



Dear Shareholders

The past week has undoubtedly challenged the reputation and integrity of our organisation. We have apologised unreservedly for the misconduct and failures in regulatory disclosures in our financial advice business, but decisive action is required to restore confidence and rebuild trust.

To accelerate necessary change across our organisation, the Board and Craig Meller have agreed that he will stand down as CEO and Mike Wilkins, one of our Non-executive Directors, has been appointed acting CEO. This is effective immediately, with Mike acting in the role until the search for our new CEO is complete.

An immediate, comprehensive review of AMP's regulatory reporting and governance processes will be undertaken and overseen by a suitably qualified external expert. A Board Committee will also be established to review the issues raised in relation to advice matters raised in the Royal Commission. The Committee will be chaired by Mike Wilkins and will act with the assistance of external counsel, King & Wood Malletsons. Group General Counsel Brian Salter has agreed to take leave whilst the review is undertaken and General Counsel, Governance David Cullen has been appointed as Acting Group General Counsel.

These were difficult decisions, but the Board is determined that we meet our current challenges head-on, and accelerate change in our culture and performance.

I'd like to thank Craig for his leadership of the business. He has been a committed CEO and has stepped down in the interests of helping the business move forward. Mike is an experienced leader, having been a CEO of three ASX-listed companies, most recently the CEO of Insurance Australia Group (IAG).

The actions we announce today build on the existing program of work that the Board instigated last year. This work includes:

- customer remediation, with the program well progressed and 15,712 customers identified and \$4.7 million fees refunded to date.
- an external review to ensure all fee for no service business practices have ceased. This review is now complete and has confirmed that the practices ceased in November 2016.
- an independent investigation into employee conduct. Based on the review's findings, the Board will determine the employment and remuneration implications for any relevant individuals around the fee for no service matter.
- a review and complete overhaul of governance, systems and processes in the advice business.
- an enterprise-wide cultural audit conducted by external consultants.
- an enterprise-wide review of risk governance, controls and culture.

We will now focus our efforts on rebuilding trust amongst our customers and clients, advisers, shareholders and the wider community and regaining the regulators' confidence.

It's important to remember that the instances of misconduct that you've heard and read about are not representative of who we are, or what we aspire to as an organisation.

This week has been very difficult, but we will move forward and restore trust in our organisation.

Kind regards

Catherine Brenner
AMP Chairman