

AMP Limited

Corporate governance charter

Adopted by the AMP Limited Board on 22 September 2016

1. Purpose

This corporate governance charter sets out the role, responsibilities, structure and processes of the AMP Limited Board (Board) and its relationship with management and with the boards of AMP's key operating subsidiaries.

The purpose of this charter is to promote high standards of corporate governance across the AMP group.

2. Role and responsibilities of the Board

2.1 Role of the Board

The Board is responsible to AMP's shareholders for the overall strategy, performance, governance and risk management of the AMP group.

2.2 Responsibilities of the Board

The responsibilities of the Board include:

Strategy and material transactions

- **Strategy** – approving the strategic direction of the AMP group and its annual strategic plan, and monitoring its implementation.
- **Material transactions** – approving major business initiatives or matters within the AMP group above the delegations of the chief executive officer (CEO).
- **Material capital initiatives** – approving major decisions concerning the financial capital of the AMP group above the CEO's delegations, including offers of equity or debt capital by AMP by way of a prospectus.
- **Market releases** – approving material releases to the Australian Securities Exchange (ASX) and the New Zealand Stock Exchange on significant matters.

Governance and risk management

- **Governance model** – overseeing and approving the AMP group's governance model.
- **CEO performance** – monitoring the CEO's performance.
- **Key policies** – reviewing and approving key policies seeking to ensure AMP's businesses are conducted ethically and transparently and in compliance with regulatory obligations.
- **Risk management framework** – monitoring significant business risks and approving the AMP group's risk management framework, including risk appetite, risk management strategy, and control and compliance systems, and monitoring its effectiveness, including risk culture.
- **NED remuneration** – approving the remuneration for the non-executive directors of AMP, the key operating subsidiaries and the nominated subsidiaries.
- **Delegations** – approving and monitoring delegations of authority to the CEO and senior management.

People and remuneration

- **CEO and CFO** – appointing the CEO and chief financial officer (CFO) and approving their terms of appointment.
- **Executive succession** – undertaking succession planning for the CEO, and monitoring the succession planning strategy for the Group Leadership Team (GLT) and other critical enterprise roles and AMP's talent management strategy.

- **Diversity** – approving AMP’s diversity targets and monitoring progress against them.
- **Remuneration policy** – approving AMP’s remuneration policy and monitoring its effectiveness.
- **Annual remuneration and performance reviews** – approving the performance objectives and measures and total remuneration arrangements for the CEO, the GLT and other specified individuals of AMP defined in the AMP remuneration policy.
- **Enterprise incentive plans** – approving new significant enterprise incentive plans, material changes to those plans, and the performance measures for, and size of pools under, those plans.
- **Equity plans** – approving new equity (or equity-linked) incentive plans, changes to those plans, and the terms of offer, and size of pools, under those plans.

Financial results and performance

- **Financial performance** – monitoring AMP’s financial results and performance.
- **Dividends** – approving AMP’s dividend policy and dividends.
- **Financial results** – approving the half and full year results and financial reports for AMP and the reporting of those results to shareholders.
- **External auditor** – overseeing AMP’s relationship with its external auditor.

Other

- Approving matters required to be approved by the Board under the constitution, applicable laws, AMP policies and committee terms of reference.

2.3 Role of the boards of key operating subsidiaries

The AMP group operates as a conglomerate, with AMP being its non-operating holding company. While the Board is responsible for the overall governance and performance of the AMP group, the boards of the key operating subsidiaries support the Board and the CEO by providing oversight of AMP’s businesses, particularly its regulated businesses, and the discharge by those subsidiaries of their regulatory responsibilities.

3. Board committees

The Board may, in accordance with the constitution, establish standing or ad hoc committees of the Board to assist the Board in carrying out its role and responsibilities or to exercise by delegation any of the powers or discretions of the Board.

The Board has established four standing committees:

- Audit Committee
- Risk Committee
- People and Remuneration Committee
- Nomination and Governance Committee.

The role, responsibilities and composition of each standing committee are set out in its terms of reference, which are approved by the Board. A committee only has the decision-making authority set out in its terms of reference or as otherwise delegated to the committee by the Board.

The chairman of each committee provides regular updates to the Board on material matters arising at meetings of the committee.

4. Role of the chairman

The chairman’s responsibilities include:

- providing leadership to the Board
- facilitating Board discussions
- maintaining a regular dialogue and mentor relationship with the CEO
- representing the Board externally, including to shareholders
- monitoring the Board’s performance
- guiding and promoting the effectiveness of the Board and individual directors.

5. Role of the CEO

The CEO is responsible for the development and subsequent implementation of the Board-approved strategy and the overall management and performance of the AMP group. The CEO manages the AMP group in accordance with the strategy, plans, risk appetite and policies approved by the Board.

The Board delegates to the CEO, pursuant to a formal delegations of authority framework, all powers to manage the day-to-day business of the AMP group, subject to the responsibilities and reserved powers of the Board. The CEO, in turn, approves sub-delegations of authority to management.

The Board sets the annual performance objectives for the CEO, which are reviewed every six months by the Board. The chairman leads a formal Board review of the performance of the CEO on an annual basis.

6. Board structure

6.1 Board composition and size

The directors determine the size of the Board, having regard to the needs of the Board, its committees and the AMP group and subject to the constitution and regulatory requirements.

The Board will be comprised of a majority of independent non-executive directors and will have no more than two executive directors. The non-executive directors will, from time to time, meet without the executive directors.

The chairman will be an independent non-executive director. In the event that the chairman becomes incapable of fulfilling that role, the chairman of the Audit Committee or, failing them, the chairman of the People and Remuneration Committee will act as chairman for the purpose of convening a meeting of the Board to elect a new chairman.

6.2 Appointments

The Board elects the chairman and appoints:

- new directors to the Board to fill casual vacancies or as additional directors
- the members and chairmen of its committees.

The Board also makes recommendations to shareholders for the election, re-election and removal of directors by shareholders.

The Nomination and Governance Committee undertakes succession planning for the Board and its committees, including the identification of candidates for appointment as non-executive directors. In doing so, the committee has regard to factors including the current and desired mix of experience, expertise, skills, attributes, independence and diversity.

6.3 Independence and fitness and propriety

The independence of each non-executive director is assessed prior to appointment and subsequently on an annual basis. If a director becomes aware of any information which may affect the director's independence, the director is required to immediately disclose all relevant details to the chairman and the group company secretary in writing.

In assessing independence, regard is had to the terms of the ASX Corporate Governance Council Principles and Recommendations and Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 510 Governance, including the non-exhaustive circumstances and factors contained in them, and taking into account concepts of materiality.

Directors must ensure they meet the requirements of APRA and AMP's policies in relation to maintaining their fitness and propriety for appointment as a director.

6.4 Tenure

In accordance with the constitution:

- a director appointed by the Board holds office until the next annual general meeting (AGM) and is eligible for election at that meeting
- a director must retire, and is eligible for re-election, at the third AGM after they were last elected or re-elected.

The maximum tenure of a non-executive director will normally be until the AGM occurring in the ninth year after they were first elected. A non-executive director can only continue to hold office after their ninth AGM if re-elected by shareholders at that and each subsequent AGM.

The CEO, as managing director, is not subject to election or re-election by shareholders.

7. Evaluation of performance

The performance of the Board, each standing committee and each director is reviewed and evaluated each year. The Nomination and Governance Committee makes recommendations to the Board on the format and process for these reviews, which will include an externally-facilitated review at least every three years.

8. Ethics, conflicts and other appointments

8.1 Ethics

The Board has endorsed a code of conduct outlining the high standards of personal and corporate behaviour required of all AMP group directors, officers and employees. In the case of the Board, the code reinforces the high expectations of the Board in relation to the conduct and behaviour of each director for the benefit of all stakeholders.

8.2 Conflicts

In addition to their obligations under the Corporations Act and the constitution in relation to material personal interests, directors are required to disclose any circumstances, position, duty or interest that conflicts, may conflict or may be perceived to conflict with their duty to, or the interests of, AMP, in accordance with AMP's policies. Directors must:

- disclose in writing to the chairman and group company secretary any such conflict as soon as practicable
- take necessary and reasonable steps to resolve the conflict
- comply with any requirements of the Board or the chairman, and with AMP's policies, in relation to management of the conflict.

In addition to the requirements of the Corporations Act and the constitution in relation to material personal interests, the Board determines whether or not a director declaring such a conflict should absent themselves when the Board discusses matters about which the conflict relates or abstain from voting.

8.3 Other appointments

Non-executive directors are required to discuss with the chairman any proposed external commercial, governmental or not-for-profit board, committee or executive appointment they are considering undertaking.

Directors must advise the group company secretary in writing of any external appointment as soon as possible after the appointment is confirmed.

9. Advice, information and access

9.1 Independent advice

The Board collectively, and each director individually, may obtain independent professional advice at AMP's expense, as considered necessary to assist in fulfilling their duties and responsibilities. Directors are required to seek the prior approval of the chairman and must ensure the costs are reasonable. The advice will be made available to the rest of the Board, unless otherwise agreed by the chairman.

9.2 Access to information

Directors are able to access members of senior management to request relevant information as necessary.

9.3 External communications

To ensure consistency and compliance with disclosure obligations, any external communications (including with the media and the investment community) on AMP group-related issues are approved by the CEO, CFO, group executive, Public Affairs, the director, Media and Community, or the Director, Investor Relations. The chairman is the spokesperson for the Board on Board-related matters.

9.4 Availability to APRA

Each director will be available to meet with APRA on request.

10. Role of group company secretary

AMP's company secretaries, including the group company secretary, are appointed by the Board.

The group company secretary is accountable to the Board, through the chairman, on all matters to do with the proper functioning of the Board. Each director has direct access to the advice, support and services of the group company secretary.

11. Boards of subsidiary companies

11.1 Relationship of the Board to the boards of key operating subsidiaries

To assist in discharging its responsibility for the overall governance and performance of the AMP group, the Board has adopted the following protocols for its relationship with the boards of the key operating subsidiaries:

- one or more non-executive directors of AMP are appointed as non-executive directors of each key operating subsidiary
- the chairman of each key operating subsidiary is generally a non-executive director of AMP
- the chairman of each key operating subsidiary provides regular updates to the Board on material governance matters considered by the board of that subsidiary
- the Board approves the appointment of non-executive directors to the boards and standing committees of the key operating subsidiaries and the chairmen of those boards and committees
- the Board receives regular updates and presentations from the senior executives responsible for the businesses of the key operating subsidiaries
- the Board receives reports summarising material matters arising at each meeting of the boards of the key operating subsidiaries.

Certain key operating subsidiaries are subject to specific legislation and they, and their directors, may have statutory duties requiring them to take into account or give priority to the interests of, for example, policyholders, depositors or investors. In such cases, the board of the subsidiary will act in accordance with those statutory duties and, subject to doing so, in the interests of AMP.

11.2 Appointment and removal of non-executive directors

The Board approves the appointment and removal of:

- the chairman and non-executive directors (including those who are also non-executive directors of AMP)
- the chairman and members of a standing committee

of the boards of the key operating subsidiaries and the nominated subsidiaries. In doing so, the Board has regard to the needs (including the appropriate mix of skills and experience) of the particular board or committee, regulatory requirements and AMP's diversity targets.

The CEO (or their delegate) approves the appointment or removal of non-executive directors of other subsidiaries within the AMP group.

11.3 Term of appointment for non-executive directors

Non-executive directors appointed to the board of a key operating subsidiary or a nominated subsidiary (unless they also serve as a non-executive director of AMP) will normally have three year terms and a maximum tenure of nine years, subject to any extension for a longer period approved by the Board.

Prior to the end of each non-executive director's three year term, the CEO, in consultation with those members of the Board and the board of the subsidiary as the CEO considers appropriate, will undertake a review of the director's performance and the needs of the board of the subsidiary. Following that review, the CEO will recommend to the Nomination and Governance Committee, for its determination, whether or not that director should be appointed for a further term.

11.4 Remuneration of non-executive directors

The remuneration of non-executive directors of the key operating subsidiaries and the nominated subsidiaries is approved by the Board.

The CEO (or their delegate) approves the remuneration of non-executive directors of other subsidiaries.

12. Review of charter

The Board will review this charter regularly.

13. Interpretation

13.1 AMP subsidiaries

Key operating subsidiaries AMP Life Limited, The National Mutual Life Association of Australasia Limited, AMP Bank Limited, AMP Capital Holdings Limited and any other subsidiary of AMP approved by the Board.

Nominated subsidiaries AMP Superannuation Limited, N.M. Superannuation Proprietary Limited and any other subsidiary of AMP nominated by the chairman and the CEO, based on its profile or the nature of its business within the AMP group.

13.2 References to chairman

Where this charter refers to a director discussing with, or requiring the consent or agreement of, the chairman and:

- that director is the chairman, or
- the chairman is absent or incapable of fulfilling that role

the director must consult with, or seek the consent or agreement of, the chairman of the Audit Committee.