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Report to the Trustee on the Actuarial Investigation as at 30 June 2024

ExxonMobil Super

(an employer plan in the Plum Division of the MLC Super Fund)

31 October 2024

Contents

Section 1

Key Results and Recommendations

I have prepared this report on the actuarial investigation as at 30 June 2024 of the defined benefit section of ExxonMobil Super (the Plan), an employer plan in the Plum Division of the MLC Super Fund, for NULIS Nominees (Australia) Ltd, as Trustee of the Plan.

My report should not be relied upon for any other purpose or by any party other than the Trustee of the Plan. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with Esso Australia Pty Ltd and other participating companies (collectively referred to as “the Company” throughout this report). The Company may consider obtaining separate actuarial advice on the recommendations contained in the report.

The Plan has a closed defined benefit section and an accumulation section which is open to all new Plan members. The Trustee administers assets for the defined benefit and accumulation sections separately. The liability for accumulation section benefits is matched to the value of the underlying investments at any given time. Therefore, this actuarial investigation does not consider the assets or liabilities of the accumulation section.

1.1 Financial Position as at 30 June 2024

The following table summarises the Plan’s financial position as at 30 June 2024, and shows the corresponding coverage of assets over liabilities at the previous investigation:

	As at 30 June 2024		
Defined Benefits Section	$m	Asset Coverage	Asset Coverage as at 30 June 2023
Assets	1,080.4		
Lump Sum Leaving Service Benefits	1,073.6	100.6%	98.1%
Vested Benefits	1,073.6	100.6%	98.1%
Actuarial Value of Accrued Benefits	1,081.7	99.9%	96.9%
SG Minimum Benefits	816.5	132.3%	128.6%

The above totals exclude the account balances in the Plan’s accumulation section. These balances are invested in accordance with members’ investment choices and the value of the liabilities are matched to the value of the underlying investments.

Lump Sum Leaving Service Benefits are the lump sum amounts payable as of right to active members should they voluntarily leave service at the investigation date, plus the estimated actuarial value of future payments for existing pensioners and former retirees.

In practice, active members who have attained age 55 may elect to convert some or all of their lump sum benefit on leaving service to a lifetime pension. The Vested Benefits are similar to Lump Sum Leaving Service Benefits except that eligible members are assumed to convert a proportion of their lump sum benefit to a lifetime pension using the existing pension conversion factors. The existing pension conversion factors provide a pension benefit of actuarially equivalent value to the lump sum exchanged when measured using assumptions considered appropriate for this actuarial investigation.

The coverage levels have improved over the year since the previous actuarial investigation. The more significant factors of the Plan's financial experience were:

- The rate of return on the Plan's investments for the year to 30 June 2024 was 5.6%. This is higher than the average assumption of 4.3% used for the previous investigation (made up of 4.5% per annum for assets supporting pension and Death Benefit in Retirement liabilities and 4.0% per annum for assets supporting other defined benefit liabilities). The higher than assumed investment return had a positive impact on the Plan's financial position.
- Salaries for active defined benefit members increased by an average of 5.2% over the year. The previous assumption was 3.5% per annum. Higher than assumed salary increases had a negative impact on the Plan's financial position as members' defined benefits increased by more than anticipated.
- The Company made an additional contribution to the Plan of $24.4 million to rectify the shortfall between assets and vested benefits as at 30 June 2023 (grossed up for 15% tax).

The Plan's overall financial experience during the year to 30 June 2024 was favourable compared with the previous actuarial assumptions. Section 3 has more details of the Plan's experience.

As at 30 June 2024, the value of the Plan's assets was adequate to meet the liability for Vested Benefits. Therefore, the Plan is considered to be in an "satisfactory financial position", as defined in superannuation legislation, at that date. The Plan's financial position is examined in detail in Section 7.

The Plan was previously identified as being in an unsatisfactory financial position, and as a result the Trustee had prepared a Restoration Plan in accordance with Prudential Standard SPS 160. As the Plan has how been restored to a satisfactory financial position, the Restoration Plan no longer applies.

1.2 Recommended Contribution Rates and Projections

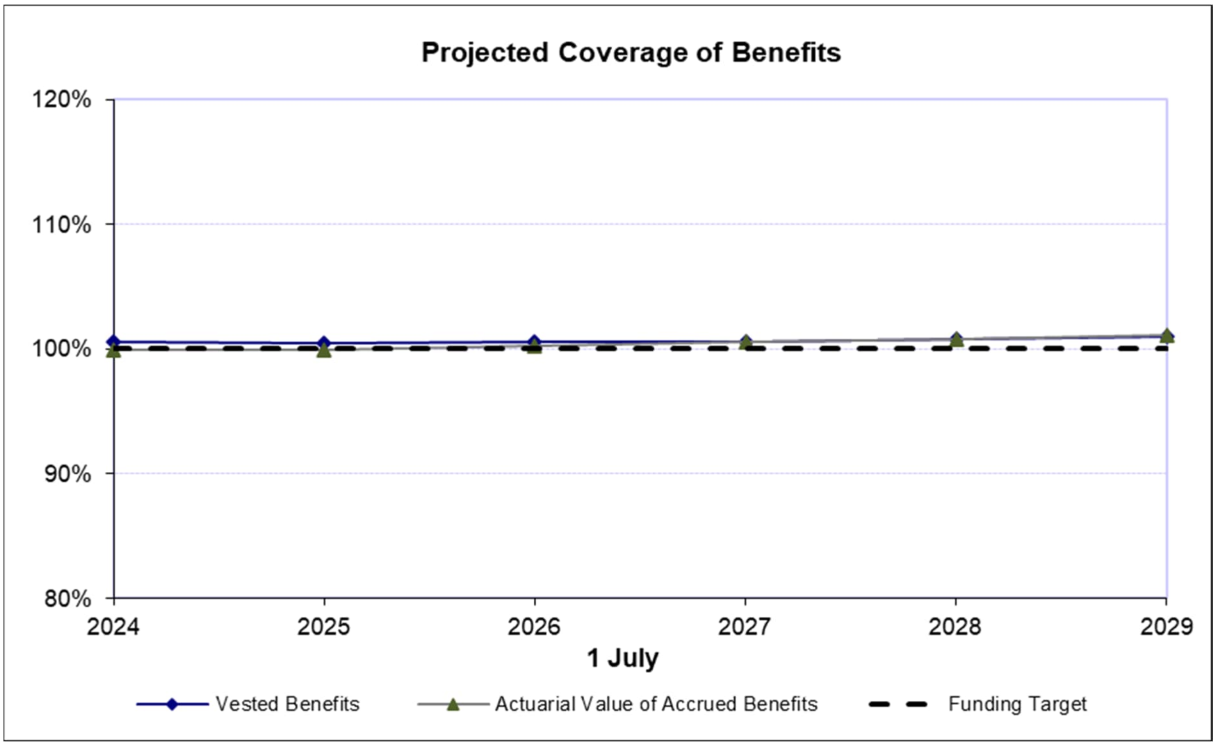
In accordance with the financing objective adopted for this investigation and the Company's preferred financing approach, I recommend that the Company continues to make ongoing regular contributions to the Plan in respect of defined benefit members of at least:

- 27% of salary in respect of DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members); and
- 24% of salary in respect of Class A Contributors and other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members).

The amounts allocated to members' accumulation account balances (e.g. award benefits, additional voluntary contributions and employer contributions for Accumulation Members) should continue to be paid in addition to the above contributions.

Following each 30 June (and at any other dates agreed between the Company and the Trustee), the Company should make additional contributions, based on advice from the actuary, equal to any shortfall between assets and vested benefits at that date (adjusted for tax as appropriate).

Based on the assumptions adopted for this investigation, I have prepared the following projection of the impact on the Plan's financial position of the contribution recommendations:



The chart shows that, if the Company makes contributions in accordance with the recommendations, the ratio of assets to vested benefits is projected to remain in excess of the financing objective of 100%, ensuring the Plan remains on track to meet the benefit liabilities as they fall due.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Company makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

1.3 Risks

The Trustee should note that the projection of the Plan's financial position is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Plan's actual experience will differ from these assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within a reasonable range and results based on those alternative assumptions would be different.

The Trustee has a monitoring process which will identify if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation. The Trustee's monitoring of the experience specified in the Notifiable Events section of the Funding and Solvency Certificate will provide a further means of identifying adverse experience which warrants an immediate review of the Plan's financial position.

Risks associated with the defined benefit liabilities are discussed in Section 8.

1.4 Other Findings and Recommendations

Suitability of Policies

I am satisfied with the following current policies for the defined benefit section of the Plan:

- The investment policy;
- The crediting rate policy;
- The self-insurance arrangements for death and disability benefits;
- The Shortfall Limit (for the purposes of SPS 160); and
- The Trustee's process for monitoring the Plan's financial position.

1.5 Actions Required by the Trustee

The Trustee should:

- Consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations;
- Seek formal agreement from the Company to contribute in line with the recommendations;
- Continue to monitor the progress of the Plan's coverage of vested benefits in accordance with the current process (i.e. quarterly); and
- Continue to monitor the "Notifiable Events" specified in the Plan's Funding and Solvency Certificate and advise the actuary should any actual or potential Notifiable Events occur.

Section 2
Introduction

2.1 Background of the Plan

ExxonMobil Super (the Plan) is operated for the benefit of employees of Esso Australia Pty Ltd and other participating companies. It is an employer plan in the Plum Division of the MLC Super Fund. The Trustee of the MLC Super Fund, NULIS Nominees (Australia) Ltd, holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Plan as required under the Trust Deed.

The Plan has a closed defined benefit section and an accumulation section which is open to all new Plan members. The Trustee administers assets for the defined benefit and accumulation sections separately. The liability for accumulation section benefits is matched to the value of the underlying investments at any given time.

The defined benefit section includes a mix of active members, deferred lifetime pensioners and current lifetime pensioners. In addition, former retirees who were members of a predecessor fund may have a Death Benefit in Retirement (DBIR) where any shortfall between the former retiree’s notional leaving service benefit and the aggregate benefits paid in respect of them becomes payable on their death.

Active members are provided with lump sum benefits on leaving service, death or disablement. Eligible active members are able to convert some or all of their lump sum leaving service benefit to a lifetime pension using agreed conversion factors. Appendix A provides a high level summary of the Plan’s defined benefits.

The Plan is a resident regulated fund and a complying superannuation fund for the purposes of the SIS legislation. The Plan is taxed as a complying superannuation fund.

If the Plan was terminated, the liability to pay benefits under the Plan’s governing rules is limited to whatever assets are then held in the Plan.

2.2 Purpose of Investigation

I have prepared this report exclusively for the Trustee of the Plan for the following purposes:

- To present the results of an actuarial investigation of the defined benefit section of the Plan as at 30 June 2024;
- To review Plan experience for the period since the previous actuarial investigation;
- To recommend contributions to be made by the Company intended to allow the Plan to meet its benefit obligations in an orderly manner, and to maintain an appropriate level of security for members’ accrued benefit entitlements;
- To satisfy the requirements of the Plan’s Trust Deed for actuarial investigations of the Plan’s financial position; and
- To meet legislative requirements under relevant superannuation legislation.

This investigation has been prepared in accordance with the requirements of the Trust Deed, the Superannuation Industry (Supervision) Act 1993 and associated regulations (SIS legislation), ARPA Prudential Standard SPS 160 and Professional Standard 400 issued by the Actuaries Institute setting out requirements for actuarial investigations of defined benefit superannuation funds under SIS legislation.

This actuarial investigation has not considered the assets or liabilities of the accumulation section of the Plan.

The previous actuarial investigation was conducted as at 30 June 2023 by me, on behalf of Mercer, and the results are contained in a report dated 21 December 2023.

2.3 Significant Events since the Investigation Date

I am not aware of any significant events that may have occurred since the investigation date which would have a material impact on the findings or recommendations in this report.

Section 3

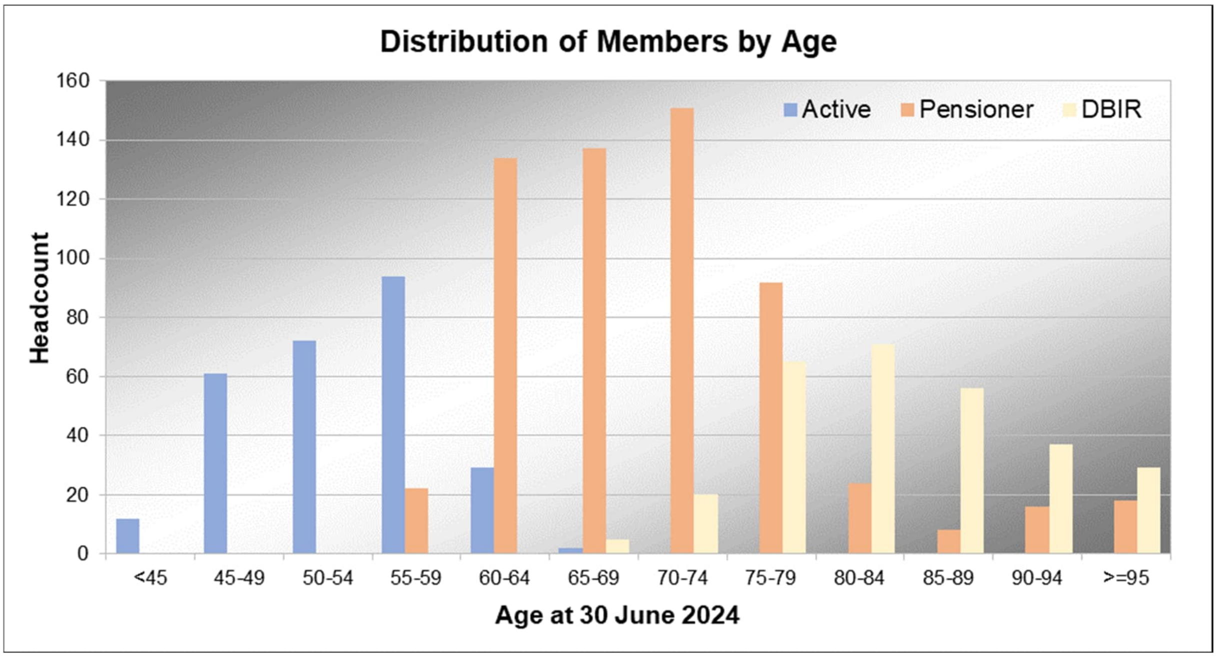
Experience since the Previous Investigation

3.1 Membership

The Plan's defined benefit membership as at 30 June 2024 comprised:

- 140 DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members) with annual salaries of $39.9 million;
- 116 other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members) with annual salaries of $35.2 million;
- 14 Class A Contributors with annual salaries of $4.0 million;
- 21 deferred lifetime pensioners;
- 581 current lifetime pensioners with annual pensions of $40.0 million; and
- 283 former retirees who are eligible for a potential DBIR or DBIR Compromise Benefit.

The distribution by age of the membership is shown in the following graph:



I am satisfied that the quality of the data is suitable for the purpose of this actuarial investigation. Any inaccuracies are expected to have no material impact on the actuarial recommendations contained in this report.

3.2 Investment Returns

The estimated rate of investment earnings (after tax, investment fees and asset-based administration fees) on assets supporting the Plan's defined benefit liabilities over the year to 30 June 2024 was 5.6%.

This is higher than the average assumption of 4.3% used for the previous investigation (made up of 4.5% per annum for assets supporting pension and DBIR liabilities and 4.0% per annum for assets supporting other defined benefit liabilities).

The higher than assumed investment return had a positive impact on the Plan's financial position.

3.3 Salary Increases

Salaries for the active defined benefit members increased by an average of 5.2% over the year. The previous assumption was 3.5% per annum.

Higher than assumed salary increases had a negative impact on the Plan's financial position as members' defined benefits increased by more than anticipated.

3.4 Contributions

In accordance with the recommendations made at the previous actuarial investigation and the Trustee's Restoration Plan developed under Prudential Standard SPS 160, the Company made the following contributions to the Plan in respect of the year to 30 June 2024:

- Ongoing regular contributions at the rates of:
  - 27% of salary in respect of DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members); and
  - 24% of salary in respect of Class A Contributors and other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members).
- An additional contribution of $24.4 million to rectify the shortfall between assets and vested benefits as at 30 June 2023 (grossed up for 15% tax).

3.5 Proportion of Benefits Taken as a Lifetime Pension

Active members who have attained age 55 may elect to convert some or all of their lump sum leaving service benefit to a lifetime pension using agreed conversion factors. The existing pension conversion factors provide a pension benefit of actuarially equivalent value to the lump sum exchanged when measured using assumptions considered appropriate for this actuarial investigation. Therefore, the incidence of members electing a lifetime pension is expected to have an immaterial impact on the Plan's immediate financial position.

During the year to 30 June 2024, $5.2 million (19%) of eligible benefits were taken in the form of a lifetime pension.

3.6 Pensioner Mortality

There were 12 pensioner deaths during the year to 30 June 2024. This is broadly in line with that expected (12.9) based on the actuarial assumptions used for the previous actuarial investigation. The impact of pensioner mortality experience on the Plan’s financial position was not material.

Section 4
Actuarial Assumptions

The ultimate cost to the Company of providing the Plan benefits to members is:

- the amount of benefits paid out; and
- the expenses of running the Plan, including tax;

less

- members' contributions; and
- the return on investments.

The ultimate cost to the Company will not depend on the actuarial assumptions or the methods used to determine the recommended Company contributions, but on the actual experience of the Plan. The financing method and actuarial assumptions adopted will however affect the timing of the contribution requirements from the Company.

The actuarial process includes projections of possible future Plan assets and benefit liabilities on the basis of actuarial assumptions about future experience. These assumptions include investment returns, salary/wage increases, the rates at which members leave the Plan for various reasons, and other factors affecting the financial position of the Plan.

It is expected that these assumptions will not be precisely borne out in practice, but rather that in combination they will produce a model of possible future experience that is considered a suitable basis for setting contribution rates.

4.1 Economic Assumptions

The most significant assumption made in estimating the cost of defined benefits is the difference between:

- the assumed rate of investment earnings; and
- the rate of salary and/or pension increases used in the projections of future benefit payments.

This difference is commonly referred to as the "gap".

The key economic long term assumptions adopted for this investigation are:

Assumption as at 30 June 2024	per annum
Investment returns (after tax, investment and asset-based administration fees)	
- assets supporting pension and DBIR liabilities	4.5%
- assets supporting active member liabilities (pre-retirement)	4.0%
Salary increases	3.5%
Pension increases	nil

The assumed investment returns are based on the expected earning rates for the Plan's benchmark investment mix, over the likely remaining term of the defined benefit liabilities, calculated using Mercer's assumptions of the means and standard deviations of returns from the various underlying asset classes, and the correlations of returns between those asset classes.

The return assumption for assets supporting pension liabilities is higher than the assumption for assets supporting active members' pre-retirement liabilities as income from these investments is tax exempt. The return assumption for assets supporting the DBIR liabilities is also higher than the assumption for assets supporting active members' pre-retirement liabilities, despite both being after-tax, to allow for the longer expected duration of the DBIR liabilities.

The salary increase assumption is based on economic forecasts for future increases in average weekly earnings, the age profile of the remaining defined benefit members, and input from the Company.

Pension payments are not indexed.

4.2 Demographic Assumptions

Leaving Service, Death in Service and Total and Permanent Disablement (TPD)

The assumed rates of exit are based on analysis of the experience of the Plan. The rates are unchanged from the previous investigation. Specimen rates are set out in Appendix B.

Retrenchment

No specific allowance is made for the possibility of future retrenchments. The benefit on redundancy or retrenchment is essentially the leaving service benefit. Any substantial retrenchment program would require specific assessment.

Serious Ill-Health

No allowance is made for the possibility of future serious ill-health retirements for Class A Contributors. Any incidence of these payments would be immaterial to the Plan's overall financial position.

Form of Benefit

For the purpose of this actuarial investigation, 10% of active members who have attained age 55 are assumed to receive their lump sum leaving service benefit in the form of a lifetime pension. This assumption is unchanged from the previous investigation.

The pension conversion factors currently used by the Trustee provide a pension benefit of actuarially equivalent value to the lump sum exchanged when measured using assumptions considered appropriate for this actuarial investigation.

A sample of the factors (75% spouse reversion) are shown in the table below. These are assumed to continue to be used:

Age	Conversion Factor
55	18.529
60	17.449
65	16.098
70	14.453

Post-Retirement Mortality

Retiree	Mercer 2012-17 Retiree Pensioner Mortality Rates.
Spouse	Australian Life Tables 2015-2017.

Specimen rates are set out in Appendix B.

Allowance is also made for future improvements (i.e. reductions) in the rates of mortality based on the improvement factors published in the most recent Australian Life Tables 2015-17. These factors have been derived from historical trends of the Australian population over the last 25 years.

4.3 Other Assumptions

New Members

The Plan's defined benefit section is closed to new entrants. No allowance has been made for new members. All new members are assumed to join an accumulation category.

Expenses

Administration and management expenses for the defined benefit section are met from Plan assets. Based on recent experience, expenses are assumed to average 2% of defined benefit members' salaries. This assumption is unchanged from the previous investigation.

All administration expenses and insurance costs for accumulation section members are assumed to be fully financed via deductions from members' account balances.

Tax

It is assumed that the current tax rate of 15% will continue to apply to the Plan's assessable income, along with current tax credits and deductions.

All future Company contributions are assumed to be subject to 15% contribution tax, after deductible expenses. All contribution recommendations quoted in this report are gross of contributions tax.

No allowance has been made for tax which is payable by the individual such as excess contributions tax or additional Division 293 tax on contributions for those with high incomes.

The Superannuation Guarantee (Administration) Act 1992

The SG Act requires employers to provide minimum superannuation benefits that are fully vested in their employees within a complying superannuation fund.

The contribution rates recommended in this report and the projections of the financial position allow for benefits to be augmented as necessary to meet the minimum SG benefit described in the Plan's actuarial Benefit Certificate. The SG rate is currently legislated to increase to 12% from 1 July 2025.

4.4 Impact of Changes in Assumptions

The assumptions used for the actuarial investigation are the same as those used for the previous actuarial investigation as at 30 June 2023. Therefore, there has been no impact on the Plan's financial position due to changes in assumptions.

Section 5
Assets

5.1 Market Value

Based on unaudited data provided by the Plan's administrator, the net market value of assets available to pay defined benefits as at 30 June 2024 was $1,080.4 million, including an estimated provision for net tax receivable of $3.3 million ($0.7 million payable on taxable contributions less expenses, and $4.0 million receivable in respect of exempt income on assets supporting current pensioners). This value has been used for the purposes of the investigation.

A separate Self-Insurance Reserve is maintained and amounted to $4.5 million as at 30 June 2024. The Self-Insurance Reserve is not included in the net asset figure above.

At the request of the Company, I have notionally apportioned the Plan's assets between "Esso" and "Mobil" employees. The Company wishes to monitor the financing of Plan benefits between these two classifications. I understand that the Trustee may administer or otherwise identify the Plan's assets separately in future on behalf of the Company.

I have continued to roll forward the notional apportionment using:

- an allocation of contributions as advised by the Company;
- attribution of benefit payments using the employee classifications previously advised by the Company;
- an allocation of administration and management expenses of 70% to Esso and 30% to Mobil based on the proportion of vested benefits and as agreed with the Company;
- an allocation of tax based on the apportionment of contributions and expenses as above; and
- an allocation of investment earnings based on average asset values such that each has the same average return over the year.

The reconciliation of the notional apportionment is set out in the table below:

$ million	Esso	Mobil	Total Plan
Net value as at 30 June 2023	**720.4**	**328.6**	**1,049.0**
Employer contributions	27.7	15.4	43.1
Employee contributions	-	0.1	0.1
Benefits paid	(46.7)	(18.9)	(65.6)
Expenses and tax	(2.7)	(1.8)	(4.5)
Investment earnings	39.9	18.4	58.3
Net value as at 30 June 2024	**738.6**	**341.8**	**1,080.4**

5.2 Operational Risk Reserves

The assets to meet the Trustee's Operational Risk Financial Requirement (ORFR) are held separately from the assets of the Plan.

The scope of this investigation does not include a review of the adequacy of assets held to meet the Trustee's ORFR or the Trustee's ORFR strategy.

5.3 Investment Policy

The portfolio of assets supporting the Plan's defined benefit liabilities currently has a benchmark 30% allocation to "growth" assets such as shares and venture capital and a benchmark 70% exposure to "defensive" assets such as fixed interest and cash. "Growth" assets are expected to earn higher returns over the long term compared to "defensive" assets, but at the same time to exhibit more variation in returns from year to year.

The defined benefit liabilities are not directly affected by the investment return on the Plan's assets. Volatility of the Plan's investment returns can therefore affect the financial position of the Plan from year to year and is likely to impact on the required level of Company contributions. The expected term of the liabilities is such that the Plan is expected to benefit over the long term from higher returns generated from "growth" type assets, provided the Company is comfortable with the volatility risk.

The Plan's investments are expected to provide a high level of liquidity in normal circumstances. Hence, I do not envisage any difficulty in being able to redeem investments to meet benefit payments as they arise.

I have reviewed the Plan's investment strategy for assets supporting defined benefit liabilities, taking into account the Plan's financial position and the nature and term of the benefit liabilities, and confirm that it is a suitable policy.

5.4 Crediting Rates

By design, the rate of return on the Plan's investments has no bearing on any component of the members' defined benefit liabilities. Various rates that may be used in calculating benefit entitlements are either fixed (e.g. 5% per annum) or else based on specified rates (e.g. 90 day Bank Bill Rate, Default Earning Rate).

I consider that the crediting rate policy adopted is suitable.

Section 6
The Actuarial Approach

6.1 Financing Objective

Defined benefit liabilities are based on members' salaries and service and do not depend on the value of the underlying investments (as is the case for accumulation benefit liabilities).

The Company bears the risks associated with financing the Plan to ensure assets are sufficient to meet the defined benefit liabilities and makes additional contributions if there is any shortfall.

The Trustee is focussed on the security of members' benefit entitlements. The Trustee would typically wish to hold assets with a margin in excess of vested benefits as this would provide some security against adverse experience (such as poor investment returns and pensioners living longer than expected) and reduce the risk of the Plan's financial position becoming unsatisfactory.

The Company's preferred approach for financing the Plan is:

- to target 100% coverage of vested benefits and to avoid any build-up of excess assets;
- based on advice from the actuary, to make regular contributions to meet the expected cost of benefits accruing during that period;
- following each 30 June (and at any other dates agreed between the Company and the Trustee), based on advice from the actuary, to make additional contributions equal to any shortfall between assets and vested benefits at that date (adjusted for tax as appropriate); and
- where assets exceed vested benefits, based on advice from the actuary, to temporarily reduce or suspend contributions to reduce the excess.

In past years, the Company has demonstrated a willingness and ability to finance any shortfall between assets and vested benefits through top-up contributions. Therefore, the financing objective adopted for this actuarial investigation is to maintain Plan assets at least equal to 100% of vested benefits.

It is noted that, based on the assumptions used for this actuarial investigation, achieving the financing objective of 100% of vested benefits would result in a margin over SG minimum benefits and eventually cover the actuarial value of accrued benefits. It is not considered necessary to adopt specific financing objectives in relation to these benefit liability measures.

The contribution recommendations are reviewed at each actuarial investigation to ensure that the Plan remains on course towards the financing objective.

I have taken into consideration the provisions of the Trust Deed and any professional requirements as set out below.

Professional Requirements

Under Professional Standard 400 issued by the Actuaries Institute, the funding method selected by the actuary *"must aim to provide that:*

(a) members' benefit entitlements (including any pension increases provided by the Trust Deed or in accordance with either precedent or the intentions of the Trustee and/or Fund Sponsor) are fully funded before the members retire; and

(b) the assets of the Fund from time to time, after making full provision for the entitlements of any beneficiaries or members who have ceased to be employed, exceed the aggregate of benefits which employed members would reasonably expect to be payable to them on termination of membership, including the expenses of paying those benefits, and having regard to the provisions of the Trust Deed and the likely exercise of any Options or Discretions." (Paragraph 5.5.4 of PS400).

Accordingly, the actuary needs to be satisfied that any funding program is expected to provide a level of assets which meets or exceeds immediate benefit entitlements based on members' reasonable expectations. Should assets fall below that level, the funding program needs to aim to lift assets to at least the required level over a reasonable time period and to maintain assets at or above the required level thereafter.

The financing objective has been set on the basis that members' reasonable expectations on leaving service would be to receive their vested benefit entitlement including the option to convert some or all of their lump sum leaving service benefit to a lifetime pension using the existing pension conversion factors. Vested benefits for pensioners and former retirees are equal to the lump sum value of future payments, determined using the actuarial assumptions adopted for this investigation.

Provisions of the Trust Deed

The rules of the MLC Super Fund include requirements that:

- the Trustee ensures an actuarial investigation of the Plan is conducted when required by legislation; and
- the Company must contribute at the rate determined by the Trustee, after consulting the Company, on the advice of the Actuary to the Plan.

6.2 Financing Method

There are various financing methods that could be followed in setting the Company contribution level. This investigation uses a "Target Funding" method.

Under this method, the Company contribution rates required to provide a target level of coverage of a particular benefit liability measure are determined. For this Plan, the target coverage (or financing objective) is at least 100% of vested benefits.

The level of Company contributions may need to vary from time to time to ensure that the Plan remains on course towards its financing objective.

In the event of the financial position of the Plan being below the financing objective, additional Company contributions will be necessary. The time frame over which the deficit is corrected will depend on the particular circumstances, whether the Plan is also at risk of technical insolvency, any legislative requirements and the policy of the Trustee. In general, it is expected that a deficit will be corrected shortly after it is identified and in any case over a period not exceeding three years.

I consider that the Target Funding method is suitable in the Plan's current circumstances as it allows the recommended contribution rates to be determined specifically to meet the Plan's financing objective.

The Target Funding method was also used at the previous actuarial investigation.

Section 7
Financial Position of the Plan

7.1 Liability Measures

Lump Sum Leaving Service Benefits

Lump Sum Leaving Service Benefits are the immediate lump sum amounts payable to active members who voluntarily leave service at the investigation date, plus the estimated actuarial value of future payments for existing pensioners and former retirees.

Vested Benefits

In practice, active members who have attained age 55 may elect to convert some or all of their lump sum benefit on leaving service to a lifetime pension. The Vested Benefits are similar to Lump Sum Leaving Service Benefits except that eligible members are assumed to convert a proportion of their lump sum benefit to a lifetime pension using the existing pension conversion factors. The existing pension conversion factors provide a pension benefit of actuarially equivalent value to the lump sum exchanged when measured using assumptions considered appropriate for this actuarial investigation.

Vested Benefits for existing pensioners and former retirees are equal to the estimated actuarial value of future payments.

Coverage of at least 100% of Vested Benefits is necessary for the Plan to be in a “satisfactory financial position” as defined in SIS legislation.

Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits provides a longer-term measure of the Plan’s overall position. It is the present value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability of payment. This value is calculated using the actuarial assumptions and method outlined in the previous sections of this report. In determining the Actuarial Value of Accrued Benefits, a minimum of the Vested Benefits is not applied.

The Actuarial Value of Accrued Benefits for existing pensioners and former retirees is equal to the estimated actuarial value of future payments.

100% coverage of this measure of benefit liabilities would generally indicate a sound level of long term funding as, if no future benefits were to accrue to existing members, assets would be expected to meet all future benefit payments (assuming the actuarial assumptions are borne out in practice).

SG Minimum Benefits

SG Minimum Benefits are the minimum benefits required under SG legislation, as defined in the Benefit Certificate (also referred to as Minimum Requisite Benefits or MRBs). SG Minimum Benefits for existing pensioners and former retirees are equal to the estimated actuarial value of future payments.

The Plan assets at 30 June 2024 were greater than the SG Minimum Benefits and hence the Plan was considered to be "solvent" under SIS legislation.

7.2 Financial Position as at 30 June 2024

The following table summarises the Plan's financial position as at 30 June 2024, and shows the corresponding coverage of assets over liabilities at the previous investigation:

Defined Benefits Section	As at 30 June 2024 $m	As at 30 June 2024 Asset Coverage	Asset Coverage as at 30 June 2023
Assets	1,080.4		
Lump Sum Leaving Service Benefits	1,073.6	100.6%	98.1%
Vested Benefits	1,073.6	100.6%	98.1%
Actuarial Value of Accrued Benefits	1,081.7	99.9%	96.9%
SG Minimum Benefits	816.5	132.3%	128.6%

The above totals exclude the account balances in the Plan's accumulation section. These balances are invested in accordance with members' investment choices and the value of the liabilities are matched to the value of the underlying investments.

The coverage levels at 30 June 2024 have changed since the previous actuarial investigation due to experience as discussed in Section 3.

As at 30 June 2024, the value of the Plan's assets was adequate to meet the liability for Vested Benefits. Therefore, the Plan is considered to be in an "satisfactory financial position", as defined in superannuation legislation, at that date.

The Plan was previously identified as being in an unsatisfactory financial position, and as a result the Trustee had prepared a Restoration Plan in accordance with Prudential Standard SPS 160. As the Plan has how been restored to a satisfactory financial position, the Restoration Plan no longer applies.

7.3 Notional Allocation by Employer

The notional allocation of the Plan's assets and Vested Benefits as at 30 June 2024 between "Esso" and "Mobil" employees based on the classification supplied by the Company is:

As at 30 June 2024 ($ million)	Esso	Mobil	Total Plan
Assets	738.6	341.8	1,080.4
Vested Benefits	730.6	343.0	1,073.6
Excess/(Shortfall)	8.0	(1.2)	6.8

7.4 Actuarial Balance Sheet

The following table shows the Plan's actuarial balance sheet, where projected future cash flows have been converted to a present value by discounting at the assumed rate of investment return:

As at 30 June 2024	$ million
Actuarial present value of future benefit payments in respect of current pensioners accrued at the investigation date	581.2
Actuarial present value of future benefit payments in respect of deferred pensioners and former retirees accrued at the investigation date	61.5
Actuarial present value of future benefit payments in respect of active members accrued at the investigation date	439.0
Actuarial present value of future benefit payments accruing after the investigation date	109.6
Actuarial present value of all future benefit payments	**1,191.3**
Current value of defined benefit assets	1,080.4
Actuarial present value of future member contributions	0.4
Actuarial present value of future available assets (in the absence of other contributions)	**1,080.8**
Excess/(deficit) to be financed by future Company contributions	**(110.5)**

The actuarial balance sheet does not include provision for future administration and management expenses of the Plan.

7.5 Company Future Service Cost

Based on the actuarial assumptions used for this investigation, the Company's "normal" long-term cost of financing the defined benefits accruing in the future for current members, ignoring any surplus or deficit of assets relative to the actuarial value of accrued benefits, are:

- 27% of salaries for DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members);
- 24% of salaries for other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members); and
- 17% of salaries for Class A Contributors (i.e. former Mobil Division A members).

These rates are the same as assessed at the previous investigation.

7.6 Recommended Contributions

In accordance with the financing objective adopted for this investigation and the Company's preferred financing approach, I recommend that the Company continues to make ongoing regular contributions to the Plan in respect of defined benefit members of at least:

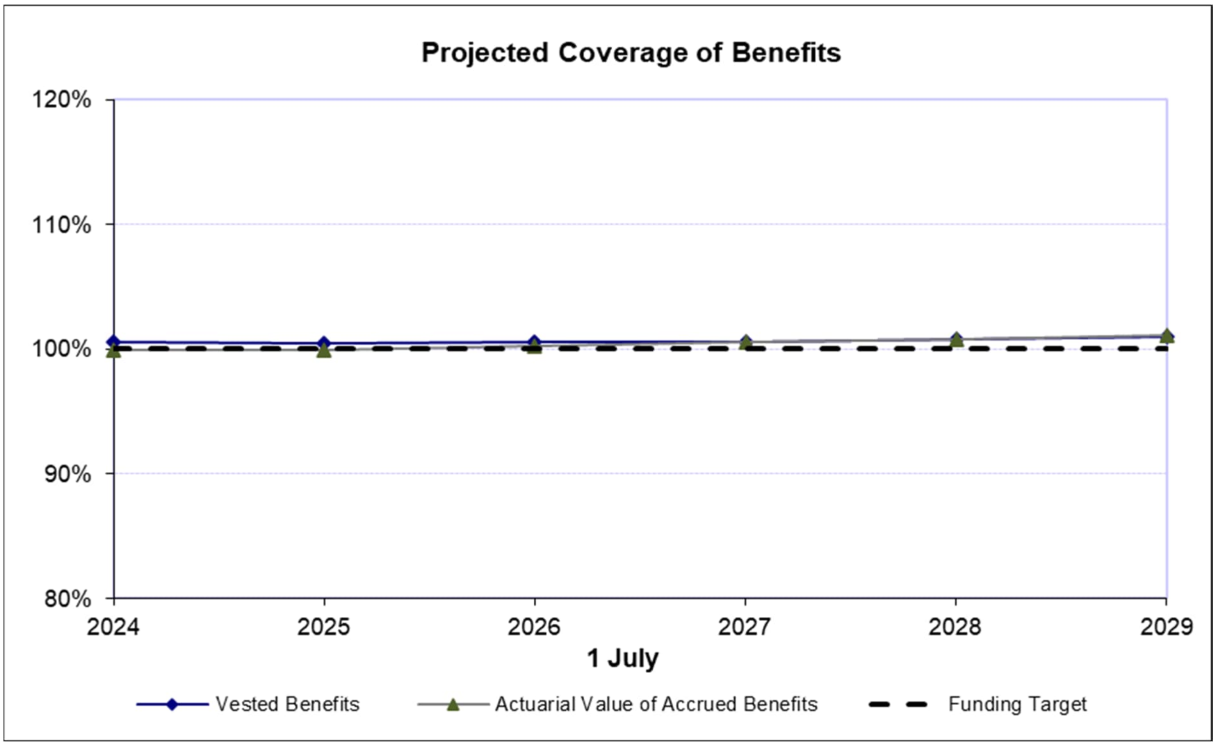
- 27% of salary in respect of DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members); and
- 24% of salary in respect of Class A Contributors and other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members).

The amounts allocated to members' accumulation account balances (e.g. award benefits, additional voluntary contributions and employer contributions for Accumulation Members) should continue to be paid in addition to the above contributions.

Following each 30 June (and at any other dates agreed between the Company and the Trustee), the Company should make additional contributions, based on advice from the actuary, equal to any shortfall between assets and vested benefits at that date (adjusted for tax as appropriate).

7.7 Projected Financial Position

Based on the assumptions adopted for this investigation, I have prepared the following projection of the impact on the Plan's financial position of the contribution recommendations:



The chart shows that, if the Company makes contributions in accordance with the recommendations, the ratio of assets to vested benefits is projected to remain in excess of the financing objective of 100%, ensuring the Plan remains on track to meet the benefit liabilities as they fall due.

In accordance with the Company's preferred financing approach, the Company will be required to make additional contributions equal to any shortfall between assets and vested benefits at each 30 June (adjusted for tax as appropriate). Any additional lump sum contributions expected at each 30 June are payable at the effective date of the calculation of any shortfall. In practice, there will be a delay between the calculation of any shortfall and the payment of the lump sum contribution.

The Trustee also has a monitoring process each quarter which will identify if an adjustment to the contribution recommendations is required prior to completion of the next formal actuarial investigation as at 30 June 2025.

The Trustee should note that this projection is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within a reasonable range and results based on those alternative assumptions would be different.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Company makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

Section 8

Key Risks

There are a number of risks relating to the operation of the Plan. The more significant financial risks relating to members' defined benefits are discussed below.

8.1 Investment Volatility

The risk is that investment returns will be lower than assumed and that the Company will need to make additional contributions to offset this shortfall.

For example, if the assumed future investment return was reduced by 1% per annum (with no other change in actuarial assumptions), the Actuarial Value of Accrued Benefits would increase by $107.4 million (i.e. the Company's funding cost impact would be $107.4 / 0.85 = $126.3 million including allowance for tax), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 99.9% to 90.9%.

Note however that the actual investment return achieved by the Plan in future may vary (positively or negatively) from the assumed return by much more than the (negative) 1% per annum illustrated in the example above.

I have considered the impact of investment volatility on the Plan's financial position over the next few years using a "high return" and a "low return" scenario. The returns under both scenarios have been derived from assumptions about the likely risk attached to the Plan's investment strategy.

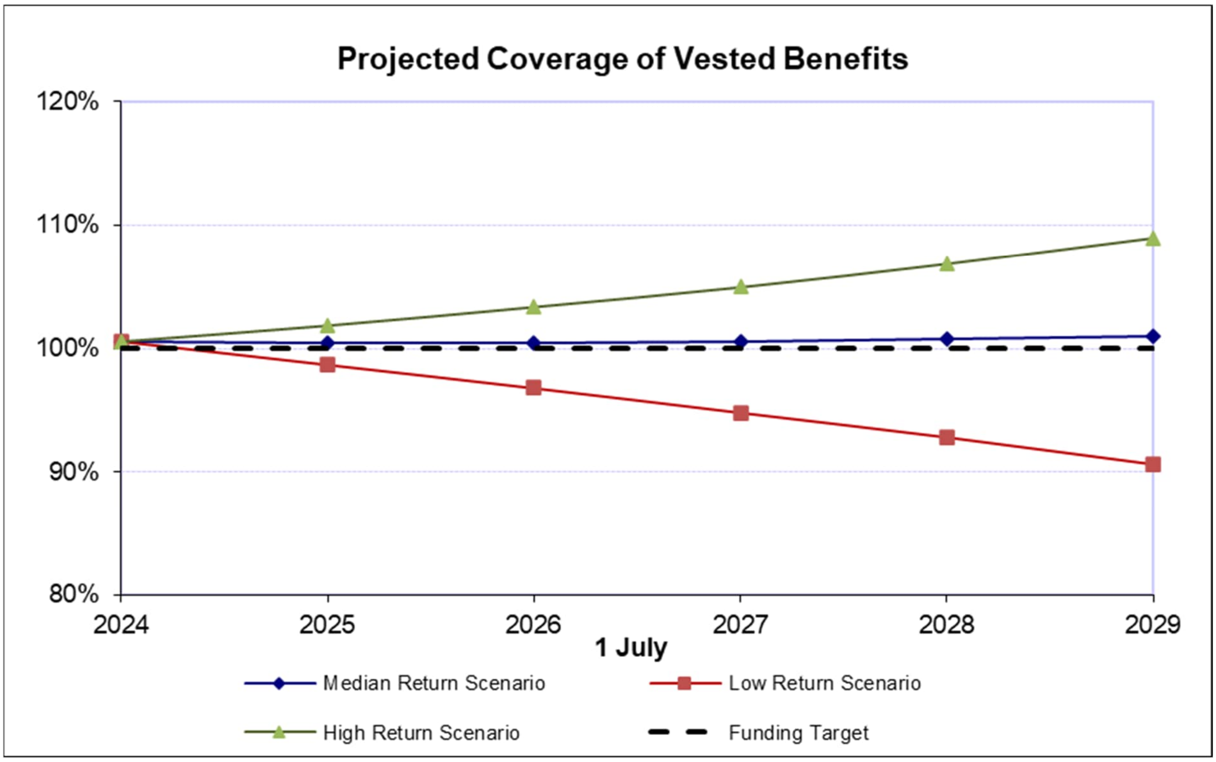
Using the investment return model and assumptions adopted, I estimate that there is an approximate 10% chance of the Plan's cumulative investment return being less than the "low return" scenario. Similarly, I estimate that there is an approximate 10% chance of the Plan's cumulative investment return being greater than the "high return" scenario.

1 July 2024 to 30 June	Assumed Cumulative Investment Return* (%)		
	"Low Return"	Investigation	"High Return"
2025	2.7%	4.5%	6.1%
2026	5.5%	9.2%	12.5%
2027	8.3%	14.1%	19.4%
2028	11.2%	19.3%	26.6%
2029	14.2%	24.6%	34.3%

* Lower assumed returns apply for assets supporting active member liabilities as earnings are subject to tax.

The cumulative investment return is the total return from the investigation date up to 30 June in the year shown. The extent of variation allowed for in these scenarios reflects the Plan's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

The graph below shows the effect on the projected ratio of assets to Vested Benefits for defined benefit members under the “high return” and “low return” scenarios, if the Company did not pay additional contributions, and with all other investigation assumptions remaining unchanged.



Based on fluctuations in investment returns only, and assuming other experience in is line with the assumptions adopted for this investigation, I estimate that there is an 80% chance that the coverage of assets over Vested Benefits in three years’ time will fall within the range of 95% to 105%. The consequences of the potential volatility in the projected financial position will be borne by the Company.

Note that these scenarios are illustrations only to demonstrate what may occur if future investment returns differ from the baseline assumptions. These scenarios do not constitute upper or lower bounds. In practice, the assumed rate of investment earnings used to value the Plan’s liabilities may change with changes in bond yields, which could reduce the impact of investment volatility. The actual future coverage of Vested Benefits may differ significantly from the range shown above, depending on actual future experience.

8.2 Salary Growth Risk

The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing benefit amounts and thereby requiring additional Company contributions. This risk is borne by the Company.

For example, if the assumed future salary increase rate was increased by 1% per annum (with no other change in actuarial assumptions), the Actuarial Value of Accrued Benefits would increase by $26.6 million (i.e. the Company’s funding cost impact would be $26.6 / 0.85 = $31.3 million including allowance for tax), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 99.9% to 97.5%.

The actual rate of future salary increases may vary (positively or negatively) from the rate assumed at this investigation by much more than the illustrative 1% per annum.

8.3 Longevity Risk

The risk is that pensioners or former retirees live for longer than anticipated. If pensions are paid for longer than estimated, or potential payments for former retirees compound for longer than estimated, the Company may be required to make additional contributions to meet the increased cost.

For example, if the assumed rates of post-retirement mortality were 10% lower than currently assumed (e.g. a 3% rate of mortality becomes 2.7%), with no change in other assumptions, the Actuarial Value of Accrued Benefits would increase by $11.3 million (i.e. the Company's funding cost impact would be $11.3 / 0.85 = $13.3 million including allowance for tax), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 99.9% to 98.8%.

The actual longevity experience may vary by more or less than this illustrative example.

8.4 'Market Value' of Pension Liabilities

The basis used to value the Plan's pension liabilities for the purposes of this investigation is considered suitable taking into account the Plan's current circumstances, including the existing investment policy. In particular, the financing objective has been set on the basis that pensioners' reasonable expectations on termination of the Plan would be for a continuation of their existing pension entitlements through a complying superannuation fund with ongoing support of the Company.

Given that the Plan has "de-risked" its investment policy, I consider that the pension liabilities valued using the actuarial investigation assumptions represent a reasonable "market value" – that is, under current market conditions, it is expected that the amount which would be required to be paid to a third party (for example, a life office) would not be significantly different to the value used for this actuarial investigation. I am able to provide further information to the Trustee on this if required.

8.5 Self-insurance

The Plan currently self-insures the death and disability benefits of defined benefit members. The risk is that the incidence, and hence cost, of death or disability benefits could exceed that assumed as part of the actuarial investigation. A catastrophic incident could result in a significant increase in such payments, potentially exceeding the assets available in the Plan.

More discussion on the Plan's self-insurance risk is provided in Section 9.

8.6 Legislative Risk

This risk is that legislative changes could be made which increase the cost of providing the defined benefits – for example, an increase in the rate of tax on superannuation funds. This risk is borne by the Company.

Section 9
Insurance

There are currently four types of "insured benefits" provided to defined benefit members that are self-insured within the Plan:

- Death in Service Benefits;
- Total and Permanent Disablement Benefit (Class A Contributors);
- Serious Ill-Health Benefits (Class A Contributors); and
- Death Benefit in Retirement – Before Normal Retirement Date (Class D Retirees and Post Revision Date Retirees).

Death benefits provided to accumulation members and any additional voluntary death benefits for defined benefit members are fully insured through a separate group life policy.

Members may also have a disability income (or salary continuance) benefit that is provided separately by the Company and outside the Plan.

9.1 Self-Insured Risks

The Death in Service Benefit is a lump sum equal to:

- for DB Members before age 70, six times annual salary, subject to certain minima;
- for Class A Contributors before the Prescribed Birthday, the greater of the prospective retirement benefit that would have accrued by age 60 and the retirement benefit accrued to date.

No self-insured benefit is provided after the relevant age (i.e. 70 for DB Members or 60 for Class A Contributors) as the amount of the Death in Service Benefit is the same as the benefit on leaving service.

A TPD Benefit is applicable only to Class A Contributors before the Prescribed Birthday and is calculated in the same way as the Death in Service Benefit.

Prior to age 55, Class A Contributors are also eligible for a Serious Ill-Health Benefit. This is a lump sum equal to the retirement benefit accrued to date.

Historically, certain former members (i.e. Class D Retirees and Post Revision Date Retirees) who died before their Normal Retirement Date (age 65) were eligible for a lump sum benefit equal to three times annual salary plus any difference between a compounding amount and the benefit amounts already paid. There are no longer any of these former members who have not attained age 65.

Any potential additional amount paid on the death of a former member on or after age 65 is not considered a self-insured benefit but forms part of the longevity (and other) risks relating to pensioners and other former members. An actuarial estimate of these amounts is included in the total liabilities for former members.

For the purposes of assessing the self-insurance arrangements, I consider the excess over the benefit that would otherwise be paid on leaving service (i.e. the vested benefit) to be the self-insured exposure.

The Plan's potential self-insured exposures as at 30 June 2024 are:

Benefit Category	Number of Members	Self-Insured Death in Service Benefit ($'000s)	Self-Insured TPD Benefit ($'000s)	Self-Insured Serious Ill-Health Benefit ($'000s)
Class A Contributors	14	3,813	3,813	350
DB Members	174	70,542	n/a	n/a
Total	**188**	**74,355**	**3,813**	**350**

The Trustee maintains a separate Self-Insurance Reserve. As at 30 June 2024, the assets of this reserve amounted to $4.5 million.

The assumed cost of providing death, TPD and serious ill-health benefits arising in future for active members is allowed for in the recommended Company contribution arrangements. Should a self-insured benefit become payable, the insured amount (i.e. the excess over the leaving service benefit) is paid from the Self-Insurance Reserve. Periodic transfers from Plan assets may be recommended to meet the cost of benefits arising.

The appropriate amount of the Self-Insurance Reserve as at 30 June 2024 therefore needs to cover any known potential self-insured benefit claims, incurred but unreported benefits for current members.

9.2 Estimated Required Self-Insurance Reserve

Death in Service

I expect that there would not be any significant time lag between the date of death and the notification of the claim to the Trustee. Therefore, I regard $0.4 million (equivalent to one average claim) as sufficient for the purpose of reserving for incurred but unreported Death in Service Benefits. There were no claims during the year and there are no known pending claims.

Total and Permanent Disablement

Only Class A Contributors are entitled to a TPD Benefit. As at 30 June 2024, 14 remaining Class A Contributors had a self-insurance exposure (where the potential TPD benefit was greater than the leaving service benefit). However, there are also former members who could potentially make a TPD claim in future relating to their previous employment.

Although it is possible for there to be a significant delay between the incidence of TPD and the lodgement of a claim, the Plan's experience does not indicate there being any significant time lag.

I therefore consider that $0.3 million (equivalent to one average claim) should be held in respect of incurred but unreported TPD Benefits. There were no claims during the year and there are no known pending claims.

Serious Ill-Health

Only Class A Contributors under age 55 are entitled to a Serious Ill-Health Benefit. The amount is equal to the accrued retirement benefit. Once over age 55, the benefit paid on leaving service (even if because of serious ill-health) is the accrued retirement benefit.

Given that the amount of any additional benefit is likely to be small, the relatively small number of former Class A Contributors, and the historic low incidence of claims, I consider that the general contingency margin included in the Self-Insurance Reserve will be sufficient to cover the risk of incurred but unreported Serious Ill-Health Benefits. There were no claims during the year and there are no known pending claims.

Death Benefits in Retirement - Before Normal Retirement Date

There are no remaining members with a potential Death Benefit in Retirement - Before Normal Retirement. There were no claims during the year and there are no known pending claims. I have assumed no liability exists for these benefits.

Contingency Margin

I consider inclusion of a 100% contingency margin on the unreported reserve to be sufficient to allow for fluctuations in my best estimate of claims experience.

The breakdown of the expected claims is as follows:

Self-Insurance Provision as at 30 June 2024	Death Benefits ($ million)	TPD Benefits ($ million)	Total ($ million)
Best Estimate Unreported	0.4	0.3	0.7
100% Contingency Margin	0.4	0.3	0.7
Best Estimate Reported	-	-	-
Total	**0.8**	**0.6**	**1.4**

9.3 Conclusion

The Self-Insurance Reserve is estimated to remain sufficient to meet the cost of incurred (both reported and unreported) benefits as at 30 June 2024. Accordingly, no additional transfers to the Self-Insurance Reserve are required at that date.

The Trustee should understand that the current self-insurance arrangements do leave the Plan exposed to the risk of a large number of payments caused by a single incident. For example, a catastrophe at one of the Company's industrial sites could result in a significant number of deaths. This is mitigated to some extent by the rotational nature of shifts at such operations. It is considered unlikely that a significant number of defined benefit members would be at any one location at any one time.

The Company understands the risk that additional contributions will be required should the cost of self-insured benefits be greater than anticipated. I expect that the risk of additional contributions would not be any higher than could already be required due to investment risk and the current funding policy.

Therefore, I consider the current self-insurance arrangements suitable and in the members' best interest for the following reasons:

- The cost of the self-insurance is effectively financed by the Company. The Company fully supports the on-going self-insurance arrangements and has a strong desire to continue these arrangements.
- The Company has demonstrated a willingness and ability to finance volatile costs of self-insurance (and any shortfalls due to investment market downturns).
- The presence of self-insurance means that members are covered for their full benefit entitlements under the Plan's governing rules, which may not be possible if self-insurance was removed.
- The Company is required under the Plan's governing rules to make contributions no less than the amount deemed necessary by the actuary to provide benefits.

Section 10

Prudential Standards

The Australian Prudential Regulation Authority (APRA) is responsible for the prudential regulation of the superannuation industry. APRA has issued a Prudential Standard SPS 160 relating to the financial management and funding of defined benefit funds. I have commented below on several requirements arising from SPS 160.

10.1 Shortfall Limit

The Trustee must determine a "Shortfall Limit" for each fund, being:

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

The Shortfall Limit is expressed as the coverage level of the defined benefits vested benefits (including liabilities for pensioners and former retirees) by the defined benefit assets. I understand that the Plan's Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, is 99%.

It is appropriate to consider the following factors when assessing if the Shortfall Limit remains appropriate:

- The guidance provided in the relevant Actuaries Institute Information Note: Shortfall Limit in Prudential Standard 160 dated June 2013;
- The investment strategy for defined benefit assets;
- The results of this investigation regarding the extent to which the current and projected vested benefits are not linked to the investment return on defined benefit assets (i.e. the standard salary based defined benefits) and the current and projected relativity between vested benefits and SG minimum benefits.

Based on the above, I consider that the current Shortfall Limit remains suitable.

The suitability of the Shortfall Limit will be reviewed as part of the next regular actuarial investigation. The Shortfall Limit should be reviewed earlier if the Trustee otherwise considers it appropriate to do so.

10.2 Monitoring Process

SPS 160 also requires the Trustee to determine and implement a process for monitoring the defined benefit vested benefits coverage against the Shortfall Limit. If this monitoring process indicates that the vested benefits coverage has (or may have) fallen below the Shortfall Limit, then under SPS 160:

- An "Interim Actuarial Investigation" may be required (depending on the timing of the next regular actuarial investigation).

- A Restoration Plan is required to be put in place if an Interim Actuarial Investigation finds any fund has breached its Shortfall Limit. The Restoration Plan must be designed to return the fund to a “satisfactory financial position”, so that the vested benefits are fully covered within a reasonable period that must not exceed three years, and this must be submitted to APRA.

The Trustee should continue to monitor the progress of the Plan’s financial position quarterly to ascertain if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation.

I consider that the adopted monitoring process is appropriate.

The Trustee should also continue to monitor the “Notifiable Events” specified in the Plan’s Funding and Solvency Certificate and advise the Actuary should any actual or potential Notifiable Events occur.

10.3 Requirements of an Unsatisfactory Financial Position

Restoration Plan

Under SPS 160, a Restoration Plan is required to be put in place if the actuary finds in a regular actuarial investigation that a fund:

- Is in an unsatisfactory financial position (whether or not the Shortfall Limit has been breached); or
- Is likely to fall into an unsatisfactory financial position.

The Restoration Plan must be designed to return the fund to a “satisfactory financial position”, so that Vested Benefits are fully covered, within a reasonable period that must not exceed three years from the investigation date.

An SPS 160 Restoration Plan is not required if the fund is technically insolvent (in which case the insolvency rules must be followed). If an SPS 160 Restoration Plan is already in place then any changes to the contribution program (including its period) must be made within the framework of that Restoration Plan.

These requirements do not currently apply as I am of the opinion that the Plan’s financial position is not unsatisfactory and is not projected to become unsatisfactory.

Actuary’s Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a fund’s financial position may be unsatisfactory, or may be about to become unsatisfactory, and that opinion was formed in performing an actuarial function, the actuary must advise both the Trustee and the prudential regulator (APRA) in writing immediately.

These requirements do not currently apply as I am of the opinion that the Plan’s financial position is not unsatisfactory and is not projected to become unsatisfactory.

10.4 Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to the defined benefit section of the Plan (exclusive of any accumulation section assets and liabilities).

(a) The value of the Plan's assets as at 30 June 2024 was $1,080.4 million. This value excludes assets held to meet the Self-Insurance Reserve and the Operational Risk Financial Requirement.

(b) In my opinion, the value of the liabilities of the Plan in respect of accrued benefits as at 30 June 2024 was $1,081.7 million. Hence, I consider that the value of the assets is not adequate to meet the value of the accrued benefit liabilities at the investigation date. Taking into account the circumstances of the Plan, the details of the membership and the assets, the benefit structure of the Plan and the industry within which the Company operates, I consider that the assumptions and valuation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and valuation methodology are set out in Sections 4 and 6 of this report. Assuming that the Company contributes in accordance with my recommendations, and based on the assumptions used for this actuarial investigation, I expect that assets will become sufficient to meet the value of accrued benefit liabilities over the three-year period to 30 June 2027.

(c) In my opinion, the value of the liabilities of the Plan in respect of vested benefits as at 30 June 2024 was $1,073.6 million. Hence, I consider that the value of the assets is adequate to meet the value of the vested benefit liabilities of the Plan at the investigation date. The Plan is in a "satisfactory financial position" as defined in SPS 160. Assuming that the Company contributes in accordance with my recommendations, and based on the assumptions used for this actuarial investigation, I expect that assets will remain sufficient to cover the value of vested benefit liabilities over the three-year period to 30 June 2027.

(d) In my opinion, the value of the liabilities of the Plan in respect of the minimum benefits of the members of the Plan as at 30 June 2024 was $816.5 million. Hence, the Plan was not technically insolvent at 30 June 2024.

(e) A projection of the likely future financial position of the Plan over the three-year period following 30 June 2024, based on what I consider to be reasonable expectations for the Plan for the purpose of this projection, is set out in Section 7 of this report.

(f) Based on the results of this investigation, I consider that the Shortfall Limit remains appropriate.

(g) In respect of the three-year period following 30 June 2024, I recommend that the Company contributes to the Plan in respect of defined benefit members at least:

- 27% of salary in respect of DB Members who accrue an Additional Leaving Service Benefit (i.e. former Esso Section defined benefit members); and
- 24% of salary in respect of Class A Contributors and other DB Members who do not accrue an Additional Leaving Service Benefit (i.e. former Mobil Section defined benefit members).

The amounts allocated to members' accumulation account balances (e.g. award benefits, additional voluntary contributions and employer contributions for Accumulation Members) should continue to be paid in addition to the above contributions.

Following each 30 June (and at any other dates agreed between the Company and the Trustee), the Company should make additional contributions, based on advice from the actuary, equal to any shortfall between assets and vested benefits at that date (adjusted for tax as appropriate).

(h) The Plan is used for Superannuation Guarantee purposes, and:

- All Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the last investigation to 30 June 2024; and
- I expect to be able to certify the solvency of the Plan in any Funding and Solvency Certificate(s) that may be required in the three-year period from 30 June 2024.

(i) In my opinion, there is not a "high degree of probability", as at 30 June 2024 that the Plan will be able to meet the pension payments as required under the Plan's governing rules. This is because the Plan does not currently hold sufficient reserves to meet the "high degree of probability" test and the Actuaries Institute's Professional Standard 410 does not allow future employer contributions to be taken into account in the assessment for the "high degree of probability" statement. In practice, it is anticipated that the Company will provide adequate funding to enable pensions to be paid in full.

Section 11
Actuarial Certification

11.1 Professional Standards and Scope

This report has been prepared in accordance with generally accepted actuarial principles, Mercer's internal standards, and the relevant Professional Standards of the Actuaries Institute, in particular PS400 which applies to *"...actuarial investigations of the financial condition of wholly or partially funded defined benefit superannuation funds."*

11.2 Use of Report

This investigation report should not be relied upon for any other purpose or by any party other than the Trustee of the Plan. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with the Plan's employer sponsor(s). The Company may wish to consider obtaining separate actuarial advice on the recommendations contained in the report.

The advice contained in this report is given in the context of Australian law and practice. No allowance has been made for taxation, accountancy or other requirements in any other country.

11.3 Actuarial Uncertainty and Assumptions

An actuarial investigation provides a snapshot of the Plan's financial condition at a particular point in time, and projections of the Plan's estimated future financial position based on certain assumptions. It does not provide certainty in relation to the Plan's future financial condition or its ability to pay benefits in the future.

Future funding and actual costs relating to the Plan are primarily driven by the Plan's benefit design, the actual investment returns, the actual rate of salary growth and any discretions exercised by the Trustee or the Company. The Plan's actuary does not directly control or influence any of these factors in the context of an actuarial investigation.

The Plan's future financial position and the recommended employer contributions depend on a number of factors, including the amount of benefits the Plan pays, the cause and timing of member withdrawals, administration expenses, the level of taxation and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the investigation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, assumptions are used to select a single scenario from a range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within a reasonable range and results based on those alternative assumptions would be different.

Actuarial assumptions may also be changed from one investigation to the next because of mandated requirements, evolving Plan experience and changes in expectations about the future. I did not perform, and thus do not present, an analysis of the potential range of all future possibilities and scenarios.

As actual Plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts and/or benefit related issues should be made only after careful consideration of possible future financial conditions and scenarios and not solely on the basis of a set of investigation results.

11.4 Additional Information

The next **actuarial investigation** is required at a date no later than 30 June 2025. At that time, the adequacy of the Company contribution recommendations will be reassessed.

A new **Funding and Solvency Certificate** will be required at least 12 months before the expiry of the current certificate (which expires on 30 June 2027) and will need to be replaced by 30 June 2026 at the latest.

A replacement **Benefit Certificate** will be required upon expiry of the current certificate on 30 June 2028. The current certificate is designed to accommodate the existing changes to the legislated Superannuation Guarantee rate.

11.5 Further Information

Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.

....
Mark Nelson
Fellow of the Institute of Actuaries of Australia

31 October 2024

I have reviewed this report under Mercer's professional Peer Review Policy. I am satisfied that it complies with the applicable professional standards and uses assumptions and methods that are suitable for the purpose.

....
Richard Codron
Fellow of the Institute of Actuaries of Australia

Appendix A
Summary of Benefits

A summary of the main benefit provisions for DB Members is set out below. A full description of all the benefits, including Class A and Death Benefits in Retirement, etc., is set out in the Trust Deed and the Plan's Participation Agreement, as amended from time to time. Reference should be made to the formal governing documents for definitive statements.

Component	Details
Members' Contributions	None required.
Final Average Pay (FAP)	Highest average annual rate of pay during any 12 month period in the preceding 10 years.
Discount Factor (DF)	100% less 2% per annum (simple) for each year and complete month before age 55, subject to a maximum reduction of 50%.
Normal Retirement Date (NRD)	The first day of the month nearest 65th birthday.
Leaving Service Benefit	A lump sum equal to: 20.65% per annum x FAP x DF.
Additional Leaving Service Benefit	Former Esso Members receive an additional lump sum equal to: 3.25% per annum x FAP x DF.
Death Benefit	A lump sum equal to 6 x salary.

Benefits on leaving service for any reason are subject to a minimum Superannuation Guarantee benefit described in the Plan's Benefit Certificate.

The table below indicates the material discretions available to the Trustee and the Company and the member options specified within the Plan's legal documents, to the extent that these affect benefits. The table also shows the general prevalence of the past exercise of discretions and the options chosen by the members. Please note that past exercises of discretions should not be viewed as precedents which would constrain any future decisions.

Discretion or Option	Historical Prevalence (if known)
A member may request the Trustee to commute part or all of a lump sum benefit to a pension. The terms and conditions shall be determined by the Trustee, after obtaining actuarial advice	Common.

Appendix B
Data and Decrement Assumptions

Data

To prepare this report, I have relied on financial and participant data provided by the Plan's administrator. The data used is summarised in this report. I have not independently verified or audited the data provided but have performed a range of broad "reasonableness" checks and tested for consistency with previous records. I am satisfied that the quality of the data is sufficiently accurate for the purposes of this actuarial investigation.

I have also relied upon the documents, including amendments, governing the Plan as provided by the Trustee. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Plan provisions are not accurate and complete, the investigation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a revision of this report.

Decrements

The percentage of members assumed to leave during the year on account of leaving service, and specimen death in service and total and permanent disablement (TPD) rates, are shown below:

Age	Leaving Service	Age	Leaving Service
Up to 53	2.5%	62	21%
54	5%	63	30%
55	6%	64	30%
56	6%	65	42%
57	9%	66	54%
58	12%	67	66%
59	15%	68	78%
60	18%	69	90%
61	18%	70	100%

Age	Death in Service		TPD*
	Male	Female	
40	0.067%	0.044%	0.041%
50	0.148%	0.102%	0.181%
60	0.432%	0.268%	0.630%

* Only relevant for Class A Contributors.

Specimen post-retirement mortality rates are shown below:

Age	Male		Female	
	Retiree	Spouse	Retiree	Spouse
55	0.214%	0.429%	0.129%	0.259%
60	0.259%	0.652%	0.175%	0.374%
65	0.410%	0.967%	0.281%	0.566%
70	0.794%	1.547%	0.552%	0.956%
75	1.526%	2.631%	1.068%	1.676%
80	3.268%	4.694%	2.262%	3.160%
85	7.026%	8.677%	4.911%	6.279%
90	13.584%	15.193%	10.821%	12.208%
95	23.199%	22.422%	17.923%	20.422%
100	34.416%	30.273%	27.751%	30.832%
105	46.984%	38.222%	37.894%	42.406%

Appendix C

Calculation of the Actuarial Value of Accrued Benefits

The calculation of the Actuarial Value of Accrued Benefits has been carried out using a method of apportionment of benefits between past and future membership that satisfies the requirements of Professional Standard No. 402 of the Actuaries Institute and is acceptable for Australian Accounting Standard AASB 1056 purposes.

The past membership components of all benefits payable in the future from the Plan in respect of current membership are projected forward allowing for future salary increases and are then discounted back to the investigation date at the investment return rate assumed for the investigation.

The past membership component for each type of benefit is:

Death and Disablement:	Calculated by adjusting the total expected benefit in proportion to the accrued benefit multiple at the investigation date over the accrued benefit multiple at the projected date of death or disablement.
Leaving Service:	Based on the member’s accrued benefit multiple at the investigation date.

The method used for the determination of the Actuarial Value of Accrued Benefits is the same as that used at the previous investigation.

Based on the actuarial assumptions used for this investigation, the weighted average term of the Actuarial Value of Accrued Benefits is 10 years.

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