



AMP Foundation: how we are governed and operate

The AMP Foundation's goal is to help create a better tomorrow for everyone — especially those facing challenges accessing education and employment opportunities.

We strive to achieve this in two ways. We help people to help themselves by supporting non-profits that give disadvantaged Australians life-changing learning and work opportunities.

We also help people to help others. We support AMP employees and financial advisers to give their time and skills to others, and help amazing individuals through AMP's Tomorrow Fund.

At a glance...

Founded in 1992,

the AMP Foundation is the main vehicle through which AMP invests in the community. It operates a series of trusts and is governed by an independent board.

\$146 million

in assets held in 2017

\$91 million

in grants and donations made from 1992 to 2017

\$5.7 million

in donations and grants made in 2017

16 major community partners

(charities) supported in 2017

180 charities

supported in total in 2017

45 individuals

received AMP Tomorrow Fund grants in 2017

40% of AMP employees

donated time or money to charities through the AMP Foundation Community Program in 2017

Our history and financial structure

AMP Foundation has its own capital base, or corpus, which AMP has contributed to through donations of money and shares. We use the investment income from the corpus to fund community investment initiatives, as well as fund the running costs of the AMP Foundation.

1992–1997

AMP Foundation's work is funded through the income earned on an AMP common (non-statutory) fund.

1997

AMP Foundation's current legal structure is created, encompassing two trusts – the AMP Foundation Trust and the AMP Foundation Charitable Trust.

1998

AMP donates \$30 million to the AMP Foundation.

1999

AMP donates 2.5 million AMP shares to the AMP Foundation.

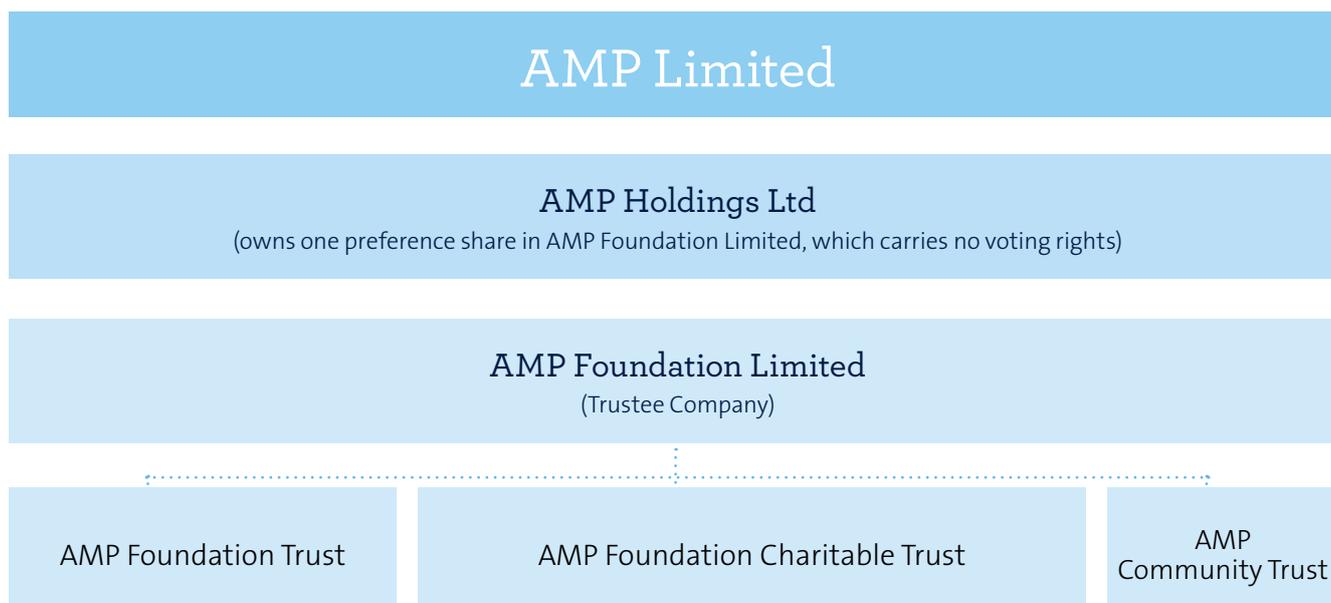
2001

AMP Foundation receives 20% of the unverified shareholdings (1,698,352 AMP shares) as a result of AMP's demutualisation.

2011

AMP Foundation merges with the AXA Charitable Trust as part of AMP's merger with AXA. Governance of the AXA Charitable Trust (since renamed AMP Community Trust) is assigned to the AMP Foundation.

AMP Foundation structure



AMP Foundation Trust

This trust funds donations to Deductible Gift Recipient (DGR) entities and AMP Tomorrow Fund grantees, and pays the administration expenses of the AMP Foundation.

AMP Foundation Charitable Trust (AMPFCT)

AMPFCT is a tax-exempt entity and is registered with the ACNC. It can support charitable organisations that operate in Australia and run programs or services for the Australian community.

AMP Community Trust

This trust makes donations to charities in Australia and New Zealand.

AMP Foundation Board

The Directors are responsible for the governance of the AMP Foundation. They are selected for their skills and to address a specific requirement of the board.

Our Directors are:
Peter Shergold (Chairman)
Prue Milne
Matthew Percival
Helen Livesey
Fiona Wardlaw

EY is the auditor for the AMP Foundation and the service is provided on a pro bono basis.

AMP Foundation team

The AMP Foundation team consists of 5.6 FTEs who work to strengthen the non-profit sector, manage charity partnerships and grants programs, facilitate AMP employee volunteering, fundraising and payroll giving, and communicate with AMP employees and the community.

AMP Foundation investments

AMP Capital is the Foundation's portfolio and investment manager. The AMP Foundation invests a percentage of its capital (up to 3%) in social benefit financial instruments and social enterprises that achieve both a commercial investment return and demonstrated social outcomes. We currently invest in the Newpin Social Benefit Bond, The Benevolent Society Social Benefit Bond and the Social Ventures Australia Diversified Impact Fund. We previously invested in GoodStart Early Learning Centres.

The majority of the the AMP Foundation's assets are invested in a bespoke equities portfolio (Australian Equity Income portfolio) constructed and managed by AMP Capital, which targets high after-tax dividends.

The investment style is fundamental stock selection which aims to achieve:

- An annual dividend income, including franking credits that exceeds that of the S&P/ASX 100 Industrials index.

- A total return, including franking credits, that exceeds that of the S&P/ASX 100 Industrials index on a rolling three-year basis.
- Investment returns that provide a targeted minimum income of 5% of the value of the portfolio per annum, provided portfolio growth keeps up with inflation in the long term.

The investment performance of our portfolio:

2017 – 7.8%
2016 – 8.4%
2015 – 8.3%

These returns are after fees and include franking credits. Investment fees charged by AMP Capital is 30 basis points.

AMP Foundation Financial Snapshot

For the year ended 31 December	2017 (\$)	2016 (\$)
Revenue from investment income	10,542,000	11,138,000
Donations and payments to the community (includes employee giving program & community partnerships) AMP Tomorrow Fund grants	4,719,000 1,000,000	4,210,000 1,000,000
	5,719,000	5,210,000
Operational costs	1,461,000	1,424,000
Investment fees	408,000	375,000
Assets		
Investments – Australian Equity portfolio	134,312,000	127,652,000
Investments – AMP shares	11,036,000	10,696,000
Investments – Newpin Social Benefit Bond	100,000	100,000
Investments – The Benevolent Society Social Benefit Bond	100,000	200,000
SVA Diversified Impact Fund	400,000	---
Net liquid assets	-88,000	2,426,000
Total trusts' assets/corpus	145,960,000	141,074,000

Our funding philosophy

The AMP Foundation takes a strategic, proactive and disciplined approach to philanthropy by forming long-term partnerships with a small group of non-profit organisations. Our partnerships span a minimum of three years, although the duration can often run to more than 10 years if the organisation is highly effective.

Our community partners run programs that are in-depth, multi-faceted and help address inter-generational or socio-economic disadvantage.

The AMP Foundation invests in more than just programs. Partnership funding can also contain one or all of the following components:

- ‘Growth capital’, enabling the organisation to grow or a program to be replicated
- ‘Core infrastructure’ to fund a critical position or function within an organisation that will allow it to operate more efficiently and effectively.

Where possible, the AMP Foundation facilitates mentoring, pro bono, volunteering and fundraising support to its community partners. We also host, and pay for, functions in AMP buildings on behalf of our partners.

Community investment focus areas

AMP Foundation invests in very specific focus areas in order to develop knowledge and expertise of an issue, find the best ways and organisations that can help solve it and, ultimately, make a deeper and more positive impact on the issue.

We consider the following when looking at what to support:

- Is the issue congruent to AMP’s business? Does it make sense for the AMP Foundation to fund in this area?
- How significant is the issue being addressed and how will it benefit the community?
- What change can the AMP Foundation meaningfully effect with its resources?

AMP Foundation’s current focus areas

At present, the AMP Foundation has two main focus areas:

- Capacity building – helping people to help themselves. The focus is on supporting organisations that enhance the educational and employment outcomes of disadvantaged people in Australia and building the capacity of the non-profit sector.
- Community involvement – helping people to help others. The AMP Foundation runs AMP’s Tomorrow Fund grants program for individuals, a comprehensive volunteering and fundraising program for AMP employees, and funds a pro bono program for AMP financial advisers.

We do not run formal granting rounds, but proactively identify potential community partners.

How community partners are selected

AMP Foundation builds its knowledge in the focus area(s) that it has identified for funding by commissioning research and meeting with sector experts and non-profit organisations to understand which organisations and approaches will be most effective. Those identified are invited to apply for funding.

When researching new partners, the AMP Foundation considers:

- The extent of the social impact of the program or organisation
- The governance and leadership of the organisation
- The organisation’s financial capacity and sustainability
- The quality of the organisation’s employees on the ground
- Whether the program can be replicated in other locations where there is a similar need and the organisation’s appetite and capacity for expansion.