

AMP CAPITAL INTERNAL GOVERNANCE STATEMENT

Organisational and Investment Approach

About AMP Capital

AMP Capital is a global investment manager with a large presence in Australia. As part of the AMP Limited group (AMP Group), we share a heritage that spans nearly 170 years. Our home strength in Australia and New Zealand has provided a strong base for us to grow internationally, and we have now established operations across Asia, Europe and North America.

We also work with a network of global investment partners, providing clients with greater access to new investment opportunities. Together, our investment professionals, specialists, strategists and economists aim to deliver our clients strong investment outcomes.

AMP Capital's team of investment professionals operate across a broad range of asset classes. Our investment capabilities span Equities, Fixed Income, Direct and Listed Real Estate, Direct and Listed Infrastructure, and Multi-Asset and Diversified Funds.

Purpose and values for Clients

AMP Capital's purpose is to deliver on clients' investment goals and to deliver clients an outstanding investment experience as a trusted partner. Our vision is to be a pre-eminent global investment manager. We are at our best for our clients, partners, shareholders and each other, when:

- > We are empowered to deliver
- > We expect courageous long-term thinking
- > We act with purpose and respect

Ownership and Governance

AMP Capital Holdings Limited (AMPCHL) makes up the AMP Capital group of investment management businesses operating under the AMP Capital brand. AMP Limited (ASX: AMP) owns a majority of AMPCHL.

The overall governance and performance of the AMP Capital group is overseen by the AMPCHL Board. There are additional boards and committees, such as Responsible Entity/Trustee boards, audit and risk committees and investment committees which form the overall AMP Capital governance structure and support the AMPCHL Board in fulfilling its duties. Specifically, the Responsible Entity and Trustee boards, have direct responsibility for many of our funds, and comprises a majority of non-executive directors.

We regularly review our governance structure to consider the evolving expectations of our clients, regulators, and global trends across the investment management sector.

Key Management Personnel

The AMP Capital Global Leadership Team (AGLT) provides management and oversight of AMP Capital operations. The AGLT develops AMP Capital's strategy, and manages capital expenditure, financial operating plans, talent, and approval of strategic initiatives.

The biographies of the members of the AMP Capital Global Leadership Team can be read on our website under 'About Us'.

AMP Capital has over 200 investment personnel across Equities, Fixed Income, Real Estate, Infrastructure and Multi-Asset teams. The investment professionals within asset class specific teams have extensive experience in sector research, portfolio construction and risk management.

Protecting client assets

AMP Capital's purpose is clear: to be a trusted partner delivering an outstanding investment experience for our clients. We manage our clients' money in accordance with the investment objectives of the funds they are invested in. These objectives are outlined in the relevant fund's offer documents.

We offer investment management services and products, investment advisory services, as well as fund and portfolio services. We may also act as a responsible entity, trustee or investment manager for other companies in the AMP Group. We may receive fees, charges or other benefits for acting in these capacities. Where we enter into transactions with related parties, we operate in accordance with the related party protocols and AMP Capital policies and procedures. These require us to transact on terms that would be reasonable if the parties were dealing at arm's length.

Internal Governance

Policy framework

AMP Capital is governed by a range of policies and procedures. Some of these policies and procedures are organisational wide policies developed by AMP Group which AMP Capital have adopted. In some instances AMP Capital have developed AMP Capital specific policies and procedures to ensure certain obligations and business needs are met. Where AMP Group policies have been referred to in this section, they have been adopted by AMP Capital.

Ethical conduct and professional practice

AMP's Code of Conduct supports a strong risk-aware culture. It outlines the minimum standards for behaviours, decision-making and treatment of employees, clients, business partners and shareholders. The AMP Code of Conduct fosters a culture of help. For AMP Capital that means prioritising on delivering clients with an outstanding investment experience. We also aim to provide employees with a workplace that is flexible and supportive, fosters personal and professional development, and brings out the best in people. The Code of Conduct applies to anyone employed by or who does work for AMP Capital. It requires our people to:

- > Act professionally with honesty and integrity
- > Respect and value differences and create a safe working environment
- > Identify and manage any conflicts of interest
- > Respect and maintain privacy and confidentiality
- > Comply with legal and regulatory obligations, internal standards, and policies

The Code of Conduct is supported by internal policies and our staff are expected to comply with the Code and policies.

Management of Conflicts of Interest

AMP Capital will, where a conflict exists, place the interest of a client ahead of the interest of the organisation. The AMP Code of Conduct requires employees to manage any actual, apparent or potential conflicts of interest and conflicts of duty. All employees have a role in identifying and reporting conflicts to their line manager and/or the Enterprise Risk Management team.

AMP's Conflicts of Interest Policy provides guidance on managing conflicts in an appropriate and consistent manner, including:

- > Considering whether there are any actual, apparent or potential conflicts before business decisions are made
- > Assessing the conflict to determine if the conflict is manageable or should be avoided
- > Recording conflicts of interest in the conflicts register

Where AMP Capital enters into transactions with related parties, it operates in accordance with the related party protocols. The protocols may involve establishing information barriers between immediate teams, business units and AMP Group where required.

Gifts and Entertainment

AMP Capital requires all employees, including contractors, to conduct themselves with the highest level of ethical and professional standards. If they offer and accept gifts, entertainment, benefits, or other incentives, it may create or appear to create an obligation, affect a party's impartiality, or unduly influence a business decision. Therefore, AMP Capital has a strict acceptability assessment process. Where required, employees must get management approval before they offer or accept gifts, entertainment, benefits, or other incentives.

Personal Trading

The AMP Capital Personal Trading Policy aims to ensure that employees and contractors do not use inside information obtained through their day-to-day work to gain any unfair personal advantages or place their own interests ahead of the interests of AMP Capital and its clients.

Our Policy requires the following:

- > Obtain pre-approval through the personal trading system prior to trading in specific financial instruments;
- > Where pre-approval is granted, trade instructions must be placed within 48 hours of approval. Standing/stop loss orders are not permitted;
- > Not engage in short term trading; and
- > Records of trading activities, including contract notes and broker statements to be retained.

The Enterprise Risk Management team monitors non-compliance to the Policy via post-trade monitoring activities and requests for personal trading declarations by employees.

Risk management and compliance

AMP Capital believes risk is an inherent part of conducting business. In order for AMP Capital to fulfil its purpose of being a trusted partner and delivering an outstanding investment experiences for clients, it applies the 'three lines of defence' model in its risk management approach. The three lines of defence are: 1) business control owners, 2) the Enterprise Risk Management team, and 3) internal/external auditors, who all have a responsibility to identify, manage and report risk issues.

AMP Capital monitors key compliance obligations, including Australian Financial Services Licence obligations, via a program of compliance activities and internal compliance policies and procedures. AMP Capital also actively identifies, assesses, and monitors regulatory changes and emerging regulatory issues which may impact its business and compliance obligations.

As part of establishing a strong risk culture and behaviours, all AMP Capital employees are required to complete mandatory training on key risk and compliance policies and specific risk management related metrics are considered in employee's performance evaluation process.

Error correction policy

At AMP Capital, we define an incident as any event, error, control failure, or business issue that has resulted, or could potentially result, in losses to AMP Capital or its clients, or damage to our reputation, or a breach of our regulatory obligations.

Our employees are responsible for identifying and recording incidents in our incident register, which automatically escalates the matter to the Enterprise Risk Management team. Our processes require us to determine the impact on clients, take corrective action to rectify the error, and develop changes to controls and procedures to prevent the incident from reoccurring. When required, AMP Capital compensates clients in accordance with our compensation policy and methodology.

Equitable asset valuation and pricing

AMP Capital uses established policies and procedures to value and price the assets it manages, and to ensure it treats all investors fairly. The company does not favour transacting or non-transacting investors, current or future investors, and different classes of investors. A unit price is calculated in accordance with each fund's governing documents and is based on the fund's net asset values divided by the number of units on issue. It is adjusted for other factors such as transaction costs and rounding.

The fund's value is generally determined by valuing all assets of the fund and subtracting the value of its liabilities. AMP Capital may determine the fair value of the asset based on valuation principles, processes and methodologies set out in our policy if we believe that an external value or price source is not available for an asset or does not accurately reflect the market value of an asset. The relevant AMP Capital Investment Committee is responsible for determining the appropriate valuation principle if any uncertainty or potential conflict exists.

Brokerage and Commissions

Our on-market activities are conducted on a fully unbundled basis. This means we execute trades at execution-only rates, rather than bundled up with costs such as research. These rates are reviewed at least annually and are deemed to be the minimum necessary to ensure best execution. Designated Commission Sharing Arrangement brokers execute some of our trades outside the European region (EU). These trades include an additional commission component which is used to purchase specialist research. Our clients have access to details of all commissions and research costs.

Best execution and trade allocation

We seek to obtain best execution for our clients and to execute trades on the most advantageous terms. Our Dealing team will take all sufficient steps to ensure the best possible result and will typically consider the following execution factors:

- > Price and costs charges
- > Speed of execution
- > Likelihood of execution and settlement
- > Relative size of the order, and
- > Nature of, or any other consideration relevant to the order.

When determining the relative importance of these execution factors, AMP Capital considers client type, the nature of the client order, and the type of financial instrument being traded. Other considerations include execution venues, brokers, and counterparties to which that order can be directed.

AMP Capital assesses execution quality using third party Transaction Cost Analysis and appraises counterparty quality against execution factors, as part of a formal process. Brokers are tiered according to execution quality. The AMP Capital Global Equities and Fixed Income Investment Committees oversee the review process.

AMP Capital aims to allocate trades on a pro-rata basis, although there are circumstances, such as lot size restrictions and small execution orders, where this may not be possible.

Remuneration

AMP Capital's remuneration framework has been designed to align the interests of employees, clients and the business. The framework aims to be market competitive, maximise staff retention and reward high performance. Remuneration packages provide a mix of fixed-base pay, and short and long-term incentives appropriate to the level of seniority and type of role.

AMP Capital sets base salaries using independent market data providers, overlaid with an individual's balance of skills, experience, and role to that market data. All AMP Capital employees are paid superannuation contributions of up to 12% of base and variable compensation.

Bonus incentives are measured against short, medium, and long-term objectives. All permanent employees are eligible to participate in our incentive scheme, which is based on the performance of the team against key performance objectives. When AMP Capital appraises performance, it considers results achieved by the individual, and the behaviours exhibited in the course of delivering outcomes to clients, including risk management, governance and culture. Many of our key investment professionals are also remunerated based on long-term performance, with deferred bonus arrangements in place to ensure closer alignment with the longer-term interests of our clients.

AMP Capital has key remuneration governance committees tasked with ensuring remuneration outcomes are in line with regulatory requirements.

Whistleblowing policy

AMP's Whistleblowing Policy protects people who call out unacceptable behaviour. The Policy 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. It applies to all directors, employees, contractors, consultants, suppliers, third party providers, and former employees.

Under the Policy, people can report illegal, unacceptable or undesirable conduct. This may include conduct or behaviour (actual or attempted) that is dishonest, unethical, fraudulent, corrupt, non-compliant, that may give rise to questionable accounting or auditing practices, or that is inconsistent with the AMP Code of Conduct. They can also report the conduct of third parties such as suppliers or service providers.

More information on AMP's Whistleblowing Policy can be found on our website under 'Risk and Compliance'.

Training and Development

All AMP Capital employees must undertake mandatory compliance training as required under the Code of Conduct. New employees must complete mandatory training within three months of commencing their employment with AMP Capital. Contractors must also complete the mandatory training if they are engaged by AMP Capital on an employment contract for three months or more.

AMP Capital also delivers refresher courses relating to compliance and internal policies/procedures to existing employees. This ensures they maintain an up-to-date understanding of the external regulatory requirements and are familiar with AMP Capital's standards of conduct. An internal learning management system manages and administers our compliance, internal learning and some external learning programs.

We are committed to driving greater business performance and organisational health through the ongoing professional, personal, and behavioural development of our employees and investment professionals. All employees can access a range of formal learning and development opportunities aligned with our culture and capability requirements. These include:

- i) Our mentoring program: a structured 6-month learning experience that allows developing staff to learn from experienced leaders, and
- ii) A series of curated professional skills-development modules. We also provide access to a learning platform that houses multimedia, audio and digital content covering a range of personal and professional development areas.

Through our study assistance policy, we also support employees to continue their education and qualifications. We also provide other targeted, bespoke development for identified talent as necessary.

Complaints and Dispute Resolution

AMP Capital is committed to providing our clients with a high level of service, but sometimes things go wrong. If this happens, AMP Capital will try to resolve the issue. We have an AMP Complaints Handling Policy and established procedures to deal with complaints. We accept a complaint in any form (e.g. letter, telephone, email or in person) and deal with all complainants promptly, respectfully, fairly, and without prejudice.

Certain entities in AMP Capital hold an Australian Financial Services Licence and they are required to have a dispute resolution process and membership to an independent external resolution body. AMP Capital is a member of the Financial Ombudsman Service (from 1 November 2018, for new complaints, this will be the Australian Financial Complaints Authority). If we cannot address a client's complaint in 45 days to their satisfaction, we will let them know why and advise them of their right to contact the relevant dispute resolution body.

If the complaint is privacy related, please refer to the AMP Capital Privacy Policy Statement for more details, which can be obtained on our website under 'Privacy'.

Asset Stewardship

AMP Capital's approach to asset stewardship is described separately in the AMP Capital Asset Stewardship Statement available on our website under 'Responsible Investing'.

CONTACT DETAILS

If you would like to know more about us, please visit ampcapital.com, or contact our Client Services Team on:
National Toll Free Australia: 1800 658 404 / +61 2 8048 8230 (8.30am – 5.30pm Sydney time, Monday to Friday)
Email: clientservices@ampcapital.com

Important note: While every care has been taken in the preparation of this document, AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) makes no representation or warranty as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. This document has been prepared for the purpose of complying with FSC Standard 23: Principles of Internal Governance and Asset Stewardship, without taking account of any particular investor's objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to the investor's objectives, financial situation and needs.