

### **What is the fee for no service issue?**

The Commission heard about a specific issue within AMP's advice business in which fees had been charged to clients for services they didn't receive. ASIC has been investigating the issue but has not yet reached a conclusion.

AMP acknowledged that this practice was not appropriate. AMP stopped this practice in 2016 and have taken action to prevent it from recurring.

However, the way AMP reported it to the regulator before it was stopped was misleading.

### **How many clients were affected by the fee for no service issues?**

AMP has given absolute priority to compensating clients. To date, 15,712 clients have been compensated a total of \$4.7 million. \$850,000 of this relates to the historic business practice raised in the Commission last Tuesday. AMP continues to focus on the remediation of all customers affected by 'fee for no service' issues.

### **Will these events impact me?**

These events don't, to the best of my knowledge, have any impact on you. AMP has been contacting people who are affected. I nonetheless want to reassure you that you will continue to receive the same quality service and advice that we have always provided.

### **What is AMP doing to fix the problems in the advice business?**

The AMP board and senior management team take this matter very seriously and have taken action to restore the trust of advisers and clients.

The AMP Board has appointed an interim CEO, Mike Wilkins, to drive a comprehensive review of AMP's regulatory reporting and governance processes.

Before the Royal Commission began, AMP had already commenced an overhaul of the advice business to strengthen its systems, processes and controls. AMP has terminated advisers who provided inappropriate advice and has commissioned external experts to monitor and improve its culture and approach to risk.

AMP understands that the fastest way to rebuild trust and confidence in its company is to deliver the outcomes its clients expect.

### **There has been significant negative coverage on AMP and its share price has fallen – does this impact my mortgage/insurance policy/deposit account?**

- There are no direct impacts on these products as a result of the news coverage. The products and services offered by AMP will continue.
- Yes, AMP's share price has been impacted but AMP has taken action to restore the confidence of clients, investors, and the Australian public.
- AMP Bank is a leading second-tier bank - well-capitalised with an 'A' credit rating.
- AMP Insurance is one of Australia's oldest and largest insurers with more than two million customers. It recently reinsured its portfolio with two of the world's largest reinsurers.

## **Product**

### **Will the investment performance of my portfolio be impacted?**

Investment performance is largely driven by the performance of the investments held within your portfolio. AMP's share price fall would only impact you to the extent that you may hold AMP shares within your portfolio.

While each client's portfolio is different, many clients' super, pension and investment products are invested in a broad range of assets, for example property, Australian shares, and international shares. By diversifying the investments in this way, clients are able to mitigate organisational and market risks.

### **Is my money safe?**

Client funds invested in AMP superannuation and managed investment products (including IDPSs) are held in trust structures.

### **Is my super safe?**

Super is strictly regulated to protect client interests. The way super money is held and invested is carefully controlled and there are checks and balances at every stage.

The trustee of the super fund is responsible for operating a super fund and has a fiduciary duty to manage the super fund strictly for the benefit of members (above the interests of shareholders). The trustee must:

- manage investments properly
- employ qualified fund managers
- keep fund assets separate from its own assets
- manage the super fund for the benefit of members
- manage any conflicts of interest
- treat members fairly
- safeguard members' interests against fraud and other adverse situations
- meet certain financial requirements.

The powers of a trustee and the rules the trust operates under are set out in a Trust Deed. Special rules apply when a trustee wishes to make a change to the Trust Deed.

### **What is the process for investing ordinary money (IDPS) so that it is safe?**

Ordinary money is also held on trust for clients by an appointed custodian, who holds the assets separately from its own assets. The operator of the IDPS will deal with clients' money in accordance with the clients' instructions and within the rules outlined in the PDS.

### **What is the process for moving my investments from an existing platform to another platform?**

Advisers need to consider if the product is suitable for their clients' circumstances and meets their goals by discussing it with their clients at their next review or upon request.

### **How do AMP's older products compare?**

At the time they were purchased, these products were assessed as being the most suitable product for the client. They may still be appropriate products for the client, depending on the client's personal circumstances.

### **How much AMP stock is held in some of our AMP manufactured larger funds?**

AMP Capital offers a broad range of investment options and some of these investment options have an investment in AMP shares. AMP Capital investment options have an exposure amount of less than 2% across all their available investment options.

### **Who is Mike Wilkins and why was he appointed?**

Mike has a great deal of experience in leading large financial services companies, including 20 years' experience as a CEO. He most recently served as CEO of Insurance Australia Group Limited (IAG). His appointment as interim CEO will help AMP's Group Leadership Team focus on leading their teams and driving performance in their business units.

### **Why is AMP not responding to the criticism from the Royal Commission and the media?**

The Royal Commission is a legal process. AMP will be making a written submission once this hearing block has concluded. In the meanwhile, AMP is trying to correct comments when they are inaccurate, and keeping the lines of communication open with advisers to provide as much information as they can.

### **How can AMP enforce adviser compliance when its own standards have been found wanting?**

The Royal Commission focused on an historical issue relating to AMP's licensees, which has been addressed. AMP has commenced an overhaul of its advice monitoring and supervision framework, which has evolved in line with changes in the industry.

Advisers are licensed by AMP and as authorised representatives they must operate under strict legal obligations which include the requirement to act in the best interests of clients at all times. This does not change.

Work has been underway to enhance AMP's compliance approach and make compliance easier for advisers across the network.

### **How does AMP plan to restore trust and repair the brand damage?**

AMP acknowledges these issues have had a significant impact on its reputation. AMP understands that the fastest way to rebuild trust and confidence in its company is to deliver the outcomes its clients expect.

AMP is determined to rebuild the company's reputation by fixing the issues in the business and preventing them from happening again. The AMP Board and senior management team are taking this matter very seriously and have taken action to restore the trust of customers and advisers, and the confidence of shareholders and employees. AMP stands behind the advice given to customers and has compensated all those affected by the 90-day exception raised in the Commission.

### **Did AMP mislead the regulator?**

Yes. AMP is deeply disappointed that misleading statements were made to ASIC. AMP has apologised unreservedly and had already commenced reform of its practices to prevent it happening again.

### **What's AMP's response to the misconduct outlined by the Commission?**

AMP is deeply disappointed that there have been times when its advisers and clients have been let down and it has apologised unreservedly.

AMP already had processes in place to enhance its advice business and the way it deals with regulators.

The board and Group Leadership Team convened sub-committees to oversee AMP's response to this issue. AMP has also instigated a comprehensive program within the advice business to address and fix the issues. This includes a review and complete overhaul of governance, systems and processes as well as enterprise-wide external reviews of risk governance, controls and culture.

#### **What are the aims of the Royal Commission?**

The Commission has been asked to inquire into and report on misconduct in the banking, superannuation and financial services industry. It focuses on whether companies in these industries have conduct, practices, behaviour or business activities that fall below community standards and expectations.

#### **Why was AMP called to appear?**

AMP has the largest advice network in the country and has been included in the regulator's investigations into the industry, covering 'fees for no service' and inappropriate advice, alongside the major four banks. AMP had expected to be called to appear.

#### **What are the powers of the Royal Commission?**

The Commission has wide ranging powers to compel witnesses to give evidence and produce documents. It can make recommendations to the government. Whether those recommendations are accepted and implemented will depend on the government of the day.

#### **What will be the outcome of the Royal Commission?**

The Commissioner is expected to make an interim report later this year, with a final set of recommendations to be delivered to government in early 2019.