

New Zealand Policyholder Advisory Committee Charter

Adopted by the AMP Life Limited Board on 1 July 2020

1. Committee Purpose

- 1.1 The New Zealand Policyholder Advisory Committee (“**Committee**”) is a committee established by the AMP Life Limited (“**AMP Life**”) Board (“**Board**”) and is authorised by the Board to fulfil its responsibilities as set out in this Charter.
- 1.2 Resolution Life New Zealand Limited (“**Resolution Life NZ**”) is recognised in this Charter as it has an interest in the effective operation of the Committee.
- 1.3 The purpose of the Committee is to:
- provide independent oversight of AMP Life to ensure that fairness and the interests of New Zealand policyholders are appropriately considered in AMP Life’s governance structures and decision making;
 - question the AMP Life Appointed Actuary in respect of matters affecting New Zealand policyholders; and
 - provide advice and recommendations to the Board on matters relating to the interests of New Zealand policyholders¹ in respect of other management proposals before they are put to the Board.

2. Responsibilities

Participating Sub-Fund

- 2.1 The Committee will consider and make its own recommendations in relation to the way in which the Participating Sub Fund of AMP Life is managed within AMP Life in respect of New Zealand policyholders and the way in which AMP Life exercises discretion in relation to the Participating Sub Fund in respect of New Zealand policyholders.

Recommendations provided by the Appointed Actuary and other management proposals

- 2.2 The Committee will consider and make recommendations in relation to the AMP Life Appointed Actuary’s recommendations and other management proposals, in so far as they directly relate to the interests of New Zealand policyholders. This shall include the following areas:
- a. premium rate increases for protection products for New Zealand policyholders and changes in charges or pricing methodology for unit linked business, except in those circumstances where the AMP Life Board (with the endorsement of the Committee) has delegated the ability to make those changes to the New Zealand Chief Executive Officer (and the endorsement of the Committee has been reviewed at least annually);
 - b. annual and terminal bonus declarations for conventional business relating to New Zealand policyholders;
 - c. the process for setting and application of crediting rates for the Investment Account business relating to New Zealand policyholders;
 - d. the process for setting bonus declarations for any other New Zealand participating business, such as group insurance;
 - e. proposals to change other management discretion which can impact New Zealand policyholder payouts (including smoothing algorithms and surrender values);

¹ “New Zealand policyholders” are defined as policyholders issued policies through the NZ Branch of AMP Life.

- f. the fairness of proposals to distribute (or not distribute) the Global Sharing Pool (“GSP”) as between different generations of New Zealand policyholders, across New Zealand product groups and across geographies;
- g. the definition of policy owner reasonable expectations and risk appetite of any particular New Zealand product group and any changes thereto, including the potential impact of such changes on policyholders within that product group and on the Participating Sub Fund as a whole;
- h. changes to investment strategy for any defined New Zealand product group, including implications for policyholders within the product group and for the Participating Sub Fund more widely;
- i. changes to the definition of any New Zealand product group, including the merger of such group with any other product group;
- j. any proposed restructure of the No. 1. Statutory Fund as it affects New Zealand policyholders;
- k. any management actions to be taken in the event of triggers under either the AMP Life Internal Capital Adequacy Assessment Process (“ICAAP”) or Recovery Plan;
- l. any other changes which are materially likely to impact on the risk profile of any specific New Zealand product group, or any other changes which are materially likely to affect the balance of interests of different New Zealand policyholder groups; and
- m. any proposal to change the Participating Business Management Framework (“PBMF”).

2.3 In considering the items outlined in section 2.2 above and providing recommendations, the Committee will seek the advice of the Independent Actuary.

Annual advice from the Independent Actuary

2.4 On an annual basis, the Committee will seek the advice of the Independent Actuary regarding:

- a. a review of the Actuarial Valuation Report, focussing on key results and issues for New Zealand Policyholders and clearly stating any assumptions made and the method of review;
- b. a review of issues raised and recommendations made in the most recent Financial Condition Report (“FCR”), insofar as they affect New Zealand Policyholders;
- c. commentary on the financial security of New Zealand Policyholders, including a review of the ICAAP, returns under APRA capital standards and financial strength ratings;
- d. an assessment of and opinion on equity among New Zealand Policyholder groups, and between New Zealand Policyholders and Australian Policyholders;
- e. an assessment of and opinion on the appropriateness of expense apportionment among New Zealand Policyholder groups, and between New Zealand and Australian Policyholders;
- f. observations on the appropriateness of investment policy with respect to New Zealand policies;
- g. a review of the allocation of profits made by AMP Life Limited and its impact on New Zealand Policyholders;
- h. a review of annual and terminal bonus declarations for conventional business relating to New Zealand policyholders;
- i. a review of crediting rate declarations for the Investment Account business relating to New Zealand policyholders;
- j. observations on the management of the Participating Sub Fund of AMP Life Limited in respect of New Zealand policyholders, including any discretions exercised in respect of New Zealand policyholders;

- k. the appropriateness of the PBMF for New Zealand policyholders;
- l. AMP Life Limited's compliance with the PBMF as it relates to New Zealand policyholders; and
- m. issues which may affect the risk profile and/or the volatility of benefits for New Zealand policyholders, including but not limited to the use of derivatives, expansion of reinsurance treaties or changes in the way in which risk outcomes will be borne as between different groups of New Zealand policyholders.

Annual Recommendations

- 2.5** At least annually, the Committee will make recommendations to the AMP Life Board regarding:
- a. **Appropriateness of PBMF:** the appropriateness of the Participating Business Management Framework ("**PBMF**") for New Zealand policyholders and any proposals to change the PBMF;
 - b. **Compliance with PBMF:** AMP Life's compliance with the PBMF as it relates to New Zealand policyholders;
 - c. **Progress against business plan:** AMP Life's progress against its business plan in respect of the New Zealand business, and either the Committee's satisfaction that, in respect of the New Zealand business, AMP Life is operating on a basis consistent with the plan or its expected changes in AMP Life's next annual business plan;
 - d. **Treating policyholders fairly:** whether the Committee believes that AMP Life has treated New Zealand policyholders generally and New Zealand policyholders within each product group fairly, including in the way it has proposed to exercise discretion;
 - e. **Bonus rate declarations:** the fairness to New Zealand policyholders of annual and terminal bonus rate declarations;
 - f. **Service Arrangements:** the adequacy of the performance levels achieved by primary service providers to the New Zealand business of AMP Life and changes to related KPI or other service level requirements; and
 - g. Any other matters relating to the interests of New Zealand policyholders (including those raised by the Independent Actuary) which the Committee believes merits the AMP Life Board's attention.

Reinsurance Treaty

- 2.6** With regard to the reinsurance agreement between AMP Life Limited (as the Reinsured) and Resolution Life NZ (as the Reinsurer) ("**Reinsurance Treaty**"), the Committee will:
- a. review the proposed distribution of any payment to be made directly to New Zealand policyholders under clause 9.2 of the Reinsurance Treaty, to ensure AMP Life has treated those policyholders fairly; and
 - b. review any proposed amendment to the Reinsurance Treaty or waiver, or consent to depart from, the requirements of any provision of the Reinsurance Treaty, and express a view to the Appointed Actuary of AMP Life as to whether or not the members of the Committee consider the proposed amendment, waiver or consent should be considered material for the purposes of clauses 24.2 and 32.1 of the Reinsurance Treaty.
- 2.7** In considering the items outlined in section 2.6 above and providing recommendations, the Committee will seek the advice of the Independent Actuary.

Other Items

- 2.8** The Committee may also consider:
- a. **Risk profile:** issues which may affect the risk profile and therefore the volatility of benefits for New Zealand policyholders. This could include the use of derivatives, expansion of reinsurance treaties or changes in the way in which risk outcomes will be borne as between different groups of New Zealand policyholders.

- b. **General:** any other issues with which the Board or the Committee considers New Zealand policyholders might reasonably expect the Committee to be involved.
- 2.9** The Committee may issue a statement or report to New Zealand policyholders on the proceedings of the Committee during the course of the previous accounting period. The Committee may ask that a copy of the statement or report be placed on AMP Life's website and sent to the Reserve Bank of New Zealand (with a copy to the Australian Prudential Regulation Authority).

Outside scope

- 2.10 Complaints:** The Committee will not consider complaints of individual policyholders or the application of individual discretion, such as ex gratia payments.
- 2.11 Delegations:** The Committee will not consider matters to be decided under delegations to management.

3. Composition and chair

- 3.1 Composition:** The Committee will be composed of at least four non-executive directors, the majority being independent directors as follows:

- a. three independent directors of Resolution Life NZ; and
- b. one independent director of AMP Life selected by the Board of AMP Life.

No executive directors will serve as members of the Committee. Members of the Committee should, between them, have the necessary technical knowledge and a sufficient understanding of the industry in which each entity and AMP Life operates to be able to discharge the Committee's mandate effectively.

- 3.2 Fit and proper:** Each member of the Committee must have been assessed as fit and proper in accordance with either Resolution Life NZ's fit and proper policy or AMP Life's fit and proper policy (as applicable, depending on whether the member is a director of Resolution Life NZ or AMP Life) prior to their appointment as a member of the Committee.
- 3.3 No conflict:** The independent directors of Resolution Life NZ who are members of the Committee must not also be directors of AMP Life.
- 3.4 Chair:** The Chair of the Committee will be one of the independent directors of Resolution Life NZ. If the Chair is absent from a meeting, the members of the Committee present at that meeting will appoint a chair for the meeting.
- 3.5 Executive and secretarial support:** The Executive General Manager, New Zealand, of AMP Life will provide executive support to the Committee. The Company Secretary of AMP Life, or a delegate, will act as secretary to the Committee.

4. Committee procedures

- 4.1 Meetings:** The Committee will meet no less than 4 times per year. In times of market volatility there may be a need to meet more frequently and at short notice. Meetings of the Committee will be convened and conducted on the same principles as those that apply to the Board pursuant to the constitution, except as otherwise provided in this Charter.
- 4.2 Quorum:** The quorum at meetings of the Committee will be two members, one of whom must be the Chair.
- 4.3 Written resolutions:** The Committee may pass resolutions without holding a meeting in the manner prescribed for the Board in the constitution.
- 4.4 Charter:** The Committee will review this Charter regularly, with any proposed changes recommended to the Board for approval.
- 4.5 Reporting:** The Committee, through its Chair will:
- a. report to the Board on its activities on a regular basis; and
 - b. ensure that other committees receive reports on matters that are material to or within those other committees' responsibilities.

- 4.6 Minutes:** The minutes of meetings of the Committee and any resolutions passed by the Committee without a meeting will be available to the Board.
- 4.7 Resources:** In carrying out its responsibilities, the Committee will be provided with the necessary resources (including access to all relevant information, individuals and external professional advice and an allocated budget under direct control of the Committee) which the Committee reasonably considers necessary to carry out its duties under this Charter. The Committee may request that the cost of any external actuarial, legal or other professional advice be charged to AMP Life's Statutory Fund No. 1.
- 4.8 Sub-delegation:** The Committee may sub-delegate, on any terms it considers appropriate, to any person or persons the power to exercise any power or responsibility of the Committee.
- 4.9 APRA and RBNZ:** Members of the Committee will be available to meet with the Australian Prudential Regulation Authority and the Reserve Bank of New Zealand on request.

5. Interaction with the role of the Appointed Actuary

- 5.1 Review and oversight:** The Committee provides an opportunity for independent review and oversight of the work undertaken by the AMP Life actuarial team in relation to matters affecting New Zealand policyholders and to bring greater transparency to the way in which their recommendations have considered the interests of the policyholders of different product groups.
- 5.2 Actuarial advice:** In addition to any recommendations and actuarial advice of the Appointed Actuary under review by the Committee, the Committee must appoint an Independent Actuary to advise the Committee. The Committee will be responsible for the appointment of a suitably qualified actuary to provide such advice on an ongoing basis.
- 5.3 Actuarial Advice Framework:** The Appointed Actuary will follow the Actuarial Advice Framework for AMP Life when providing advice. The terms of reference for independent actuarial advice from the Independent Actuary will be set by the Committee.
- 5.4 Independent Actuary:** For the avoidance of doubt, actuarial advice to the Committee provided by the Appointed Actuary, Deputy Chief Actuary, New Zealand, or a member of either of their teams is not considered independent for purposes of this Charter and the operation of the Committee. The Committee should ensure that any external actuary engaged by it as the Independent Actuary is free from any business or other association that could be reasonably perceived to materially interfere with the exercise of their independent judgement, be suitably qualified and, if not a Fellow of the New Zealand Society of Actuaries Incorporated, has been approved in writing by the Reserve Bank of New Zealand. The Independent Actuary must be subject to AMP Life's Fit and Proper Policy and the written non-objection of the Reserve Bank of New Zealand.

6. Relationship between the Committee and AMP Life and Resolution Life New Zealand Boards

- 6.1 No management responsibility:** The Committee does not have management responsibility in relation to the operations of AMP Life or its statutory funds. Such responsibility rests with the Board.
- 6.2 Reports or advice:** The Board will obtain reports or advice from the Committee if the Board or the Committee considers that significant issues in relation to the interests of New Zealand policyholders need to be considered by the Board.
- 6.3 Attendance:** The Chair of the Committee will at least annually provide a verbal update to the Board, accompanied by other members of the Committee or advisers as requested by the Chair of the Committee.

- 6.4 Oversight and recommendations:** Recommendations made in respect of the topics listed in section 2 above will be noted in the minutes of the Committee. The Chair of the Committee will provide to the Board, following each meeting of the Committee, a report to accompany the minutes. The report will indicate the recommendations that have been made to management proposals and whether there are any continuing areas of concern to the Committee.
- 6.5 Consideration of reports:** The Board will consider fully and give due regard to any report, advice or recommendation received from the Committee in relation to the issues under consideration.
- 6.6 Reasons to be provided:** If the Board decides to depart in a material way from advice or recommendations of the Committee, it will provide full reasons for such departure to the Committee and, unless specific circumstances necessitate urgency, allow the Committee a reasonable time to consider them and respond.
- 6.7 Notification requirement:** If the Board continues to depart from the Committee's advice or recommendations and the Committee considers that the matter in question raises significant issues with regard to the interests of New Zealand policyholders, the Committee will provide written notification, or request that the Board provide written notification, to the Reserve Bank of New Zealand (with a copy provided to the Australian Prudential Regulation Authority) of the decision of the Board and the views of the Committee.
- 6.8 Reports to be provided to Resolution Life NZ Board:** Reports, meetings and other information provided by or to the Committee under this Charter will be provided at the same time to the Resolution Life NZ Board.

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