

CHAIR MESSAGE



The AMP board is committed to meeting the highest standards of governance and stewardship as the company works through its transformation.

I am pleased to present the AMP Limited Annual report for 2021. It was a year of change and transformation for our business as we welcomed Alexis George as our new CEO and made strong progress on separating AMP Capital's private markets business (renamed Collimate Capital) from AMP Limited.

The impacts of COVID-19, including lockdowns, were a mainstay of the year, but we continued to focus on supporting our customers through that difficult and unsettling period. I am proud of our people and their ability to meet those challenges while also delivering major change programs and a solid underlying profit result. This work sets up AMP for a strong and sustainable future by further addressing legacy matters and simplifying the business. We are committed to continue this work to restore value and pride for AMP's shareholders, clients, people and the broader community.

Strategy and portfolio simplification

In November 2021 we outlined our strategy for both businesses, AMP Limited and Collimate Capital, with a focus on simplification and growth opportunities. We have strong and accomplished leaders to take both businesses forward with the commencement of Alexis as CEO of AMP Limited in August 2021, and Shawn Johnson who commenced as CEO of AMP Capital in June 2021, and will take forward the Collimate Capital business as it demerges. Significant steps to simplify the business during 2021 established a clear perimeter for the demerger of Collimate Capital. The divestment of the remaining stake in Resolution Life Australasia marks AMP's final exit from its former life insurance and mature business, AMP Life. While this brings to a close AMP's long and proud involvement in life insurance in Australia, we continue to support financial advisers and customers by providing access to other life insurance products.

In addition, we announced the sale of both the Global Equities and Fixed Income (GEFI) business and the Infrastructure Debt platform, as well as the transfer of the Multi-Asset Group business from AMP Capital to Australian Wealth Management.

Demerger progress

The announcement of the intention to demerge Collimate Capital from AMP Limited in April 2021 followed a comprehensive review of AMP's business portfolio. The rationale was driven by the fact that AMP is made up of two distinctly different businesses: a domestic retail wealth manager and a global private markets

(infrastructure and real estate) business with institutional clients. The demerger will accelerate growth strategies, enhance customer focus, and deliver further value to shareholders through improvements in efficiency.

Separating the two businesses is complex and extensive and involves a number of steps, including shareholder approval and legal processes (including court hearings to approve the scheme of arrangement), after which Collimate Capital will trade as a separate ASX-listed company. AMP shareholders will be sent full details of the demerger, including details regarding voting and upcoming shareholder meetings.

Share consolidation

AMP will propose a share consolidation at the 2022 Annual General Meeting (AGM) to be held on 20 May 2022. If approved, the consolidation will reduce the number of shares AMP has on issue by converting every eight AMP shares held into one AMP share.

The consolidation is a simple mechanism through which AMP's trading share price can be brought to a level which is comparable with peer companies. This process alone will not reduce the value of the shares held by each shareholder, or the company overall, and we can expect our share price to adjust to reflect the reduced number of shares on issue. Further information will be contained in the 2022 AGM notice which will be sent to all shareholders from mid-April.

Board governance

The AMP board is committed to meeting the highest standards of governance and stewardship as the company works through its transformation. The board and its committees met regularly throughout 2021, and I thank all directors and the management team for their strong commitment. Moreover, the board has been actively engaged in oversight of AMP's work to strengthen the corporate culture.

In 2021 AMP management, together with the employee inclusion taskforce, implemented more than 95% of the actions that were set for 2021 from the board-initiated external Workplace Conduct Review in addition to their continued work to create a more inclusive corporate culture. AMP has also reached its 40-40-20 gender targets at the board and middle management level and across the workforce generally.

In July 2021, we welcomed Mike Hirst to the board. Mike brings extensive experience in retail banking, treasury, funds management and financial markets.

As previously announced, Non-executive director John O'Sullivan has confirmed that he will not stand for reelection to the board at the 2022 AGM. John has been a valuable member of the board since June 2018 and has taken the decision not to stand for reelection in order to dedicate time to other external pursuits. I would like to take this opportunity, on behalf of the board, to thank John for his service and contribution to AMP.

Sustainability

At AMP we are committed to creating a sustainable and equitable future for our stakeholders and the community, and to openly reporting on our progress and impact.

We recognise that economic, social and environmental issues can have a material impact on business performance and society. AMP's non-financial disclosures have evolved significantly, and our 2021 Sustainability report reflects the positive steps taken by AMP towards transparency and best practice.

In the community, we recognise and support the growing momentum for global action on climate change and supporting vulnerable communities.

In 2021, we launched our Climate Position and Action Plan which details how we manage our business and investment activities in alignment with net zero emissions by 2050. This builds on AMP's long-standing commitment to action on climate, having been carbon neutral across our global operations since 2013.

I am also proud of the enduring support the AMP Foundation, AMP's philanthropic arm, provides to communities across Australia. Since its inception in 1992 the AMP Foundation has contributed more than \$110 million to Australian communities through direct donations, employee dollar matching, employee fundraising and volunteering, with more than \$3.2 million provided in grants and donations in 2021 alone.

2021 financial performance and capital position

In 2021, AMP delivered an improved financial performance with a 53 per cent increase in underlying net profit of \$356 million. The performance was assisted by stronger earnings in AMP Bank, New Zealand Wealth Management and AMP Capital as well as strong investment income from Group Office, including the contribution from our strategic partnership with China Life Pension Company. As we continued our transformation program in 2021, we recognised certain impairments, mainly non-cash write downs, to position AMP for the future. This resulted in a reported statutory loss of \$252 million, however it should not be seen as a reflection of the underlying business performance.

The board also continues to take a conservative approach to capital management to support the delivery of the demerger and AMP's transformation and has resolved not to pay a dividend for 2021. While we understand that this is disappointing for shareholders, we believe that it is the right approach when AMP is making such significant change. We are committed to reviewing dividend payments following the completion of the demerger later this year.

Looking forward

We have an exciting year ahead, with significant change and opportunities. On behalf of the board, I sincerely thank you for your support as we progressively transform AMP, a purpose-led company building on its heritage to meet the needs of today and the future.



DEBRA HAZELTON
Chair, AMP Limited