs TSR growth over the next three years for long-term incentives to vest. Let me also go back over the last two years. In 2018 the key management personnel did not receive any short-term incentive. In 2019 the board had to balance the progress against the very significant work on our transformation with the requirement for constraint given the outcome for shareholders. We did this and we've outlined in the report the percentage of short-term incentive achieved versus the potential. And in most cases this was at or below 50 per cent of potential. We think this is a good balance for the time being.

MS BENDYK: Thank you, Chairman. Our next question comes from Mr Peter Greatorex:

Are you intending to reduce the remuneration of the directors and senior staff in order to properly reflect the reduction in their responsibilities following the simplification of the company? If not, why not?

MR MURRAY: Well, I mentioned that already the board fees have reduced by eight per cent under our new governance and remuneration arrangement. When – in the case of the board, in 2018, the board number was nine. And with sale of the Life company, the board number will be seven. And, as you can see, we do work to constrain the cost of board fees. In relation to the executive, since the transformation under the new CEO commenced, the number of executives reporting to the CEO has reduced from 11 to eight, and will reduce to seven with the sale of the Life company.

In addition to that, as we move forward with a new mix of business, we will continue to assess remuneration as we must, in line with market. And if the complexity is less, you would expect the remuneration to align with that. But I just want to reiterate, we need to retain executives who are capable with corporate memory if we are to get this transformation done. The next question?

MS BENDYK: Thanks, Chairman. The next question comes from Ms Verity Doack:

Please tell me how you justify huge increases in director fees when the loss attributable to shareholders for the year was 2.5 billion, and the underlying profit is abysmal.

MR MURRAY: Well, I explained in my address – and thank you for proposing the question – that the significant below the line write-off in our results was a non-cash charge, was related to previous investments in the company and did not affect the financial standing of the company. We have also pointed out that the directors' fees have actually reduced by eight per cent since 2018 and there is expected to be further reductions in the fee pool going forward after the sale of AMP Life. Next question.

MS BENDYK: Thanks, Chairman. The next question comes from the Australian Shareholders Association:

On page 39 of the remuneration report, it is noted that the chairman's fees were to be reviewed in April 2020.

And the question:

Can you advise whether there was any change to the existing fees?

MR MURRAY: Well, I signalled at the Annual General Meeting last year that this would be considered. It has been, as our director, Debra Hazelton, has responded. And I will just ask her, since this deals with my fee, if she would like to comment further.

MS HAZELTON: Thank you for the question. As noted in my earlier remarks, yes, the board did consider and review the chairman's fees after the release of the financial results in March this year, and the decision was made to reduce his fee to $660,000, effective from 1 March. The decrease reflects the reduction in scale of business after the – post the Life sale, the sale of the Life company, and also the fact that the board renewal and the strategy reset is now complete. Thank you.

MR MURRAY: I will ask for more questions.

MS BENDYK: Thanks, Chairman. We have another question from one of our shareholders – do you think the two-strike rule for the remuneration for remuneration report voting has reduced the effectiveness of annual general meetings?

MR MURRAY: Well, in the remarks I made earlier I pointed out that the two-year cycle of the regulation here may not always be consistent with the longer-term horizon for a company, depending upon the industry in which that country operates and the particular circumstances of the company. As I also mentioned, it does lead to shareholders and proxy advisors looking for a direct relationship between profit one year and dividends one year to remuneration outcomes in that year. This makes it very difficult for companies in the position that we are in to invest in a future which we strongly believe that we have.

The other issues that arise with these reports are that sometimes, particularly when circumstances are poor in the community or in the financial sector, such as the Global Financial Crisis or from the Royal Commission outcomes or even from COVID-19, that people feel they need to react unfavourable because circumstances have changed. This makes it harder for boards to align with the longer term, and we have seen, on occasion, where some shareholders use the remuneration report vote for issues unrelated to remuneration. So as you can see, I do have some issues with this, and I think it unnecessarily reduces the focus on one issue that – rather than the full circumstances of the company at these meetings. But thank you for the question.

MS BENDYK: Thank you, Chairman. There are no further questions on this item of business.

MR MURRAY: Thank you. I believe shareholders have had a reasonable opportunity to ask questions on the remuneration report. The proxy position which reflects the results is now shown on the screen. We will see from that screen that more than 25 per cent of votes cast were against the adoption of the remuneration report. AMP therefore has received a first strike on the report. We've heard and respect the feedback of all shareholders. We will carefully consider concerns raised as we develop our remuneration approach in 2020.

The next item on the agenda is item 4, which concerns the proposed cancellation of Mr de Ferrari's recovery incentive. The proposed resolution is shown on the screen. As detailed in the 2019 annual report, when he commenced as CEO of AMP, he was granted a recovery incentive for – in replacement of incentives foregone from his previous employer which we – he would otherwise have been entitled to receive. As announced in August 2019, the board granted him a new recovery incentive and proposed to cancel his existing incentive.

The purpose of the proposed cancellation of the 2018 recovery incentive and the issuance of the 2019 recovery incentive is to enable him to appropriately be remunerated commensurate with the scale and challenge he faces in transforming AMP. The 2018 recovery incentive is no longer appropriate due to changes in AMPs share price and performance which occurred prior to his joining AMP and which were outside his control. The ASX listing rules require shareholders to approve the cancellation of the 2018 recovery incentive in consideration for grant of the 2019 recovery incentive. If approval is not provided, Mr de Ferrari will remain entitled to receive the 2018 recovery incentive, which would be inappropriate. The proposed cancellation must be approved by an ordinary resolution. So more than half of the votes cast, validly, must be in favour of the resolution. The board unanimously recommends that shareholders vote in favour of the proposed cancellation. I will now respond to any questions or comments on this resolution.

MS BENDYK: Thanks, chairman. I'll just give it one moment, but I think we have no questions on this item of business.

MR MURRAY: Thank you. The proxy position which reflects the results of the vote is now shown on the screen. On that basis, I declare the resolution passed. Item 5, the next item, concerns the refreshment of AMP's placement capacity. The proposed resolution is shown on the screen. On 8 August 2019, AMP issued 406.3 million ordinary shares by institutional placement. AMP's asking that shareholders approve the shares that were issued in August 2019 to institutional investors to ensure that AMP's able to issue more shares prior to 8 August 2020, although there is no current intention to do so. This item must be approved by an ordinary resolution, so more than half the votes validly cast must be in favour of this resolution. The board unanimously recommends that shareholders vote in favour of the resolution. I will now respond to questions.

MS BENDYK: Thank you, chairman, we don't have any questions on this specific item of business, but we do have some questions that were slightly lagged on the webcast from item 1, which we will pop to you now. So the first question comes from Ms Beverly Woodlock: when will AMP start advertising and becoming visible on domestic TV?

MR MURRAY: Well, Beverly, if I may call you Beverly, this is a fantastic question, because I just can't wait for us to be in a position to promote this business more strongly, but you will appreciate, for the board and the management over the last two years, the consequences of the Royal Commission, and the requirement for us to go back to legacy issues and transform them against the sort of negative reporting we sometimes rightly get about those legacy issues – makes it hard to spend money on advertising without confusing people, but I can assure you that it's on our agenda and the CEO's agenda, and I can't wait to start. Next question.

MS BENDYK: Thanks, chairman. The next one comes from Mr Peter Star: the AMP board has destroyed shareholder value and no dividend as well. Why should we have any faith in you?

MR MURRAY: Well, Mr Star, I think it's a little unfair on this board to say that it has destroyed shareholder value. The industry circumstances of many decades has worked to reduce AMP's value consistently, and with renewal of this board, we have set about to rectify that. That is our primary focus, the interests of our company, and our shareholders.

MS BENDYK: Thank you, chairman. The next question comes from Mr Craig Caulfield: the CEO of AMP bank, Alex Wade, appeared at the House of Economics Committee and committed AMP to acting as a model litigant when engaging with customers and legal disputes. Can you, chairman, assure the viewers of the webcast that AMP will publish the specific details to their website and a media release, as other banks, including ANZ, CBA and Westpac have done?

MR MURRAY: Well, I believe that our disclosures are significant. I can assure you that we have put significant effort into dealing with our internal dispute resolution processes, in conjunction with the regulator, who's concerned about this across the industry, and in dealing with legal disputes, we want to make it clear that the community can have confidence in AMP, and that affects the way we conduct ourselves. Next question.

MS BENDYK: Thank you, chairman. The next question comes from Mr Vincent Wales: will ESG and sustainable investing be an increasing part of the organisation's long-term investment strategy?

MR MURRAY: Well, it is one factor, Mr Wales, that we take into account, but I'm – you know, my experience tells me that by putting one factor above others in considering the issues, business mix, performance and future of the company can be counterproductive. We have to consider all of the issues before the company and the board in making our judgments about the future and success of AMP.

MS BENDYK: Thanks, Chairman. Our next question comes from Mr Carl De Cruz. Former CEO Andrew Mohl had a goal to double the share price from $6. He nearly got there when he left. Is there a present goal for the share price at the end of the three years.

MR MURRAY: Well Mr De Cruz, I would love to promise you the same outcome, but it might be short, it might be long. I can't – or we can't as a board control the market outcome for equities, and if we do well, we might exceed anything I say to you. But we are very ambitious for the recovery in our share price and the work we do reflects that internally, but I was reminded once by the captain of the Australian cricket team, don't watch the scoreboard while you're batting. It's better to do good batting. Next question?

MS BENDYK: Thanks, Chairman. The next question comes from Mr Michael Friend. How is the lack of communication to AMP Bank customers, for example, no communication of a reduction in interest rates to depositors, in line with the strategy to have a client-focused business?

MR MURRAY: Mr Friend, I'm not sure whether this refers to a matter we are dealing with with regulators or to the general normal conduct of the bank business, but let me ask the CEO to reply.

MR DE FERRARI: So, yes, thank you for the question. Obviously, communicating to clients is really important, and we communicate to clients our decision on interest rates in a number of ways. We put out a media release. We have a notification of our website. We take an ad in the national newspaper and we send a letter to our variable interest rate customers. And once we have applied the change, you would also see it in your My AMP app. And so clearly, being open and transparent in our communication to clients has to be in as a part of what we do.

MS BENDYK: Thank you. Our next question comes from Mr Craig Caulfield again. AMP talks of transparency and accountability being a vital reform. Legacy customers with longstanding complaints find it difficult and frustrating identifying who is the accountable executive. Will you today agree to publish your BEAR map or at least a refined executive accountability map to your website?

MR MURRAY: Well, Mr Caulfield, I'm delighted to be able to tell you that in anticipation of the sale of AMP Life, the chief executive and the board have put very considerable effort into the future operating structure of the business and the accountability of executives, and the alignment of those things to reporting to the board and monitoring progress. I understand your point about the regulatory accountability regime with which we comply. I think were we to publish both, shareholders would be more confused than informed. I think at the very least, we would like to demonstrate to you our management structure and accountability framework, but I can assure you that's backed by conformance with the BEAR regime. Next question?

MS BENDYK: Thank you. And a further question from Mr Craig Caulfield. Given the increasing regulatory oversight and greater granular focus at board meetings combined with massive documentation to read and respond to, why should any director be able to undertake more than two director or chair roles?

MR MURRAY: Mr Caulfield, this is a good question. I thank you for it. Because you – I'm not sure if you're aware, but I've made public comments before that the size of board papers and the regulatory issues they have to respond to and the nature of the regulation in some respects has made it increasingly difficult to focus on their real roles. I'm still concerned about this and will continue to argue for a clearer role, particularly that involves the separation of the board and the executive. The – so I will continue to do that. In my experience, it is better to have on the board directors with a diversity of experiences across different industries. And as a result of the

Royal Commission issues in 2018, our board is significantly overweight in financial sector experience. That is something which we won't be able to rectify quickly, but I'm sensitive to your concern and in some respects, agree that being able – restricting the ability of directors to serve on a number of boards does not help industry overall. Next question.

MS BENDYK: Thank you. Another question from Craig – Mr Craig Caulfield.

Chairman, you spoke in your address of the long-term interests of the company and then referencing servicing the interests of all shareholders. Shouldn't you reference stakeholders rather than just shareholders. Don't the customers, policyholders and community rank equally important to financial goals?

MR MURRAY: Well, thanks, Mr Caulfield. I believe the law under which we operate does not rank those groups equally, but I've been very clear in my remarks to point out that in serving the interests of our company and its shareholders, we look to the security that our depositors and policyholders can feel in the contracts that they have with us, with the engagement of our people in the business and importantly, the value that we add to our clients. So I think by focusing first on the interests of our shareholders and decomposing our interpretation of that down through the manner in which we conduct our operations, our risk appetite, our authorities and our internal processes through to our clients, we achieve a superior outcome. Next question.

MS BENDYK: Thank you. Our next question comes from Carl De Cruz:

Traditionally, AMP's client has come through agent and advisors. Recently, it has been suggested that AMP's client is the consumer. Is this true? What is the role of the advisor and if 18 per cent is super and 60 per cent home loans or real estate, forgetting the non-super aspects, shouldn't all advisors be encouraged to be loan accredited?

MR MURRAY: Thanks, Mr De Cruz, this is a good question, and we don't think about clients as necessarily being just advisor clients. Just as I think McDonalds would consider every person who shops at McDonalds to be a McDonalds client, notwithstanding that the ability of the franchisee and their staff is fundamental to a quality outcome. We think the same way. But I'll ask the chief executive to give some thought to and comment on accreditation of advisers.

MR DE FERRARI: Well, as you mentioned, David, this is a really good question and actually, it has been proved that the advisors who are accredited to effectively service mortgages and who therefore tackle the client advice proposition around a debt strategy and debt consolidation become much more trusted advisors for clients and would on average, tend to have a lot better client outcomes and more productive practises. As I said, this is one critical element for us of having created AMPA and bringing wealth and advice together. But currently, the priority of advisors is to deal with a current market disruption and on top of COVID-19. So we're all focused on serving clients at the moment, but mid to long-term we definitely see this as a really exciting opportunity to become more relevant for our clients through professional advisors that are able to advise on a whole-of-wealth approach.

MS BENDYK: Thank you. The next question comes from Louie – Mr Louie Nederer.

When you answered the question of what will be returned to shareholders, you ignored in your maths the 780 million of stock issued due to the delay. Surely you need to add the 780 million to the 2500 million from the sale before you deduct the stated amounts.

MR MURRAY: Let me ask the CEO to respond to this, but the broad answer for the board is that due to the dilution we had to take on our share price by issuing stock. Irrespective of any return from the sale, it means this company just has to work harder to make up for that dilution.

MR DE FERRARI: So the capital raise we did last year in August was precisely for the ability for us to be able to accelerate the strategy, in anticipation of the proceeds coming in from the Life sale. In the end, this is one pool of capital and so when we look at the entirety of the capital, we will then consider, as we said before, funding the strategy, repaying the debt, funding the separation cost and the cap of the synergies and then looking at all available options as we previously announced.

MS BENDYK: Thank you. We have a further question from Mr Carl De Cruz:

It was mentioned in relation to a question that approximately 400 advisers have left and it was indicated that they chose to leave. Is that correct or did AMP advise them to leave and brought into question their financial position, including practice finance that was promoted by AMP and is a concern to them?

MR MURRAY: Let me ask the CEO to respond.

MR DE FERRARI: Yes. So thank you for the question. So as we covered before, the advice industry is going through a significant disruption, based on what broker report you read, through FOFA, the implications of what happened with the Royal Commission and what's coming out with the FASEA standards. It's estimated that roughly, the advice market will shrink by a third. We are looking at our adviser work force and we're really not focused on numbers. We are focused on making sure we have professional, compliant and productive advisers because these are the ones who will be able to add value to clients and will be able to effectively manage the disruption.

MS BENDYK: Thank you. And our last question comes from Mr Kevin Daly:

The context of this question is that on page 23 of the annual report, the sustainability report outlines that AMP's total scope 1, 2 and 3 emissions is *only 23 kilotons of carbon dioxide equivalent. This is below the level, being 25 kilotons, where AMP is compelled to disclose emissions to the regulator. That is, AMP's emissions levels is insignificant. Also, AMP attains carbon neutrality by purchasing offsets in the third world. The question: Will AMP now remove carbon dioxide emissions disclosure from its 2020 report? Secondly, will AMP now stop wasting money on carbon offsets? And if no, will AMP at least offset its emissions by buying electricity from renewable generators via power producer agreements?*

MR DE FERRARI: So, thank you, Mr Kevin, that's a really technical question. It allows me, though, to highlight a few points. First, we are below the level where we would be required to disclose, but we chose – we choose to disclose, one, for transparency reasons and the other because it's a very important topic for us. Now, on C02 emissions, two really important points. First is the emissions that we have as a company and I think the chairman has highlighted, but let me reiterate, we have been carbon neutral as a company since 2013 and that's something that we should all be really product about. Now, on the carbon offsets that we use to – apart from the very low emissions, insignificant as you mentioned, we do have some residual emissions where we purchase carbon offsets. These carbon offsets apart from being immaterial in value, but they are all financing renewable energy projects. So to your point that you mentioned. The other big – the larger part of our CO2 emissions refer to our – the very large real estate portfolio that we hold in Australia and there again I'm really proud to say that AMP is moving ahead of the pack.

Last year we made a commitment to become carbon neutral on this very significant portfolio of real estate in Australia by 2030 and to have 100 per cent of our energy come through renewable sources. So, again, it shows how serious we are about ESG even if maybe we don't talk about it enough so thank you for the question and the opportunity to mention it.

MR MURRAY: I believe shareholders have had a reasonable opportunity to ask questions on the proposed resolution. The proxy position which reflects the results of the vote is now shown on the screen. On that basis, I declare the resolution passed. The next item on the agenda is item 6 which concerns the approval of the conversion of AMP Capital 2 Notes – excuse me – Capital Notes 2. The proposed resolution is shown on the screen. Capital Notes 2 were issued on 23 December 2019 as part of the AMP Group's ongoing funding and capital management approach. To enable the capital notes to be issued without shareholder approval, the terms of the capital notes stated that those notes cannot convert into ordinary AMP shares until shareholder approval is obtained other than in very limited circumstances.

If shareholder approval is not obtained, the consequence will be that AMP will not be able to offer holders of Capital Notes 2 the ability to convert the notes into ordinary AMP shares. This may be disadvantageous to investors in Capital Notes 2. It may also adversely affect AMPs reputation as an issuer of hybrid securities. This item must be approved by an ordinary resolution. So more than half the votes validly cast must be in favo8ur of the resolution. The board unanimously recommends that shareholders vote in favour of the resolution. I will now respond to any questions or comments on the proposed resolution from the webcast.

MS BENDYK: Thank you, Chairman. There are no questions on this item of business.

MR MURRAY: Thank you. So the proxy position which reflects the results of the vote is now shown on the screen. On that basis, I declare the resolution passed. We have now completed the final item on our agenda today. The results will be released in an ASX announcement later today and published on our website. Finally, thank you for joining us today. I recognise that this meeting has taken place in challenging circumstances due to the pandemic. Thank you again for your participation and feedback. Please look after yourselves and your families in this uncertain time and continue to adhere to government health advice which will mitigate the impact of the virus on us all. The board looks forward to meeting with you in person next year. I now declare the meeting closed. Good afternoon.

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