GM3 Superannuation Plan

Actuarial Investigation as at 1 January 2025

Report date: 27 June 2025

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27 June 2025

NULIS Nominees (Australia) Ltd
Level 8, 347 Kent Street
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Attention: Brett Hill

Dear Trustee,

GM3 Superannuation Plan - Actuarial investigation as at 1 January 2025

We are pleased to present the actuarial investigation of GM3 Superannuation Plan ("the Plan"), a sub-plan in the Plum Division of the MLC Super Fund ("the Fund"), as at 1 January 2025 to NULIS Nominees (Australia) Ltd ("the Trustee").

Please call Diane Somerville on (02) 9322 7636 if you would like to discuss.

Yours sincerely,

Diane Somerville
Fellow of the Institute of Actuaries of Australia

Andrew Boal
Fellow of the Institute of Actuaries of Australia

Contents

1 Executive summary

1.1 Introduction

NULIS Nominees (Australia) Ltd has requested that Deloitte Actuaries & Consultants Limited ("Deloitte") conduct an actuarial investigation of the GM3 Superannuation Plan ("the Plan"). The Plan is a sub-plan in the Plum Division of the MLC Super Fund ("the Fund"). This report presents the results of the actuarial investigation of the Plan as at 1 January 2025.

The purpose of this report is to:

- Examine the sufficiency of the assets in relation to members' accrued benefit entitlements at the valuation date;
- Determine the employer contribution rate required after the valuation date;
- Satisfy the requirements of the Superannuation Industry (Supervision) Act and Superannuation Prudential Standard 160;
- Comment on any other matter considered relevant or as required under relevant Professional Standards of the Actuaries Institute; and
- Comment and advise on any matter considered relevant.

This report has been prepared by Diane Somerville and Andrew Boal, of Deloitte Actuaries & Consultants Limited, in accordance with the Professional Standards and Practice Guidelines (in particular Professional Standard 400) issued by the Actuaries Institute.

1.2 Financial position

Superannuation Prudential Standard (SPS) 160 requires statements to be made in respect of two measures of the financial position of the Plan, these measures being related to the current and projected "vested benefits" and the present value of "accrued benefits" of members.

This investigation is concerned primarily with the valuation of the Plan's assets and liabilities in respect of members' defined benefits only. The value of accumulation member liabilities is directly related to the value of the underlying assets and is not exposed to the same funding risks as defined benefit liabilities. Therefore, the value of accumulation members' assets and liabilities, and the accumulation benefits of defined benefit members where the members have an option to select how such monies are invested, are excluded from this investigation.

Funding levels for defined benefits

In respect of the defined benefit liabilities, the funding ratios as at 1 January 2025 are shown in the table below:

Funding Measure	Defined Benefit Assets ($'000)	Defined Benefit Liabilities ($'000)	Funding Ratio
Vested Benefits	8,731	9,114	96%
Value of Accrued Benefits [1]	8,731	9,283	94%

[1] Minimum of vested benefits at an individual member level have been applied.

Therefore, the assets backing the defined benefits were insufficient to meet the total vested benefits and the total of the present value of accrued benefits for defined benefit members at the valuation date.

In particular, the Plan was in an unsatisfactory financial position as at 1 January 2025. Therefore, we have addressed the requirements of paragraph 31 of SPS 160 as part of this report, and our recommended employer contributions are designed to return the Plan to a satisfactory financial position (and to then maintain that position) over the period to 31 December 2027. Following receipt of this report, the Trustee should develop and approve a restoration plan in this regard.

Superannuation guarantee and technical solvency

The Employer's Superannuation Guarantee obligation is met in full for all members by the minimum benefits provided under the Plan. The required Benefit Certificate was issued on 31 March 2025 with effect from 1 January 2025 for a period of 5 years.

The current Funding and Solvency Certificate (issued on 31 March 2025) is effective from 1 January 2025 for a period of 5 years. The purpose of the Funding and Solvency Certificate is to specify the required Employer contributions needed to fund the Minimum Requisite Benefits used to offset the Superannuation Guarantee Charge. Pursuant to the Superannuation Industry (Supervision) Act ("the SIS Act"), a superannuation plan is "technically solvent" if the net value of its assets exceeds the minimum Superannuation Guarantee benefits.

At 1 January 2025, the Plan was solvent on this basis and based on the assumptions in relation to vested benefits, we expect that an actuary will be able to certify the solvency of the Plan at all times during the three years to 31 December 2027.

Investments

The Trustee has developed formal objectives and a policy for the investment of the Plan's assets. These objectives and policy are summarised in the Product Disclosure Statement and other information available to employers and members.

We have reviewed the Plan's investment policy in light of the funding method adopted and the nature of the Plan's liabilities. In our opinion the Plan's current investment policy remains appropriate, provided that the Employer recognises and accepts the potential variability in returns and the resulting impact on its contribution requirements.

Regulatory requirements

Paragraph 23 of SPS 160 requires certain information to be included in actuarial reports. A summary of this information is included in Appendix C to this report. The Trustee may choose to provide this summary to any members who request details of the actuarial valuation, although members are entitled to request a copy of the full report.

The Trustee has set the current shortfall limit at a level of 98% for the Plan. We note that the Vested Benefits Index (VBI) of the Plan as at 1 January 2025 had fallen below the shortfall limit, primarily due to an additional strain in relation to how we have determined the value of the 33% of eligible members being assumed to take their vested benefit in pension form compared to the transfer basis used by the actuary of the South32 Superannuation Plan in determining the initial assets transferred to the GM3 Superannuation Plan. We consider that a shortfall limit of 98% remains appropriate given the current and target asset allocation for the Plan and the nature of the liabilities.

As noted above, given the Plan was in an unsatisfactory financial position as at 1 January 2025, we have addressed the requirements of paragraph 31 of SPS 160 as part of this report. Following receipt of this report, the Trustee should develop and approve a restoration plan to return the Plan to a satisfactory financial position (and to then maintain that position) over the period to 31 December 2027.

Section 130C of the Superannuation Industry (Supervision) Act 1993 also requires the Plan actuary to notify the Trustee and APRA in certain circumstances where the actuary forms the opinion that there has been a failure to implement an actuarial recommendation relating to employer contributions to the Plan.

The Trustee should ensure that it obtains the employer's agreement to pay the employer contributions as recommended in this report.

The Plan is not self-insured and there are no specific SPS 160 requirements on the Trustee for annual attestation of the validity (or otherwise) of continuing self-insurance.

Insurance

The valuation shows that the current insurance arrangements in respect of death and total and permanent disablement benefits are adequate for the defined benefits section of the Plan.

Events since 1 January 2025

We have allowed for estimated initial expenses of approximately $97,824 associated with the establishment of the Plan following the intra-fund transfer of members from the South32 Superannuation Plan as well as estimated insurance premiums of about $30,750 which had been prepaid to the insurer in relation to the period from 1 January to 30 June 2025.

We note that to date the Employer has paid a lump sum top-up contribution to the Plan of $97,824 (on 20 February 2025) to offset the immediate impact of the estimated establishment costs. Accordingly, in this valuation report, we have recommended that an additional ad-hoc lump sum contribution of at least $33,000 be paid to the Plan by 31 December 2025 to cover the pre-paid insurance premiums to 30 June 2025.

As noted earlier, five of the eight defined benefit members were entitled to select a pension benefit if they had left employment at 1 January 2025. By 30 June 2025, an additional two defined benefit members will have attained age 55 and therefore would be entitled to select a pension benefit on leaving employment, and this results in an increase in vested benefits of about $160,000 at that date which is a further strain on the coverage of vested benefits by the Plan's defined benefit assets.

The financial position of the defined benefits section of the Plan is sensitive both to financial experience and changes in the Plan's demographics over time. We therefore recommend continuation of quarterly reviews of the vested benefit coverage.

1.3 Recommendations

Previous investigation

This is the first actuarial investigation of the Plan.

In respect of the predecessor plan:

- The previous actuarial investigation of the South32 Superannuation Plan was effective 31 December 2021 and was undertaken by Farah Billimoria, Fellow of the Institute of Actuaries of Australia, of Willis Towers Watson and the results set out in a report dated 24 June 2022.

Current investigation

Based on the approach and assumptions set out in this report, the recommended Employer contribution rates for defined benefit members are at least:

- From 1 January 2025 to 30 June 2025:
    - A one-off lump sum contribution of $97,800 in February 2025; plus
    - Regular employer contributions of 25% p.a. of defined benefit members' salaries; plus
    - A lump sum contribution of $25,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June); plus

    - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements.

- From 1 July 2025 until completion of the next actuarial investigation (effective no later than 31 December 2027):
    - 25% p.a. of defined benefit members' salaries plus $6,250 per month; plus
    - An ad-hoc lump sum contribution of $33,000 by no later than 31 December 2025; plus
    - A lump sum contribution of $26,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June each year); plus
    - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements;

  (or an alternative contribution basis which the actuary advises is broadly equivalent to this contribution recommendation, having consideration of SPS 160 requirements).

In addition, we recommend that the Employer continue to pay contributions in respect of accumulation members where the member is receiving Superannuation Guarantee contributions into the Plan.

Further, we recommend that:

- the Plan's financial position is monitored on a quarterly basis to ensure the continued appropriateness of the Plan contribution rate to restore the Vested Benefits Index to at least 100% by no later than 31 December 2027;
- the rate of Plan members electing to take their benefit (where eligible) in pension form upon leaving service is monitored on a quarterly basis relative to the assumed pension take-up rate of 33% used in this investigation; and
- these recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

We have addressed the requirements of paragraph 31 of SPS 160 as part of this report, and our recommended employer contributions are designed to return the Plan to a satisfactory financial position (and to then maintain that position) over the period to 31 December 2027. Following receipt of this report, the Trustee should develop and approve a restoration plan in this regard.

We have also completed a number of VBI projections in section 7 to illustrate the sensitivity of the VBI to different factors.

Next valuation

The next valuation is required to be conducted at an effective date no later than 31 December 2027.

Reliances and Limitations

This report has been prepared under the terms and conditions set out in the engagement letter dated 27 February 2017 (as most recently amended on 23 May 2025). We have carried out our work on the following assumptions and conditions. These are in addition to any assumptions or conditions which may be included in this report:

- Our work has been based on the representations, information, documents and facts ("information") provided to us;
- We have assumed that the information provided is true, correct and complete and not misleading. Although we have reviewed it for general reasonableness and consistency, we have not independently verified or audited the data but, if the information is untrue, incorrect, incomplete or misleading then our work may need to be revised.

- This report has been prepared for the sole use of the Trustee and Employer for the purpose stated earlier. No other use of, or reference to, this report should be made without prior written consent from Deloitte, nor should the whole or part of this report be disclosed to any other person. The report should be considered as a whole. Members of Deloitte staff are available to answer any queries, and the reader should seek that advice before drawing conclusions on any issue in doubt.

Diane Somerville
Fellow of the Institute of Actuaries of Australia

Andrew Boal
Fellow of the Institute of Actuaries of Australia

27 June 2025

2 Background

2.1 History

The Plan commenced as a sub-plan within the Plum Division of the MLC Super Fund effective 1 January 2025, following intra-fund transfers from the South32 Superannuation Plan (Predecessor Plan) on 1 January 2025 and 6 January 2025.

The GM3 Superannuation Plan was recently created to facilitate the transfer from the South Superannuation Plan ("the previous plan") of those members who are employees of Illawarra Metallurgical Coal, following its sale to GEAR M Illawarra Met Coal Pty Ltd (trading as GM3) by former owner South32 Limited. Subsequently the Plan became a sub-plan in the Plum Division of the MLC Super Fund ("the Fund").

The Plan is closed to new defined benefit members and all new employees joining the Plan are provided with accumulation benefits.

As a sub-plan in the Plum Division of the MLC Super Fund, the Plan is a resident regulated fund and a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993 (the SIS Act). The Plan therefore qualifies for concessional tax treatment.

2.2 Governing documents

The MLC Super Fund was established under a Trust Deed dated 9 May 2016 (as amended from time to time). The operation of the Plan is governed by the Trust Deed as subsequently amended and by the Participation Agreement (version dated 18 November 2024) (as amended) between the Employer and NULIS Nominees (Australia) Limited.

A summary of the main benefit provisions for the Plan is included as Appendix A to this report.

2.3 Purpose of the investigation

Current legislation requires that an actuarial investigation be undertaken at least every three years. [1]

The purpose of this investigation is to:

- Examine the sufficiency of the assets in relation to members' accrued benefit entitlements at the valuation date;
- Determine the recommended employer contributions required after the valuation date;
- Satisfy the requirements of the Superannuation Industry (Supervision) Act and Superannuation Prudential Standard 160;
- Comment on any other matter considered relevant or as required under relevant Professional Standards of the Actuaries Institute; and
- Comment and advise on any matter considered relevant.

[1] Where a defined benefit fund is paying defined benefit pensions (noting that there are currently no pensions in payment from the Plan), legislation requires an actuarial investigation to be undertaken annually, unless APRA determines that less frequent investigations (at intervals determined by APRA, between 1 year and 3 years) are permitted for that fund.

Current legislation also requires that the investigation consider the solvency and financial position of the Plan both as at the investigation date and during the ensuing three years.

This report is provided to the Trustee of the Plan.

2.4 Key risks

There are a number of risks relating to the operation of the Plan. The more significant financial risks for the Plan are:

- ***Investment risk***

  Investment risk is borne by the Employer. The risk is that investment returns will be less than assumed and the Employer will need to increase contributions to offset this shortfall.

  For example, the sensitivity analysis shown in section 7.5 of this report estimated that if the assumed future discount rate was reduced by 1% p.a. with no change to other assumptions, then the Plan's coverage of accrued benefits (before application of vested benefit minimums) would reduce by about $654,000 (and the Accrued Benefits Index would be 90%, compared to 96% under the base valuation assumptions).

  We note that the actual investment return achieved by the Plan in the future may vary (positively or negatively) from the rate assumed in this investigation by much more than the negative 1% p.a. in the above sensitivity scenario.

- ***Salary growth risk***

  Salary growth risk is borne by the Employer. This risk is that wages or salaries (on which future benefit amounts will be based) will increase more rapidly than anticipated, increasing benefit amounts and thereby requiring additional contributions from the Employer.

  For example, the impact of a 1% p.a. increase in the assumed rate of salary increase would be expected to reduce the coverage of accrued benefits (before application of vested benefit minimums) by about $188,000 (as shown in section 7.5 of this report) (and the Accrued Benefits Index would be 94%, compared to 96% under the base valuation assumptions).

- ***Liquidity risk***

  Liquidity risk is borne by the Employer. Benefit payments may be paid in lump sum or pension form at the member's option. The expected average term of the active defined benefit member liabilities is approximately three and half (3.5) years, but the expected term of defined benefit liabilities is approximately 8 years when potential future pensions are considered.

  Accordingly, it is likely that benefit payments in coming years will exceed net contributions to the Plan. This means that there is a need for the Trustee to ensure that the Plan's defined benefit investments provide a suitable level of liquidity to meet projected benefit payments.

  We note that the Plan's assets are invested in an investment option together with the assets of many other funds and members, both accumulation and defined benefit based. Therefore, we expect that the current investment policy will provide an adequate level of liquidity for the Plan.

- ***Benefit selection risk***

  The risk is that, where members are eligible to take their benefit as a lifetime pension, more members than assumed elect a lifetime pension (as opposed to a lump sum). The actuarially calculated value of the lifetime pension, based on the assumptions adopted for this review, is generally greater than the value of the lump sum retirement benefit. If more members take their benefit as a lifetime pension, the liability will be higher than currently estimated and may require employers to make additional contributions in future.

- ***Pensioner indexation risk***

  There is negligible pensioner indexation risk in the Plan given that lifetime pension benefits are unindexed. Only children's pensions may be indexed at the Trustee's discretion and subject to Employer consent.

- ***Pensioner longevity risk***

  Pensioner longevity risk is borne by the Employer. The risk is that the pensioners will live longer than expected requiring more pension payments and therefore an increased pension liability for the Plan.

- ***Impact of valuing pensions at 'market value'***

  The assumptions used to value the present value of accrued benefits in respect of lifetime pensions in payment in the Plan for the purposes of this investigation are considered suitable taking into account the Plan's current circumstances, including the current investment policy. In particular, the assumptions have 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 employer.

  If instead the pension liabilities were to be valued on a 'market value' basis – that is, the amount which would be required to be paid to a third party (such as a life insurer) to take on the liability – a significantly higher pension liability would be obtained. It is likely that a life insurance company would base its pricing on a lower 'risk-free' discount rate and adopt more conservative mortality assumptions. Under this basis, to purchase external life insurance annuities, the deficit of assets compared the present value of accrued benefits in the Plan would be likely to increase by roughly $2 million if 33% of defined benefit members ultimately select a pension benefit as assumed.

- ***Sequencing risk***

  As the size of the defined benefit membership reduces due to the Plan being closed to new defined benefit members, individual benefit payments, particularly lump sum payments, are expected to gradually become a significant portion of the overall Plan assets. This risk will become more relevant in coming years.

- ***Legislative risk***

  Legislative risk is borne by the Employer. The 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 taxation on superannuation funds or an increase in the Superannuation Guarantee (SG) rate.

  Under current legislation, the Superannuation Guarantee (SG) rate is 11.5% until 30 June 2025, and will increase to 12.0% from 1 July 2025 onwards. The benefits provided to active defined benefit members are subject to a minimum of the Minimum Requisite Benefits defined in the Plan's Benefit Certificate. This may increase the benefits payable to some defined benefit members, and therefore increase the cost of providing the defined benefits.

The Risk Management Strategy and Risk Management Policy of the MLC Super Fund should identify the full range of risks faced by the Trustee in respect of the Fund as a whole and also in respect of its sub-plans including the Plan.

2.5 Previous valuation

This is the first actuarial investigation of the Plan.

In respect of the predecessor plan, the previous actuarial investigation of the South32 Superannuation Plan was effective 31 December 2021 and was undertaken by Farah Billimoria, Fellow of the Institute of Actuaries of Australia, of Willis Towers Watson and the results set out in a report dated 24 June 2022.

2.6 Regulatory requirements

Superannuation Prudential Standard 160 (Defined Benefit Matters) ("SPS160") deals with a range of matters affecting defined benefit funds.

SPS 160 requires a Registered Superannuation Entity ("RSE") licensee (that is, trustee) of a defined benefit fund to set a shortfall limit, and to determine and implement a monitoring process to detect when the fund has, or may have, breached the shortfall limit and/or moved into an unsatisfactory financial position. If the shortfall limit is, or may be, breached, SPS 160 outlines a range of actions that will need to be performed, which may include conducting an actuarial investigation.

As at 1 January 2025, the Plan was in an unsatisfactory financial position. We have addressed the requirements of paragraph 31 of SPS 160 as part of this report, and the recommended employer contributions set out in this report are designed to return the Plan to a satisfactory financial position (and to then maintain that position) over the period to 31 December 2027. Following receipt of this report, the Trustee should develop and approve a restoration plan in this regard.

Further details regarding future projections of the Plan's financial position are shown in Section 7 of this report.

The Trustee has set the current shortfall limit at a level of 98% for the Plan. We note that the VBI as at 1 January 2025 had fallen below the shortfall limit, primarily due to an additional strain in relation to how we have determined the value of the 33% of eligible members being assumed to take their vested benefit in pension form compared to the transfer basis used by the actuary of the South32 Superannuation Plan in determining the initial assets transferred to the GM3 Superannuation Plan. We consider that a shortfall limit of 98% remains appropriate given the current and target asset allocation for the Plan and the nature of the liabilities.

Section 130C of the Superannuation Industry (Supervision) Act 1993 also requires the Plan actuary to notify the Trustee and APRA in certain circumstances where the actuary forms the opinion that there has been a failure to implement an actuarial recommendation relating to employer contributions to the Plan. The Trustee should ensure that it obtains the employer's agreement to pay the employer contributions as recommended in this report.

The Plan is not self-insured and there are no specific SPS 160 requirements on the Trustee for annual attestation of the validity (or otherwise) of continuing self-insurance.

3 Data

3.1 Current data

We have obtained details of the membership of the Plan at 1 January 2025 from the administrator of the Plan, MLC Wealth Limited ("the Administrator"). The details are summarised below.

At the valuation date there were 8 active defined benefit members with total annual salaries of $1,544,135.

Category	Number of active members	Average age (years)	Average service (years)	Total annual salaries ($)	Average annual salary ($)
ILLADB	8	58.7	33.4	1,544,135	193,017
Total	**8**	**58.7**	**33.4**	**1,544,135**	**193,017**

There were no pensions in payment from the Plan as at 1 January 2025.

The defined benefit section of the Plan is closed to new members.

We placed checks on the data to ensure that all dates, salaries and other amounts were reasonable, based on the information available to us at the date of this investigation. We are satisfied that the data provided is reasonable and correct.

4 Assets

4.1 Asset information

Assets and cash flow information was provided to us by the Administrator, MLC Wealth Limited, for the purposes of this investigation.

We were provided with the value of assets held as at 1 January 2025 and a list of cashflows during the period 2 January 2025 to 31 March 2025.

As the Plan is a sub-plan in the Plum Division of the MLC Super Fund, a separate set of financial statements is not prepared for the Plan. The asset information for the Plan is therefore not separately audited.

We are satisfied that the information provided appears to be correct based on our knowledge of the Plan.

4.2 Net market value

The assets backing defined benefit members were invested based on an investment strategy of 50% allocation to the MLC Stable portfolio and 50% allocation to the MLC Conservative Balanced portfolio at 1 January 2025.

The net market value of Plan assets was advised to be $8,620,138 as at 1 January 2025. A further $110,812 was transferred from the South32 Superannuation Plan to the GM3 Superannuation Plan on 6 January 2025. For the purposes of this valuation, we have included the amount of assets transferred on 6 January 2025 as a receivable asset as at 1 January 2025 when determining the total net assets of the Plan at 1 January 2025.

Therefore, we have used a total value of $8,730,950 as the net market value of Plan assets as at 1 January 2025 for the purposes of this valuation.

We have reviewed the asset details provided by the Administrator and we are satisfied they are appropriate for use in this investigation.

4.3 Investment strategy

The Trustee has developed formal objectives and a policy for the investment of the Fund’s assets. These objectives and policy are summarised in the Product Disclosure Statement and other information available to employers and members.

Further, the Trustee has agreed the investment policy in respect of those assets which are designated to support the defined benefit liabilities.

The assets supporting the Plan’s defined benefit liabilities are invested based on an investment strategy of 50% allocation to MLC Stable and 50% allocation to MLC Conservative Balanced.

This translates to the following strategic asset allocation for the Plan's defined benefit assets as at 1 January 2025:

Asset class	MLC Stable	MLC Conservative Balanced	Plan overall
Australian shares	10%	17%	13.5%
Global shares	12%	19%	15.5%
Property	4%	5%	4.5%
Private equity	1%	4%	2.5%
Fixed income - diversified	33%	22%	27.5%
Fixed income - credit	11%	10%	10.5%
Alternatives and other	2%	3%	2.5%
Infrastructure	5%	6%	5.5%
Cash	22%	14%	18.0%

Overall, the Plan's defined benefit assets have a strategic asset allocation of approximately 54% to defensive assets and 46% to growth assets. Based on the investment objectives of the underlying investment options, the investment objective for the Plan's defined benefit assets would be to outperform inflation (CPI) plus 1.9% per annum, after investment fees and taxes, over rolling 5 to 7 year periods. The standard risk measure would be an estimated 3 to 4 negative returns in any 20 year period.

Based on information received from the Administrator, we understand that the Plan's actual asset allocation as at 1 January 2025 was reasonably close to the strategic asset allocation.

An investment strategy of about 54% defensive and 46% growth assets is a relatively conservative asset allocation, which we consider to be appropriate for the Plan's defined benefit assets, taking into account the following:

- The asset allocation generally does not impact the value of benefits received by members (which are predominantly salary-based).
- There is a small and closed group of defined benefit members in the GM3 Plan, with an average age of 58.7 years as at 1 January 2025, and the youngest being over age 50.
- These members have the option to take their benefit as a lifetime pension which means that the benefits from the GM3 plan could potentially be paid over more than 20 years into the future. Further, as the amount of the lifetime pension benefits are fixed at pension commencement, it is appropriate to adopt a conservative asset mix to lower the risk of market fluctuations causing a decline in the Plan asset values which may result in a requirement for the sponsoring employer to pay additional contributions, even years after all active defined benefit members have ceased service.

We have reviewed the Plan's investment strategy in light of the funding method adopted and the nature of the Plan's liabilities. In our opinion, the current investment strategy is appropriate for the Plan at this time, provided that the Employer recognises and accepts the potential variability in returns and the resulting impact on contribution requirements.

Notwithstanding the above, the Trustee and Employer should be aware that adoption of a "conservative" strategy is still accompanied by an increased level of risk compared to other approaches with a higher weighting to defensive assets. Continuation of the strategy in respect of the Plan's defined benefit assets requires regular monitoring of future investment returns.

We have taken account of the investment objectives of the Plan and the investment guidelines in setting our actuarial assumptions in Section 5 of this report and framing our contribution recommendations in Section 7.3.

4.4 Crediting rate policy

The Plan's approach to crediting interest rates to member's accounts is in accordance with the 'standard' approach of the Trustee's policy. That is, subject to the Trustee's policy on exceptional crediting rate events, the Crediting Rate of Interest is calculated as the actual money weighted rate of investment returns earned on the defined benefit members' assets for each three (3) month period.

The interim rate is based on the government 10 year bond yield at the start of the relevant quarter.

We confirm the Plan's current approach to crediting interest to defined benefit members' account balances is appropriate for the Plan at this time.

4.5 Nature of liabilities

The defined benefit liabilities of the Plan primarily reflect a combination of salary growth, member service and movements, the aging of the defined benefit membership, and the declared crediting rates. Also important is the level of the minimum Superannuation Guarantee accounts of members. The supporting assets however depend on:

- The amount of employer and member contributions; and
- The level of investment returns over time.

Most critical is the fact that the defined benefit liabilities are not directly linked to the investment returns. In this case it is the employer who bears the net effect of investment risk. The level of employer contributions depends in part on the level of investment returns achieved.

Note that in the case of member accumulation accounts, there is a direct link between the investment return and the value of the member account, and hence the employer does not carry investment risk in respect of those accounts.

An investment strategy that is framed to take a long-term view will often adopt relatively high levels of growth assets (property and equity investments) in order to:

- Secure attractive long term investment returns; and
- 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).

Historically, growth assets have provided higher investment returns over medium to longer time periods than defensive assets (bonds and cash). However, these returns have also been more volatile exposing the Plan to a greater risk of a fall in the value of assets, as was experienced during the Global Financial Crisis.

Some funds hold a reserve as a buffer against the likely fluctuation in asset values. The size of the required reserve will depend on the degree to which the employer is willing and able to accept short term variations in contributions as part of underwriting the defined benefits of the fund.

The concern about the volatility in asset values has led some companies to adopt more conservative investment policies. While this may reduce short term fluctuations in asset values, it is also likely to reduce long term returns and hence result in increased employer 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.

The valuation report assumes the current investment strategy will be retained by the Trustee in respect of defined benefit liabilities. We confirm that, in our opinion, the current investment strategy for the Plan's defined benefit assets is appropriate for the long term.

5 Valuation method and assumptions

5.1 The valuation process

To carry out an actuarial valuation, it is necessary to decide on:

- The funding method to be adopted;
- The value of the assets for the purposes of long-term assessment; and
- The assumptions in relation to the factors which will affect the cost of the benefits to be provided by the Plan in the future.

5.1.1 Funding method

A funding method is a systematic basis for meeting the cost of benefits over the years of operation of the Plan. It recognises that:

- a member's benefit entitlements should be funded as uniformly as possible over his or her working lifetime; and
- the assets of the Plan should cover the total benefits which members would reasonably expect if they left the Plan.

Given the size of the current (closed) membership and the funding position of the Plan, this valuation has been conducted using the Attained Age Normal method.

This method separately identifies the Employer contribution rate required to meet the cost of providing current members with benefits in respect of:

- future membership of the Plan (the "Employer normal contribution rate"); and
- past membership of the Plan that is not fully funded as at the valuation date (the "Employer additional contribution rate").

Where a deficit exists as at the valuation date – i.e. the value of the Plan's past membership liabilities exceeds the value of the Plan's assets – the additional contribution rate will be positive and will increase the total employer contribution rate. Conversely, where a surplus exists as at the valuation date, the additional contribution rate will be negative and will reduce the total employer contribution rate required.

In addition, for this valuation we have adopted a target of 100% of the members' vested benefits, consistent with the requirements of SPS 160.

The choice of method does not directly affect the cost of benefits provided by the Plan, which depends upon the Plan's actual experience in future years. All funding methods are expected to produce the same total cost of the defined benefits, with the choice of method determining the "pace" at which such costs are met by the Employer.

The important point is that there is a direct and transparent link between employer contributions and the security afforded to member benefits by the accumulated assets held in the Plan on their behalf. From the employer's perspective there is clarity about the rationale behind the contribution recommendations, taking into account the Plan's current financial position, and the Plan's financial objectives.

We consider that the Attained Age Normal funding method is suitable in the current circumstances of the Plan as the defined benefits section is closed to new members.

5.1.2 Value of assets

For the purposes of this valuation, we have used an asset value of $8,730,950 as at 1 January 2025. We are satisfied that this value is appropriate.

5.2 Plan assumptions

It is important when setting the valuation assumptions to examine the past experience of the Plan to see whether the previous assumptions have been borne out in practice. However, since the Plan is newly formed and this is the first investigation, much of the historical information was not available to assess the experience of the defined benefit membership of the Plan.

5.2.1 Investment return

For this valuation we have used a long-term future investment return of 4.75% p.a. (net of investment fees and taxes) for assets backing active defined benefit members, and a long-term future investment return of 5.5% p.a. (net of investment fees but gross of investment taxes) for assets backing defined benefit pensions in payment. These assumptions take into account the investment strategy of the Trustee with respect to assets supporting the defined benefit liabilities. These rates reflect the current long-term earnings expectations of the major asset classes in which the defined benefit assets of the Plan are invested.

5.2.2 Salary increases

For the purpose of the actuarial investigation, salary increases are generally split into two components, namely inflationary increases and promotional increases. Inflationary increases are generally assumed to be in line with increases in Average Weekly Earnings over time while promotional increases are often related to age and to the industry in which members are employed.

Taking into account the average age of defined benefit members in the Plan of about 59, we have assumed total salary increases of 2.5% p.a. for the purposes of this investigation, which we note is the same as the equivalent assumption used by the actuary of the predecessor plan, the South32 Superannuation Plan.

5.2.3 Net real return

The difference between the level of investment returns and salary increases is important as it links the growth in assets to the growth in salary-related liabilities.

For this valuation, the gap between the assumed rate of future investment earnings for assets backing active defined benefit members and the assumed rate of future salary increases is 2.25% p.a..

5.2.4 Crediting Rates

The Plan's approach to crediting interest rates to member's accounts is in accordance with the 'standard' approach of the Trustee's policy. That is, subject to the Trustee's policy on exceptional crediting rate events, crediting rates are based on the actual money weighted return of the defined asset pool.

The interim rate is based on the government 10-year bond yield at the start of the relevant quarter.

We confirm the Plan's current approach to crediting interest to defined benefit members' account balances is appropriate for the Plan at this time.

5.2.5 Rates at which members leave service

We do not have access to experience information in respect of the rates at which members left service due to retirement, resignation, death or total and permanent disablement (TPD). Accordingly, we have retained the same demographic assumptions as those used in the previous valuation of the predecessor plan, the South32 Superannuation Plan, as we believe those rates remain appropriate in the absence of any information to the contrary.

Details of the demographic assumptions used are set out in Appendix B.

5.2.6 Pension increases

Under the Plan's rules, lifetime pensions are unindexed and do not increase with inflation (other than limited exceptions for child pensioners at the Trustee's discretion).

Therefore, we have assumed that future pension increases will be nil for the purposes of this investigation.

5.2.7 Pensioner mortality

We have adopted a pensioner mortality table based on the Australian Life Tables 2020-22 (being the most recent mortality tables for the Australian population), with a 2-year age reduction to account for expected lighter mortality than the Australian population. The decrements also allow for mortality improvement in the future based on the 25-year mortality improvement factors developed by the Australian Government Actuary as part of preparation of Australian Life Tables 2020-22 up to 2046, reverting to 100-year mortality improvement factors thereafter.

5.2.8 Pensioner take-up assumptions

The actuary of the South32 Superannuation Plan assumed that 33% of eligible members will elect to take a lifetime pension on retirement. Given that the Plan is newly established, it is not possible to undertake a reliable analysis of pension take-up experience. Therefore, we have retained the same assumption as used in the South32 Superannuation Plan, i.e. that 33% of defined benefit members will elect to take a lifetime pension on retirement. We will review this assumption at the next triennial investigation based on actual experience in the Plan.

5.2.9 Expenses

The investment earnings rate is assumed to be net of investment expenses.

Based on an analysis of administration expense cashflows for the Plan over the period between 1 January 2025 and 31 March 2025, and allowing for estimated actuarial and other expenses, we have estimated that the administration and other expenses of the Plan will be approximately $57,000 per annum on average.

These expenses have been allowed for in the calculations of future liabilities to be funded by employer contributions.

In addition, we have allowed for estimated initial expenses of approximately $98,000 associated with the establishment of the Plan following the intra-fund transfer of members from the South32 Superannuation Plan.

5.2.10 Insurance

Details of the Plan's group insurance arrangements in respect of death and disablement benefits are included in section 8.

Based on current premium rates, we have made an allowance of 1.2% p.a. of defined benefit salaries for estimated insurance premiums in relation of defined benefit members for the purposes of this investigation.

In addition, the Employer meets the cost of insurance premiums in respect of standard insurance cover for accumulation members from the defined benefit Plan assets. Based on an analysis of recent insurance premium costs for accumulation members in the Plan, employer-paid insurance premiums for accumulation members are approximately $25,500 per annum.

Therefore, we have assumed employer-paid insurance premiums for accumulation members of $26,000 per annum for the purposes of this investigation.

5.2.11 Taxation

The Plan is a "regulated superannuation fund" and is governed by the regulations of the Superannuation Industry (Supervision) Act 1993.

We have assumed that the current tax regime will continue and that the tax rate presently applying to the Fund will be maintained in future i.e. that the Fund will remain a regulated and complying fund under SIS and the Tax Act respectively and that a concessional tax rate of 15% will apply to net deductible contributions and investment earnings.

In addition, we have assumed that any additional taxation attributable to contributions in respect of high income earners (Division 293 taxation) and/or excess concessional contributions will be deducted from the total benefits of the affected members by means of an offset account, if not paid separately by the individual member. Similarly, we have assumed that any Division 296 tax applying to members with large superannuation balances (i.e. over $3 million), if this is paid by the Plan at the individual member's request, will be deducted from the total benefits of the affected members by means of an offset account.

6 Solvency and funding measures

SPS 160 requires statements to be made in respect of two measures of the financial position of the Plan, these measures being related to the current "vested benefits" and the present value of "accrued benefits" of members.

This investigation is concerned primarily with the valuation of the Plan's assets and liabilities in respect of members' defined benefits only. The value of accumulation member liabilities is directly related to the value of the underlying assets and is not exposed to the same funding risks as defined benefit liabilities. Therefore, the value of accumulation members' assets and liabilities, and the accumulation benefits of defined benefit members where the members have an option to select how such monies are invested, are excluded from this investigation.

6.1 Vested Benefits

"Vested benefits" are benefits that would be paid if all members voluntarily left service. The following table shows the vested benefits position of the defined benefits section of the Plan as at 1 January 2025:

	1 January 2025
Value of Defined Benefit Assets ($'000)	8,731
Defined Benefit Vested Benefits ($'000)	9,114
Vested Benefits Index	**96%**

The Vested Benefits Index (VBI) is the ratio of the value of the Plan's net assets to the vested benefits. As shown above, as at 1 January 2025 the Vested Benefits Index was 96%. This shows that the Plan was in an unsatisfactory financial position as at 1 January 2025.

The Plan's unsatisfactory financial position as at 1 January 2025 is primarily due to an additional strain in relation to how we have determined the value of the 33% of eligible members being assumed to take their vested benefit in pension form compared to the transfer basis used by the actuary of the South32 Superannuation Plan in determining the initial assets transferred to the GM3 Superannuation Plan. Five of the eight defined benefit members were entitled to select a pension benefit if they had left employment as at 1 January 2025, and this resulted in an increase of about $471,000 above the total value of lump sum vested benefits of $8,643,000 at that date.

The assets and vested benefits as at 1 January 2025 above exclude $1,841,891 of voluntary accumulation account balances in respect of defined benefit members.

6.2 Accrued Benefits Index

An indication of the funding status of the Plan is also given by the ratio of the value of the Plan's assets to the present value of all benefits accrued at the investigation date. The term "Accrued Benefits" is used in Australian Accounting Standard AASB 1056 and is alternatively referred to as the past service liability or the actuarial value of benefits.

The value placed on the Accrued Benefits is calculated using the actuarial assumptions set out in Appendix B. It represents the value in today's dollars of future benefits based on membership completed to the investigation date, allowing for future salary increases, investment earnings, crediting rates and expected incidence of benefit payments. For this valuation, each member's accrued benefit has been subject to a minimum of the member's vested benefit.

A fully secured position is represented by a ratio of 100%. At this level, if the Plan was closed to new entrants and no further benefits were allowed to accrue to current members then assets would be expected to be sufficient to meet all future benefit payments as and when they fall due if the actuarial assumptions were borne out in practice.

The following table shows the Accrued Benefits Index of the defined benefit section of the Plan as at 1 January 2025:

	1 January 2025
Value of Defined Benefit Assets ($'000)	8,731
Defined Benefit Accrued Benefits ($'000)[1]	9,283
Accrued Benefits Index (ABI)	**94%**

1. Minimum of vested benefits at an individual member level has been applied.

The Accrued Benefits Index (ABI) is the ratio of the market value of the Plan's assets to the accrued benefits. At 1 January 2025 the ABI was 94%. The index of 94% indicates that the Plan's assets were not sufficient to fully cover the accrued benefits in the Plan at the investigation date.

We note that the value of accrued benefits before application of the vested benefits minimum was $9,096,197 as at 1 January 2025, which would have resulted in an Accrued Benefits Index (before vested benefits minimum) of 96%.

The assets and accrued benefits at 1 January 2025 above exclude $1,841,891 of voluntary accumulation account balances in respect of defined benefit members.

6.3 Minimum Requisite Benefits

Another test of the adequacy of the Plan's assets relates to the benefits which the Plan must provide in order to satisfy the Superannuation Guarantee requirements. These benefits are termed Minimum Requisite Benefits and are defined in the Plan's Benefit Certificate. The Minimum Requisite Benefit for each member is less than or equal to the member's vested benefit.

The following table shows the Minimum Requisite Benefits Index of the defined benefit section of the Plan as at 1 January 2025:

	1 January 2025
Value of Defined Benefit Assets ($'000)	8,731
Defined Benefit Minimum Requisite Benefits ($'000)	6,223
Minimum Requisite Benefits Index (MRBI)	**140%**

The assets and Minimum Requisite Benefits at 1 January 2025 above exclude $1,841,891 of voluntary accumulation account balances in respect of defined benefit members.

6.4 Plan termination

The next stage in our valuation is to calculate if there would have been any additional liabilities arising had the Plan terminated on the valuation date. It is obviously critical to be able to meet all of the Plan's obligations in that circumstance.

Clause 7.5 of Schedule 2 (Plum Division) of the MLC Super Fund Trust Deed provides that on termination of the Plan the Trustee must apply the Plan assets in the following order of priority:

1. Meet all costs, expenses and liabilities which have occurred or are likely to occur (other than benefits),
2. Meet Plan benefits which have commenced payment or become payable before the termination date,
3. Pay to each accumulation member the Member's Account Balances and to each defined benefit member the amount which the Actuary determines has accrued in respect of the member. If the assets are insufficient to meet these amounts then all benefits are reduced proportionately.
4. Pay any remaining balance to the participating employers in the proportions determined by the Trustee unless otherwise requested by the employer.

Thus, there is no prescribed benefit on Plan termination and there is no liability on the employer for additional amounts other than in respect of contributions paid or owing to the date of termination.

6.5 Events since 1 January 2025

We have allowed for estimated initial expenses of approximately $97,824 associated with the establishment of the Plan following the intra-fund transfer of members from the South32 Superannuation Plan as well as estimated insurance premiums of about $30,750 which had been prepaid to the insurer in relation to the period from 1 January to 30 June 2025.

We note that to date the Employer has paid a lump sum top-up contribution to the Plan of $97,824 (on 20 February 2025) to offset the immediate impact of the estimated establishment costs. Accordingly, in this valuation report, we have recommended that an additional ad-hoc lump sum contribution of at least $33,000 be paid to the Plan by 31 December 2025 to cover the pre-paid insurance premiums to 30 June 2025.

As noted earlier, five of the eight defined benefit members were entitled to select a pension benefit if they had left employment as at 1 January 2025. By 30 June 2025, an additional two defined benefit members will have attained age 55 and therefore would be entitled to select a pension benefit on leaving employment, and this results in an increase in vested benefits of about $160,000 at that date which is a further strain on the coverage of vested benefits by the Plan's defined benefit assets. We have allowed for this in our VBI projections in section 7.4 of this report.

6.6 Summary of total liabilities

The following table provides a summary of the total liabilities in the Plan, for both defined benefit members and accumulation members, as at 1 January 2025. These figures have been determined in accordance with our interpretation of the requirements of Australian Accounting Standard AASB 1056.

	Defined benefit members $'000	Accumulation members $'000	Total $'000
Accrued benefits [1]			
Defined benefit interests	9,096	-	9,096
Defined contribution interests	1,842	103,637	105,479
Total interest	**10,850**	**103,637**	**114,487**
Vested benefits			
Defined benefit interests	9,114	-	9,114
Defined contribution interests	1,842	103,637	105,479
Total interest	**10,956**	**103,637**	**114,593**
Minimum benefits			
Defined benefit interests	6,223	-	6,223
Defined contribution interests	1,842	103,637	105,479
Total interest	**8,065**	**103,637**	**111,702**

1. For consistency with AASB 1056, the accrued benefits in this table have not been subject to a minimum of vested benefits. This approach is in accordance with Practice Guideline 499.06 issued by the Actuaries Institute.

7 Valuation results

7.1 Introduction

When setting contribution rates as part of an actuarial investigation, we make reference to the long-term cost of funding future benefits as well as some shorter term projections of the VBI.

As noted earlier, the Plan was in an unsatisfactory financial position as at 1 January 2025, primarily due to an additional strain in relation to how we have determined the value of the 33% of eligible members being assumed to take their vested benefit in pension form compared to the transfer basis used by the actuary of the South32 Superannuation Plan in determining the initial assets transferred to the GM3 Superannuation Plan.

The key objective of our contribution recommendations is to restore the VBI to at least 100% within the next 3 years, hence the chosen level of 100% as the ‘target’ in our funding approach. This aligns with the intention of SPS 160 in terms of restoring the Plan to a satisfactory financial position over the next 3 years and thereafter maintaining the VBI above 100%.

However, we also show the longer term funding measures in the next section.

7.2 Long term funding rate

As well as the projections of the VBI position in section 7.4, we also show the calculation of the longer term funding rates in the table below.

The results of the valuation of the Plan on a “going concern” basis are set out below. For this purpose, the value of all future benefit payments is determined using the assumptions described in Appendix B of this report.

Specifically, we show:

- The Total Service Contribution Rate which takes into account the current assets and therefore allows for any current surplus/deficit over the value of accrued benefits.
- The Future Service Contribution Rate which represents the cost of future accruing benefits and does not factor in any current surplus/deficit position.

The following table shows the long-term funding rate calculation of the Plan:

	($’000)
Past Service Liabilities (before vested benefits minimum)	9,008
Future Service Benefits	
- Defined Benefit Liabilities	668
- Future Defined Benefit expenses (non-investment)	788
Total Service Liabilities	10,464
Assets	8,731
Total Service Liabilities – Assets	1,733
Future Member Contributions	60
Present value of 1% of future salaries	54
Total service contribution rate (after 15% contributions tax and allowance for expenses)	**36.2%**
Future service contribution rate (after 15% contributions tax and allowance for expenses)	**30.2%**

These results show that a long-term employer contribution rate of 36.2% p.a. of salaries is required as at 1 January 2025 to fund the total service liabilities over the future projected working lives of the defined benefit members. This rate takes into account the current deficit in respect of past service benefits. The future service contribution rate (which does not allow for the current deficit in respect of past service benefits) is 30.2% p.a. after tax and expenses.

However, we note that the long-term employer contribution rate is highly sensitive to the timing of the actual experience of members leaving service, and the rate at which members elect to take up a pension benefit. Therefore, an alternative way of expressing the long-term employer contribution rate, which is expected to be less volatile in practice, is as a lower percentage of defined benefit members' salaries plus a fixed dollar amount to cover estimated expenses (which would continue to apply in relation to pensioners in the Plan, not just active members).

Note that the above calculations do not allow for the cost of insurance premiums for accumulation members also being met from the Plan's defined benefit assets, which is estimated to be an additional $26,000 per annum.

Also, this calculation does not take into account that the current vested benefits of defined benefit members are higher than the past service liabilities. In addition to this longer-term view of the cost of funding benefits, the focus of SPS 160 is to restore and maintain coverage of the VBI whenever possible.

Given the Plan was in an unsatisfactory financial position as at 1 January 2025, the following section of this report sets out the recommended employer contributions expected to be required to restore the sections to a satisfactory financial position by 31 December 2027, in accordance with APRA's requirements under SPS 160.

We have also considered the VBI projections shown in section 7.4 below in setting the recommended employer contribution rates set out in the next section.

7.3 Recommended employer contribution rates

Based on the approach and assumptions set out in this report, the recommended Employer contribution rates for defined benefit members are at least:

- From 1 January 2025 to 30 June 2025:
  - A one-off lump sum contribution of $97,800 in February 2025; plus
  - Regular employer contributions of 25% p.a. of defined benefit members' salaries; plus
  - A lump sum contribution of $25,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June); plus
  - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements.
- From 1 July 2025 until completion of the next actuarial investigation (effective no later than 31 December 2027):
  - 25% p.a. of defined benefit members' salaries plus $6,250 per month; plus
  - An ad-hoc lump sum contribution of $33,000 by no later than 31 December 2025; plus
  - A lump sum contribution of $26,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June each year); plus

  - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements;

(or an alternative contribution basis which the actuary advises is broadly equivalent to this contribution recommendation, having consideration of SPS 160 requirements).

In addition, we recommend that the Employer continue to pay contributions in respect of accumulation members where the member is receiving Superannuation Guarantee contributions into the Plan.

Further, we recommend that:

- the Plan's financial position is monitored on a quarterly basis to ensure the continued appropriateness of the Plan contribution rate to restore the Vested Benefits Index to at least 100% by no later than 31 December 2027;
- the rate of Plan members electing to take their benefit (where eligible) in pension form upon leaving service is monitored on a quarterly basis relative to the assumed pension take-up rate of 33% used in this investigation; and
- these recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

We have addressed the requirements of paragraph 31 of SPS 160 as part of this report, and our recommended employer contributions are designed to return the Plan to a satisfactory financial position (and to then maintain that position) over the period to 31 December 2027. Following receipt of this report, the Trustee should develop and approve a restoration plan in this regard.

In the next section we have projected the VBI of the Plan over the next 5 years.

7.4 Funding projections

The results in section 6 above show that the Plan is in an unsatisfactory financial position, largely due to the estimated impact of the value of the pension benefits which many of the defined benefit members would be currently entitled to select if they left service at the valuation date.

SPS 160 ensures that the contribution recommendation focusses on maintaining the VBI at or above 100%, and in the event that the VBI falls below 100%, getting the VBI back to at least 100% in a period of no greater than three years.

The table below shows the projected coverage of vested benefits assuming employer contributions as recommended in this report, and all other assumptions are as set out in this report.

Projected Date	DB Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
1 January 2025 (actual)	25% + $97.8k (Feb) + $25k (Jun) + $6.25k/mth (Jul-Dec) +$33k (Dec)	8,731	9,114	96%
31 December 2025	25% + $75k + $26k (Jun)	7,632	8,047	95%
31 December 2026	25% + $75k + $26k (Jun)	7,154	7,326	98%
31 December 2027	25% + $75k + $26k (Jun)	6,637	6,564	101%
31 December 2028	25% + $75k + $26k (Jun)	6,027	5,750	105%
31 December 2029	25% + $75k + $26k (Jun)	5,525	5,011	110%

The above table shows that contributions of 25% p.a. for defined benefit members plus $97,800 in February 2025 plus $25,000 for standard insurance premiums for accumulation benefits during the period from 1 January 2025 to 30 June 2025; plus 25% p.a. of defined benefit members' salaries plus $6,250 per month contributions for defined benefit members during the period from 1 July 2025 to 31 December 2025 plus an ad-hoc lump sum contribution of $33,000 by 31 December 2025; and thereafter 25% p.a. of defined benefit members' salaries plus $6,250 per month contributions for defined benefit members, plus $26,000 by each 30 June, are projected to be adequate to restore the VBI to at least 100% within the next 3 years, assuming experience is in line with assumptions.

7.4.1 Sensitivity of projection results

To give an indication of the sensitivity of the VBI to investment returns, we also considered the progression of the VBI if investment returns were 1% lower at 3.75% p.a..

Projection 2: As per Projection 1, and investment return of 3.75% pa

Projected Date	DB Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
1 January 2025 (actual)	25% + $97.8k (Feb) + $25k (Jun) + $6.25k/mth (Jul-Dec) +$33k (Dec)	8,731	9,380	93%
31 December 2025	25% + $75k + $26k (Jun)	7,558	8,419	90%
31 December 2026	25% + $75k + $26k (Jun)	7,008	7,662	91%
31 December 2027	25% + $75k + $26k (Jun)	6,422	6,863	94%
31 December 2028	25% + $75k + $26k (Jun)	5,745	6,011	96%
31 December 2029	25% + $75k + $26k (Jun)	5,179	5,270	98%

The table above shows that with a 1% p.a. lower investment return, the VBI for all defined benefits is expected to take more than 5 years to be restored to at least 100% assuming the same contribution pattern as assumed under the baseline projection above. This shows that if investment returns are less than expected, it is likely that employer contributions to the Plan would need to increase as soon as possible.

We note that the employer contribution rate would need to increase from July 2025 to at least 35% p.a. plus $11,500 per month contributions for defined benefit members, plus $26,000 by each 30 June, (in addition to the recommended $33,000 ad-hoc lump sum contribution by December 2025) in order for the Plan to be expected to be restored to a satisfactory financial position within 3 years under this scenario.

We will continue to monitor the financial position of the Plan on a quarterly basis which will allow us to identify early if and when employer contributions will need to increase before completion of the next actuarial investigation.

To give an indication of the sensitivity of the VBI to salary increase rates, we also considered the progression of the VBI if future salary increases were 1% higher at 3.5% p.a..

Projection 3: As per Projection 1, and salary increase rate of 3.5% p.a.

Projected Date	DB Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
1 January 2025 (actual)	25% + $97.8k (Feb) + $25k (Jun) + $6.25k/mth (Jul-Dec) +$33k (Dec)	8,731	9,380	93%
31 December 2025	25% + $75k + $26k (Jun)	7,472	8,122	92%
31 December 2026	25% + $75k + $26k (Jun)	6,982	7,437	94%
31 December 2027	25% + $75k + $26k (Jun)	6,445	6,699	96%
31 December 2028	25% + $75k + $26k (Jun)	5,807	5,897	98%
31 December 2029	25% + $75k + $26k (Jun)	5,272	5,162	102%

The table above shows that with a 1% p.a. higher salary increase rate, the VBI for all defined benefits is expected to take about 5 years to be restored to at least 100% assuming the same contribution pattern as assumed under the baseline projection above, given that the majority of the benefits for defined benefit members in the Plan are dependent on salary increases. This shows that if salary increases are higher than expected, it is likely that employer contributions to the Plan would need to increase as soon as possible.

We note that the employer contribution rate would need to increase from July 2025 to at least 35% p.a. plus $8,300 per month contributions for defined benefit members, plus $26,000 by each 30 June, (in addition to the recommended $33,000 ad-hoc lump sum contribution by December 2025) in order for the Plan to be expected to be restored to a satisfactory financial position within 3 years under this scenario. We will continue to monitor the financial position of the Plan on a quarterly basis which will allow us to identify early if and when employer contributions will need to increase before completion of the next actuarial investigation.

Another key assumption is the rate at which eligible members elect to take their benefit in pension form rather than as a lump sum. The base projections (Projection 1) are based on an assumption that 33% of eligible members will choose to receive their benefits as a lifetime pension.

To give an indication of the sensitivity of the VBI to the pension take-up assumption, we also considered the progression of the VBI if all eligible members take their benefit as a pension (i.e. 100% pension take-up).

Projection 4: As per Projection 1, but where 100% of eligible members take a pension benefit

Projected Date	DB Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
1 January 2025 (actual)	25% + $97.8k (Feb) + $25k (Jun) + $6.25k/mth (Jul-Dec) +$33k (Dec)	8,731	9,380	93%
31 December 2025	25% + $75k + $26k (Jun)	9,267	11,254	82%
31 December 2026	25% + $75k + $26k (Jun)	9,707	11,513	84%
31 December 2027	25% + $75k + $26k (Jun)	9,982	11,525	87%
31 December 2028	25% + $75k + $26k (Jun)	10,048	11,288	89%
31 December 2029	25% + $75k + $26k (Jun)	10,018	11,036	91%

This shows that the financial position of the Plan is at risk of further deterioration if exiting members elect to take a higher proportion of their benefits in pension form than expected. In this case, significantly higher employer contributions would be required in order to restore the financial position of the Plan. (Conversely, if fewer members than expected ultimately take up a pension benefit, the Plan would be expected to be restored to a satisfactory financial position earlier than expected and/or employer contributions may be able to be reduced in future.)

7.5 Sensitivities

AASB 1056 requires the Trustee to show sensitivities for accrued benefits (defined benefit member liabilities) in the financial statement notes.

Accordingly, we have shown the value of accrued benefits (before vested benefit minimums) for defined benefit members based on changes in the key assumptions in the following table.

Sensitivities	1 January 2025 ($000s)	Increase /(Decrease) in Accrued Benefits Liability ($000s)
Base Case	9,096	
Discount Rate + 1%	8,556	(540)
Discount Rate – 1%	9,750	654
Salary Increase Rate + 1%	9,284	188
Salary Increase Rate – 1%	8,899	(197)
Pension Take-up Rate of 100%	10,369	1,273

The variations selected in the above sensitivity analyses do not indicate upper or lower bounds of all possible outcomes.

8 Insurance arrangements

8.1 Death and TPD

Insurance cover in respect of the unfunded portion of death and total and permanent disablement (TPD) benefits is provided by TAL. The purpose of insurance is to protect the Plan against adverse death and TPD experience.

The "Amount at Risk" is the difference between the members' death or disablement benefits and the sum of insured amounts for all defined benefit members.

The sum insured for each member is calculated as follows:

- *Death Benefit less lump sum Vested Benefits*

Therefore, if the VBI (based on lump sum vested benefits) is below 100%, there are insufficient assets in the Plan to meet all benefits payments in the unlikely event that all members were to die or become disabled at the same time. Further, the payment of any death or disablement of a defined benefit member whilst the VBI is less than 100% will reduce the VBI further (although the net shortfall amount would remain unchanged).

The table below shows the overall death and TPD benefits and insurance levels as at 1 January 2025 for defined benefit members.

Defined Benefit Members ($'000)	Death	TPD
Total death/TPD benefits	12,321	12,321
Less		
Accumulation benefits (for DB members)	1,842	1,842
Less		
Insurance amount	1,836	1,836
Amount at risk	**8,643**	**8,643**
Less		
Plan Assets	8,731	8,731
Excess/(Shortfall)	**88**	**88**

This shows that the current insurance arrangements in respect of death and TPD benefits were adequate for the defined benefit section of the Plan at 1 January 2025, given that the Amount at Risk was less than the Plan's assets.

The death and TPD benefits for accumulation members are equal to their account balances plus the amount covered under the group life policy. Therefore, by definition, these benefits are fully covered by insurance.

Therefore, we believe the current insurance arrangements to be appropriate, in view of the small, closed defined benefit membership in the Plan.

8.2 Comments

We consider the Plan's insurance arrangements are adequate to protect the Plan against adverse death or disablement experience.

Appendix A: Summary of benefits

Defined benefit members receive benefits in accordance with the provisions of the Plan Summary.

A brief summary of benefits is set out below.

Definitions

Accrual Rate Percentage: 20%

Early Retiring Age: age 55

Equivalent Full-Time Salary:

a) In respect of any period of Full-time Service, the member's Salary;

b) In respect of any period of Part-Time Service, an amount equal to the Salary which the Employer determines would have applied had the member worked in Full-Time Service during that period.

Final Average Salary (FAS): the average Equivalent Full-Time Salary of a Member during the last 3 years immediately prior to his ceasing to be a member but not exceeding the maximum amount fixed by the Employer.

Maximum Retiring Age: age 70

Member's Accumulated Contributions (MAC): total of the contributions made (or deemed to be made) by the Member, with interest added and accrued up to the date he ceases to be a member.

Membership Period: the latest continuous period expressed in years and complete months in respect of which:

a) The member is or was obligated to make Contributions, or

b) Contributions are made by the Employer in relation to the member.

and subject to a maximum of 36 years.

Normal Retiring Age: age 65

Previous Plan: South32 Superannuation Plan, a sub-plan in the Plum Division of the MLC Super Fund

Salary: the yearly rate of the ordinary fixed salary of the Member in respect of his employment, as determined by the Employer; where relevant, in relation to any period prior to the Transfer Date, Salary in relation to a Member includes any and all amounts that would have been treated as Salary in the Previous Plan.

Benefits

Minimum Benefit:

The minimum benefit that applies on resignation or retirement is equal to the sum of:

- 2.5 x Member's Accumulated Contributions;
- 3% x Final Average Salary x years of membership from 1/3/1987;
- Balance of additional voluntary accounts the member may have.

This benefit is subject to a minimum of the Minimum Requisite Benefit.

<u>Leaving Service Benefit:</u>

When the member leaves for any reason other than death or disablement, the benefit is calculated as:

20% x Final Average Salary x Membership Period x Benefit Factor

Where Benefit Factor = max (0, (1- (55- max(40,min(55,age))) x 0.02))

plus the balance of additional voluntary accounts in the Plan.

The leaving service benefit is subject to the minimum benefit.

On leaving service on or after age 55, the member can elect to take their defined benefit as a pension rather than a lump sum, where the pension benefit is calculated as:

Leaving Service Benefit / Pension Discount Factor

Where Pension Discount Factor = 10.80 + (65 – age at retirement) x 0.3

The pension is fixed (i.e. it is not indexed with price increases). A reversionary pension may be paid on the death of the member.

<u>Death Benefit:</u>

A lump sum benefit equal to:

20% x Projected Final Average Salary at 65 x Total Potential Membership Period to 65

Where Total Potential Membership Period has a maximum of 36 years

plus the balance of additional voluntary accounts in the Plan.

Benefit payable in respect of Member before 1 July 1994:

- If the member joined the BHP Billiton Superannuation Fund before 1/7/1994, the death benefit can be paid as part lump sum and part pension(s) payable to the Spouse and Child Dependant(s).
- The part lump sum is calculated as:

  Final Average Salary x (65 – max (age at death, 45)) x 0.15
- The Spouse Pension is calculated as:

  Half of the member's TPD Pension
- The Dependants' Pension on death is calculated as:

  One-sixth of the member's TPD pension, provided for up to three dependants, where dependants include children up to 18 years of age, or children up to age 25 if in full-time study.

  Pensions, other than those payable to children, do not increase in line with inflation or investment earnings.

<u>Disablement Benefit:</u>

A benefit is payable on assessment of total and permanent disability equal to the benefit payable had the member died on the date of assessment.

Benefit payable in respect of Member before 1 July 1994:

- If the member joined the BHP Billiton Superannuation Fund before 1/7/1994, the TPD benefit can be paid as part lump sum and part pension.
- The part lump sum is calculated as:

  Final Average Salary x (65 – max (age at death, 45)) x 0.15
- The part pension is calculated as:

  1/54 x Final Average Salary x Total Potential Membership Period to 65

Appendix B: Summary of assumptions

Financial Assumptions

Assumption	
Interest Rate Earned on Assets	4.75% p.a. net of investment expenses and taxes 5.5% p.a. gross of investment taxes but net of investment expenses
Salary Increase Rate	2.5% p.a.
Pension Increase Rate	Nil (pensions are unindexed)

Rates of Decrement

Assumed rates at which members leave the Plan per year per 10,000 members at a sample set of ages are as follows:

Age	Death	Disablement	Resignation
40	8	7	1,000
45	11	16	1,000
50	16	38	1,000
55	25	85	-

Age	Retirement
55	1,000
56	1,000
57	1,500
58	2,000
59	2,500
60	3,000
61	3,500
62	4,000
63	4,500
64	5,000
65	10,000

Pensioner Mortality

Australian Life Tables 2020-22, with a 2 year age reduction, and allowing for 25-year mortality improvement factors developed by the Australian Government Actuary up to 2046, and 100-year mortality improvement factors thereafter.

Husbands are assumed to be 3 years older than their wives.

Pension Take-up Rate

33% of benefits are assumed to be taken in pension form (where eligible).

Future Expenses	The investment earnings rate is assumed to be net of investment expenses. Allowance for administration and other expenses for defined benefit members of $57,000 per annum, plus and insurance premiums of 1.2% p.a. of defined benefit members' salaries. Insurance premiums of $26,000 p.a. for accumulation members are assumed to be deducted from the Plan's defined benefit assets.
Surcharge/Division 293/Division 296	All liability for surcharge is assumed to be met by an appropriate reduction in the benefits of affected members. Likewise, where Division 293 taxes and/or Division 296 taxes are not paid separately by individuals, the liability for Division 293 and Division 296 taxation is assumed to be met by reducing the benefits of affected members.

Appendix C: Statement required by SPS 160

GM3 Superannuation Plan, a sub-plan in the Plum Division of the MLC Super Fund

Summary of Information included in 1 January 2025 Actuarial Report pursuant to Paragraph 23 of SPS 160

We have carried out a valuation of the GM3 Superannuation Plan (the Plan) effective 1 January 2025. Paragraph 23 of SPS 160 prescribes the following matters to be contained in actuarial reports for private sector defined benefit superannuation plans:

1. For the purposes of comparison with vested benefits and accrued benefits and in the calculation of the long-term Employer contribution rate, the net assets of the defined benefit section of the Plan have been valued at $8,730,950 at 1 January 2025.

2. Pursuant to SPS 160, the *"liabilities in respect of the accrued benefits of the members of the fund"* is the present value of the expected future benefits payable from the Plan to current members and their dependents in respect of membership completed to date. In our opinion, the assets valued at 1 January 2025 were insufficient to meet the liabilities of the Plan in respect of defined benefit accrued benefits of $9,283,131. We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued benefit liabilities.

3. The Plan's assets are also insufficient to meet the liabilities of the Plan in respect of defined benefit Vested Benefits of $9,113,576 as at 1 January 2025. A plan is in an *"unsatisfactory"* financial position if the value of its assets is less than the value of the benefits payable if every member voluntarily left the Plan. Therefore, in our opinion, the Plan was in an unsatisfactory financial position at 1 January 2025.

   The Trustee has set the current shortfall limit at a level of 98% for the Plan. In our opinion, the shortfall limit does not need to be revised.

   Furthermore, assuming that:

   - There are no significant improvements to the benefits described;
   - Employer contributions are paid in accordance with the recommendations set out in the report on the actuarial valuation of the Plan at 1 January 2025; and
   - The future experience of the Plan is in accordance with the actuarial assumptions made at 1 January 2025;

   then we certify that the Plan will attain a satisfactory financial position by 31 December 2027.

4. Based on the results of this investigation, the recommended Employer contribution rates for defined benefit members are at least:

   - From 1 January 2025 to 30 June 2025:
     - A one-off lump sum contribution of $97,800 in February 2025; plus
     - Regular employer contributions of 25% p.a. of defined benefit members' salaries; plus
     - A lump sum contribution of $25,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June); plus
     - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements.
   - From 1 July 2025 until completion of the next actuarial investigation (effective no later than 31 December 2027):
     - 25% p.a. of defined benefit members' salaries plus $6,250 per month; plus
     - An ad-hoc lump sum contribution of $33,000 by no later than 31 December 2025; plus
     - A lump sum contribution of $26,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June each year); plus
     - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements;

     (or an alternative contribution basis which the actuary advises is broadly equivalent to this contribution recommendation, having consideration of SPS 160 requirements).

   In addition, we recommend that the Employer continue to pay contributions in respect of accumulation members where the member is receiving Superannuation Guarantee contributions into the Plan.

   We also recommend that:

   - the Trustee adopt and implement a restoration plan to return the Plan to a satisfactory financial position by 31 December 2027;
   - the Plan's financial position is monitored on a quarterly basis to ensure the continued appropriateness of the recommended employer contribution rates to restore and then maintain a Vested Benefits Index of at least 100%;
   - the rate of Plan members electing to take their benefit (where eligible) in pension form upon leaving service is monitored on a quarterly basis relative to the assumed pension take-up rate of 33% used in this investigation; and
   - these recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

5. Payment of Employer contributions as above, together with the assets of the Plan and the expected earnings of the Plan over the period from 1 January 2025 to 31 December 2027 are expected to provide adequately for the expected liability during the period to 31 December 2027. They are also expected to fully provide for the liability at the end of that period in respect of both vested benefits and accrued benefits.

6. The projected likely future financial position of the Plan during the three years following the valuation date, based on our best estimate assumptions used in the actuarial investigation of the Plan as at 1 January 2025 and the recommended Employer contributions above, is set out below.

Projected Date	Projected DB Assets ($'000)	Projected DB Vested Benefits ($'000)	Projected DB Vested Benefits Index
1 January 2025 (actual)	8,731	9,114	96%
31 December 2025	7,632	8,047	95%
31 December 2026	7,154	7,326	98%
31 December 2027	6,637	6,564	101%

7. We understand the Plan has not been granted a Pre-1 July 1988 funding credit, nor has it obtained such a credit by way of transfer.

8. A plan is "*solvent*" if the value of its assets exceeds the total of the Superannuation Guarantee component of each member's benefit. The Plan's assets are sufficient to meet the minimum benefits in respect of defined benefit members of $6,223,011 as at 1 January 2025. Funding and Solvency Certificates for the Plan covering the period from 1 January 2025 to 31 December 2029 required by the Superannuation Industry (Supervision) Act have been provided. In our opinion, the solvency of the Plan will be able to be certified in any replacement Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the three year period to 31 December 2027, based on the assumptions used in the actuarial investigation of the Plan as at 1 January 2025.

Diane Somerville, FIAA

Andrew Boal, FIAA

27 June 2025

Appendix D: AASB 1056 Statement

GM3 Superannuation Plan, a sub-plan in the Plum Division of the MLC Super Fund

Actuarial Statement pursuant to Australian Accounting Standard AASB 1056

The purpose of this statement is to provide the summary of the information contained in the Actuarial Report on the investigation of the Plan as at 1 January 2025, for the purposes of AASB 1056. This statement has been prepared at the request of the Trustee of the Plan and is in accordance with the Professional Standards and Guidance (in particular PS402 and PG499.06) issued by the Actuaries Institute.

Assets

The net asset value used for this valuation at 1 January 2025 was $8,730,950. This represents assets backing defined benefit members only and excludes $1,841,891 of voluntary accumulation account balances for these members. These figures are not audited.

Vested Benefits

Vested benefits are the benefits to which members would be entitled if they voluntarily left service.

At the date of the actuarial investigation, the vested benefits were $9,113,576. This includes only defined benefit members and excludes $1,841,891 of voluntary accumulation account balances for these members.

The ratio of the value of the Plan's net assets to total defined benefit vested benefits was 93% at 1 January 2025, which indicates an unsatisfactory coverage of vested benefits as at the date of the actuarial investigation.

Accrued Benefits

The value of the accrued benefits is the present value of the expected future benefits payable from the Plan to current members, but only in respect of Plan membership completed up to the date of the actuarial investigation. Calculation of future retirement benefits use the normal retirement benefit formula, taking into account membership to the date of the actuarial investigation and using salary projected to the date of expected payment. We have not applied a minimum of vested benefits (at individual or total level) in the calculation of accrued benefits for the purposes of AASB 1056.

The value of the accrued death and total and permanent disablement benefits is determined to be the same proportion of the death (or disablement) benefit as the accrued retirement benefit bears to the retirement benefit at normal retirement date.

To determine the actuarial value of accrued benefits, assumptions are required concerning the potential experience of the Plan over the long term. The main assumptions used to determine the actuarial value of the accrued benefits at 1 January 2025 were:

- The rate of future investment return (net of investment management fees) earned on the Plan's assets would be 4.75% per annum (net of investment taxes) and 5.5% per annum (gross of investment taxes).
- The rate of future long-term salary increases would be 2.5% per annum.

The future rate of investment return used to determine the accrued benefits is the anticipated rate of return on the Plan's assets over the average expected term of the benefit liabilities, calculated to be approximately 8 years.

All other assumptions used, including demographic assumptions, are considered to be best estimate assumptions, with no allowance for conservatism.

The total value of accrued benefits for AASB 1056 purposes at 1 January 2025 was $9,096,197. This includes only defined benefit members and excludes $1,841,891 of voluntary accumulation account balances for these members.

The ratio of the assets to the value of the total accrued benefits (for AASB 1056 purposes) was 96% at 1 January 2025 in respect of the defined benefit liabilities. The assets were therefore insufficient to meet the value of the liabilities of the Plan in respect of accrued benefits.

The Plan's funding policy is intended to fully cover benefits by the time that they become payable. The method of funding benefits adopted is the Attained Age Normal method. This funding method aims to spread the cost of future benefits for current members evenly over their future working lifetimes. Under this funding method the employer contribution rate is determined as the rate required to meet benefits in respect of future membership of the Plan, adjusted for any deficit (or surplus) of assets compared to accrued benefit liabilities at the valuation date. In addition, for the valuation at 1 January 2025, a target of 100% of the members' vested benefits was adopted.

Sensitivities

AASB 1056 requires the Trustee to show sensitivities for accrued benefits (defined benefit member liabilities) in the financial statement notes.

Accordingly, we have shown the value of accrued benefits (before vested benefit minimums) for defined benefit members based on changes in the key assumptions in the following table.

Sensitivities	1 January 2025 ($000s)	Increase/)Decrease) in Accrued Benefits Liability ($000s)
Base Case	9,096	
Discount Rate +1%	8,556	(540)
Discount Rate -1%	9,750	654
Salary Increase Rate +1%	9,284	188
Salary Increase Rate -1%	8,899	(197)

The variations selected in the above sensitivity analyses do not indicate upper or lower bounds of all possible outcomes.

Recommended Employer Contributions

The recommended Employer contribution rates for defined benefit members in respect of the period from 1 January 2025 until completion of the next actuarial investigation (effective no later than 31 December 2027) are at least:

- From 1 January 2025 to 30 June 2025:
  - A one-off lump sum contribution of $97,800 in February 2025; plus
  - Regular employer contributions of 25% p.a. of defined benefit members' salaries; plus
  - A lump sum contribution of $25,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June); plus
  - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements.
- From 1 July 2025 until completion of the next actuarial investigation (effective no later than 31 December 2027):
  - 25% p.a. of defined benefit members' salaries plus $6,250 per month; plus
  - An ad-hoc lump sum contribution of $33,000 by no later than 31 December 2025; plus
  - A lump sum contribution of $26,000 per annum to cover employer-paid standard insurance premiums in respect of accumulation members (to be paid to the Plan by 30 June each year); plus
  - Member contributions which are paid by the employer under "salary sacrifice" or "deemed" arrangements;

  (or an alternative contribution basis which the actuary advises is broadly equivalent to this contribution recommendation, having consideration of SPS 160 requirements).

In addition, we recommend that the Employer continue to pay contributions in respect of accumulation members where the member is receiving Superannuation Guarantee contributions into the Plan.

We also recommend that:

- the Trustee adopt and implement a restoration plan to return the Plan to a satisfactory financial position by 31 December 2027;
- the Plan's financial position is monitored on a quarterly basis to ensure the continued appropriateness of the recommended employer contribution rates to restore and then maintain a Vested Benefits Index of at least 100%;
- the rate of Plan members electing to take their benefit (where eligible) in pension form upon leaving service is monitored on a quarterly basis relative to the assumed pension take-up rate of 33% used in this investigation; and
- these recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

Financial Condition

In our opinion, the Plan was in an unsatisfactory financial condition at the date of the actuarial investigation.

In addition to the position reported above, the actuary projected the Plan's ongoing ability to meet both Vested Benefits and Accrued Benefits over the three years following the date of the investigation. This was undertaken on the basis that:

- the actuarial assumptions as to investment returns, salary inflation, membership turnover and pensioner take-up rates would apply over the next three years; and
- the Employer will contribute to the Plan at the recommended rates over the next three years.

In the light of the projections, it is anticipated that both Vested Benefits and Accrued Benefits will be covered by defined benefit assets of the Plan by 31 December 2027.

Diane Somerville, FIAA

Andrew Boal, FIAA

27 June 2025