

AMP Core Infrastructure Fund

ESG Case Study

ESG Issue: Corporate Governance

5Ps Issue: People and Performance

Asset Class: Alternatives – Infrastructure

The Trigger

The issue was first raised by the Australian Financial Review on June 30.

The AMP Board endorsed the appointment of Boa Pahari as CEO AMP Capital despite three years earlier being the subject of an internal investigation that found him guilty of sexual harassment.

Our Process

1. News broke on the issue on 30 June 2020.
2. 30 June: Escala CIO and asset class specialist held an internal meeting to discuss the potential ramifications for the ALP holding in AMP Core Infrastructure Fund.
3. 23 July: investigative meeting held with the Funds' Portfolio Manager and Head of Business Development.
4. Further investigation was made into the possible fund flow implications that may occur from a research ratings downgrade.
5. A recommendation to redeem was made by the asset class specialist and supported by the CIO.
6. 27 July: An emergency meeting of the APLC was held.

The Decision

The APLC voted unanimously to redeem the AMP Core Infrastructure Fund and remove it from the APL. Client communication immediately followed.

Subsequent Action

- 22 Jul:** 4 senior AMP executives resign – Global Head of Property, Head of People and Culture Madeleine Mac Mahon, Global Head of Infrastructure Debt Andrew Jones and interim Chief Financial Officer Adrian Williams.
- 24 Aug:** AMP Chairman David Murray, AMP Capital Chairman John Fraser and AMP Capital CEO Boe Pahari resign.
- 4 Sep:** Ratings agency Zenith Investment Partners has put AMP Capital "under review" due to concerns about 'corporate instability', governance and its lack of strategic direction.
- 7 Sep:** S&P Global Ratings downgraded AMP's credit rating questioning the company's governance standards and betting that "an upside scenario is unlikely in the next two years".
- 6 Nov:** Lonsec downgraded the AMP Core Infrastructure Fund from Recommended to Investment Grade.

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