Swire Group Retirement Plan

Actuarial Valuation as at 30 June 2024

19 December 2024

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Reliance statement and data

This report is provided subject to the terms set out herein and in our engagement letter with the Trustee dated 13 March 2017 and the accompanying Terms and Conditions of Engagement. This report is provided solely for the Trustee's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

The Trustee may make a copy of this report available to its auditors, the Company and to any person to whom the Trustee may be required to provide a copy under relevant legislation, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to the Trustee's auditors the Company or any third party in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Company when passing this report to them.

We consent to the Trustee making a copy of this report available on the Plan's website where required in accordance with the relevant legislation.

In preparing this valuation, we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency. The data and information we have relied upon is shown in Section 2.

In our opinion, all calculations are in accordance with applicable legislative requirements, and the procedures followed and the results presented conform to applicable actuarial standards of practice.

Section 1: Purpose & Summary

The Swire Group Retirement Plan ("the Plan") consists of a closed Defined Benefit section, which provides benefits which are defined as final average salary and period of membership (subject to a minimum of accumulation benefits), and an open section for Accumulation members. Additional accumulation benefits are provided for most Defined Benefit Members.

With such a plan, a regular actuarial review is necessary to:

- examine the sufficiency of the assets in relation to members' accrued benefit entitlements;
- determine the recommended Company contribution rate required to ensure that the Plan maintains a satisfactory financial position;
- examine the suitability of the Plan's insurance and investment arrangements;
- satisfy Clauses 15.6 to 15.8 of the Trust Deed which require an actuarial investigation to be undertaken at times determined by the Trustee. Clause 15.7 also requires the Actuary, as a result of the investigation, to recommend a rate of contribution to be payable to the Plan by the employer; and
- meet legislative and prudential standard requirements, in particular paragraph 23 of Prudential Standard 160 Defined Benefit Matters ("SPS 160"). Under SPS 160 an actuarial investigation is required at least every three years.

This report has been prepared for the Trustee of the Plan, Total Risk Management Pty Limited, in my capacity as RSE Actuary to the Plan. The Effective Date of this actuarial valuation is 30 June 2024.

This report has been prepared in accordance with Professional Standard 400, dated October 2024, issued by the Institute of Actuaries of Australia. The previous valuation, which was conducted by me was carried out at 30 June 2021 with the results set out in a report dated 23 December 2021.

Company Contributions & Other Recommendations

We recommend that from 1 July 2024, the Company extends its contribution holiday to cover all of the contribution types listed below:

	Applies to	Funds	Amount
1	Defined benefit members	DB accrual, including cost of expenses and insurance	Nil
2	Defined benefit members	Amounts credited to the SG Employer Account, determined as the SG rate applied to items of Ordinary Time Earnings Base (OTE Base) not already included in determining the amounts to be notionally credited to the Employer Account.	Nil
3	Accumulation members	SG rate applied to OTE Base	Nil
4	Accumulation members	Cost of expenses and insurance of 0.9% of Plan Salaries	Nil

The Company should continue to contribute:

- Contributions at the rate of 5.88% of Plan Salaries for those members with deemed member contributions and any salary sacrifice member contributions.

Notional Contributions to be Credited

The Company should also continue to advise the Plan of the notional contributions to be credited to defined benefit members' Employer Accounts. These notional amounts are determined as the SG rate applied to Base Salary plus the SG rate applied to some other items of OTE Base.

In addition, the Company should also advise the Plan of the amounts to be credited to members' accounts in relation to contribution types 2 and 3 in the table above.

The funding position, and in particular the coverage of vested benefits by Plan assets, should be monitored quarterly and more frequently if required. Additional supplementary contributions may be required should the funding position become unsatisfactory.

Funding Status Measures

Vested Benefits

Vested benefits are the benefits payable if all Members voluntarily resigned from service. As at the valuation date, the net assets of the Plan are sufficient to cover the vested benefits. The ratio of the Plan's assets to vested benefits in respect of the Defined Benefit liabilities is 148.0% at 30 June 2024 (including additional accumulation accounts in respect of defined benefit members).

Assuming:

a. the benefits described in the Trust Deed remain unchanged

b. Company contributions are paid at the recommended rate

c. the future experience of the Plan is in accordance with the assumptions made in this actuarial valuation

then the assets of the Plan should remain in excess of the vested benefits up to 30 June 2027. On this basis, the financial position of the Plan is expected to remain satisfactory.

Present Value of Accrued Benefits

The present value of accrued benefits is the actuarial value (using the assumptions and methodology detailed in this report) of the expected future benefits payable from the Plan to the current members and their dependents in respect of Plan membership completed up to the date of the actuarial investigation.

The Plan's net assets are adequate to cover the present value of the accrued benefits of all members of the Plan at the valuation date. The ratio of the Plan's assets to the present value of accrued benefits in respect of the Defined Benefit liabilities is 142.2% (including additional accumulation accounts in respect of defined benefit members).

From time to time the value of the Plan's assets may be greater than, or less than, the present value of accrued benefits. These excesses, or shortfalls, arise when the actual experience of the Plan differs from the assumptions used to determine contribution rates.

Minimum Benefits

The Plan is *"solvent"* if the net realisable value of the assets of the Plan, less the value of the benefit entitlements of former members, exceeds the Minimum Requisite Benefits (MRB).

As at the valuation date the net assets of the Plan exceeded the MRBs and the Plan was in a solvent financial position. The ratio of the Plan's net assets supporting defined benefits to the total MRB in respect of the Defined Benefit liabilities was 150.9% (including additional accumulation accounts in respect of defined benefit members).

Shortfall Limit

Under SPS 160, the Trustee is required to set a shortfall limit. In October 2024 the Trustee changed the Plan's investment strategy from the "Balanced Growth" investment strategy to the "Defensive" strategy. Accordingly, the Trustee has increased the Shortfall Limit for the Plan from 97.0% to 99.0%. Given the new investment strategy, we consider this revised Shortfall Limit to be appropriate for the Plan.

Superannuation Guarantee

The Company's Superannuation Guarantee obligation is fully met for all Members by the minimum benefits provided under the Plan. The most recent Benefit Certificate is dated 24 September 2021.

A Funding and Solvency Certificate dated 24 September 2021 has been issued to the Trustee corresponding to the above mentioned Benefit Certificate. The purpose of this certificate is to specify the required Company contributions needed to fund the MRBs used to offset the Superannuation Guarantee charge. All necessary funding and solvency certificates have been issued to the Trustee during the three years to 30 June 2024. A superannuation fund is *"solvent"* if the net value of its assets, less the value of the benefit entitlements of former members, exceeds the minimum Superannuation Guarantee benefits. At 30 June 2024, the Plan is solvent and based on the actuarial assumptions, we see no reason why it would be unlikely that an actuary will not be able to certify the solvency of the Plan in three years' time. A new Funding and Solvency Certificate will be issued following this investigation to reflect the new recommended contribution rates.

Investments

The Trustee has developed formal objectives and a policy for the investment of the Plan's assets. These objectives and policies are summarised in the Investment Policy Statement dated 17 June 2024.

At 30 June 2024, the investment policy was to have the assets supporting the Plan's defined benefit liabilities invested in a Balanced Growth investment strategy, with approximately 70% in growth assets such as shares and property and 30% in income assets such as cash and bonds.

In October 2024 the Trustee changed the investment strategy from this Balanced Growth investment strategy to a Defensive strategy with approximately 30% in growth assets and 70% in income assets. The defined benefit crediting rates specified in the Crediting Rate Policy continue to be based on returns earned by the Balanced Growth option. In the long term the Plan's earning rates on its defined benefit assets are expected to be lower than the rate credited to defined benefit members' accounts. If the crediting rate is assumed to be 7.0% (set with reference to our expected long term return for the Balanced Growth option), and the defined benefit assets are expected to return 5.75% pa invested in the Defensive option, the higher crediting rate would be expected to reduce the surplus by approximately $285,000 over the course of a year, when applied to the combined total of the defined benefit accounts for defined benefit members whose accumulation benefit currently applies, defined benefit members' additional accounts, and the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits (current at 30 June 2024). However, given the Plan's strong financial position and availability of a substantial surplus, and on the basis that the Company remains comfortable with the investment mismatch between the earnings on the defined benefit assets and the defined benefit crediting rate, and on the basis that Vested Benefits coverage and funding requirements will continue to be reviewed quarterly and at 1 July each year, I consider the current crediting rate policy and investment strategy to be suitable.

We recommend that the Trustee regularly monitors the investment managers' performance.

Insurance

In comparison with the Plan's net assets the total amount of insurance protection against death and total and permanent disablement benefits is adequate as at 30 June 2024.

The temporary disablement benefit is fully insured, hence the amount of insurance is not influenced by the level of the Plan's assets.

Next Valuation

The next valuation should be held no later than 30 June 2027. I recommend that the Vested Benefits coverage should be monitored quarterly now that the contribution holiday has been extended to accumulation members.

Luke Carroll
Fellow of the Institute of Actuaries of Australia

19 December 2024

Review: D: HN | TR: EZ | CR,ER: LAC

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https://wtwonlineau.sharepoint.com/sites/tctclient_987204_Swire2024/Documents/04.01_Actl_Valn/Deliverables/Swire Valuation Report 30 June 2024.docx

Section 2: Background & Data

The Swire Group Retirement Plan (“the Plan”) transferred into the Russell Investments Master Trust on a successor fund basis with effect from 1 January 2006.

The Plan is governed by the Russell Investments Master Trust Trust Deed dated 26 June 2003, as amended from time to time, and an Employer Application Deed originally signed on 23 December 2005.

Under Clause 15.7 of the Trust Deed, the Actuary, as a result of the investigation, is required to recommend a rate of contribution to be payable to the Plan by the employer.

The Plan is a complying superannuation fund under the SIS Act and for taxation purposes.

The Plan is closed to new defined benefit members.

A summary of the main Plan benefits is included as Appendix A to this report.

Previous Recommendations

The recommended Company contributions over the three year period ending 30 June 2021 were as follows:

1. In respect of defined benefit members – 0% of Plan Salaries (this includes the cost of expenses and insurance for defined benefit members);
2. In respect of defined benefit members – contributions required to be made into the SG Employer Account. These contributions are determined as the SG rate applied to any items of Ordinary Time Earnings Base (OTE Base) not already included in determining the amounts to be notionally credited to the Employer Account;
3. In respect of accumulation members – SG rate applied to OTE Base; and
4. In respect of accumulation members, to cover the cost of expenses and insurance – 0.85% of Plan Salaries.

The Company should also contribute:

- Contributions at the rate of 5.88% of Plan Salaries for those members with deemed member contributions and any salary sacrifice member contributions.

To the best of our knowledge the Company has been contributing to the Plan in accordance with the above recommendations.

Changes since the last valuation of the Plan

There have been no changes to benefits since the last valuation as at 30 June 2021. In October 2024 the Trustee changed the investment strategy from a Balanced Growth investment strategy with approximately 70% in growth assets and 30% in income assets, to a Defensive strategy with approximately 30% in growth assets and 70% in income assets. The Crediting Rate Policy, which sets out the method used to determine earnings to be credited to members’ DB accounts, will however continue to be based on the returns for the Balanced Growth investment option.

The SG rate increased to 11.5% effective 1 July 2024 and is set to increase to 12.0% on 1 July 2025. We have allowed for this future SG increase in our calculations.

Sources of Information

We have relied on the administrative records at 30 June 2024, provided to us by Russell Investments.

We have relied on the unaudited financial information for the Plan prepared for the Russell Investments Master Trust for the period 30 June 2021 to 30 June 2024.

Where possible the information provided has been checked for reasonableness and is considered suitable for the purposes of this investigation.

Data

The membership details are summarised in Appendix B. In brief there were 48 Defined Benefit Members as at 30 June 2024, with total salaries of $5,851,667. In addition, there were 152 accumulation members at 30 June 2024 – this includes 10 defined benefit members' benefits whose benefits have now crystallised and operate as accumulation benefits.

Within the defined benefit section, the total additional accumulation accounts plus total benefits for members whose benefits have now crystallised and operate as accumulation benefits were $10,322,774 at 30 June 2024.

The Plan does not have any lifetime pensioners.

A reconciliation of the full membership between the last valuation date and this valuation date is enclosed as Appendix C to this report.

We have checked a sample of the membership data for internal consistency and are satisfied as to the accuracy of this sample.

Since the previous valuation, the average attained age of Defined Benefit Members has increased from 53 years to 54 years. The average completed membership of Defined Benefit Members (including membership in predecessor funds) has also increased from 18 years to 21 years.

The salaries of Defined Benefit Members have increased on average by 6.1% p.a. over the period since the last valuation.

Section 3: Assets and Investment Strategy

Accounts

We have been supplied with sub-plan accounts covering the twelve month periods to 30 June 2022, 30 June 2023 and 30 June 2024. We understand that audited information at the sub-plan level is not available however the Russell Investments Master Trust (RIMT) accounts were prepared and audited as a whole. These sub-plan accounts have been combined to produce the consolidated accounting statement for the period 30 June 2021 to 30 June 2024 shown in Appendix D to this report.

The Plan's accounts show that the Employer appears to have been contributing in accordance with the recommendations of the last valuation report.

Market Value of Net Assets

At 30 June 2024 the net market value of assets of the total Plan available to pay benefits was $63,394,000. This value includes assets in respect of both defined benefit members and accumulation members and excludes the operational risk financial reserve.

The net market value of assets attributable to the defined benefit section of the Plan only (excluding the accumulation members and the operational risk financial reserve) is $44,348,000. These assets attributable to the defined benefit section of the Plan include the additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits.

The breakdown of the market value of the Plan's defined benefit assets at 30 June 2024 is summarised below.

Net Market Value of DB Assets at 30 June 2024*	$
DB Assets	44,458,943
ORFR Reserve	(111,147)
TOTAL	44,347,796
Less adjustment for benefits and tax payable	-
Adjusted TOTAL	**44,347,796**

* The DB Assets in the table above include additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits.

The Trustee maintains an operational risk financial reserve as shown in the table above.

Accumulation benefits

Defined Benefit Members do not have investment choice for their additional accumulation accounts. Similarly, former defined benefit members who whose benefits have crystallised and now operate as accumulation benefits, do not have investment choice. These benefits are invested with the Defined Benefit assets and receive a smoothed credited interest rate, detailed below. For the purpose of this valuation, except where stated otherwise, the additional accumulation accounts for Defined Benefit Members, and the benefits for former defined benefit members whose benefits have crystallised, have been included in the defined benefit assets.

Accumulation Members can choose from a range of investment options available in the Russell Investments Master Trust. These investment options are unitised and distribute investment returns to members through movements in unit prices

Suitability of Crediting Rate Policy

Defined benefit members' core account balances, used in the calculation of their "greater-of" accumulation and defined benefit, receive a smoothed crediting rate, summarised below. These accounts were $12,553,904 at 30 June 2024. In addition, Defined benefit members' additional accumulation accounts, as well as the benefits for former defined benefit members who are now over age 65, also receive this smoothed crediting rate. These accounts were $10,322,774 at 30 June 2024.

i. The crediting rate is declared each 31 December, based on a geometric average of returns earned on the Balanced Growth portfolio over the previous three years to 31 December.

ii. To coincide with the Plan's fiscal year and to update members' accounts for the annual review, a crediting rate will also be declared at each 30 June for the six months from 31 December. This rate is based on the geometric average of the actual returns earned on the defined benefit assets over the previous two and a half years to 30 June and the expected return for the remaining six months.

iii. In order to reconcile the two figures calculated in i) and ii) above, each year a crediting rate is calculated that is applied in respect of the period from 1 July to 31 December. This crediting rate will be based on the geometric average of the actual returns over three years to the most recent 31 December (i.e. the figure calculated in i) above) less the rate already applied for the six months to 30 June (i.e. the figure calculated in ii) above)

iv. An interim crediting rate will apply from 1 January each year, based on the average of the actual returns of the fund over the previous two years to 31 December and the expected return for the current year.

v. The interim crediting rate to be used from 1 July each year will be based on the geometric average of the actual returns earned on the defined benefit assets over the previous two and a half years to 30 June and the expected return for the remaining 6 months of the calendar year, less the rate already applied for the six months to 30 June (i.e. the figure calculated in ii) above).

The actuary monitors and updates the interim crediting rate on a quarterly basis to allow for actual experience in each quarter. The actuary will monitor and update the prevailing interim rate at other times, if considered necessary.

Because the crediting rate is based on the changes in the unit price of the Balanced Growth investment option while the Plan's actual earning rates will be the return on the Defensive investment option, in the long term the Plan's earning rates are expected to be lower than the rate credited to members. If the crediting rate is assumed to be 7.0% (set with reference to our expected long term return for the Balanced Growth option), and the defined benefit assets are expected to return 5.75% pa invested in the Defensive option, the higher crediting rate would be expected to reduce the surplus by approximately $285,000 over the course of a year, when applied to the combined total of the defined benefit accounts for defined benefit members whose accumulation benefit currently applies, defined benefit members' additional accounts, and the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits (current at 30 June 2024). However, given the Plan's strong financial position and availability of a substantial surplus, I consider the crediting rate policy to be suitable for the Plan and recommend that the Plan's position be monitored on a quarterly basis.

Nature of Defined Benefit Liabilities

The Plan offers a Defined Benefit with a minimum of Accumulation style accounts. Where a member's Defined Benefit applies, the level of the Defined Benefit liabilities does not bear the same direct relationship with the defined benefit assets as exists with accumulation liabilities (where the assets and liabilities are generally matched).

The Defined Benefit liabilities reflect membership and salary growth, whereas the supporting assets depend on a range of factors including:

i. the level of Company contributions, and

ii. the level of investment returns

Where the member's defined benefit is greater than their accumulation accounts, it is the Company that bears the investment risk as the level of contributions required depends on the level of investment returns achieved.

An investment strategy for the Defined Benefit Section which is framed to take a long-term view will often adopt relatively high levels of equity investment in order:

i. to gain exposure to attractive long term investment returns, and

ii. to provide an opportunity for capital appreciation and dividend growth, which gives some protection against inflation (as benefits are linked to salary growth which is also influenced by inflation)

The main constraint is that potential fluctuations in asset values mean the total asset value could fall below the level of Vested Benefits, placing the Plan in an unsatisfactory financial position.

While the impact of a sudden sharp fall in asset values can be limited by maintaining a buffer of assets over and above the level of vested benefits, the level of the buffer may never be sufficiently high to safeguard against all possible investment outcomes. However, the buffer should be at a level where the risk of the asset values falling below the level of vested benefits under a particular investment strategy is acceptable to the Trustee and the Company.

In this regard, a lower buffer may be acceptable where the Company is willing and able to accept short-term variations in contributions as part of underwriting the defined benefits of the Plan. In this case, short-term variations in company contributions may result from:

i. reducing a buffer that has grown too large, or

ii. rebuilding a buffer that has fallen or become negative

An alternative for a plan which does not have a sufficient asset buffer above the level of Vested Benefits is to adopt a more conservative investment strategy. While this may reduce short-term fluctuations in asset values, it is also likely to reduce long-term returns and hence result in increased company contributions in the long-term.

In summary, a balance needs to be achieved between these short-term and long-term considerations in funding the defined benefit liabilities.

Defined Benefits – Investment Objectives and Guidelines

In October 2024 the Trustee changed the Plan's investment strategy for the Plan's defined benefit assets from the Balanced Growth Portfolio to the Defensive Portfolio. The Trustee's investment objective for the defined benefit assets is the same as that for the Defensive Portfolio – "To earn a return after costs and tax, exceeding CPI by 2.0% per annum, measured over rolling 5 year periods."

Investment Strategy for Defined Benefit Section

In order to meet the investment objective set for the Defined Benefits Section, the Trustee has adopted a specific long term benchmark allocation to each asset class.

The table below shows the benchmark asset allocation of the Defensive investment option as at 30 June 2024.

Asset Class	Benchmark Asset Allocation as at 30 June 2024
Australian Equities	10.0
Overseas Equities	16.0
Property	10.0
Fixed Interest	34.5
Cash	26.0
Infrastructure	3.5
Total	**100.0**

We have taken account of this investment strategy in setting our actuarial assumptions in Section 4 of this report.

Suitability of Investment Strategy

The defined benefit categories within the Plan are now all closed to new members. The age profile of these categories will gradually increase. At 30 June 2024 the average age was 54 years old, so the investment timeframe is relatively long-term at present.

We expect that the investment timeframe will eventually decline over time as current members approach retirement age and exit the Plan. The Company and Trustee should therefore review the suitability of the investment strategy regularly (at least triennially) to determine whether the investment strategy remains appropriate as the age and risk profile changes. The change to the Defensive

Portfolio reduces the expected volatility of the financial position of the Plan and hence may reduce the expected volatility of the employer contribution rate, however also results in a lower expected long term return and therefore a higher expected long term Company contribution rate.

In combination with the Crediting Rate Policy described above, and in particular setting the crediting rate with reference to the returns earned on the Balanced Growth portfolio rather than the Plan’s actual earnings, this is expected to reduce the surplus over time. However, given the Plan’s strong financial position and availability of a substantial surplus, and on the basis that the Company remains comfortable with the investment mismatch between the earnings on the defined benefit assets and the defined benefit crediting rate, and on the basis that Vested Benefits coverage and funding requirements will continue to be reviewed quarterly and at 1 July each year, I consider the current investment strategy to be suitable.

Section 4: Valuation Method, Plan Experience and Actuarial Assumptions

To carry out an actuarial valuation for defined benefit liabilities, it is necessary to decide on:

- the valuation method to be adopted, and
- the assumptions as to the factors which will affect the cost of the benefits to be provided by the Plan in the future

The information in this Section 4 relates to the defined benefit section of the Plan.

Valuation Method

Attained Age method

Consistent with the previous actuarial valuation we have adopted the Attained Age Method. This funding method presents an appropriate funding method for the Fund, given the Plan is closed to new members and the remaining future life of the Plan is expected to reduce.

The calculation of the Employer contribution by this method consists of two parts.

The **first part** is the "normal cost". The total normal cost is expressed as a level % of expected future salaries and is equal to the sum of:

- the cost based on actuarial assumptions of the benefits accruing to the members in respect of all future membership following the valuation date, plus
- the cost of insurance premiums, administration and taxation expenses.

The **second part** is the Employer contribution required to amortise any surplus or deficiency at the valuation date.

The surplus or deficiency in respect of completed membership is then calculated as the difference between:

- the actuarial value of the Plan's assets attributable to the defined benefit section, and
- the present value of all benefits accrued to the date of the valuation in respect of defined benefit section members based on the valuation assumptions adopted.

The total Employer contribution for the year is the Employer's normal cost less (plus) any amortisation of surplus (deficit).

However, the contribution rate required to maintain vested benefits coverage above 100% in three years' time based on the valuation assumptions has also been considered.

Plan Experience and Valuation Assumptions

It is important when setting the valuation assumptions to examine the experience of the Plan to see whether the previous assumptions have been borne out in practice. A summary of the major items of experience over the last three years is given in the following paragraphs.

Investment Return

The assumption for investment returns at the last valuation was 4.75% p.a. The Plan's investment returns over the three years to 30 June 2024 in respect of the Defined Benefit assets, together with the crediting rates applied to defined benefit members' accounts, are as follows:

Year Ending 30 June	Investment Return (% p.a.)	Crediting Rate (% p.a.)
2022	-4.5%	6.8%
2023	9.5%	4.2%
2024	8.9%	4.7%
Average over the 3 years	**4.4%**	**5.2%**

The average investment return was 0.3% p.a. lower than the assumed rate. This underperformance will have had a negative effect on the Plan's financial position.

The crediting rates applied to defined benefit members' accounts reflected the investment performance of the Plan's defined benefit assets, but smoothed over rolling three year periods. The specific smoothing methodology is detailed in Section 3.

The table above shows that the crediting rates applied to defined benefit members' accounts over the three years to 30 June 2024 have been slightly higher, on average, than the investment returns earned on the Plan's defined benefit assets. This will have had a negative financial effect on the Plan.

For this valuation, we have adopted a long term future investment return assumption equal to 5.75% p.a. (net of tax and investment management fees). This assumption has been set based on our expectations for future asset class investment returns over a period matching the duration of the Plan's liabilities, along with the strategic asset allocation for the Plan's defined benefit assets, based on the Defensive Portfolio detailed in Section 3.

Crediting Rate

We have been advised by the Trustee that while the Plan's defined benefit assets will be invested in the Defensive Portfolio, the crediting rate for defined benefit members' accounts are still to be based on the smoothed returns on the Balanced Growth Portfolio, as detailed in Section 3.

For this valuation, we have adopted a long term future crediting rate assumption equal to 7.0% p.a. (net of tax and investment management fees). This assumption has been set based on our expectations for future asset class investment returns, along with the strategic asset allocation for the Balanced Growth Portfolio.

Salary Inflation

The assumed rate of salary inflation was 2.75% p.a. at the last valuation. The average rate of growth of Salaries for defined benefit members who were present at both the last and current valuation dates was 6.1% p.a. The actual salary growth rate was 3.35% p.a. higher than the assumed rate. In isolation, this will have had a negative effect on the Plan's financial position. For this valuation we have increased the salary inflation assumption to 3.50% p.a.

Over the long term, it is the "gap" between the investment return (net of tax) and salary inflation assumption that is important when valuing member's liabilities. In this valuation we have increased the "gap" from 2.00% p.a. used in the previous valuation to 2.25% p.a. Over the review period the actual "gap" was -1.68% p.a. which has had a negative impact on the Plan's financial position.

Rates at which Members Leave Service and Retire

We have retained the assumptions used at the previous valuation. Statistically significant results based on actual experience are not available from a fund of this size.

Rates at which Members Leave due to Death or Total and Permanent Disablement (TPD)

The assumed rates at which members leave due to death or total and permanent disablement used in the previous valuation were based on the underlying death and disablement rates under the Plan's group life policy. These underlying death and disablement rates under the Plan's group life policy have changed since the previous actuarial investigation and we have therefore updated the assumed rates at which members leave due to death or total and permanent disablement to be based on the new underlying group life policy rates. Considered in isolation the updated death and total and permanent disablement rates have had an immaterial impact on the Plan's financial position.

Expenses and Insurance Premiums

Defined Benefit Members

At the previous investigation, it was assumed that defined benefit members' expenses would be covered by an allowance of 2.15% of salaries to cover administration and the cost of salary continuance insurance cover.

For this valuation we have maintained this assumption of 2.15% of defined benefit Plan Salaries.

The expected cost of insuring future death and total and permanent disablement benefits is included in the Future Service Defined Benefit Liabilities.

Accumulation Members

At the previous investigation, it was assumed that the cost of administration expenses, death and total and permanent disablement and salary continuance insurance would be 2.00% of Plan Salaries in respect of accumulation members.

For this valuation we have adopted an assumption of 0.90% of Plan Salaries for accumulation members. The decrease is largely driven by the reduction in insurance premium rates.

Impact of changes in assumptions and Funding Method

The combined change in the assumptions set out above is to increase the normal cost by 1.4% of defined benefit Plan Salaries.

Summary of Valuation Assumptions

A summary of our valuation assumptions is set out in Appendix E to this report.

Section 5: Insurance Arrangements

Adequacy of Insurance

The insurance coverage of the Plan is considered adequate if the net assets of the Plan are sufficient to cover the Death and Total and Permanent Disablement (TPD) benefits of the Plan after any insured components have been allowed for.

The Plan currently has Death and TPD, and Salary Continuance Insurance with TAL.

Death and TPD Benefits

Defined Benefit Members

The current level of Death and TPD insurance in respect of Defined Benefit Members is calculated as:

17.5% x years of future service to age 65 x Projected FAS to age 65,

with some additions for members with death and TPD benefit guarantees.

Refer to Appendix A for full details of the Death and TPD benefit.

Accumulation Members

We understand that the formula being used for insurance purposes for accumulation members is:

17.5% x years of future service to age 65 x Plan Salary

The Death and TPD benefit for Accumulation benefit members equals the vested benefit plus an insured amount consistent with the formula above. Therefore the Death and TPD benefits in excess of an Accumulation member's vested benefit are fully insured.

The insured amount may be limited by the insurer and where this occurs we understand this benefit is limited by the same amount.

Insurance Cover

The following table shows the adequacy of the Plan's insurance cover at 30 June 2024 in respect of defined benefit members only (including additional accumulation accounts but excluding former defined benefit members whose benefits have crystallised and now operate as accumulation benefits). As stated above, the Death and TPD benefits in excess of the vested benefit for Accumulation members are fully insured and so have been excluded from the analysis below.

	Amount $000
Lump Sum Death and Disablement Benefits (A)	35,504
Less Aggregate Group Life Insurance (B)	10,395
Plan’s Exposure (A – B)	25,109
Plan’s Total Net Assets	38,648

The Plan’s net assets as at 30 June 2024 are sufficient to meet the Plan’s insurance exposure. The current insurance arrangements are considered adequate and no changes are recommended.

Salary Continuance Insurance Benefits

We understand that the Salary Continuance Insurance benefits for defined benefit members and accumulation benefit members are fully insured.

Section 6: Solvency and Funding Status Measures

There are several methods used to assess the current financial situation (i.e. funding status measures) of the Plan. These measures are dealt with below.

Defined Benefit Assets are $44,347,796, as noted in Section 3. This amount excludes the full amount of the ORFR, and includes the additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members who are now over age 65 and whose benefits operate as accumulation benefits.

Vested Benefits

Pursuant to superannuation law and SPS 160, a fund (or a section of a fund) is in a *"satisfactory"* financial position if the assets of the fund cover the Vested Benefit entitlements of the members of the fund.

The Vested Benefits represent the benefit entitlements of Members should they voluntarily leave the Plan. The Vested Benefits Index is a test of the Plan's solvency if all Members voluntarily resigned or retired (if eligible) on the review date.

The following table shows the progression of the Vested Benefits Index over the review period.

	30 June 2021 DB Only*	30 June 2024 DB Only*	30 June 2021 Total Plan	30 June 2024 Total Plan
Net Assets ($000)	56,084	44,348	99,807	63,394
Vested Benefits ($000)	39,093	29,967	82,817	49,013
Surplus ($000)	16,991	14,381	16,991	14,381
Vested Benefits Index	143.5%	148.0%	120.5%	129.3%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, including additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits

As at 30 June 2024, the net assets of the Plan exceeded the Vested Benefits and the Plan was in a satisfactory financial position. The ratio of the Plan's net assets supporting defined benefits to the Vested defined benefits was 148.0%. At the previous valuation, this ratio was 143.5%. The Plan's surplus is dollar terms has reduced from $17.0 million to $14.4 million due to the following:

- Investment returns being lower than expected;
- Defined benefit crediting rates being greater than the return earned on defined benefit assets;
- Salary growth being greater than expected; and
- The contribution holiday in respect of defined benefit accrual.

The VBI has however increased due to the reduction in the membership and spreading the surplus over a small liability base.

Actuarial Value of Accrued Benefits

An indication of the funding status of the Plan is given by the ratio of the Plan's net assets to the Actuarial Value of Accrued Benefits (AVAB). This is called the Actuarial Value of Accrued Benefits Index (AVABI).

AVAB represents the value in today's dollars of future benefits based on membership completed to the review date, allowing for future salary increases, investment earnings and expected incidence of payment. *"Accrued Benefits"* has the meaning given in Regulation 9.27 of the SIS Regulations.

It is important that the Actuarial Value of Accrued Benefits Ratio is not used to compare the level of funding between superannuation funds but is used as a measure to assess the funding status of a superannuation fund from time to time. Different superannuation funds can be expected to have different Actuarial Value of Accrued Benefits Ratios depending on the age and employment history of the members.

A fully secured position is represented by a ratio of 100.0%. At this level, if the Plan were closed to new entrants and no further benefits were allowed to accrue to current members, assets would be sufficient to meet all future benefit payments if the actuarial assumptions are borne out in practice.

The following table shows the progression of the Actuarial Value of Accrued Benefits Index over the review period.

	30 June 2021 DB Only*	30 June 2024 DB Only*	30 June 2021 Total Plan	30 June 2024 Total Plan
Net Assets ($000)	56,084	44,348	99,807	63,394
Actuarial Value of Accrued Benefits ($000)	38,928	31,194	82,652	50,239
Surplus ($000)	17,155	13,154	17,155	13,154
Actuarial Value of Accrued Benefits Index	144.1%	142.2%	120.8%	126.2%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, including additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits

As at 30 June 2024, the net assets of the Plan (excluding any amount held to meet the ORFR) are adequate to cover the Actuarial Value of Accrued Benefits.

The Plan's Actuarial Value of Accrued Benefits Index in respect of defined benefit liabilities has deteriorated over the period due to:

- the reasons set out above for vested benefits; and
- the combined impact of the reduction in the assumed future earnings on the defined benefit assets (due to the change in investment strategy to the Defensive Portfolio) combined with continuing to set the defined benefit crediting rate with reference to the Balanced Growth investment return.

Minimum Benefits

The company's Superannuation Guarantee (SG) obligation is either fully or partly met for all members by the minimum benefits provided under the Plan. The Plan is *"solvent"* if the net assets of the Plan, less the value of the benefit entitlements of former members, exceed the Minimum Requisite Benefits (MRB) of all members in service. The following table shows the progression of the Minimum Benefits Index over the review period.

	30 June 2021 DB Only*	30 June 2024 DB Only*	30 June 2021 Total Plan	30 June 2024 Total Plan
Net Assets ($000)	56,084	44,348	99,807	63,394
Minimum Benefits ($000)	38,064	29,381	81,788	48,427
Surplus ($000)	18,019	14,967	18,019	14,967
Minimum Benefits Index	147.3%	150.9%	122.0%	130.9%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, including additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits.

As at 30 June 2024, the net assets of the Plan exceeded the Minimum Benefits and the Plan was in a solvent financial position. The ratio of the Plan's net assets supporting defined benefits to the minimum defined benefits was 150.9%.

Shortfall Limit

As required under SPS 160, the Trustee is required to set a shortfall limit. In October 2024 the Trustee changed the Plan's investment strategy from the "Balanced Growth" investment strategy to the "Defensive" strategy. Accordingly, the Trustee has increased the Shortfall Limit for the Plan from 97.0% to 99.0%.

The shortfall limit is defined in paragraph 10 of SPS 160 as:

"… the extent to which an RSE licensee considers that a fund can be in an unsatisfactory financial position with the RSE licensee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of fund assets, the fund can be restored to a satisfactory financial position within one year."

Should the financial position of the Plan breach the Shortfall Limit, additional interim Actuarial investigations will be required with rectification plans to be put in place to address the unsatisfactory financial position.

We consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

Benefits Payable on Termination of the Fund

The Trust Deed states that, on termination of the Plan, after meeting expenses associated with the termination, the assets attributable to members' benefits are to be allocated to members and either transferred into another eligible fund or, if the member has ceased service with the employer and satisfied the preservation rules, paid to the member.

Experience since the Investigation Date

Returns on the Plan’s DB assets have been slightly higher than expected since 1 July 2024, therefore it is likely the levels of the funding measures will have improved slightly.

Summary

The levels of surplus of the various funding measures over the three year period since the last actuarial valuation have reduced as a result of the experience of the Plan including lower than expected investment returns, higher than expected salary growth and the contribution holiday taken from defined benefit funding. The Plan remains in a satisfactory financial position at 30 June 2024.

Section 7: Valuation Contribution Results

It should be emphasised that the funding measures shown in Section 6 relate to the current position at the review date. A projection of the Plan is required to assess the adequacy of Company contribution rates to provide defined benefits in the future.

Such a projection has been carried out using the funding method and assumptions discussed in Section 4 and set out in Appendix E. The results of the valuation are summarised in this Section.

ATTAINED AGE METHOD

Long Term Defined Benefit Contribution Rate (before adjustments for current surplus/deficits)

As described in Section 6, the total value of accrued defined benefits of $31,194,000 represent the present value of all expected future benefits in respect of defined benefit membership accrued up to the valuation date. We have similarly calculated the present value of all expected future Defined Benefits in respect of expected membership after the valuation date ("future service defined benefits").

The amount of long term Company contributions needed is calculated as the present value of Future Service Defined Benefits less the present value of expected future member contributions.

		$000
Future Service Defined Benefit Liabilities		5,732
Less	Value of future member contributions	(1,732)
Defined Benefit Liability to be funded from future Company contributions		4,000
Value of 1% future Company contributions		346
Future Company contribution rate required		11.5%
Plus	Allowance for 15% contributions tax	2.0%
Plus	Allowance for Plan expenses and SCI costs	2.2%
Total Gross Company Contribution Rate required (of Pan Salaries)		**15.7%**

Hence, the long term contribution rate required to fund future benefits for Defined Benefit Members is 15.7% of Plan Salaries. Note the expected cost of insuring future death and total and permanent disablement benefits is included in the Future Service Defined Benefit Liabilities figure in the table above.

The long term contribution rate determined at the last valuation was 14.1%. The main reasons for the change in the long term contribution rate are:

- changes in membership over the three years have increased the normal cost by 0.3% of defined benefit Plan Salaries
- the change in financial and demographic assumptions (including allowing for the change to the investment strategy) has had a combined impact to increase the normal cost by 1.3% of defined benefit Plan Salaries.

Adjustment for Surplus at 30 June 2024

As at 30 June 2024, the surplus/deficit (assets relative to Actuarial Value of Accrued Benefits) was $13,154,000. This surplus could therefore be used to reduce the long term defined benefit contribution rate. In fact the Plan's assets at 30 June 2024 exceeded the Plan's actuarial value of total service liabilities – that is, the benefits expected to be paid out in future in respect of not only benefits accrued up to the valuation date, but also benefits expected to accrue in future. This therefore means that, based on the assumptions adopted being borne out in practice, the Plan's assets are expected to be sufficient to pay out all future benefits including future accrual, without the need for further Company contributions, in respect of defined benefit members.

Recommended Company Contribution Rate

We recommend that from 1 July 2024, the Company extends its contribution holiday to cover all of the contribution types listed below:

	Applies to	Funds	Amount
1	Defined benefit members	DB accrual, including cost of expenses and insurance	Nil
2	Defined benefit members	Amounts credited to the SG Employer Account, determined as the SG rate applied to items of Ordinary Time Earnings Base (OTE Base) not already included in determining the amounts to be notionally credited to the Employer Account.	Nil
3	Accumulation members	SG rate applied to OTE Base	Nil
4	Accumulation members	Cost of expenses and insurance of 0.9% of Plan Salaries	Nil

The Company should continue to contribute:

- Contributions at the rate of 5.88% of Plan Salaries for those members with deemed member contributions and any salary sacrifice member contributions.

Notional Contributions to be Credited

The Company should also continue to advise the Plan of the notional contributions to be credited to defined benefit members' Employer Accounts. These notional amounts are determined as the SG rate applied to Base Salary plus the SG rate applied to some other items of OTE Base.

In addition, the Company should also advise the Plan of the amounts to be credited to members' accounts in relation to contribution types 2 and 3 in the table above.

The funding position, and in particular the coverage of vested benefits by Plan assets, should be monitored quarterly and more frequently if required. Additional supplementary contributions may be required should the funding position become unsatisfactory.

Projection of Results

For Defined Benefit Section members, we have tested the impact of the adoption of the recommended Company contribution rates above, by projecting the cash flows of the Plan and the build up of the Plan's assets over the next three years, and comparing the Plan's assets to the projected levels of the Vested Benefits. Please note, whereas the Vested Benefits and Vested Benefits Index (VBI) in respect of Defined Benefits set out in Section 6 include the additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits, the figures below exclude these amounts.

Projection Date	Defined Benefit Net Assets $'000s *	Defined Benefit Vested Benefits $'000s *	VBI %
30 June 2024	34,025	19,644	173%
30 June 2025	30,126	18,114	166%
30 June 2026	26,275	16,897	156%
30 June 2027	23,096	16,553	140%
30 June 2028	19,494	16,001	122%

* The figures above are in respect of the defined benefit section, but exclude additional accumulation accounts for defined benefit members, as well as exclude the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits

The projection uses the actual Plan return of 1.75% for the period from 1 July 2024 to 24 August 2024 and assumes returns from 25 August 2024 onwards as set out in Appendix E.

In addition to the assumptions set out in Appendix E, we have also assumed the following:

- Current accumulation member salaries grow at 3.5% p.a. Any exiting accumulation members are replaced
- Members' OTE Base is 125% of Plan Salary

The projection shows a steady reduction in the VBI due to the contribution holiday extending to accumulation type contributions.

If the recommended Company contribution rates shown above are paid, then I expect the Vested Benefits Index (VBI) to remain above 100% over the three years to 30 June 2027, assuming the valuation assumptions are borne out in practice.

Future Review

We recommend that a check is placed on the Vested Benefits Index at each quarter and at and also at any time if the Defined Benefit membership reduces significantly, or if contribution arrangements are changed, in order to confirm that the Plan maintains coverage of vested benefits.

The next actuarial valuation is due at 30 June 2027 with the results to be available by 31 December 2027.

Section 8: Sensitivity Analysis and Material Risks

Sensitivity Analysis

For the purpose of this investigation the “gap” between the investment return (net of tax) and salary inflation assumption is 2.25% pa. Other assumptions could be used and the table below shows the impact of varying the “gap” between these assumptions on the Plan’s financial position and long term contribution rate. No changes have been made to the demographic assumptions adopted for this valuation in the scenarios below.

	This Valuation Basis	Scenario 1	Scenario 2
“Gap” between investment return and salary inflation assumptions	2.25% p.a.	3.25% p.a.	1.25% p.a.
Actuarial Value of Accrued Benefits Index	142.2%	142.6%	141.5%
Long Term Contribution Rate before allowing for surplus	15.7	15.8	15.7
Long Term Contribution rate after allowing for surplus	Nil	Nil	Nil

If the assumed rate of investment return is 1% higher, the surplus position would increase from $13,154,000 to approximately $13,244,000 as at 30 June 2024. The Long Term Contribution Rate before allowing for surplus would increase by 0.1% to 15.8% under this scenario.

If the assumed rate of investment return is 1% lower, the surplus would reduce to approximately $13,015,000 as at 30 June 2024. The impact on Long Term Contribution Rate before allowing for surplus would be immaterial under this scenario.

Due to the minimum accumulation benefits, the Plan is at present quite insensitive to changes in the financial assumptions.

It should be noted that the variations selected in the sensitivity analysis above do not indicate upper or lower bounds of all possible outcomes. Further analysis can be carried out if required.

Material Risks

Salary Growth

For this valuation I have adopted a salary inflation assumption of 3.50% p.a. However if actual salary increases are greater than this, with all other actuarial assumptions borne out, then the funding position (Vested Benefits Index) will worsen and increased Company contributions may be required. Further analysis can be carried out if required.

Investment Returns and Investment Risk

For this valuation I have adopted an investment return assumption (net of tax and investment management fees) of 5.75% p.a. However if actual investment returns are less than this, with all other actuarial assumptions borne out, then the funding position (Vested Benefits Index) will worsen and increased company contributions may be required.

We have therefore undertaken some deterministic scenario modelling to assess the impact of an adverse investment return outcome. The table below sets out the projected VBI assuming investment returns of:

- the valuation assumptions (and incorporating the actual Plan return of 1.75% for the period from 1 July 2024 to 24 August 2024 and assumed returns of 5.75% p.a. from 25 August 2024 onwards) – that is the same assumptions used in the VBI projection in Section 7
- an adverse scenario, being a "1-in-20 year poor return" for the year to 30 June 2024 and assumed returns of 5.75% p.a thereafter

	Base Scenario			Adverse Return Scenario		
Projection Date	**Net Assets $'000s ***	**Vested Benefits $'000s ***	**Vested Benefits Index**	**Net Assets $'000s ***	**Vested Benefits $'000s ***	**Vested Benefits Index**
30 June 2024	34,025	19,644	173%	34,025	19,644	173%
30 June 2025	30,126	18,114	166%	26,775	17,481	153%
30 June 2026	26,275	16,897	156%	22,860	15,959	143%
30 June 2027	23,096	16,553	140%	19,615	15,368	128%

* The figures above are in respect of the defined benefit section, but exclude additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits

Change to investment strategy

In October 2024 the Trustee changed the investment strategy from a Balanced Growth investment strategy to a Defensive strategy with approximately 30% in growth assets and 70% in income assets.

Any further change to the investment strategy that impacts the future expected return on assets supporting the defined benefit liabilities will potentially have an impact on the financial position of the Plan. If the Trustee is considering changing the investment strategy, we recommend that the potential impact on the financial position of the Plan and future Company contribution requirements be considered, as well as the potential impact on members' benefits, given the hybrid accumulation / defined benefit nature of the benefit design.

Crediting Rate Risk

Rates credited to defined benefit members' accounts are based on a smoothed, three year average of the return on the Balanced Growth investment option, while the Plan's actual earning rates will be the return on the Defensive investment option. The long term return on the Balanced Growth investment option is expected to be higher than the long term return on the Defensive investment option and therefore the returns credited to members' accounts are expected to be greater than the returns earned on the Plan's defined benefit assets. This mismatch between crediting rates and investment returns is expected to reduce the Plan's surplus over time. If the crediting rate is assumed to be 7.0% (set with reference to our expected long term return for the Balanced Growth option), and the defined benefit assets are expected to return 5.75% pa invested in the Defensive option, the higher crediting rate would be expected to reduce the surplus by approximately $285,000 over the course of a year, when applied to the combined total of the defined benefit accounts for members whose accumulation benefit currently applies, defined benefit members' additional accounts, and the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits (current at 30 June 2024). The Plan's financial position should be monitored regularly on a quarterly basis.

Appendix A: Summary of Benefits

Defined Benefit Members

Definitions

Plan Membership

Period of membership in the Plan in years (pro rata for days) as a defined benefit member, adjusted for part-time employment and leave of absence.

Plan Salary

The remuneration at which the Member is employed by a Participating Employer but, except to the extent approved from time to time by the Principal Employer, does not include overtime, bonuses, commissions or allowances or other emoluments of a like nature.

Final Average Salary (FAS)

Average of full-time equivalent annual Plan Salaries at 1 January in the three previous years.

Retirement Date

Normal Retirement Date is age 65. Members are eligible for the Retirement Benefit from age 55.

Benefit Rate

17.5%. Varying rates apply for periods of membership in old categories.

Discount Factor

2% p.a. compound for each year (pro rata for days) to age 55.

Crediting Rate

Interest is credited to defined benefit members' accounts, set out below, based on a three year average of actual calendar year returns for the Balanced Growth option.

Accounts

- **Member Account**

  Members are required to contribute 5% of Plan Salary after tax or 5.88% of Plan Salary before tax into the member Account. These contributions are accumulated at the Crediting Rate.

- **Employer Account**

  The Employer Account is credited with notional Company contributions determined as the SG rate applied to Base Salary plus the SG rate applied to some other items of OTE Base. These contributions are accumulated at the Crediting Rate.

- **SG Employer Account**

The SG Employer Account is credited with actual Company contributions determined as the SG rate applied any items of Ordinary Time Earnings Base (OTE Base) not already included in determining the amounts to be notionally credited to the Employer Account. These contributions are accumulated at the Crediting Rate.

- Voluntary Account

  Accumulation of voluntary member contributions, less tax if applicable, at the Crediting Rate.

- Rollover Account

  Accumulation of rollovers at the Crediting Rate.

Benefits

Members' **Additional Accumulation Accounts** comprise the SG Employer Account, Voluntary Account and Rollover Account

Retirement Benefit

Greater of (Benefit Rate x Membership x FAS) and (Member Account + Employer Account), plus

Additional Accumulation Accounts

Leaving Service Benefit

Greater of (Benefit Rate x Membership x FAS x Discount Factor) and (Member Account + Employer Account), plus

Additional Accumulation Accounts

Death and Total and Permanent Disablement Benefit

Retirement Benefit calculated at age 65 assuming salary would have remained unchanged to age 65.

Salary Continuance Insurance Benefit

75% of Plan Salary payable on total and temporary disablement after a three month waiting period until the earliest of returning to work, turning age 65, death or payment of the TPD benefit (subject to a minimum of two years).

Special Benefits

Special benefits, including different benefit rates for past membership and death and TPD guarantees apply to some members.

Accumulation Members

Plan Salary

The remuneration at which the Member is employed by a Participating Employer but, except to the extent approved from time to time by the Principal Employer, does not include overtime, bonuses, commissions or allowances or other emoluments of a like nature.

Employer Contributions

Employer contributions are paid to members' accounts at the SG minimum rate.

Death and Total and Permanent Disablement Insured Benefit

17.5% x years of future service to age 65 x Salary

Salary Continuance Benefit

75% of Salary payable on total and temporary disablement after a 3 month waiting period for a maximum of two years.

Appendix B: Details of Membership

Membership as at 30 June 2024

	30 June 2021			30 June 2024		
	DB	DC	Total	DB	DC	Total
Number of Members[1]	92	248	340	48	152	200
Average Age	53			54		
Average Past Membership [2]	18			21		
Total Plan Salaries	$9,307,648			$5,851,667		
Average Salary	$101,170			$121,910		

[1] Some defined benefit members' benefits are crystallised and operate as accumulation benefits from that time. These members (10 at 30 June 2024 and 9 at 30 June 2021) are included in the DC membership figure in the table above.

[2] Includes membership in predecessor funds

Appendix C: Changes in Membership

Changes in Defined Benefit Membership for the Period 30 June 2021 to 30 June 2024

	Members
30 June 2021	92
Less	
New Crystallised DB Members	(7)
Retirements	(15)
Withdrawals	(21)
Death	-
TPD	(1)
30 June 2024	48

The table above shows the change in the number over defined benefit members over the three year period to the valuation date, excluding former defined benefit members whose benefits have crystallised an now operate as accumulation benefits.

Appendix D: Consolidated Revenue Account

Consolidated Revenue Account for the period 30 June 2021 to 30 June 2024

DB Section	Year ending 30 June 2022 $	Year ending 30 June 2023 $	Year ending 30 June 2024 $	Three years to 30 June 2024 $
Closing balance (Net of ORFR)	**56,083,524**			
ORFR	**(140,560)**			
Opening balance (Before ORFR)	**56,224,085**	**44,778,843**	**45,213,324**	**56,224,085**
Adjustment to Opening Balance	-	23,632	-	23,632
Employer contributions	1,007,595	1,154,339	1,061,156	3,223,090
Member contributions	181,563	61,545	49,791	292,899
Benefits transferred out for DB members	(10,228,914)	(4,471,032)	(5,131,180)	(19,831,126)
Admin fees/expenses payments	(64,751)	(34,690)	(117,196)	(216,636)
Insurance premiums	(405,943)	(284,044)	(232,116)	(922,103)
Tax (expense)/refund	(49,005)	(107,613)	(137,137)	(293,755)
Cash	-	-	-	-
Investment earnings	(1,885,787)	4,092,343	3,752,301	5,958,857
Closing balance (Before ORFR)	**44,778,843**	**45,213,324**	**44,458,943**	**44,458,943**
ORFR				**(111,147)**
Closing balance (Net of ORFR)				**44,347,796**

Appendix E: Valuation Method and Assumptions

Asset Value

Market value taken from unaudited accounts at the valuation date.

Investment Returns

5.75% p.a. compound (net of taxes and investment fees)

Crediting Rate

7.0% p.a. compound (net of taxes and investment fees) is the expected future return on which the crediting return will be based

Salary Increases

3.50% p.a. compound

Rates of Mortality, Total and Permanent Disability (TPD), and Leaving Service

Specimen annual rates of decrement appear in the tables below.

Age	Number out of 10,000 members assumed to leave the Plan during the year on account of:				
	Death Male	Death Female	Disablement Male	Disablement Female	Withdrawal
35	3	2	2	2	530
40	5	3	3	3	410
45	8	5	6	7	280
50	12	8	10	13	130
55	18	14	19	22	-

Age	Number out of 10,000 assumed to retire during the year
55	2,000
56	500
57	500
58	500
59	500
60	2,000
61	1,500
62	1,500
63	2000
64	5,000
65	10,000

Expenses and Insurance Premiums

Investment management expenses are allowed for by assuming a net rate of investment return.

Defined Benefit Members

Administration expenses and salary continuance insurance costs of 2.15% of defined benefit Plan Salaries have been allowed for.

The expected cost of insuring future death and total and permanent disablement benefits is included in the Future Service Defined Benefit Liabilities.

Accumulation Members

Administration expenses, death and total and permanent disablement and salary continuance insurance costs of 0.90% have been allowed for.

New Entrants

No allowance for new entrants.

Taxes

Tax on investment income is allowed for in the Investment Returns shown above.

Tax on contributions has been allowed for as 15% of Company contributions reduced by allowable deductions (administration and insurance costs). No allowance has been made for GST or Reduced Input Tax Credits.

Appendix F: Statements required under Paragraph 23 of SPS 160

The statements made here are in relation to the Swire Group Retirement Plan (the "Plan") in connection with the actuarial investigation I conducted effective 30 June 2024. The statements required under paragraphs 23(a) to (h) of SPS 160 for regular investigations are set out below. Note, these are provided in relation to the Plan's defined benefit liabilities only, and includes additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits, except for item b) Projection of Vested Benefits, which excludes these amounts.

a. **Plan Assets**

The net market value of the Plan's assets attributable to the defined benefit liabilities at 30 June 2024 was $44,347,796. This amount is the amount disclosed in the Plan Accounts, and excludes assets attributable to accumulation members as well as any Operational Risk Financial Requirement.

This value of assets at 30 June 2024 was used to determine the recommended Company contribution rates and assess the funding status measures and is also referred to as the "actuarial value" of the assets.

b. **Projection of Vested Benefits**

The projected likely future financial position of the defined benefit category of the Plan during the three years following the valuation date and based on my best estimate assumptions is as follows:

Date	Assets ($000)	Vested Benefits ($000)	Vested Benefits Index (%)
30 June 2024	34,025	19,644	173%
30 June 2025	30,126	18,144	166%
30 June 2026	26,275	16,897	156%
30 June 2027	23,096	16,553	140%

* The figures above exclude additional accumulation accounts for defined benefit members, as well as the benefits for former defined benefit members whose benefits have crystallised and now operate as accumulation benefits

c. **Accrued Benefits**

In my opinion, the value of the assets of the defined benefit members of the Plan (excluding any amount held to meet the ORFR) at 30 June 2024 was adequate to meet the liabilities in respect of the accrued benefits of defined benefit members of the Plan (measured as the value of members' accrued entitlements using the valuation assumptions). We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued liability.

d. Vested Benefits

At 30 June 2024 the Plan was in a satisfactory financial position, as defined in SPS 160. In my opinion the Plan does not need to be treated as being in an unsatisfactory financial position. The shortfall limit does not need to be reviewed

e. Minimum Benefits

At 30 June 2024 the value of the minimum benefits of the defined benefit members of the Plan were $29,380,886 which was less than the defined benefit assets at that date. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

The coverage of the MRBs for all defined benefit members of the Plan as at 30 June 2024 was 150.9%, and for all Plan members (including accumulation members) was 130.9%.

f. Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period from 30 June 2021 to 30 June 2024 have been obtained. The Plan was solvent, as defined in the Superannuation Industry (Supervision) Regulations at 30 June 2024. In my opinion, the solvency of the Plan will be able to be certified in any other Funding and Solvency Certificate required under the Regulations during the three year period to 30 June 2027.

g. Recommended Company Contributions

We recommend that from 1 July 2024, the Company extends its contribution holiday to cover all of the contribution types listed below:

	Applies to	Funds	Amount
1	Defined benefit members	DB accrual, including cost of expenses and insurance	Nil
2	Defined benefit members	Amounts credited to the SG Employer Account, determined as the SG rate applied to items of Ordinary Time Earnings Base (OTE Base) not already included in determining the amounts to be notionally credited to the Employer Account.	Nil
3	Accumulation members	SG rate applied to OTE Base	Nil
4	Accumulation members	Cost of expenses and insurance of 0.9% of Plan Salaries	Nil

The Company should continue to contribute:

- Contributions at the rate of 5.88% of Plan Salaries for those members with deemed member contributions and any salary sacrifice member contributions.

Notional Contributions to be Credited

The Company should also continue to advise the Plan of the notional contributions to be credited to defined benefit members’ Employer Accounts. These notional amounts are determined as the SG rate applied to Base Salary plus the SG rate applied to some other items of OTE Base.

In addition, the Company should also advise the Plan of the amounts to be credited to members’ accounts in relation to contribution types 2 and 3 in the table above.

We also recommend that:

- The formula being used to determine the insurance component of the death and disablement benefits be retained.

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19 December 2024

Review: D: HN | TR: EZ | CR: LAC

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