

2017 towards sustainability report



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AMP Limited ABN 49 079 354 519

Unless otherwise specified, all amounts are in Australian dollars.

Information in this report is current as at March 2018.

All statistics highlights are current as at 31 December 2017.

CEO's message

Since 1849, AMP's goal has been to help people own tomorrow. Today we help millions of people in Australia and New Zealand take control of their finances and achieve their goals.



To continue to help, it is imperative we consider how best to anticipate and respond to the potential risks and changes in the world around us. Understanding and positioning AMP for change – whether it be technological, social, environmental or regulatory – is vital to our sustainability.

We have long been engaged in sustainability: reducing our environmental footprint, improving our gender diversity, contributing to the community through the AMP Foundation and undertaking responsible investing via AMP Capital. To consolidate our progress to date and set a path for the future, we are on a journey to strengthen our sustainability strategy, governance and reporting processes.

To this end, this report builds on and extends our previous environmental and social reporting. It works to complement our other publicly available reports: our annual report, our corporate governance statement and our tax transparency statement.

Given the role we play in assuring the financial security of millions of people, we have a duty to be transparent and accountable in all we do. When we make mistakes, it's important we put things right for the customer, hold ourselves to account and work hard to fix the underlying issue. This is why we fully support the aims of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Our approach to sustainability is built around three connected areas of focus: our customers, our people and our community. This report identifies our material issues and risks against each and sets out our plans and progress to date.

While this report is a step in the right direction, we acknowledge that we still have more to do, and will be working towards producing a more comprehensive sustainability report in 2019.

By anticipating and responding to the issues that may impact the future prosperity of our customers, our people and our community, we believe we can continue to help create a better tomorrow.

A handwritten signature in black ink that reads "Craig Meller". The signature is written in a cursive, flowing style.

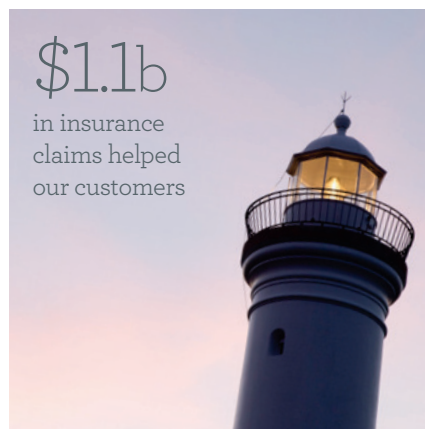
Craig Meller
Chief Executive Officer

Key highlights of 2017

Our customers

As part of our customer-centric transformation, we continued to reshape our systems, processes, products and services to make the complex simple.

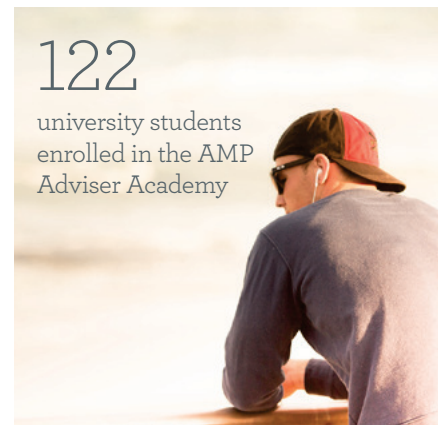
Technology continued to offer choice and convenience, with AMP apps, personalised budgeting tools and our pioneering Goals 360 advice modelling platform giving customers more control over their money.



Our people

Drawing on diverse experiences and ways of thinking is key to building our culture of integrity, performance and help. As such, in 2017 we set more challenging gender diversity targets for our business.

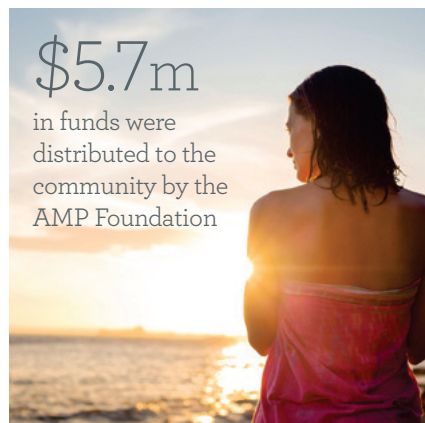
We remain committed to providing our financial advisers with quality education and support, backed by our investment in goals-modelling technology.



Our community

We announced new environmental targets and reviewed the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) within the context of our existing approach to climate risk. And AMP Capital's new ethical decision-making framework led to a record divestment of tobacco-related securities.

The AMP Foundation marked its 25th anniversary with a zipline event that raised \$1 million for our charity partners.



About AMP

Our purpose is to help people own tomorrow, helping them take control of their finances and achieve their goals.

We have a long history of helping customers to protect and grow their savings and investments, and for almost 170 years we've dedicated ourselves to helping people achieve their goals with quality solutions, services and expert advice.

Today, we are a leading specialist wealth management company in Australia and New Zealand, helping people to become more financially secure by sharing our expertise and providing products and services, including:

- financial advice
- superannuation, retirement income and investment products

- banking and investment services for self-managed super funds (SMSFs)
- income and disability protection and life insurance
- banking products, including home loans
- investments in shares, fixed interest, property, infrastructure, multi-manager and multi-asset funds.

Australians and New Zealanders know us best for superannuation, life insurance, investments and advice, but we're growing in retail banking in Australia. Through AMP Capital, we manage investments in equities, fixed income, infrastructure and real estate,

and diversified, multi-manager and multi-asset funds on behalf of clients around the world.

AMP's operations are largely focused on Australia and New Zealand, where we have offices in Sydney, Melbourne, Adelaide, Brisbane, Perth, Auckland, Wellington and Christchurch. However, as an international infrastructure and property manager, AMP Capital advises clients and customers in Asia, the Middle East, Europe, the United Kingdom and North America. AMP also has strong partnerships in China and Japan and investments around the world.



AMP's vision and strategy

We want all our customers to reach their goals – whether it's buying their first home or retiring right.

We will do that by managing a strong, customer-centred business that meets the needs and expectations of both our customers and investors.

Our purpose as a business is still very much focused on helping customers own tomorrow. However, the impact of rapidly advancing technology, changing customer preferences as well as regulatory change on our business, is driving our strategic choices.

Our strategy is clear. We will deliver growth, operating in growing, scalable markets where we have a distinctive competitive advantage.

In 2017, our strategic priorities to deliver growth were focused on:

- tilting our investment to the high growth businesses in our portfolio
- completing the customer-centred transformation of our core Australian business
- expanding internationally
- managing costs and driving efficiency across the group.

We manage our portfolios of businesses by:

- managing for value and capital efficiency: in those businesses with slower growth or where we don't have distinctive advantage (Australian wealth protection, New Zealand, mature)
- investing to grow: where we do have distinctive competitive advantage and where the market fundamentals are attractive (Australian wealth management, AMP Bank, AMP Capital)
- leveraging our strengths in real asset management and advice internationally.

Our approach to sustainability

We are committed to managing our business sustainably for today and for the future, by creating long-term, shared value for our customers, our people and our community.

Our approach to sustainability is built around three connected areas of focus for AMP: our customers, our people and our community. We understand that responsible and ethical behaviour and activity directed towards each of these important areas can positively impact the sustainability of the others.

We are focused on finding better ways of working to deliver the best outcomes for our people and our customers, reducing our environmental footprint now and into the future, governing fairly with the right expertise, returning value to our shareholders and investing in the community.

By anticipating and responding to issues that may impact the future prosperity of our communities, we believe we help create a better tomorrow.



About this report

This report builds on the extensive reporting previously included in AMP community reports.

Providing an aggregated view of our sustainability issues and management approach, this consolidated report also builds on our responses to the Carbon Disclosure Project (CDP), the Global Real Estate Sustainability Benchmark (GRESB), and AMP Capital's reporting as signatory of the UN-backed Principles for Responsible Investment (UNPRI).

The purpose of this report is to inform our stakeholders about how we monitor and manage the risks and opportunities associated with our material sustainability issues, and to provide a snapshot of our activity in each area.

The report forms part of our **annual reporting suite**, and is complemented by the financial disclosures in our 2017 annual report and by the governance and risk management disclosures in our Corporate Governance Statement. We also release an annual Tax Report, which is available on the **AMP Shareholder Centre**.

Report scope

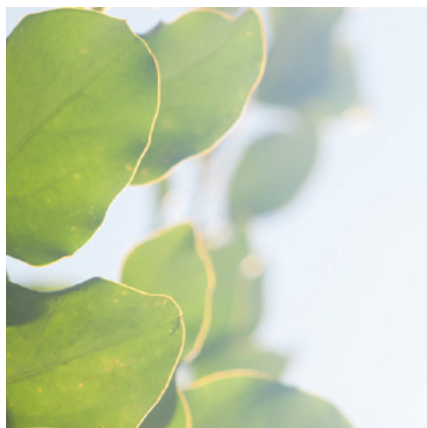
The scope of our report covers AMP's operations globally and over which we have control for the period 1 January 2017 to 31 December 2017. The entities that are within AMP Limited's organisational operational control boundary are AMP Services, AMP Capital Investors and their subsidiaries, as well as the AMP Foundation.

Our progress towards a sustainable future

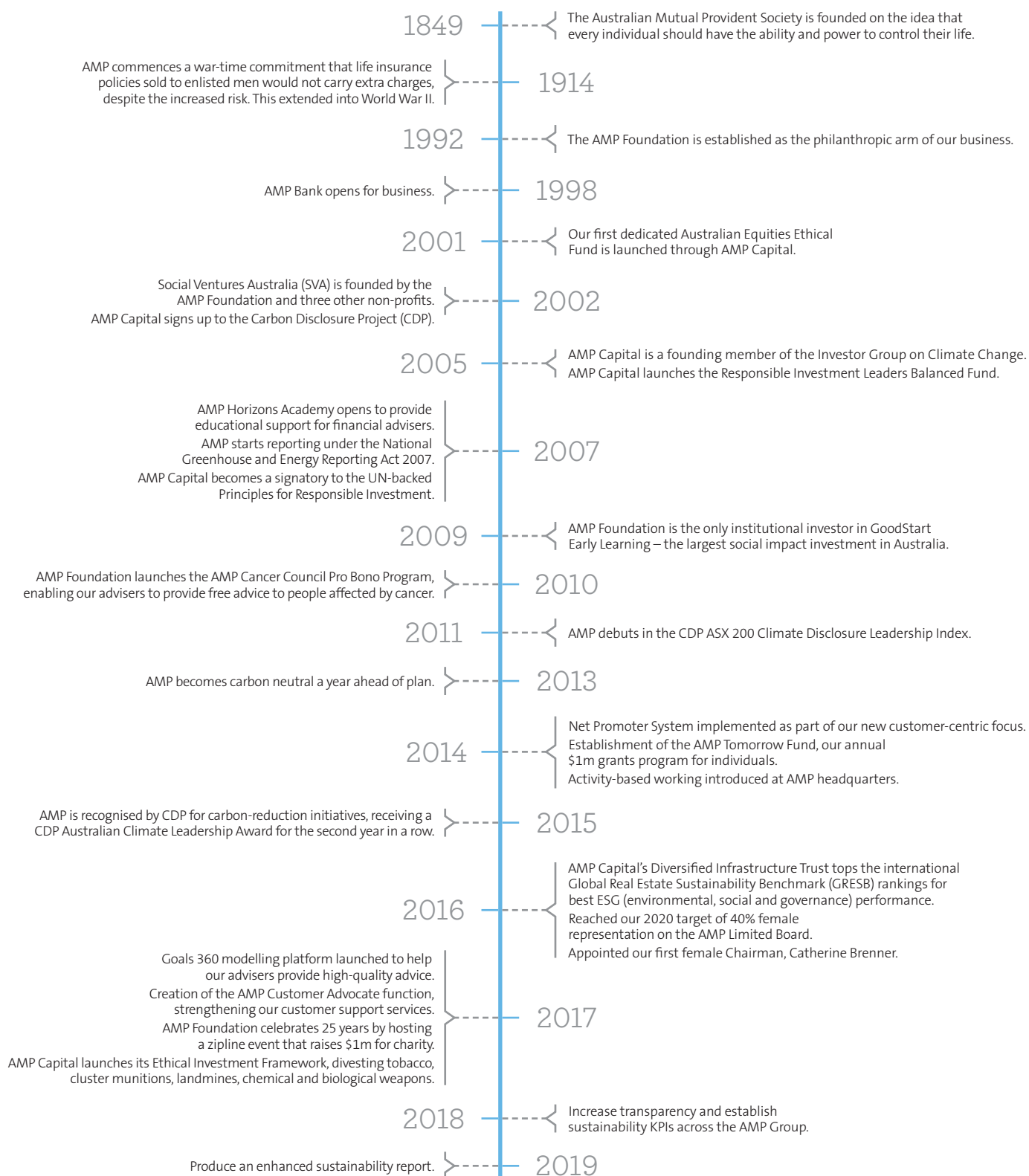
We have long been engaged in sustainability, through reducing our environmental footprint as an organisation, improving our organisation's gender diversity, contributing to the community through our AMP Foundation and undertaking responsible investment in AMP Capital. We have been recognised for our environmental, social and governance practices through inclusion in the **FTSE4Good Index Series**.

In order to consolidate the progress made to date and set a path for the future, we are on a journey to strengthen our sustainability strategy, governance and reporting processes. In the coming year we are looking to:

- continue to integrate sustainability in AMP's overall strategy, by shifting from a product and distribution business to a customer-led organisation
- expand on the materiality process undertaken in 2017 to obtain more feedback from stakeholders
- develop robust indicators and targets for expected performance (for select material sustainability topics)
- identify how we can implement the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) within the context of our existing approach to climate risk and report on the outcomes.



Our sustainability journey



Material issues

Material issues of greatest importance to our customers, our people and our community were identified through a business-wide assessment process.

The assessment process involved reviewing and analysing the following sources of information:

- feedback from a cross-section of employees
- analysis from our in-house ESG (environmental, social and governance) analyst specialists
- analyst and investor feedback
- review of media coverage on financial services issues
- a review of our competitors' materiality issues
- feedback from our business partners
- regulatory feedback and recommendations

From this research we identified the areas of greatest importance to our stakeholders and our business. The following 11 material issues were identified as being of high importance to both our business and our stakeholders:

Our customers

1. Customer experience
2. Digital disruption and innovation
3. Cyber security and privacy
4. Regulatory environment

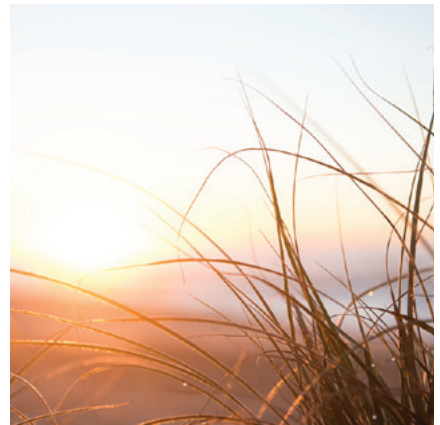
Our people

5. Ethical conduct and professional standards
6. Diversity and inclusion
7. Supporting and developing people

Our community

8. Climate change and environment
9. Responsible investing
10. Sustainable supply chain
11. Community investment

This report looks at progress and action against each issue.



1. Customer experience

Since 2013, we have been transforming our business in Australia to put our customers at the centre.

We harness digital technology and use behavioural insights to understand our customers' motivations and life experiences, and help them realise their financial goals.

AMP is working towards this in an environment of rapid technological advancement, sustained regulatory pressure, an ageing population, rising customer expectations and intensifying competition in the wealth management and insurance industries.

We understand that having access to quality financial products and services can have a profound impact on lives. AMP therefore has a duty to ensure it delivers a positive customer experience.

In 2017, initiatives to improve the customer experience included:

Acting on customer feedback

The Net Promoter System (NPS) is an important part of our approach to improving the customer experience, helping us to judge how well we meet our customers' needs and expectations. Based around a survey question that asks customers how likely they would be to recommend AMP to family and friends, in 2017 it was used by 120 AMP teams to drive improvements for our customers.

A powerful lever for driving bottom-up change, the system makes it easy for employees to relate directly to customers, helping them to change our behaviours, processes and policies that get in the way of a better customer experience.

In 2017, we received more than 59,000 survey responses, with increases in NPS scores recorded for customers, financial advisers and our employer superannuation partners. More than 200 individual changes to processes or communications were made based on this customer feedback.

AMP Customer Advocate

AMP has strengthened its support for customers with the creation of a group-wide AMP Customer Advocate function. The function will help customers of the Australian business who believe that their complaints have not been appropriately resolved through AMP's usual complaint resolution processes.

The objectives of the AMP Customer Advocate are to help our customers receive fair and reasonable outcomes and to ensure that AMP's complaints processes are accessible, robust and transparent. The function will also work closely with senior leaders across the business to learn from these experiences and improve how we help our customers.

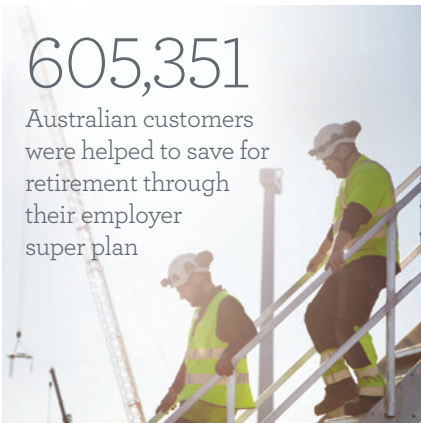
In 2018, we will focus on fully establishing this new function and further enhancing our customer complaints framework.

Improving the claims process

In recent years AMP has developed a more holistic approach to insurance claims, based on insights from customer research and human-centred design.

Fast Track, which gives AMP insurance customers the option of speaking with a case manager who can lodge their claim instantly, has substantially reduced the time taken to lodge a claim. By taking time to gain a deeper understanding of the customer, Fast Track helps case managers to make the right decisions faster.

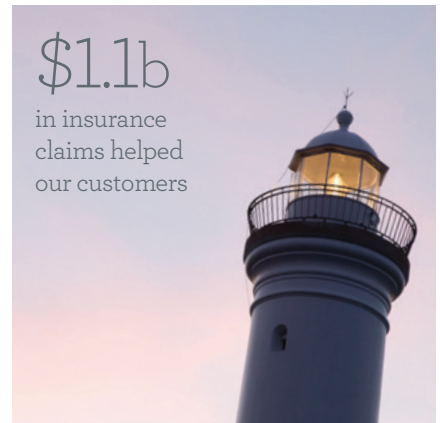
AMP case managers have been trained in both functional and motivational interviewing techniques. The Courageous Conversations in-house program, introduced in November 2016, aims to help case managers better identify a customer's capacity and motivators for recovery. In the first six months, managers reported a 34% increase in customers re-engaging with treatment plans.



605,351
Australian customers were helped to save for retirement through their employer super plan



\$2.5b
in Australian retirement payments, including mature payments



\$1.1b
in insurance claims helped our customers

Our customers

Goals-based advice

With an ageing population, record levels of household debt and significant retirement savings gaps, Australians will increasingly need good advice to meet their financial goals. Our ambition is to make financial advice accessible, expert and meaningful for our customers.

This is why AMP has fundamentally rethought how to deliver financial advice. Our research shows that goals-based advice is the most effective way to engage with customers and give them confidence in their financial future.

Our AMP Goals 360 experience helps customers to explore, plan, track and realise their goals. We enhanced this experience in 2017 with the launch of a new goals-modelling platform. By selecting different advice strategies, the platform allows advisers to model scenarios and generate advice strategies in real time – enabling a richer advice experience.

The technology, which is being rolled out to AMP Advice practices and the broader advice network in 2018-19, forms part of a suite of services and tools designed to help advisers deliver high-quality, professional advice and comply with their reporting requirements.

Giving customers choice

AMP's Approved Product List (APL) is designed to give customers of our aligned financial advisers access to broad and

high-quality investment products from a range of companies – not just AMP. It is informed by the work of an independent in-house research team.

In addition to quarterly performance monitoring of all managed fund investments, each investment asset class is reviewed formally every 12 months. This involves an assessment of adequate choice and quality of the APL. Following this review, recommendations are made by the AMP Advice research team for additions, deletions or rating changes to the APL for products in the asset class under review. Changes outside this formal review process can also take place, on the recommendation of our research team.

Solutions to help people retire right

AMP's self-managed super fund (SMSF) administrator, SuperConcepts, launched an online product called Connected Services in 2017 that enables members to access products and services from third-party providers. This allows them to manage their investments in a paperless way and gives advisers and accountants better visibility of their clients' investments.

SuperConcepts also updated its SMSF accounting platform, with a new transaction centre that provides daily data feeds direct from institutions. The centre automates a time-consuming manual process at a time when the ATO requires more regular reporting.

The MyNorth Pension payment planner was also launched in 2017. This Australian-first retirement offer combines a pension payment calculator with the MyNorth Retirement Fund, a diversified fund, managed by AMP Capital. The planner calculates the amount retirees can withdraw each year to ensure their savings last. In 2017, AMP's MyNorth Pension account won Chant West's 2017 Advised Product of the Year award.

KiwiSaver Scheme

In 2017 in New Zealand, the AMP Default Fund in the AMP KiwiSaver Scheme was awarded five stars for 'outstanding value' in the conservative category by CANSTAR, an independent research and ratings company. The AMP KiwiSaver Scheme helps over 230,000 New Zealanders save for their retirement, and looks after \$5 billion worth of savings.

During the year, AMP made 16 new funds available within its AMP KiwiSaver Scheme, providing members access to a total of 27 funds managed by five leading fund managers. We also launched AMP Essentials – New Zealand's first combined life, trauma and temporary disablement insurance product (linked with the AMP KiwiSaver Scheme) to help address the issue of underinsurance in New Zealand.

In addition, AMP was named Life Insurer of the Year by The Australian and New Zealand Institute of Insurance and Finance at the New Zealand Insurance Industry Awards.



2018 goals

- Continue the customer-centred transformation of our business
- Simplify our solutions and make them more accessible
- Expand our goals-based customer experience to provide advice to more people

2. Digital disruption and innovation

New technology is driving fundamental shifts in the way financial services organisations operate.

Technological advancements present opportunities to rethink and improve the experience for customers, who have come to expect features such as cardless payment systems and personal money management tools.

Rather than remove the human element, digital innovation can enhance the customer relationship. AMP's Goals 360 interactive experience is a good example of how technology can enhance face-to-face financial advice.

Advances in artificial intelligence (AI), combined with increasing automation and digitisation, have considerable power to not only create seamless customer experiences, but also operational efficiencies. AMP also understands that cyber security is more than an IT threat – it is a serious business risk that requires a proactive response.

With the pressure to innovate stronger than ever, and digital customer experience redefining competitiveness in our industry, AMP will continue to deliver digital solutions that are seamless, intuitive and secure.

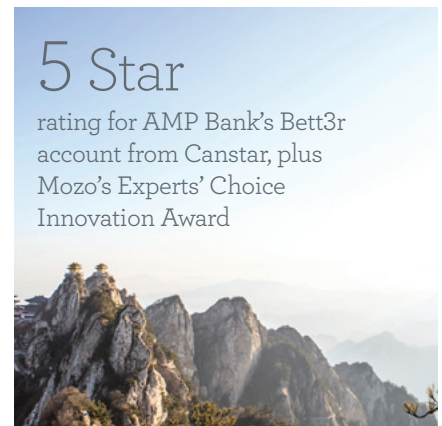
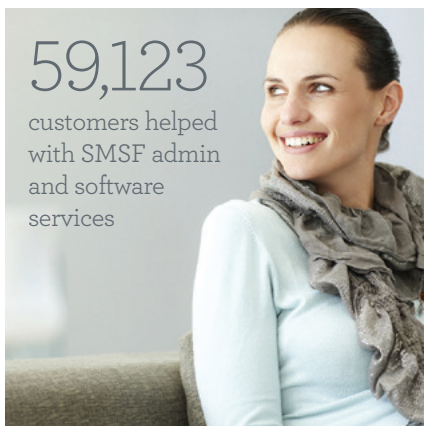
AMP Goals 360 advice platform

In 2017, AMP worked with leading global actuarial firm Milliman to develop an innovative goals-modelling platform. Launched in December, it is a key component of Goals 360 – the end-to-end experience helping our customers explore, plan, track and realise their financial goals. The modelling platform demonstrates, in a highly visual and personalised way, how the choices customers make today impact on their ability to reach their goals in the future. It can project a client's balance sheet and cashflows and take into account market factors such as Australian tax, superannuation and social security rules and regulations.

The platform runs 1,000 different scenarios to determine the possible range of future outcomes. Using a combination of the probability that a goal will be achieved, and the potential shortfall, it can calculate 'goal achievability'.

Developed using human-centred design, the platform features a visual timeline that helps clients understand how achievable each of their goals are, and how advice strategies can improve their prospects of achieving them. The system, which will be available within our advice network in 2018-19, also helps increase productivity for advisers and supports their adherence to compliance requirements.

AMP is also investing in a new practice management tool, built on the Salesforce platform, that integrates practice operations technologies such as CRM (customer relationship management), operational reporting, registry, policy administration and telephony. This tool aims to help advisers better serve their clients, meet compliance requirements and reduce operational costs.



Wealth management tools

In 2017 AMP introduced several tools to make money management easier for our customers.

AMP Bank's new Bett3r account, with its automated budgeting and cashflow management capabilities consists of three linked accounts that provide an accurate view of income, bills, savings and spending, through a mobile app. In 2017, Bett3r won Mozo's Experts Choice Innovation Award and a five-star rating from Canstar.

Bett3r is an integrated part of MyAMP, our mobile wealth management portal that provides customers with a holistic view of their finances – including super, insurance, investments and banking. AMP's Bett3r and MyAMP wealth management apps both enable iPhoneX users to securely log-in using facial recognition technology. The functionality follows AMP's early adoption of fingerprint log-in technology, available on both apps for iPhone and Android devices.

MyAMP also incorporates Money Manager, which was launched in 2017. Leveraging AMP's investment in personal finance platform MoneyBrilliant, this micro-budgeting tool was designed by AMP in collaboration with AMP financial advisers. It enables customers to set a budget for as little as one transaction – such as a morning coffee.

Artificial intelligence

In February 2017, AMP began testing a virtual assistant that combines web chat with machine learning to help customers fill out forms. Based on technology developed by Australian fintech Flamingo, Kimberly guides customers through the AMP Flexible Super form.

As the customer moves from one question to the next, Kimberly can further explain what's being asked. The aim is to provide a simpler and more intuitive process, avoiding the delays that might occur if waiting for a person to reply.

Kimberly is operating in HAVA (human-assisted virtual assistance) mode, which enables us to learn more about how customers are interacting, the types of questions they'll ask and ways to simplify the process. In time, Kimberly will proactively suggest answers to our web chat operators. As the knowledge base builds, we will deepen our understanding of customer needs and how to help them.

AMP will continue to explore artificial intelligence and voice-activated technology to help more Australians manage their finances.

Amplify 2017

Founded in 2004, AMP's annual Amplify festival brings leading thinkers to AMP for discussions about the future of business. Featuring 42 global thought leaders exploring digital disruption and innovation, Amplify 2017 was attended by 2,700 AMP customers, investors and businesspeople in Sydney, Melbourne and Auckland.

Leaders from Singularity University, Facebook, Google, IBM, Flamingo and MIT (Massachusetts Institute of Technology) spoke about digital disruption in healthcare, customer experience and traditional business models; emerging trends in automation, analytics and artificial intelligence; as well as blockchain and cryptocurrencies.

Amplify 2017 also featured 20 business challenge workshops, showcased six technology proof-of-concepts and enabled 20 Australian PhD students to share their ideas at the Ignite pitch night.

More information on Amplify can be found at amp.com.au/amplify

2018 goals

- Roll out the AMP Goals 360 goals-modelling platform throughout the AMP advice network
- Continue to explore new technologies, including artificial intelligence and voice activation, to simplify processes and provide greater access to financial advice, tools and services
- Share business, technology and social innovation ideas at the Amplify 2018 festival in June

3. Cyber security and privacy

While technological advancements provide great opportunities for us to innovate and offer new digital solutions for our customers, they also bring new cyber risks.

These risks continue to be a focus area across the financial services sector.

As such, we are enhancing our cyber security network and have detective, preventative and responsive controls in place to ensure our systems and customer information is protected.

Changes in the technological and consumer landscape also resulted in more public awareness of data privacy and protection. People trust us to secure their personal information and only use it for the purposes they expect.

We work to ensure the safety of our systems and customer information in the following ways:

Data security

AMP is committed to enhancing our cyber resilience and related capabilities on an ongoing basis. We regularly test, review and enhance our security capabilities to ensure our controls remain effective in reducing the impacts of cyber incidents, as well as meeting increasing regulatory requirements.

As social engineering and phishing remain the number one technique used by cyber criminals, it is of critical importance that we build a culture of cyber security awareness at AMP. A comprehensive cyber security awareness and culture program is run business-wide to ensure all our employees are aware of the various techniques used by cyber attackers, and can confidently and proactively report anything suspicious for investigation.

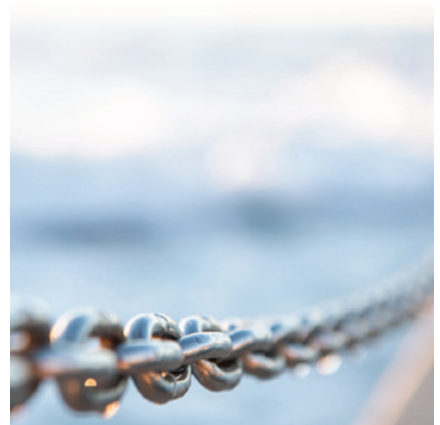
As part of this initiative, the AMP Cyber Security Team regularly runs phishing simulations that imitate real attacks across AMP. Our focus on rewarding staff for reporting suspicious emails has proved to be highly effective and we will continue to focus on building a strong cyber security culture in 2018.

Reporting data breaches

Data breaches involve the loss, unauthorised access or disclosure of personal information. This can include an error by a company, that of a third party or malicious attacks by hackers. Managing and responding to incidents is critical. AMP takes data security, and our obligations to report and notify customers, very seriously. We have a comprehensive incident response and data breach response plans, which ensure a proactive approach to unauthorised access, disclosure or loss of personal information.

AMP is a partner of CERT, which is Australia's national Computer Emergency Response Team. CERT is the primary government contact point for major Australian businesses to receive and respond to cyber security incident reports, as well as support and advise businesses on how to respond to and mitigate cyber incidents.

Our data breach response plan, developed and implemented in 2017, sets out how we identify, contain, assess and notify relevant regulators and impacted customers of data breaches. This plan meets the new standards outlined in the Privacy Amendment (Notifiable Data Breaches) Act 2017, which came into effect on 22 February 2018.



2017 incident response

In October 2017, a limited number of AMP employees were among 50,000 workers from across government agencies and financial institutions whose staff expenses were inadvertently exposed by a third-party supplier.

The data exposed was historical, archived and partially anonymised. The Australian Cyber Security Centre (ACSC) immediately contacted the external contractor to secure the information and remove the vulnerability within hours of notification. Once identified, the mistake was quickly corrected and the matter investigated to ensure all data had been removed. No AMP customer data was compromised. AMP employees in Australia and New Zealand who were affected were notified.

Protecting customer privacy

AMP has privacy policies and statements that set out how we collect, use and protect personal information. We take steps to store customer information – which is gathered through face-to-face meetings or by interacting with us via telephone, mail, online or other methods – securely. AMP holds customers' personal information in a combination of secure computer storage facilities, paper-based files and other formats.

When we no longer need customers' personal information, we delete, destroy or de-identify it. Customers can access the personal and credit information AMP holds about them by contacting us. We take privacy-related complaints seriously and consider all complaints carefully as part of our commitment to being open, honest and fair. In most cases, we contact customers within five working days of receiving a complaint to inform them of the actions taken.

Raising privacy awareness

Our employees play an important role in protecting customers' personal information from misuse, loss, unauthorised access or improper disclosure, which is why AMP provides privacy communication and awareness to all employees, including mandatory training online.

AMP plays an active role in Privacy Awareness Week – an Office of the Australian Information Commissioner initiative held each May – to raise privacy and data protection awareness across the company.

In 2017, we took part by raising employee awareness about the importance of following processes and procedures, raising incidents and managing privacy risks when dealing with projects and business changes.

More information on our approach to privacy and security is available at amp.com.au/amp/privacy

2018 goals

- Continue to build a strong cyber security culture and maintain our data breach response plan
- Enhance our security capabilities to ensure our controls remain effective
- Build awareness among employees about changes to mandatory data breach reporting

4. Regulatory environment

The financial services sector has experienced considerable regulatory and legislative change in recent years, as well as media and political scrutiny.

AMP recognises that failure to effectively anticipate and respond to regulatory changes could adversely impact our reputation and business – and, in turn, our customers, our people and our investors.

We manage this risk by having dedicated resources to implement required change programs and actively engage with government, regulators and industry bodies to effectively monitor and anticipate regulatory changes.

AMP also places significant focus on our risk culture to ensure we are keeping our legal and regulatory responsibilities front of mind in our daily activities.

Restoring trust and confidence

We take our regulatory and community expectations seriously. As such, AMP welcomes the opportunity to contribute to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. We fully support its aims as we believe a strong and stable financial system is critical to the nation's economy and to all Australians, and will do all we can to help restore the community's trust and confidence in our industry.

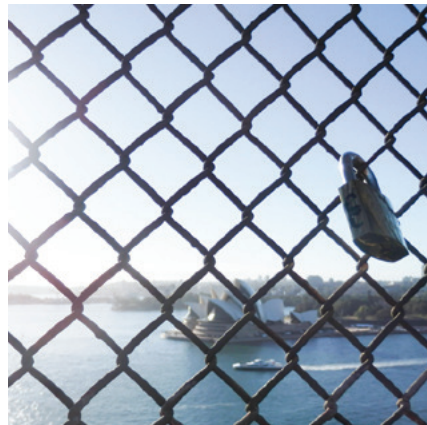
Contributing to policy and legislative development

It is vital that AMP participates in policy and legislative developments that impact our customers. We have a dedicated team to monitor and actively represent our customers and stakeholders on the complex legislative framework that impacts our interactions, as well as important discussions on the potential outcomes for retirement incomes, life insurance and financial advice.

In 2017 we contributed to many of these important policy and regulatory developments, including:

- supporting the legislated increase of education and ethical standards for existing and new financial advisers. These will be phased in from 1 July 2018 and were based on positions advocated by AMP since August 2014
- supporting reforms that regulate the payment of commissions in the life insurance industry and the industry-led Financial Services Council (FSC) Life Insurance Code of Conduct, which commenced on 1 July 2017

- providing submissions to the three-phased Productivity Commission inquiry into the effectiveness and competitiveness of the default superannuation market
- Providing submissions to the Productivity Commission's inquiry into the banking and financial services sector
- supporting the development of the new Australian Financial Complaints Authority, which is designed to be a one-stop shop for customers who have a complaint relating to financial services
- contributing to the work being undertaken by the Parliamentary Committee on Corporations and Financial Services Inquiry into the Life Insurance Industry, which is expected to report to government in early 2018
- participating in a number of consultations regarding the development of a new Comprehensive Retirement Income Product (CIPR), which we believe is a fundamental issue that must be considered to ensure appropriate products and regulatory settings cater for the needs of Australians with greater longevity and resulting aged care needs.



5. Ethical conduct and professional standards

Everything we do, every decision we make, has an impact – not only on the long-term success of our business, but also on the lives of our customers.

This is why AMP is committed to establishing a culture of integrity, help and performance that enables us to meet evolving regulatory, customer and community expectations.

We take a variety of measures to manage the risk of inappropriate, unethical or unlawful behaviour by employees and our aligned advisers, and provide a safe environment that supports people to speak out about potential issues or conduct-related behaviours.

We know our customers want help that is expert, proactive, personalised and effortless. A suite of policies, charters and guidelines complement these principles and set out the behaviour expected of our employees and advisers, as representatives of AMP.

Ways in which we manage our ethical and legal responsibilities include:

Code of Conduct

AMP's Code of Conduct supports a strong risk-aware culture and outlines the minimum standards for behaviours, decision-making and our expectations for how we treat our employees, customers, business partners and shareholders.

By living by our code, we aim to create an organisation that makes a difference to the lives of customers and provides employees with a workplace that is flexible and supportive, fosters personal and professional development and brings out the best in people.

Our code applies to anyone employed by or who does work for AMP. We trust our people to act professionally and with integrity; respect and value differences and create a safe working environment; act in the best interests of AMP, our customers, business partners and shareholders; identify and manage any conflicts of interest, and respect privacy and confidentiality.

Policies that complement AMP's Code of Conduct include those on inclusion and diversity, anti-money laundering and counter terrorist financing, conflicts of interest and market disclosure.

Whistleblowing and fraud policies

AMP's Whistleblowing Program exists to protect people who call out unacceptable behaviour. In 2017, AMP expanded this program to provide whistleblowers with a far stronger sense of safety and protection than ever before.

AMP contracted a new external whistleblowing service provider, YourCall – a 24/7 global independent service that employees can call to raise concerns independently. YourCall also provides a support centre for whistleblowers.

In addition to being available to AMP employees, the program is now open to former employees as well as AMP contractors, suppliers and AMP-aligned financial advisers and their employees. It aims to give people the confidence that their concerns will be investigated in an objective, independent and confidential manner, with appropriate corrective action to be taken as warranted.

Our people have an obligation to report fraudulent incidents, enquiries and unusual activity in accordance with our Fraud Policy. They are encouraged to be vigilant of activity and behaviour that may appear unusual or suspicious, and can raise concerns with AMP's Enterprise Risk Management Team, their line manager or our Whistleblower Program.

More information on AMP's Code of Conduct and Whistleblowing Policy are available at amp.com.au/corporategovernance

Supporting quality advice

As the largest financial advice network in the country, AMP wants Australians to have confidence in the advice we offer. To help our advisers meet the highest ethical and professional standards – as well as the **Financial Adviser Standards and Ethics Authority's (FASEA)** educational requirements – we provide training, education and development opportunities as well as the tools, knowledge and support to drive good outcomes.

In 2017 we introduced new initiatives to help assure quality advice, including sharing monthly insights into any compliance issues; taking a new approach to embedding policy and processes via our Advice and Process Improvement Managers and new analytics to help us identify practices where intervention may be required. These were complemented by our refined end-to-end issue management and reporting process aligned to new industry and regulator standards, and a technical research team that interprets new legislation and regulations for advisers. AMP aligned advisers were also supported with a new range of Life Insurance Framework (LIF) activities to prepare them for new legislation taking effect in January 2018. These included master classes, legislative updates and specialised training for practice staff, webinars and a resource hub.

Putting things right

In March 2017, the Australian Securities and Investments Commission (ASIC) issued a report titled 'How large institutions oversee their advisers'. Part of the regulator's Wealth Management Project, which has been reviewing the conduct of six of Australia's largest banking and financial services institutions – ANZ, CBA, Macquarie, NAB, Westpac and AMP – the report assesses non-compliant advice provided between 1 January 2009 and 30 June 2015. ASIC released an update on this report with data to December 2017.

In 2017, AMP paid \$7.3m in compensation to over 800 customers who had received non-compliant advice between 2009 and 2015.

We continue to remain supportive of regulatory and industry initiatives that ensure customers receive high quality financial advice. AMP also stands behind the advice we give and, if we identify compliance issues, we apologise and offer compensation. We remain vigilant and continually assess and improve all our processes and systems to ensure our customers have trust and confidence in the financial advice they receive.

AMP engaged an external consulting firm to conduct an independent review of the actions we needed to take to meet ASIC's guidelines. A representative from that firm is now leading the implementation of our compensation approach. We will continue to enhance our monitoring and supervision processes, work closely with our adviser network to ensure they remain compliant with the regulations, and continue to invest in technology to embed compliance into the advice process.

2018 goals...

- Support AMP-aligned advisers to meet the Financial Advisers Standards and Ethics Authority's education requirements
- Continue to provide tools, training and expert support to advisers
- Continue to promote our Whistleblowing Policy to AMP employees and advisers

6. Diversity and inclusion

We believe an inclusive and diverse workplace delivers better results for our shareholders, customers, employees, business partners and communities.

Our customers are as unique as we are, and to truly understand and support them, we are leveraging the strengths and skills of each and every one of our people.

We value different ways of thinking, and everyone is encouraged to share their thoughts and experiences to deliver better business decisions and solutions. There are four pillars in our inclusion and diversity strategy:

- **Committed and inclusive leadership:** We support our leaders to create an inclusive culture. In our 2017 people survey, our employees overwhelmingly said they feel supported to perform to the best of their abilities, their leader genuinely cares about their wellbeing and AMP employees are treated fairly, regardless of gender, age, ethnicity, race, disability, religion, sexual orientation or other differences.
- **Merit-based policies and practices:** We focus on equality when we recruit, develop, promote and pay our people, as well as when we recognise and reward their performance. This includes having gender-balanced recruitment shortlists, developing female leaders, reviewing our pay and performance outcomes and providing policies and practices – like flexible work – that support all our people.
- **Decision-making and voice:** We leverage the diverse thinking across our business to better understand our customers and meet their needs.

- **Measurement, accountability and rewards:** We set challenging diversity targets and believe meeting these targets will deliver better results for our business. AMP also conducts an annual pay equity review to analyse and address potential areas of inequity.

The CEO and Group Leadership Team make up the AMP Inclusion and Diversity Council and guide the organisation's goals and direction for inclusion and diversity. They are also responsible for inspiring our leaders and holding them to account. The People and Remuneration Committee oversees the implementation of our inclusion and diversity initiatives, and reports progress to the board.

Our **Inclusion and Diversity Policy** is available at amp.com.au/corporategovernance

Gender equality

In 2017, AMP was once again named an Employer of Choice for Gender Equality by the Federal Government's Workplace Gender Equality Agency.

AMP has gender targets in place and we remain committed to achieving them. Our goal is to have women hold 47% of senior executive roles and 50% of middle manager roles by the end of 2020. These targets reflect our belief that an inclusive and diverse workplace delivers better results for our shareholders, customers, employees, business partners and communities.

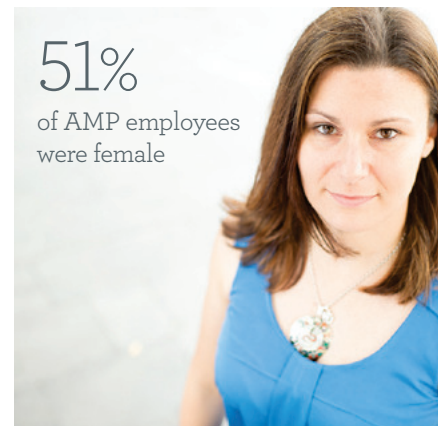
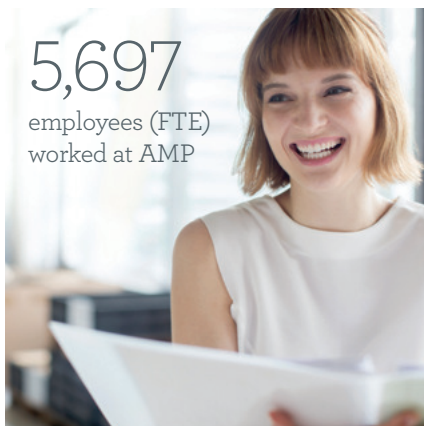
Despite our ongoing focus on gender diversity, AMP did not meet its progress targets in 2017, largely due to changes in our operating model. The representation of women in senior executive roles fell to 38% at 31 December 2017, and women holding middle manager roles was at 41%.

The CEO and Group Leadership Team (as the AMP Inclusion and Diversity Council) has renewed its focus on gender equality with a dedicated plan to increase the representation of women at these levels by:

- taking overt accountability for female succession, talent, sponsorship and advocacy
- reviewing and aligning recruitment and appointment practices and decision making
- mainstreaming flexible work for all employees
- openly communicating and sharing stories about gender issues and actions.

Overall, women make up 51% of our workforce.

We also have a 40:40:20 target in place for the AMP Limited Board, whereby women hold 40% of board positions, men hold 40% of positions and either women or men hold the remaining 20% of positions. Women currently fill 40% of positions on the AMP Limited Board and we are one of the few ASX 200 companies with a female chairman.



Drawing on diverse experiences

AMP aims to understand the make up of our people and leverage their unique insights and experience. Results from AMP's first inclusion and diversity survey, completed by 4,138 employees in mid-2016, revealed that:

- 49% were born in Australia
- 10% were born in New Zealand
- 1.9% identify with an Indigenous culture of the Pacific region (Aboriginal or Torres Strait Islander, Maori or Pacific Islander)
- 17% speak a language other than English at home
- 10% are fluent in either Hindi, Mandarin or Cantonese

- 48% have worked in another country for more than six months
- 40% have only worked in financial services/insurance in the past 10 years
- 66% are university qualified
- 4% have a physical, sensory, learning or mental health disability

Being aware of our employees' cultural background not only provides different perspectives on our business but also enables us to better connect with our customers. For example, we draw on our people's language capabilities in our customer contact centre and for AMP Capital client interactions.

AMProud

AMProud is a community group for lesbian, gay, bisexual, transgender, intersex and queer/questioning (LGBTIQ) employees and their allies and supporters. The group is open to all AMP employees, regardless of sexual orientation, and promotes a diverse and inclusive environment where employees can confidently present themselves, and feel free to talk about their family and lives. AMProud played an important role in AMP's 2017 decision to support marriage equality in Australia.

More information on working at AMP can be found at amp.com.au/ampcareers

Representation of women at AMP

| Roles | 2020 target (%) | 2017 progress target (%) | 31 December 2017 (%) | 31 December 2016 (%) |
|--------------------------------|-----------------|--------------------------|----------------------|----------------------|
| AMP Limited Board | 40 | 40 | 40 | 40 |
| Senior executives ¹ | 47 | 42 | 38 | 40 |
| Middle management ² | 50 | 44 | 41 | 41 |
| All employees | n/a | n/a | 51 | 52 |

1 Senior executives are generally one to four reporting layers below the CEO and represent the top 8% of the organisation. People in these roles typically lead discrete functions and are responsible for making strategic decisions for those functions. They generally have the title Group Executive, Director or Head of.

2 Middle managers are generally between three to six reporting layers below the CEO and represent the next 25% of the organisation. People in these roles typically report to our senior executives and are involved in operational decision making, or have specialised and high value skills. They have a wide range of titles including Senior Manager, Manager and Lead.

2018 goals

- Work towards achieving gender parity in AMP's middle and senior management by 2020
- Increase our focus on flexible work for our employees

7. Supporting and developing people

Our promise to help people own tomorrow includes supporting the health, wellbeing and development of our employees and advisers.

AMP actively supports the physical and psychological health of our employees through a range of health and wellbeing initiatives. Our vision is to help our people to be and perform at their best, and support our customers to achieve their goals.

Stability and the retention of intellectual capital is also critical to our business, which is why we dedicate resources to manage change and strive to create a safe and supportive work environment.

We support our people's health, wellbeing and professional development in the following ways:

Healthy workplaces

In 2017, we continued the roll out of our activity-based working (ABW) model to our Brisbane office and throughout more of our Sydney headquarters. Our ABW design includes a variety of working spaces, standing desks and mobile technology to encourage flexible and healthier work practices.

We are aligned with internationally recognised healthy building frameworks, including Green Star, the WELL Building Standard and Fitwel, to ensure best-practice in indoor environmental quality, ergonomics and active spaces.

A signatory to the Royal Australasian College of Physicians' Consensus Statement on 'good work', we implement health and safety systems that minimise risks to physical and mental health. We help our people manage their health through structured fitness and nutrition programs and by providing on-site flu vaccinations,

skin cancer checks and medical tests.

Our Board's Risk Committee monitors health and safety performance and oversees the identification and mitigation of workplace risks and implementation of programs to continually seek further best-practice injury prevention and management opportunities within the business.

Throughout 2017, AMP embarked on a continuous improvement plan to simplify our framework to keep our people safe and supported. Our global policy was revised to encompass our view of wellbeing, health and safety. This policy, along with the commencement of systems enhancements and the development of a holistic wellbeing strategy, will keep us focused on maintaining a positive and productive culture.

2017 also saw the introduction of our Domestic and Family Violence Support Policy to support employees who are directly or indirectly experiencing domestic or family violence.

Mental health initiatives

AMP understands the importance work plays in individual wellbeing, particularly mental health. We support our people to manage their mental health through resilience training, flexible work policies and access to a free, confidential counselling service for themselves and their immediate family.

In 2017, AMP launched an updated mental health training program for all our employees and advisers in partnership with the Black Dog Institute. This training

program, originally developed for customer-facing insurance staff, exceeds the Financial Services Council standards in terms of the breadth of people able to access the training and the depth of content covered.

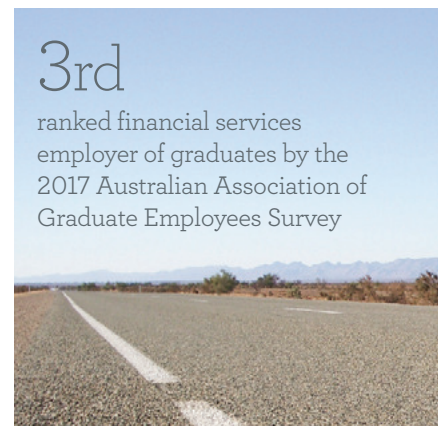
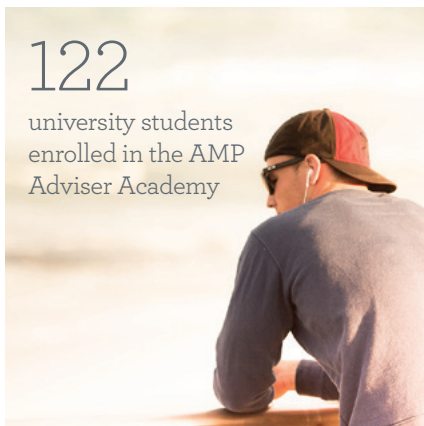
Employee benefits

AMP provides employee offers for a range of financial, physical and mental health services, including:

- an AMP childcare centre in Sydney and generous parental leave
- a comprehensive volunteering and matched giving program through the AMP Foundation
- offers for financial products and services
- 12% employer superannuation contributions
- salary-sacrificed gym memberships, childcare fees, super contributions, parking, novated leases
- regular health and wellbeing programs, and on-site gyms at some offices
- third-party discounts through our online discount program, AMP Advantage
- flexible working arrangements and the opportunity to purchase additional leave each year.

Perform@AMP

In 2016, we re-invented our approach to performance management and introduced Perform@AMP, which is underpinned by the philosophy of 'always learning and improving – together'. The approach, designed to be more agile and collaborative, focuses on improving performance through frequent, quality conversations.



Performance is assessed on a range of factors, not just an employee's ability to deliver results, but also how they help customers and colleagues, how they keep up with change, how they demonstrate improvement and are accountable for their development. Perform@AMP includes an online toolkit that helps our people set their goals and create a development plan.

In 2017, 78% of our employees – including leaders – adopted Perform@AMP. Grounded in best practice, neuroscience and our own insights, Perform@AMP won a Good Design Award for Service Design in 2017 in recognition of its human-centred design.

Our graduate program

AMP provides supported entry into the financial services sector through our graduate program. This two-year targeted development program, which is committed to nurturing new talent, took in 34 Australian graduates in 2017. For the second year in a row, the Australian Association of Graduate Employees (AAGE) placed AMP in the top three employers of graduates in the Australian financial services sector. Overall, AMP was ranked sixth out of 75 in AAGE's graduate employers list. The rating is based on a national survey of more than 2,500 graduate participants and measured the experience of graduates who joined our program in February 2017.

Supporting new advisers

The initial professional development of new financial advisers is supported through the AMP Adviser Academy – a centre of excellence dedicated to financial adviser education.

The AMP Adviser Academy, which celebrated its tenth anniversary in 2017, delivers high-quality advice training for those new to the profession, seeking a career change or looking to start their own practice. A 2017 snapshot of those attending the academy shows less than half have had an accounting or financial services background, and significant numbers came from fields such as education, customer service and engineering. Students aged 46 and over are represented in almost equal numbers as those under 26.

The academy offers workshops, tutorials and coaching sessions through its Financial Planning Skills unit. Part of the Griffith University Master of Financial Planning (MFP) qualification, this subject was introduced in 2015 in response to the demand for flexible degree-level qualifications resulting from the government's incoming minimum education standards and AMP's commitment to setting the benchmark for quality financial advice. Students split their time equally between studying online and residentially at the AMP Academy in Sydney's St Leonards.

In 2017, 122 university students were enrolled in the AMP Adviser Academy. During the year, the AMP Adviser Academy was recognised with two international awards: the LearnX Platinum Best Talent Partnership for its joint initiatives with Griffith University and the LearnX Platinum Award for Best Bespoke/ Custom Program.

Developing the future of advice

The AMP Adviser Academy's Financial Planning Skills graduates, have the opportunity to secure roles within AMP Advice or aligned practices, where they receive on-the-job training and mentoring.

All our recruited advisers undergo robust background checks in accordance with the Australian Bankers' Association reference checking protocol.

AMP is exploring opportunities for new advisers to gain experience by offering general or scoped advice in AMP's phone-based advice team, where they can hone their client skills before becoming fully-fledged practitioners.

In 2017, AMP sponsored Financial Planning Education Council research grants with the Financial Planning Association with the aim of publishing research on topics including ethical challenges in financial planning, the support needs of small advice businesses, drivers and barriers of women entering the sector and demand for new and existing graduates.

We also ran the seventh AMP University Challenge – a national financial planning competition for tertiary students that aims to identify new talent and promote high standards among the next generation of advisers. A team from Griffith University won the 2017 competition, which attracted a record 706 students – 37% of whom were female. AMP's University Challenge was integrated into the 2017 curriculum for students studying financial planning majors at Deakin University, TAFE NSW, La Trobe University and Western Sydney University.

2018 goals

- Evolve the AMP Adviser Academy to offer more pathways and coaching
- Continue to develop and embed Perform@AMP across the business

8. Climate change and the environment

AMP recognises climate change is a significant economic and environmental challenge impacting our society.

It poses a range of risks, particularly for the investments we manage on behalf of our customers, and also the wider community.

We take measures to reduce our impact on the environment through responsible investing and carbon-reduction initiatives across the business. We have been actively pursuing these measures since 2002, when we released our first Environmental Policy and AMP Capital – AMP’s investment manager – signed up to the Carbon Disclosure Project (CDP).

AMP became carbon-neutral for our own operations in 2013 and has remained so ever since. In 2017, we continued to build on this progress, setting new operational objectives and targets. We committed to further increasing our existing analysis and assessment of climate change risks and opportunities and increased our own CDP rating to an A-minus leadership level.

Taskforce on Climate-related Financial Disclosures

In mid-2017, the final report of the G20 Financial Stability Board – **Taskforce on Climate-related Financial Disclosures (TCFD)** provided helpful recommendations for companies on both how they can consider climate change risks and how to disclose these risks within their existing financial disclosures. AMP is reviewing the TCFD recommendations within the context of our existing approach to climate risk and disclosure, with a view to aligning these over time.

AMP’s current disclosures align to some elements of the TCFD framework, particularly in our investment management business where climate risks are a material consideration in investment decisions. We also recognise we have further work to do in other business areas. AMP’s full **2017 CDP submission** contains disclosures of our risks and opportunities.

Climate governance

Within AMP, overall responsibility for managing climate change impacts rests with the AMP Group Leadership Team (GLT) – the CEO and his direct reports. The AMP Limited Board has oversight responsibilities to manage risk and receives briefings on climate change as required via the Board Risk Committee (BRC). The GLT receives updates through the Group Risk and Compliance Committee (GRCC) and AMP’s Environment Leadership Team (ELT), which is responsible for addressing AMP’s operational environmental impacts, objectives and targets. The Environmental Legislative Compliance (ELC) Committee also monitors compliance with relevant laws including AMP’s annual reporting under the National Greenhouse and Energy Reporting (NGER) Act.

AMP Capital’s Investment Committee has overall responsibility for investment-related risks for managed portfolios, including for AMP Superannuation customers. This committee draws on dedicated in-house environmental, social and governance (ESG) professionals who have undertaken extensive analysis on climate change for well over a decade.

5%
reduction in Scope 1 and 2
(operational) greenhouse
gas emissions



33%
reduction in Scope 1 and 2
greenhouse gas emissions
(mainly electricity use) from
our 2013 base year



A-minus
Carbon Disclosure Project
ranking achieved, rising
from a B in 2016



Climate strategy and risk management

As a diversified financial services business, AMP's focus involves understanding how the complexities of climate change impact upon our company operations, corporate reputation, the marketplace (product demand), how we respond to emerging regulatory, policy and disclosure requirements and how we manage economic transition and physical risks relating to our clients' investments and portfolios. AMP is increasing our analysis and assessment of climate risks and opportunities across our business, including our insurance, AMP Bank, advice and superannuation divisions.

The area of our business where we have made the most progress is AMP Capital. As AMP's investment management division, it has a fiduciary duty to consider climate risks when managing investments on behalf of underlying investors. This includes understanding how climate change may manifest as risks and opportunities to the listed and unlisted companies, fixed income instruments, infrastructure and property assets in which it invests.

AMP Capital undertakes extensive investment research and assessments of climate change risks to its managed investments through its existing Environmental, Social and Governance (ESG) frameworks. Our analysis typically includes consideration of carbon regulation, direct and indirect costs, geographic exposure to climate policy, capacity of

businesses and assets to adapt and manage risks, and transitional governmental assistance programs. This enables assessments of company and portfolio exposures to climate change, including potential risk of stranded assets.

Insights and analysis

Over the past 12 years, AMP Capital's ESG team has published numerous investment insights covering topics such as the impact of a carbon price on Australia's aluminium sector, regulatory design considerations for a national emissions trading scheme and how to consider climate change risk in equity portfolios. We also commissioned an external climate change scenario analysis on the strategic-asset allocation decision-making process for one of our flagship diversified funds.

In 2017, we began to measure and publicly disclose the carbon footprint of equity portfolios and work has started on creating methodologies for other asset classes. Recognising we have more work to do, we commenced further scenario analyses, including a projected carbon price of \$100/tonne (CO₂-e) on internally and externally managed equity portfolios. We have undertaken **preliminary scenario analysis** of value at risk from the phasing out of fossil fuels for our major equity benchmarks and have started to consider the effects of what a 2-degrees Celsius scenario might mean with respect to reduction in fossil fuel exposure.

By increasing our climate risk analysis, AMP Capital aims to promote transparency in equity portfolios and provide low-carbon options for investors and customers of AMP superannuation as part of the transition to a low carbon economy. AMP Capital's Responsible Investment Leaders (RIL) range of funds is well positioned with respect to thermal coal exposure and higher cost oil exposure. The RIL funds were one of the first major Australian diversified funds to adopt a fossil fuel divestment policy and a specific green bond mandate.

This analysis also informs our active engagement strategies with companies and policymakers on climate change and through our support of a range of investor collaborations and initiatives. This includes as co-founder of the **Investor Group on Climate Change (IGCC)**, an early investor signatory to the CDP, co-signing **Global Investor Statements on Climate Change** to G7 and G20 governments and joining the **Climate Action 100+** investor engagement initiative, which aims to engage with leading corporate greenhouse gas emitters to curb emissions and strengthen the climate-related financial disclosures.

Climate change is also addressed through ESG performance benchmarking of our flagship property and infrastructure funds. This helps to inform fund and asset management strategies relating to carbon emission reductions, asset resilience, fostering investment opportunities in low carbon technologies and direct investment (equity and debt) in renewable energy assets.

2018 goals

- Review the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), within the context of our existing approach to climate risk
- Remain carbon neutral and continue to reduce our operational energy use
- Work towards greater renewable energy adoption through real estate investment portfolios and AMP operations

Renewable energy and low-carbon investments

Renewable energy is a key investment theme for AMP Capital's infrastructure strategy and we are seeing a strong pipeline of opportunities in the US, Australia and Europe. This pipeline is matched by ever-increasing interest in infrastructure equity and debt as an asset class from global investors, particularly pension plans and insurance companies.

In a growth development for Adven, an advanced European energy solutions business that AMP Capital owns a 50% stake in, we acquired a district heating and distributed energy solutions business, EVLE, which is based in Sweden.

In 2017, AMP Capital's Infrastructure Debt team provided financing for secured construction projects for French renewable energy provider Neoen, including wind and solar photovoltaic assets, predominately located in France and Australia. We also expanded our investment with Alterra Power Corp., a Canadian renewable energy company that manages eight power plants of hydro, wind, geothermal and solar generation capacity in Canada, the US and Iceland.

Through our fixed-income portfolios we continue to provide our clients with investment opportunities in the rapidly growing market for green bonds. Covering bank bonds, semi-government bonds, supranationals and government agency and corporate bonds these investment proceeds are funding projects in renewable energy, energy efficiency, low-carbon transport, sustainable forestry and climate adaptation and resilience.

Metrics and targets

In March 2017, the Australian Government's Clean Energy Finance Corporation (CEFC) committed to investing \$100m in the AMP Capital Wholesale Office Fund (AWOF) – a portfolio of high-quality commercial property assets. Becoming carbon neutral by 2030 is just one of the long-term targets that made AWOFF's sustainable property strategy an attractive investment for CEFC.

Other targets for AWOFF include lifting the portfolio's National Australian Built Environment Rating System (NABERS) average to 5.5-stars by 2030. It also includes delivering a pipeline of sustainable flagship assets, such as the Australian Technology Park and Quay Quarter Tower in Sydney's CBD. Quay Tower is targeting a 6-star Green Star and 5.5-star NABERS rating once completed, as well as pursuing certification against the leading WELL Building Standard to boost tenant wellbeing.

In Melbourne, the AMP Capital-managed 700 Bourke Street achieved a 6-star Green Performance rating – a first for Victoria and only the fourth building in Australia to achieve this rating. We also carried out Green Star Performance assessments on 45 assets across our office, industrial and shopping centre portfolios.

Reducing our own environmental impacts

AMP is committed to reducing environmental impacts through our own business operations, engaging employees in initiatives targeting resource efficiency and reductions in our environmental footprint.

In 2017 we reviewed our strategy and set new environmental objectives to build on our progress. These include:

- 40% reduction in operational Scope 1 and 2 emissions (mainly office electricity usage) 2017-21, from our 2013 base year
- Expanding reporting of our Scope 3 emissions beyond air travel to include additional sources (eg waste, paper, outsourced IT and base building emissions)
- Further improving our disclosures of climate risk and carbon exposure of AMP Capital investment portfolios
- Increasing renewable energy adoption through our real estate investment portfolios and AMP operations

Our operational carbon-reduction strategy is underpinned by the continued rollout of activity-based working arrangements to AMP offices in Adelaide, Brisbane and

Sydney. This project has raised the NABERS Energy Tenancy ratings of our buildings, with the average weighted rate for AMP's 10 largest Australian offices in 2017 being 4.71. Our headquarters in Circular Quay achieved a 5-star NABERS Energy Tenancy rating in 2017, rising from a 3.5-star rating prior to adopting the activity-based working model. AMP was also awarded a South Australian City Switch Signatory of the Year Award for sustainability excellence at our new Adelaide office.

These activities are continuing to drive AMP's emission reductions, resulting in a 5% year-on-year decrease in Scope 1 and 2 emissions compared to 2016. This equates to a 33% reduction from our 2013 base year.

In 2017, we expanded our Scope 3 reporting boundary to include several additional relevant emission sources due to improvements in data collection and calculation methodologies. AMP's Scope 3 inventory now includes air travel, transmission and distribution losses, base building emissions arising from our tenancies, offshore business processing and outsourced IT (including externally

managed data centres). This is consistent with our commitment to expanding Scope 3 reporting of AMP's operational footprint.

Further details are provided in AMP's Environmental Performance Data below, reported in line with AMP's Greenhouse Gas Reporting Criteria. Every year since 2013, AMP's Scope 1, 2 and 3 emissions are also assured by Ernst & Young (EY).

Carbon offsets

Each year, AMP reduces emissions through energy efficiency and, to meet our targets, offsets the remaining emissions by purchasing carbon credits from verified projects. To achieve carbon neutrality in 2017, AMP purchased and retired 26,831 carbon offsets from projects that deliver environmental and community benefits. These include wastewater treatment plants, wind farms, run-of-river hydro power plants and water project that provide economic and social benefits.

Information on AMP's environmental performance is available at amp.com.au/environment

AMP's NABERS Energy Tenancy ratings (2014-17)

| Office | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|
| 33 Alfred Street, Sydney | 5 | 4 | 4 | 3.5 |
| Jessie Street Centre, Parramatta ¹ | 4.5 | 4.5 | 4 | 5.5 |
| 50 Bridge Street, Sydney | 5.5 | 5.5 | 5.5 | 5.5 |
| 750 Collins Street, Melbourne ² | 4 | 4.5 | 3.5 | 4 |
| 192 Ann Street, Brisbane | 5 | 5 | 5 | – |
| 104 Melbourne Street, Brisbane | 4 | 4 | 4 | – |
| 240 Queen Street, Brisbane ³ | 5 | 5.5 | 5.5 | – |
| 2124 Gold Coast Highway, Miami | 5 | – | – | – |
| 70 Hindmarsh Square, Adelaide | 4 | – | – | – |
| 16 Altona Street, Perth | 2 | – | – | – |
| Area-weighted average | 4.71 | 4.45 | 4.11 | 4.19 |

1 Our Jessie Street office NABERS rating fell from 2014 due to a change in energy coverage of supplementary equipment.

2 Our Collins Street office rating decreased due to a change in occupied space.

3 Our Queen Street office rating decreased due to a change in occupied space.

AMP's environmental performance data

| Emissions (tCO ₂ -e) | 2017 | 2016 | 2015 | 2014 | 2013 ⁴ |
|---|----------------|----------------|----------------|----------------|-------------------|
| AMP operations⁵ | | | | | |
| Scope 1 and 2 emissions | 9,317 | 9,799 | 10,150 | 11,832 | 13,986 |
| Data centre ⁶ | 0 | 2,059 | 5,703 | 6,527 | 6,844 |
| Small sites (where data available) ⁷ | 385 | – | – | – | – |
| Total Scope 1 and 2 emissions | 9,702 | 11,858 | 15,853 | 18,359 | 20,830 |
| Year-on-year reduction ⁸ | 5% | | | | |
| Reduction from base year ⁹ | 33% | | | | |
| Scope 3 emissions | | | | | |
| Air travel | 9,301 | 9,350 | 9,341 | 9,282 | 11,592 |
| Transmission and distribution losses | 1,347 | – | – | – | – |
| Waste | 203 | – | – | – | – |
| Base building emissions | 4,804 | – | – | – | – |
| Offshore business processing | 1,025 | – | – | – | – |
| Outsourced IT | 449 | – | – | – | – |
| Total Scope 3 emissions | 17,129 | 9,350 | 9,341 | 9,282 | 11,592 |
| Gross Scope 1, 2 and 3 emissions (air travel only) | 19,003 | 21,208 | 25,194 | 27,641 | 32,422 |
| Expanded Scope 3 sources reporting in 2017 | 7,828 | – | – | – | – |
| Gross Scope 1, 2 and 3 emissions (including additional Scope 3 now reported from 2017) | 26,831 | – | – | – | – |
| Carbon offsets retired | 26,831 | 21,208 | 25,194 | 27,641 | 32,422 |
| Target | Carbon neutral | Carbon neutral | Carbon neutral | Carbon neutral | Carbon neutral |
| Paper usage (kg) | 65,847 | 87,552 | 107,146 | 138,140 | 165,953 |
| Waste (kg) | 200,864 | – | – | – | – |
| Managed Investments (real estate) | | | | | |
| | FY2017 | FY2016 | FY2015 | FY2014 | FY2013 |
| AMP Limited¹⁰ | | | | | |
| Scope 1 | 8,455 | 10,881 | 9,021 | 8,841 | 12,120 |
| Scope 2 | 98,203 | 106,203 | 112,962 | 133,992 | 154,462 |
| Total Scope 1 and 2 | 106,658 | 117,084 | 121,983 | 142,833 | 166,582 |
| AMP Limited CDP ratings | | | | | |
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Carbon Disclosure Project | A- | B | B (95) | B (89) | B (77) |

4 2013 is AMP's base year.

5 AMP operations include all AMP international office locations, per the AMP GHG reporting Criteria. Ernst and Young (EY) has provided limited assurance over this data from 2013-2017.

6 In 2016, AMP closed and sold its data centre. In order to make meaningful comparisons over time, we have adjusted the Scope 1 and 2 inventory.

7 Due to improvements in data collection and metering, AMP is able to report on additional smaller offices where data has previously not been available.

8 Year-on-year reduction comparing Scope 1 and 2 emissions excluding data centre and small sites. This allows for meaningful comparisons over time.

9 Reduction from base year comparing Scope 1 and 2 emissions excluding data centre and small sites. This allows for meaningful comparisons over time.

10 AMP also reports annually to the Australian Government under the National Greenhouse and Energy Reporting Act 2007, which largely consists of real estate investments managed by AMP Capital on behalf of underlying investors. Note these figures also include AMP tenanted offices in Australia, which are also included in AMP's operational footprint. This data is for year ending 30 June 2017 as reported to the Clean Energy Regulator, with limited assurance also provided by EY.

9. Responsible investing

There is a clear link between an organisation's environmental and social impacts, ethical practices and quality of its corporate governance and its long-term business success.

AMP has a long history of responsible investing. Our in-house investment manager, AMP Capital, was one of Australia's first signatories to the UN-backed Principles for Responsible Investment (PRI) in 2007.

We have since strengthened our position, understanding that it is possible to meet our fiduciary obligations to investors and our obligations to society as a good corporate citizen.

Assessing ESG risks and opportunities is an integral part of AMP Capital's investment process. Factors such as natural resource use, environmental management, climate change, human rights, workplace health and safety, executive remuneration, board composition and diversity are among those considered when making investment decisions on behalf of our clients, including AMP Superannuation members.

Investment approach

AMP Capital's ESG and **Responsible Investment Philosophy** outlines our approach to considering material ESG factors. Approved by AMP Capital's Investment Committee, it links to other ESG-related policies, procedures and proprietary tools that form part of the ESG framework. These include guidelines and policies relating to corporate governance, proxy voting, engagement and active ownership.

AMP Capital's team of ESG specialists work across business functions and investment teams, providing research and advice that is integrated into our decision-making and active ownership strategies.

AMP Capital also aims to raise corporate responsibility standards by leveraging its experience and reputation. We actively engage the boards and management teams of investee companies and assets, encouraging sound risk management, appropriate capital allocation, fair remuneration and open and honest disclosure. AMP Capital also uses its proxy voting power to encourage corporate behaviour that delivers better results for investors, shareholders and the community.

AMP Capital participates in a range of initiatives, including the PRI, GRESB, the International Corporate Governance Network (ICGN) and Responsible Investment Association Australasia, as co-founders of the Investor Group on Climate Change.

In 2017, responsible investment initiatives included:

Ethical investment framework

Under the new AMP Capital decision-making framework, introduced in March 2017, companies or sectors may be excluded from our portfolio on ethical grounds. It was decided that manufacturers of tobacco, cluster munitions, landmines, biological and chemical weapons do not meet our new minimum ethical standards. This decision triggered one of the largest divestments of tobacco manufacturing securities by an investment manager in Australia, including approximately \$440 million of equity and fixed income holdings and \$130 million of investment in cluster munitions and landmines manufacturers.

The new framework complements AMP Capital's existing approach to addressing ESG investment risks by helping to resolve complex ethical issues as they arise. It also reflects the changing attitudes of our clients, who increasingly do not want to be invested in harmful products.



Property and infrastructure funds

Within our real asset portfolios, AMP Capital is strengthening ESG strategies for its flagship property and infrastructure funds and their underlying assets. In 2017, three AMP Capital infrastructure equity funds ranked in the top 10 of GRESB (Global Real Estate Sustainability Benchmark) Infrastructure's annual rankings for ESG performance.

In 2017, for the second year in a row AMP Capital's Diversified Infrastructure Trust topped GRESB Infrastructure's rankings, which included submissions from 64 funds and 160 infrastructure assets worldwide. AMP Capital's Irish Infrastructure Fund and AMP Capital's Global Infrastructure Fund were also ranked second and third respectively, when compared to their peer groups.

Six AMP Capital real estate funds, with approximately \$23 billion of assets under management, also scored more than 80% in the GRESB ratings and were awarded five Green Stars – the highest rating.

The tragic events of the Grenfell Tower fire in London in June 2017 identified the use of aluminium composite panels (ACPs) in building cladding material, as a contributing factor in the rapid spread of fire throughout the building. Following this disaster, AMP Capital initiated a review to identify any possible ACP materials in its real estate portfolio. Properties with suspected ACP are undergoing further review by structural and fire engineering consultants for clarification of manufacturer, construction material and condition, including laboratory testing where required. If ACP material is confirmed, engineers will conduct a risk assessment to inform the mitigation strategy.

Community infrastructure

AMP Capital also manages the AMP Capital Community Infrastructure Fund (CommIF), which invests in social infrastructure assets across healthcare, education, justice, defence, community housing, transport, water and recreational facilities.

In 2017, AMP Capital increased its stake in the Victorian Desalination Project (VDP), the largest desalination plant in the Southern Hemisphere, on behalf of its CommIF investors. Throughout the year, AMP Capital also worked towards acquiring a 21% stake in the Victorian Comprehensive Cancer Centre (VCCC) from Partners Group on behalf of investors in its CommIF. The deal reached financial close on 3 January 2018.

Located in Melbourne's Parkville biomedical precinct, the VCCC operates as a public private partnership with the Victorian state government and houses the Peter MacCallum Cancer Centre, with 160 inpatient beds, 110 day beds and eight operating theatres. It can host up to 1,200 researchers and offers education and training facilities.

More information on our ESG philosophy, investment insights, corporate governance reports, proxy voting disclosures and thought leadership on responsible investing is available at ampcapital.com.au/esg

2018 goals...

- Continue to assess ESG risks to enhance our investment decision-making and broaden our understanding of their impacts
- Actively monitor ESG integration across the business

10. Sustainable supply chain management

AMP's supply chains primarily consist of regulated outsourced services and relationships with other regulated financial institutions in Australia and overseas.

However, through AMP Capital's Real Estate Asset Management activity in Australia and New Zealand, we work with a broader range of suppliers that facilitate operations in our shopping centres, office and industrial locations. We also work with a broader range of suppliers through our tenanted operations.

AMP is committed to the responsible sourcing of goods and services, creating value for our customers, employees, and the community. When engaging with our suppliers, we have robust governance structures in place that consider sustainability risks and opportunities in our supply chain.

This includes committing to:

- acting ethically and with integrity in all our business relationships
- observing International Labour Organisations' principles and committing to ensuring there is no modern slavery or human trafficking in our supply chains
- providing respectful and safe workplaces free from discrimination
- considering and monitoring the environmental impact of goods and services used by AMP
- considering supplier diversity and community engagement.

In 2017, AMP made steps to increase engagement with suppliers on Scope 3 emissions related to AMP operations (see AMP's Environmental performance data on page 27).

In addition, AMP became a member of the Social Traders network to improve engagement with social enterprises in our supply chains. This resulted in a successful direct contract to a social enterprise, Jigsaw, employing 20 people with a disability. AMP Capital also released its first **Anti-Slavery and Human Trafficking Statement**, to comply with its obligations under the UK Modern Slavery Act 2015.

Following the approach taken in the UK, the Australian Federal Government is in the process of passing a Modern Slavery Act, which will ask companies to track and monitor their supply chains. AMP will support this initiative to bring about more ethical and sustainable business practices in supply chain management.

The issue of human rights and supply chains also remains a key theme for AMP Capital's ongoing engagement with investee companies. Through a range of investor collaborative initiatives, AMP Capital plays an active role in sharing knowledge on international human rights developments, understanding risks and opportunities across sectors, integrating human rights considerations into investment decisions.

11. Community investment

Helping solve societal issues and actively contributing to the community are part of what is expected of a large corporate organisation.

In response to this, AMP set up an independent philanthropic foundation to invest in the community – the AMP Foundation. This is the main vehicle through which AMP invests in the community.

The philanthropic arm of AMP has been operating for 25 years and during this time has donated more than \$91 million to the community. It works towards a better tomorrow for everyone – especially those facing challenges accessing education and employment opportunities. It also supports AMP employees and AMP financial advisers to share their time, skills and resources with those in need.

How the AMP Foundation is funded

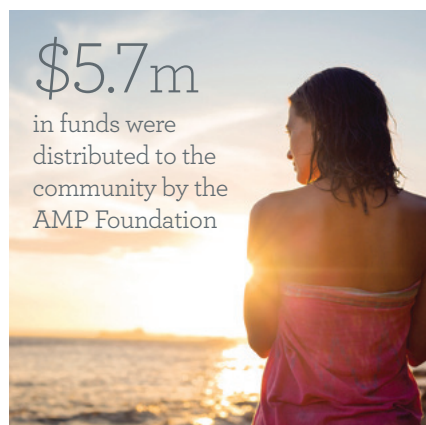
The AMP Foundation has a capital base that AMP has contributed to through donations of money and shares since 1992. When AMP demutualised in 1998, it donated money and shares to the AMP Foundation. The capital base now stands at \$145 million, making it one of the largest corporate foundations in Australia. The investment income from the capital base is used to support community initiatives and pay for the AMP Foundation's running costs.

The AMP Foundation invests up to 3% of its capital in social benefit financial instruments and social enterprises that achieve both a commercial investment return and demonstrated social outcomes. It currently invests in the Newpin Social Benefit Bond and the Benevolent Society Social Benefit Bond, which are both helping to restore children who might be in out-of-home-care, to their parents, or stop them entering the care system. In 2017 we invested in SVA's Diversified Impact Fund – a diversified portfolio of debt, equity and social impact bond impact investments.

A strategic approach to philanthropy

The AMP Foundation works strategically to bring about positive change in the community by:

- investing in the infrastructure of non-profits so they are equipped to operate more effectively
- forming multi-year partnerships with non-profits, with some partnerships lasting more than 15 years
- facilitating mentoring and skilled volunteering support
- building knowledge through research, leadership forums and working with experts to strengthen the non-profit sector
- focusing on systemic issues and concentrating funds on comprehensive programs
- social impact investing.



Our community partners

Our community partners run in-depth programs that help address socio-economic disadvantage by improving educational and employment outcomes for marginalised people. We also support organisations that build the capacity of the non-profit sector.

Our funding can include 'growth capital' to help an organisation develop, 'core infrastructure' to fund an operational role, program funding or a combination of all three. Where possible, the AMP Foundation facilitates mentoring, pro bono, volunteering and fundraising for its community partners. In 2017, our community partners were:

| Partner | Activity | Our 2017 funding |
|--------------------------------------|---|------------------|
| Brotherhood of St Laurence | Runs Stepping Stones, a micro-business support and mentoring program for migrant and refugee women in Melbourne. | \$100,000 |
| Clontarf Foundation | Uses football to engage Aboriginal students with education and employment. To play football, the boys must attend school regularly and behave well. | \$340,000 |
| CREATE Foundation | Advocates for children in care and works with governments to improve their care experience. It also provides children in care with information on their rights, issues and life skills. | \$150,000 |
| First Australians Capital (FAC) | This non-profit established by and for Indigenous Australians people enables Aboriginal and Torres Strait Islanders to grow businesses. | \$250,000 |
| Ganbina | Helps young Aboriginal people through school-to-work transition programs to ensure they receive the education and training needed to reach their potential. | \$50,000 |
| Global Sisters | Supports disadvantaged women to create and run successful businesses by providing a full solution to business start-up and development. | \$250,000 |
| Settlement Services International | Supports the settlement of refugees in Australia, including helping them secure sustainable employment. | \$500,000 |
| STREAT | Runs hospitality social enterprises in Melbourne that provide training, work experience and job placements for at-risk youth, as well as mental health, drug and alcohol support. | \$200,000 |
| Social Ventures Australia | Invests in social change by increasing the impact and sustainability of the social sector. It funds high-potential organisations that foster solutions to community issues. | \$250,000 |
| The Conversation | An online news network that sources articles from academics, delivering them in plain English. Our funding helps shine a light on employment obstacles and solutions. | \$125,000 |
| The Funding Network | Organises effective live crowdfunding events for small, innovative non-profits and helps these organisations build their capacity. | \$150,000 |
| The Graham (Polly) Farmer Foundation | Provides Aboriginal students with an after-school study facility and industry support, as well as tutorial and vocational educational assistance. | \$100,000 |
| The Salvation Army | Operates the AMP 614 Youth Bus in Melbourne. It provides emergency aid and support for homeless and marginalised youth, and connects them to services. | \$50,000 |
| The Stroke Association of Victoria | Runs a program that identifies stroke patients who are best placed to make a good recovery and helps them keep their job or transition to a more suitable one. | \$200,000 |
| Vanguard Laundry Services | This Toowoomba social enterprise creates jobs and career pathways for long-term unemployed people with a lived experience of mental illness. | \$345,000 |
| Wesley Mission | Works with young people before they leave foster care to set career goals and transition into employment through its Take Charge of Your Life program. | \$220,000 |

Community investment breakdown

| | |
|--|-------------|
| AMP Foundation direct giving | \$5,719,982 |
| Other AMP direct giving | \$252,163 |
| Employee giving and fundraising ¹ | \$1,184,723 |
| Employee volunteering contribution | \$1,908,062 |
| Value of service provided by AMP financial advisers ² through the AMP Cancer Council Pro Bono Program | \$667,000 |
| In kind support ³ | \$655,262 |

- 1 Includes employee fundraising and payroll giving.
- 2 Based on \$1,000 per pro bono case.
- 3 Includes donated use of meeting rooms, free or discounted rent, AMP Capital shopping centre space donated to community groups.

AMP's Tomorrow Fund

The AMP Foundation runs AMP's Tomorrow Fund – a \$1 million annual grants program for individuals from all ages, interests and abilities whose ideas and work benefits Australia. The grants available range from \$5,000 up to \$100,000.

In 2017, our AMP Tomorrow Fund program awarded grants to 45 Australians reflecting the diversity that exists in our community. The winners are working towards goals as varied as providing a refuge for women escaping domestic violence, competing at the Commonwealth Games, designing an interactive online system to train disability and aged care support workers, recording albums and conducting vital medical research. More information on our 2017 AMP Tomorrow Makers is available at ampstomorrowfund.com.au

AMP Foundation's Community Program

Through its Community Program, the AMP Foundation encourages and supports employees to donate their time and resources to a range of charities that make a positive impact on the community. This program is multi-faceted and contains the following components:

- **Volunteering:** AMP employees can volunteer as individuals or teams with a number of non-profits, including through skilled volunteering. The AMP Foundation provides funding to non-profits to cover any associated costs.

- **Mentoring:** Our senior leaders can mentor the CEOs of non-profits. Employees are also able to mentor school students and help them with career choices.
- **Fundraising and payroll giving:** The AMP Foundation matches employee fundraising, and donations through payroll giving to more than 100 charities. In 2017 the AMP Foundation organised an Australian-first charity zipline event between the two AMP buildings at Sydney's Circular Quay, raising more than \$1 million for 15 community partners.
- **Unsung Heroes:** Charities where AMP employees volunteer for more than 80 hours a year or serve on the board, receive a donation to support their work.

AMP Cancer Council Pro Bono Program

The AMP Cancer Council Pro Bono Program enables AMP financial advisers to share their expertise with people affected by cancer at no cost. The AMP Foundation funds the running of this program, which enables people affected by cancer to receive free guidance on issues such as accessing Centrelink benefits, applying for early access to superannuation and insurance benefits, budgeting and planning for the financial future of their family. The program operates across the nation and, in 2017, it supported 667 families with free advice.

Other AMP giving

AMP Capital Shopping Centres

AMP Capital Shopping Centres in Australia and New Zealand coordinate a range of activities to support charities of importance to the local community. In 2017, they formed partnerships with local non-profit organisations, providing fundraising, volunteering and promotional support. Charities included Omanu Beach Surf Lifesaving, Bellyful East Auckland, Animal Welfare League, Kids Fund, The Salvation Army, Edmund Rice Camps, FiFo Families and OzHarvest.

International giving

In New Zealand, AMP provided total funding of \$200,000 to 24 New Zealanders to pursue their dreams through the AMP Scholarships program. AMP also worked with Youthtown and The Commission for Financial Capability to help young New Zealanders understand financial basics through a series of workshops and initiatives. A partnership was also announced with Key To Life to help reduce the high rates of suicide in New Zealand.

AMP Capital supported the charitable efforts of employees working in some of its international offices. It provided funding to TADA, a children's charity for the performing arts (New York office), Cancer Research UK through a charity fun run (London) and Community Chest (Hong Kong).

More information how we invest in the community is available at amp.com.au/ampfoundation

2018 goals

- Continue to build the scope and diversity of the AMP Tomorrow Fund
- Support our community partners to build their capacity
- Facilitate skilled volunteering to support our community partners

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