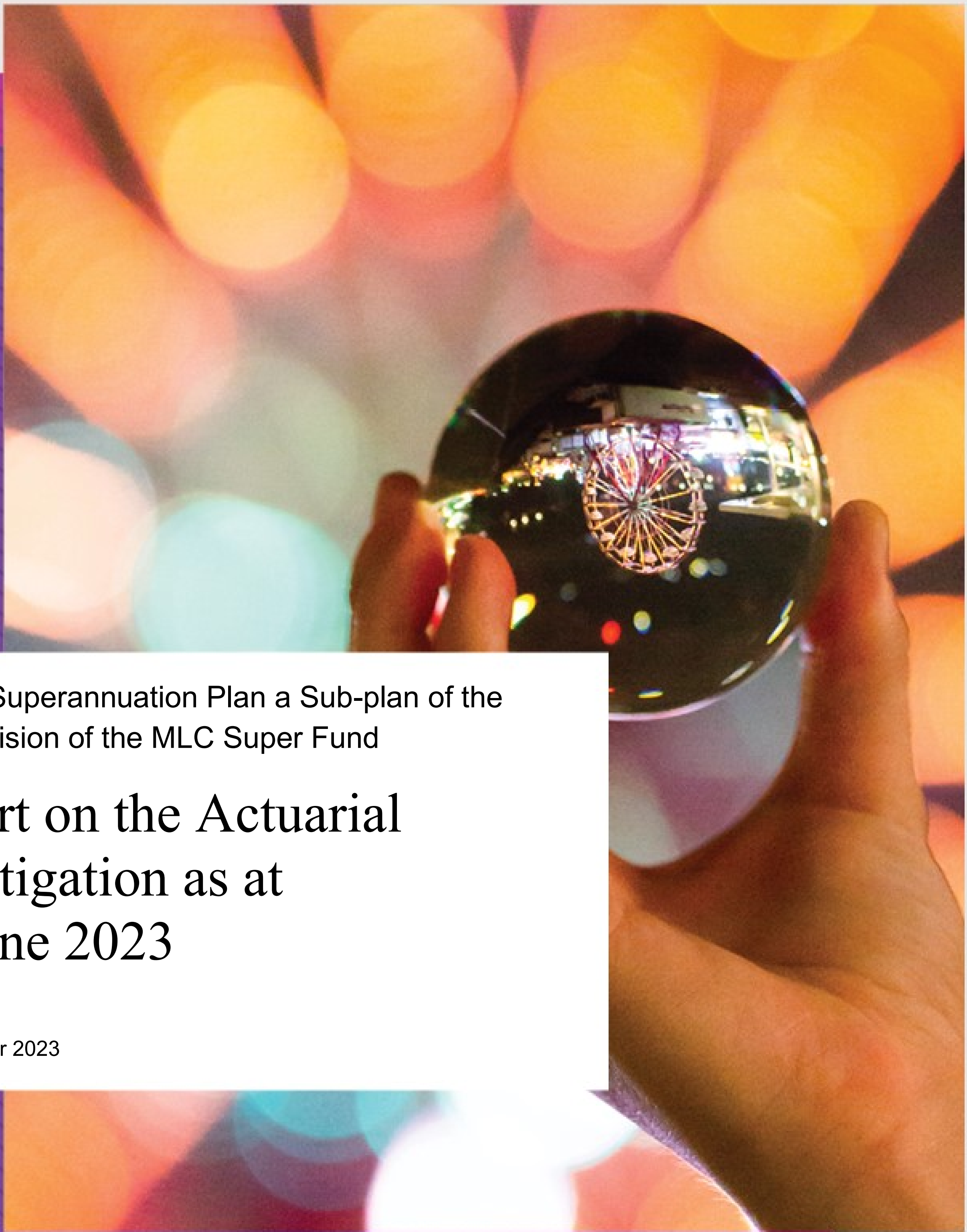

Viridian Superannuation Plan a Sub-plan of the Plum Division of the MLC Super Fund

Report on the Actuarial Investigation as at 30 June 2023

14 December 2023

wtwco.com

Towers Watson Australia Pty Ltd
ABN 45 002 415 349 AFSL 229921

Table of Contents

This page is intentionally blank

Section 1: Introduction

This report has been prepared for the Trustee of the MLC Super Fund, NULIS Nominees (Australia) Ltd (the Trustee), on the actuarial investigation of the Viridian Superannuation Plan (the Plan), which is a Sub-plan of the Plum Division of the MLC Super Fund, as at 30 June 2023.

Purpose of the Investigation

Clause 5.6 of Schedule 2 (Plum Division) of the Trust Deed requires that the Trustee arranges for actuarial investigations of the Plan to be conducted in accordance with superannuation law.

Current legislation requires that an actuarial investigation be undertaken at least every three years (a triennial investigation). Where a defined benefit fund or sub-fund is paying a defined benefit pension, such as a lifetime pension, superannuation law requires an actuarial investigation to be undertaken annually unless directed otherwise by APRA. As there are no defined benefit pensions currently in payment, I confirm that the Plan is currently required to undertake actuarial investigations every three years.

The most recent triennial investigation was conducted three years ago (as at 30 June 2020) therefore this investigation has been conducted to meet the requirements of a triennial investigation.

Accordingly, the purpose of this investigation is to meet the requirements of the Trust Deed and the relevant superannuation legislation, in particular:

- Examine the recent financial and demographic experience of the Plan;
- Examine the current financial position of the Plan;
- Examine the long-term funding of benefits of the Plan;
- Examine the financial position of the Plan during the ensuing three years;
- Recommend a rate at which the Employer should contribute to the Plan;
- Provide a sensitivity analysis of the key assumptions which is required only for a triennial investigation; and
- Meet the reporting requirements of Prudential Standard SPS 160 “Defined Benefit Matters”.

This actuarial investigation has been carried out in accordance with Professional Standard 400, 402 and 404 issued by the Institute of Actuaries of Australia.

I confirm that I have not been subject to any restrictions or limitations in the preparation of this report.

Summary of Results

Financial Position as at 30 June 2023

The Vested Benefit Index and Accrued Benefit Index of the Plan as at 30 June 2023 are set out below. The values as at the previous investigation date are also shown for comparison.

	30 June 2020[1]	30 June 2023
Vested Benefit Index (VBI)	99.8%	110.8%
Accrued Benefit Index (ABI)	101.6%	118.3%
Minimum Requisite Benefit Index (MRBI)	129.4%	134.9%

The results detailed in this report reveal that the Plan was not in an unsatisfactory financial position at the investigation date and the Plan was not technically insolvent. The Plan's assets were sufficient to cover the value of benefits accrued as a result of membership up to the investigation date.

Long-Term Funding of Benefits

The results on the long-term funding basis as at 30 June 2023 are set out below. The values as at the previous investigation date are also shown for comparison.

	30 June 2020[1]	30 June 2023
Net Market Value of Assets	27,327	23,383
Present Value of Benefit Liabilities	26,888	19,762
Surplus/(Deficit)	439	3,621

As at the investigation date the value of the assets held in the Plan exceeded the value of total benefit liabilities.

The projection of the Plan's financial position and funding position show that, based on the contribution recommendations and assumptions set out in this report, the VBI and ABI will remain above 100% until at least 30 June 2026 (i.e. three years from the investigation date).

Conclusions

Adequacy of Funding Arrangements

I confirm that the recommended level of Employer contributions is expected to be sufficient to maintain the Plan in a satisfactory financial position until the results of the next actuarial investigation effective 30 June 2026 are known and to continue to meet the Plan's Funding Objective, i.e. to maintain a Vested Benefit Index above 100% in the long-term.

[1] Results at 30 June 2020 are based on the assets and liabilities associated with the Crescent Capital Section, and exclude assets and liabilities associated with the CSR Section which were transferred out of the Plan on 1 December 2020.

Investments

I consider that the investment strategy adopted by the Trustee continues to be appropriate for a fund of the size and with the benefit design of the Plan. In reaching this conclusion I have noted that in the first instance the Employer assumes responsibility for making up any funding shortfall.

Crediting Rate Policy

In my view the crediting rate policy currently adopted by the Trustee is appropriate.

Insurance arrangements

In respect of the Plan's insurance arrangements, I note that the basis for the determination of the amount of group life insurance for Defined Benefit members is appropriate.

Shortfall limit

Noting the recommendation below of Nil Employer contributions for Oceania and Viridian Glass from 1 April 2024, in line with the Trustee's policy for plans on a contribution holiday, we expect the Plan's current shortfall limit of 98.5% will be increased to 100% from 1 April 2024.

Reporting Requirements of Prudential Standard SPS 160 "Defined Benefit Matters"

SPS 160 requires trustees and actuaries to take certain actions when a superannuation fund or sub-fund is in an unsatisfactory financial position. In particular, SPS 160 requires the Trustee to put in place a funding plan to restore the Plan from an unsatisfactory financial position within a period of three years or less. A restoration plan is not currently required to be put in place as the Plan was not in an unsatisfactory financial position either as at 30 June 2023, or at the date of signing this report.

The statements required under paragraph 23(a) to (i) of SPS 160 are set out in Appendix F.

Recommendations

Contributions

The primary funding objective of the Plan is that the long-term contribution rate be considered sufficient on the basis of the selected actuarial assumptions, to maintain the Plan in a satisfactory financial position over the next three years. On this basis, we recommend that the Employers contribute to the Plan at the following rates until 30 June 2023:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- From 1 April 2024:
  - Vivid Windows and Doors: 14.6% of Defined Benefit Superannuation Salaries.
  - Oceania and Viridian Glass: Nil (i.e. a contribution holiday).

Monitoring of the Financial Position of the Sub-Plans

I recommend that the Trustee continue to monitor the financial position of the Plan on a quarterly basis. If the Plan's experience is significantly different from my assumptions, it may be necessary to review the recommended levels of contributions. The Trustee or Employers can initiate an interim actuarial review and new contribution recommendation at any time if there is concern that the Plan is approaching a level where the VBI is less than 100%. Should the VBI fall below the Plan's Shortfall Limit, an interim investigation may be required under superannuation legislation requirements as set out in Superannuation Prudential Standard SPS 160.

Next Actuarial Investigation

The Trustee is currently required to carry out triennial actuarial investigations of the Plan. The next investigation will therefore need to be carried out with an effective date of 30 June 2026.

The Trustee is required to carry out annual investigations of the Plan while it contains lifetime pensions in payment. The Plan has no lifetime pensions in payment, however, the Plan may in future have lifetime pensioners if eligible active members retire and elect a part or full pension. If a lifetime pensioner emerges, annual investigations will need to commence.

Section 2: Background

Structure of the Plan

The Viridian Superannuation Plan is a Sub-plan of the Plum Division of the MLC Super Fund with its benefits and conditions governed by the MLC Super Fund Participation Schedule dated 4 December 2013 and subsequent amendments.

Crescent Capital Partners (Crescent) is the Principal Employer of the Plan (as defined in the participation schedule). The employing entities (Employers) are Oceania, Viridian Glass, and Vivid Windows and Doors. A notional split of assets and liabilities is maintained for each of the Employers.

The Plan is a "regulated" fund under the Superannuation Industry (Supervision) Act and therefore qualifies for concessional tax treatment.

Active members are provided with a defined benefit lump sum i.e. a lump sum benefit related to members' period of membership and salary. The Plan also provides 'Type 1' members with the option of taking their benefits in the form of an indexed lifetime pension.

The Defined Benefit section of the Plan is closed to new entrants.

The Plan also provides lump sum defined contribution benefits for members who are in the Accumulation Division (i.e. lump sum benefits related to net contributions and investment earnings thereon). By their nature, accumulation funds require no actuarial investigation and this report focuses on the defined benefit liabilities in the Plan.

A detailed description of the benefits valued in this investigation is included in Appendix D to this report.

Previous Actuarial Investigation

The previous actuarial investigation of the Plan was carried out by Andrew West as at 30 June 2020 (the previous investigation) and the results were presented in a report dated 18 December 2020.

The results of the previous investigation were separated into the Crescent Capital Section and the CSR Section of the Plan. The assets and liabilities of the CSR Section of the Plan have been successor fund transferred effective 1 December 2020 to the Russell Investments Master Trust. Throughout this report I have stated comparative results from the previous investigation based on the Crescent Capital Section only.

The previous actuarial investigation report recommended that the Employers contribute the following to the Plan in respect of defined benefit members:

- Crescent Capital Partners: 14.6% of Defined Benefit Superannuation Salaries; and
- CSR Limited: nil.

I understand that the Employers have paid contributions in line with the recommendation made in the previous investigation report i.e. 14.6% of Defined Benefit Superannuation Salaries in respect of Crescent Capital Partners supported members and nil in respect of CSR Limited supported members.

Experience Since 30 June 2023

The returns on the Plan assets for the four months from 1 July 2023 to 31 October 2023 are shown below. The investment return assumptions used for this actuarial investigation are also shown for comparison.

	1 July 2023 to 31 October 2023	Pro-rata assumptions as at 30 June 2023
Investment Returns	-0.9%	2.1% (6.3% pa)

These returns are less than the assumed rates of return and will have led to a deterioration in the financial position of the Plan.

An allowance has been made for actual returns when projecting the long-term financial position of the Plan.

Additionally, I have been made aware that one Type 1 member has exited the Plan after 1 July 2023 and has elected to receive benefits from the Defined Benefit section in the form of a lump sum. This will have strengthened the financial position of the Plan and the Oceania Section.

I am not aware of any further events subsequent to the investigation date which would have a material impact on the conclusions or recommendations in this report.

Section 3: Membership

Membership Data

Membership data for this investigation was provided by Plum Financial Services Limited (Plum) in respect of members of the Plan as at 30 June 2023.

I have performed reasonableness checks on the membership data to ensure that all dates, salaries and other amounts were reasonable. I have relied on the information provided for the purposes of this investigation.

Membership Summary

Defined Benefit Members

Key membership statistics of Defined Benefit members at the investigation date are shown in the following tables, together with the corresponding figures at the previous investigation date:

	30 June 2020	30 June 2023
Number of Members		
Type 3	69	45
Type 1	4	4
Total	**73**	**49**
Average Age (years)	54.5	55.5
Average Past Membership (years)	21.2	23.9
Total Salaries ($)	7,909,000	5,638,000
Average Salaries ($)	108,300	115,100

Accumulation Members

In addition there were 65 Accumulation members in the Plan.

Section 4: Assets and Investments

Asset Data

The Plan's administrator has provided data in relation to the value of the Net Assets held by the Plan as at 30 June 2023. In order to determine the value of assets available to fund the defined benefits I have adjusted this value to allow for estimated contributions tax payable and known benefits payable at the investigation date.

The Net Asset value represents the value of assets including any Transaction Costs that would be incurred on sale. I note that Professional Standard 404 requires the "Fair Value" of assets is used which is defined as the value of assets before the deduction of Transaction Costs. Based on the type of assets held by the Plan I confirm that the Transaction Costs are not expected to be material. I have therefore used the Net Asset value provided by the Plan's administrator (adjusted to allow for estimated contributions tax payable and known benefits payable) for the purposes of this investigation.

I am satisfied that there are no material data discrepancies and that the asset data provided is suitable for the purpose of this investigation. I have relied on the information provided for the purposes of this investigation. Although I have no reason to doubt the quality of the asset information provided, the results of this investigation are dependent on the quality of the asset information. Any changes to the asset values below will have an impact on the outcome of the investigation and any resulting recommendations.

Value of Assets at 30 June 2023

The net market value of assets as at 30 June 2023, which support the Defined Benefit obligations of the Plan, used for the purposed of this review were as follows:

	30 June 2023 ($'000)
Defined Benefit Reserve	**23,971**
Contributions tax payable	(37)
Benefits Payable	(551)
Total Net Market Value of Assets	**23,383**

I have used a net asset value of $23,383,000 for the purpose of assessing the financial position of the defined benefits and for recommendations regarding appropriate rates of funding.

The account balances of accumulation members ($21,918,000) and additional accounts of defined benefit members ($5,414,000) have been excluded from the asset values shown above.

Operational Risk Financial Requirement (ORFR)

The ORFR in respect of the Plan is held in the MLC Super Fund (at the master trust level), not the sub-plan level so has not been included in Plan assets.

Crediting Rate Policy

The Plan's crediting interest rate is declared monthly and is an estimate of the actual money weighted investment return for the month. A corresponding interim crediting rate is declared for the following month and is based on the 10-year Commonwealth bond yield gross of tax and is used for crediting member balances for members who leave during the month.

I recognise there is a risk that this interim rate may not necessarily reflect actual asset returns over the following month, and the consequences of this risk falls on the Plan. However, I do not consider the likelihood of a significant financial loss to the Plan due to a number of members leaving the Plan during a period of unstable investment performance to be material.

I therefore consider the crediting rate policy of the Plan to be appropriate.

Investment Strategy

The Trustee has outsourced the manager selection role to MLC, with a view to obtaining diversification benefits and economies of scale. The Defined Benefit Reserve is invested in the MLC Conservative Balanced option. The table below sets out the strategic asset allocations of these options as at 30 June 2023.

Asset Class	MLC Conservative Balanced (Super) Target	MLC Conservative Balanced (Super) Actual
Australian Shares	16.50%	16.54%
Global Shares	18.50%	17.33%
Property	6.00%	6.30%
Private Equity	4.00%	6.94%
Infrastructure	6.00%	5.33%
Credit	11.00%	15.02%
Alternatives	3.00%	1.61%
Fixed Income	25.00%	25.95%
Cash	10.00%	4.98%
Total	**100%**	**100%**

I consider that the investment strategy adopted by the Trustee continues to be appropriate for a fund of this size and with the benefit designs of the Plan. In reaching this conclusion I have noted that in the first instance the sponsoring Employers assume responsibility for making up any funding shortfall.

Section 5: Valuation Method

Funding Objective

APRA Superannuation Prudential Standard (SPS 160) requires that funds aim to have assets in excess of vested benefits (i.e. a Vested Benefit Index (VBI) for Defined Benefits that is in excess of 100%). The VBI is the ratio of the market value of assets to the corresponding total of vested benefits of members.

The Trustee, in conjunction with the Employers, has elected to adopt a funding objective of maintaining a VBI in excess of 100%. Accordingly, for the purpose of this investigation I have assumed a long-term funding target of 100%.

Projected Benefit Funding Method

The previous actuarial investigation adopted the Projected Benefit Funding Method in order to determine the level of future Company contributions.

The objective of the Projected Benefit Funding Method is to ensure that the Plan has sufficient assets to provide for the vested benefits of all members and pensioners for all future years and in particular for the next three years. Vested Benefits are the primary means by which the Regulator assesses the financial condition of defined benefit superannuation plans.

Because the Plan externally insures death and disablement benefits in excess of vested benefits for active members, the projected financial position of the Plan allows for only vested benefits to be paid from its assets on death and disablement.

Long-term Contribution Rate

As a preliminary step in preparing the recommended Employer contribution rate an appropriate long-term contribution rate is determined. This is the rate which, on the basis of the actuarial assumptions, would be just sufficient to meet all the liabilities expected to arise under the Plan in respect of the current membership. The following method has been used to determine this long-term contribution rate:

- Calculating the future service liability – this is the present value of all the benefits expected to be paid in the future in respect of the current members based on future service, and allowing for all the contingencies under which benefits can be paid (retirement, death, disablement, resignation or ill-health) and for future salary increases;
- Calculating the future service benefit contribution rate by dividing the future service liability, reduced by the value of future member contributions, by the estimated present value of expected future member salaries;
- Adjusting for the past service surplus or deficit which is determined by taking the excess or shortfall of the market value of assets over past service liabilities which is the present value of all the benefits expected to be paid in the future in respect of the current members, based on past service, and allowing for all of the contingencies under which benefits can be paid and for future salary increases; and
- Adding a suitable allowance for expenses and insurance premiums and adjusting for tax on Employer contributions.

The effect of this funding method is to spread the expected future cost of the Plan's benefits over the average future working lifetime of the current members to produce a level of contribution as a percentage of these members' salaries.

This method is appropriate for funds with active defined benefits which are closed to new members.

Section 6: Financial and Demographic Experience

Professional Standard 400 requires that the financial and demographic experience of the Plan is reviewed every three years. The review of the Plan's experience since the previous triennial investigation as at 30 June 2020 is set out below.

Summary of Financial Experience

Actual experience of the Plan different from that assumed in the previous actuarial investigation will have an effect on the financial position of the Plan. This Section examines the financial experience of the Plan compared to the financial assumptions made at the previous investigation.

A summary of the financial experience of the Plan over the period from 1 July 2020 to 30 June 2023 is set out in the tables below:

Investment Returns

The Table below sets out the investment returns of the DB Reserve over the three year period to 30 June 2023.

Investment Returns	DB Reserve
1 July 2020 to 30 June 2021	13.9%
1 July 2021 to 30 June 2022	-2.2%
1 July 2022 to 30 June 2023	5.5%
Annualised Return	**5.5%**

Rate of Salary Increases

The Table below sets out the salary increases over the three year period to 30 June 2023.

	Salary Increases
1 July 2020 to 30 June 2021	1.7%
1 July 2021 to 30 June 2022	2.4%
1 July 2022 to 30 June 2023	5.4%
Annualised Return	**3.1%**

The "Real" Return

The 'real' return is the excess of the rate of investment return over the rate of salary increases. Comparing the actual rate of real returns to that assumed over the investigation period allows us to identify the impact of financial experience during this time.

The table below sets out the annualised real returns in respect of active members for the three year period to 30 June 2023. The real return assumption adopted for the previous investigation as at 30 June 2020 is also shown for comparison.

	Active Members
Investment Return	5.5%
Salary / Pension Increases	3.1%
Real Return	**2.4%**
Real Return Assumption as at 30 June 2020	**0.7%**

The above table shows that the real return for active members was 1.7% p.a. higher than the assumption adopted for the period since the previous triennial actuarial investigation as at 30 June 2020. This had a positive effect on the Plan, contributing to an increase in the level of surplus between the Plan's assets and the value of Vested Benefits over the investigation period.

Demographic Experience

For the purpose of valuing the liabilities of the Plan it is necessary to make assumptions in respect of the rate at which active and pensioner member exit the Plan. The table below sets out the actual number of members who exited the Plan in the three-year period to 30 June 2023 compared to the expected number of exits based on the demographic assumptions adopted for the previous actuarial investigation as at 30 June 2020.

Number of Exits	Actual	Expected	Ratio of Actual to Expected
Active Members	24	35	69%

The table above shows that there is some variance in the demographic experience of the Plan over the period from 1 July 2020 to 30 June 2023. However, because the Plan does not have a large defined benefit membership, there is insufficient data to produce statistically reliable demographic assumptions from the experience of the Plan.

Section 7: Actuarial Assumptions

Financial Assumptions

For the purposes of this investigation I have used "best estimate" assumptions in order to determine the long-term funding assumptions. As these assumptions represent my "best estimate", no element of conservatism has been included.

Best estimate assumptions were also used to determine the long-term assumptions used for the previous investigation. However, due to changes in market conditions the actual values for these assumptions have changed since the last investigation.

The factors of major significance in the long-term are the assumed future rates of investment earnings and salary or pension increases. The difference between those two rates, known as the "real return" assumption, is the key determinant of the Plan's financial position.

Summary of Assumptions

The financial assumptions as at 30 June 2023 are summarised in the following table. The assumptions used for the previous actuarial investigation are also shown for comparison.

	30 June 2020	30 June 2023
Investment Returns (Net)	3.2% p.a.	6.3% p.a.
Salary Increases	2.5% p.a.	3.0% p.a.
Real Rate of Return	**0.7% p.a.**	**3.3% p.a.**
Investment Returns (Gross)[1]	4.3% p.a.	7.1% p.a.
Pension Increases[1]	1.7% p.a.	2.7% p.a.
Real Rate of Return[1]	**2.6% p.a.**	**4.4% p.a.**

[1] Required to value the lifetime pension option for Type 1 Members.

Details of how each assumption has been determined are set out below.

Investment Returns

The investment return assumptions have been determined using the WTW investment model and the asset allocation of the Plan's assets, using a cashflow matching method based on the Plan's projected cashflows. Allowance has also been made for investment tax where applicable.

Salary Increases

I believe a reasonable salary increase assumption can be derived from a best estimate base price inflation plus a margin of 0% p.a. to 1% p.a. for real wage increases. For this actuarial investigation, I have adopted a salary increase assumption of 3.0% p.a. (i.e. 0.3% p.a. above my price inflation assumption of 2.7% p.a.).

Pension Increases

All pensions are increased as at 1 October each year in line with the change in the Consumer Price Index (CPI). The pension increase assumption has therefore been determined taking into account current expectations for price inflation over the expected future lifetime of Type 1 Members.

Real Rate of Return

The assumption of major significance in the funding of the future benefit liabilities of the Plan is the difference between investment returns and salary growth / pension increases (i.e. the net 'real' rate of return after allowing for salary inflation and pension increases).

The net real rates of return have increased since the previous actuarial investigation. The overall impact of this change in assumptions will be to reduce the value of the Plan's liabilities.

Expenses

I have made an allowance for expenses of 3.0% of Defined Benefit Superannuation Salaries for active members.

Insurance

I have made an allowance for insurance premiums of 1.6% of Defined Benefit Superannuation Salaries for active members.

Taxation

Any change in the taxation regime applying to superannuation funds in Australia will have an impact on the financial status of the Plan. I have assumed that the current regime will continue and that the tax rate presently applying to the Plan will be maintained in future (i.e. that the Plan will remain a complying superannuation fund for taxation purposes). Thus, I have assumed a concessional tax rate of 15% will apply to net deductible contributions and investment earnings.

Demographic Assumptions

The Plan does not have a large defined benefit membership which means there is insufficient data to produce statistically reliable demographic assumptions from the experience of the Plan. For this reason, the assumptions about future demographic experience are based on our experience of other similar defined benefit funds.

Pensioner Mortality

For this investigation I have made the following assumptions in respect of mortality for lifetime pension members:

Pensioner Mortality Assumptions	
Base Table	80% of ALT 2015-17
Future Mortality Improvements	1% p.a. from 1 July 2016

These mortality assumptions are based on the Australian Life Tables 2015-17, the most recent Australian life tables. I have applied an adjustment factor of 80% to these tables to allow for the approximate socio-economic group of the Plan's membership.

In addition, I have assumed an allowance for future improvements in mortality of 1% p.a., applied from 1 July 2016 (the central date of the census data underlying the ALT 2015-17 tables).

Proportion of Benefits Taken as a Lifetime Pension (Type 1 Members)

I have assumed that Type 1 members will elect to receive 50% of their benefits in the form of a lifetime pension and the remainder of their benefits in the form of a lump sum.

A summary of all assumptions is included in Appendix E.

Section 8: Solvency and Funding Measures

When assessing the adequacy of the assets and future contribution rates, both the long-term funding and short-term solvency positions should be considered. To assess the short-term solvency position, I have calculated two measures of the Plan's financial position at the investigation date: the Vested Benefits Index and the Accrued Benefits Index. The Plan's position with respect to the minimum requisite benefit requirements and the position on termination are also considered.

Vested Benefits Index (VBI)

The Vested Benefit Index (VBI) represents the ratio of the assets at market value to the vested benefits. The value of vested benefits represents the total amount which the Plan would be required to pay if all members were to voluntarily leave service on the investigation date.

The vested benefits have been determined as the amount of the member resignation benefit, or the early retirement benefit for those members who are eligible to retire. I have also made allowance for the assumed take-up of the pension option for Type 1 active members eligible for the pension option as at the investigation date in the determination of vested benefits.

In the case of lifetime pensioners, the present value of the expected future pension payments and administration costs is used to determine the vested benefit.

The Vested Benefits Index in respect of the Plan at the investigation date is shown in the following table, together with the corresponding figures at the previous valuation:

	30 June 2020[1] ($'000)	30 June 2023 ($'000)
Market Value of Assets	27,327	23,383
Vested Benefits	27,369	21,105
Vested Benefit Surplus/(Deficit)	**(42)**	**2,278**
Vested Benefit Index	**99.8%**	**110.8%**

The above result shows that as at investigation date the Plan had sufficient assets to meet the expected liabilities, including pension liabilities, should all active members resign from employment at that date.

A Vested Benefits Index greater than 100% indicates that the Plan was in a satisfactory financial position as at the investigation date.

Accrued Benefits Index (ABI)

The Accrued Benefit Index (ABI) compares the market value of assets with the present value of the accrued benefits of members at the investigation date. The Accrued Benefits Index is a simple measure of a fund's strength on a continuing or "going concern" basis. Accrued benefits represent the present value of expected future benefit payments arising in respect of membership of the Plan up to

[1] Results at 30 June 2020 are based on the assets and liabilities associated with the Crescent Capital Section, and exclude assets and liabilities associated with the CSR Section which were transferred out of the Plan on 1 December 2020.

the investigation date. Allowance has been made for the assumed take-up of the pension option for Type 1 active members on retirement.

The Accrued Benefits Index in respect of the Plan at the investigation date is shown in the following table, together with the corresponding figures at the previous valuation:

	30 June 2020[1] ($'000)	30 June 2023 ($'000)
Market Value of Assets	27,327	23,383
Accrued Benefits	26,888	19,762
Accrued Benefit Surplus/(Deficit)	**439**	**3,621**
Accrued Benefit Index	**101.6%**	**118.3%**

A ratio of 118.3% indicates that the Plan was in an adequate financial position on a going concern basis as at the investigation date.

Minimum Requisite Benefit Index (MRBI)

Minimum Requisite Benefits (MRBs) are the minimum benefits required to be paid in respect of a member to satisfy Superannuation Guarantee legislation and are set out in the Plan's Benefit Certificate. In the case of lifetime pensioners, the present value of the expected future pension payments and administration costs is used to determine the minimum requisite benefit.

Regulation 9.06(3) of the Superannuation Industry (Supervision) Regulations defines a superannuation fund to be "technically insolvent" if its market value of assets is not sufficient to cover its accrued MRBs.

The Minimum Requisite Benefits Index (MRBI) represents the ratio of the assets at market value to the MRB in respect of defined benefit liabilities. An MRBI of less than 100% would mean that the market value of assets in respect of defined benefits was not sufficient to cover the accrued MRBs in respect of defined benefits and was therefore technically insolvent.

If, while carrying out an actuarial function, an actuary determines that a superannuation fund is technically insolvent, he or she must declare in writing that this is the case and provide the declaration to the Trustee.

The Minimum Requisite Benefits Index in respect of the Plan at the investigation date is shown in the following table, together with the corresponding figures at the previous valuation:

	30 June 2020[1] ($'000)	30 June 2023 ($'000)
Market Value of Assets	27,327	23,383
Minimum Requisite Benefits	21,119	17,340
Minimum Requisite Benefit Surplus/(Deficit)	**6,208**	**6,043**
Minimum Requisite Benefit Index	**129.4%**	**134.9%**

[1] Results at 30 June 2020 are based on the assets and liabilities associated with the Crescent Capital Section, and exclude assets and liabilities associated with the CSR Section which were transferred out of the Plan on 1 December 2020.

The above result shows that the Plan was not technically insolvent as at the investigation date.

Impact of Change in Assumptions

To illustrate the impact of the change in assumptions I have calculated the VBI and ABI on the assumptions from the previous investigation. The results are set out in the table below alongside the results on the assumptions used for this investigation:

	30 June 2020 Assumptions	30 June 2023 Assumptions
Assumptions		
Investment returns (net)	3.2%	6.3%
Investment returns (gross)	4.3%	7.1%
Salary increases	2.5%	3.0%
Pension increases	1.7%	2.7%
Expenses	3.0% of Salaries	3.0% of Salaries
Insurance Premiums	1.6% of Salaries	1.6% of Salaries
Pension Commutation (Type 1 members)	50%	50%
Pensioner Mortality	80% ALT 15-17 (1% p.a. improvement from 2016)	80% ALT 15-17 (1% p.a. improvement from 2016)
Vested Benefits	21,578	21,105
Vested Benefit Index	**108.4%**	**110.8%**
Accrued Benefits	21,184	19,762
Accrued Benefit Index	**110.4%**	**118.3%**

Termination of the Plan

The Participation Agreement requires that in the event of a shortfall of assets on termination of the Plan, members' benefits would be reduced. As such the assets are, by definition, adequate to meet the termination benefits.

If the Plan was ever terminated, the Trustee would need to seek both actuarial and legal advice at that time to consider the method of determining and payment form of benefits from the Plan.

Shortfall Limit

APRA Superannuation Prudential Standard SPS 160 requires the Trustee to determine a 'shortfall limit' which represents the level at which a fund can reasonably expect that, because of corrections to temporary negative market fluctuations in the value of fund assets, the fund can be restored to a satisfactory financial position within one year.

The Plan's shortfall limit is currently 98.5%. However, noting our recommendation of Nil employer contributions for Oceania and Viridian Glass from 1 April 2024, in line with the Trustee's policy for plans on a contribution holiday, we expect the Plan's current shortfall limit of 98.5% will be increased to 100% from 1 April 2024, which we consider to be suitable.

Section 9: Long-Term Funding of Benefits

Long-term Employer Contribution Rate

Using the method described in Section 5 of the report, I have determined the Long-term Employer Contribution Rate which is the rate which is expected to be sufficient to meet the Plan's current and future liabilities. The calculation of this contribution rate is set out in the table below:

	30 June 2023 ($'000)
Market Value of Assets	23,383
Past Service Liability	19,762
Past Service Surplus / (Deficit)	**3,621**
Future Service Liability	2,522
PV Member Contributions	(486)
PV Salaries	18,571
Contribution Rate for Accruing Benefits	**11.0%**
Adjustment for Past Service (Surplus)/Deficit	(19.5%)
Allowance for Expenses	3.0%
Allowance for Premiums	1.6%
Allowance for Contributions tax	(1.5%)
Long-term Employer Contribution Rate	**Nil**

The results above shows that the current assets are sufficient to finance the future liabilities expected to arise over the remaining lifetime of the current membership, assuming that the actuarial assumptions are borne out in future, allowing for tax, administration expenses and insurance premiums. Therefore, the resulting Long-term Employer Contribution Rate is nil.

The financial position of each notional Section of the Plan has been projected (as set out in Appendices A, B and C) to ensure that each Section is projected to remain in a satisfactory financial position and to limit the possibility of cross-subsidies between Employers. The result is a recommendation that Vivid Windows and Doors continue to contribute to the Plan at the current Employer Contribution Rate of 14.6% of salaries and Oceania and Viridian Glass cease contributions from 1 April 2024.

Impact of Change in Assumptions

To illustrate the impact of the change in assumptions I have calculated the past service surplus and Long-term Employer Contribution rate based on the assumptions used for the previous actuarial investigation as at 30 June 2020. The results are set out in the table below alongside the results on the assumptions used for this investigation:

	Current Investigation Assumptions ($'000)	Previous Investigation Assumptions ($'000)
Assumptions		
Investment Returns		
Net	6.3% p.a.	3.2% p.a.
Gross	7.1% p.a.	4.3% p.a.
Salary Increases	3.0% p.a.	2.5% p.a.
Pension Increases	2.7% p.a.	1.7% p.a.
Market Value of Assets	23,383	23,383
Past Service Liability	19,762	21,184
Past Service Surplus / (Deficit)	**3,621**	**2,199**
Future Service Liability	2,522	3,034
PV Member Contributions	(486)	(528)
PV Salaries	18,571	20,455
Contribution Rate for Accruing Benefits	**11.0%**	**12.3%**
Adjustment for Past Service (Surplus)/Deficit	(19.5%)	(10.8%)
Allowance for Expenses	3.0%	3.0%
Allowance for Premiums	1.6%	1.6%
Allowance for Contributions tax	(1.5%)	0.3%
Long-term Employer Contribution Rate	**Nil**	**6.4%**

The table above shows that the change in assumptions since the previous actuarial investigation has increased the value of Accrued Liabilities and the Long-term Employer Contribution Rate.

Projection of Long-term Financial Position

As described in Section 5, the funding method to be used to determine the contribution requirements involves finally projecting forward the Plan's financial position (i.e. the Vested Benefit Index) on the basis of the selected assumptions. I have considered the projections using the recommended contribution rates to assess the extent to which this rate is sufficient to meet the funding objective.

The table below shows the Plan's future VBI and ABI based on the recommended Employer contribution rates of:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- From 1 April 2024:
  - Vivid Windows and Doors: 14.6% of Defined Benefit Superannuation Salaries.
  - Oceania and Viridian Glass: Nil (i.e. a contribution holiday).

Date	Assets ($'000)	Vested Benefits ($'000)	Vested Benefit Index (VBI)
30 June 2023	23,383	21,105	110.8%
30 June 2024	20,168	18,189	110.9%
30 June 2025	18,328	16,373	111.9%
30 June 2026	14,905	12,884	115.7%

As shown in the table above, the recommended contribution rates are expected to be sufficient to maintain the VBI above 100% over this period. These projections show that the financial position of the Plan is expected to increase over the next 3 years.

An allowance has been made for the actual return on assets since the investigation date when conducting the projection above.

Contribution Recommendation

Based on the results set out above I recommend that Employers contribute to the Plan at the following rate until 30 June 2026:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- From 1 April 2024:
  - Vivid Windows and Doors: 14.6% of Defined Benefit Superannuation Salaries.
  - Oceania and Viridian Glass: Nil (i.e. a contribution holiday).

While the financial experience of the three employer sections of the Plan has been similar (e.g. investment performance, salary increases), the Oceania and Viridian Glass sections have had material reductions in members over the past three years whereas there has been no reduction in the number of Vivid Windows and Doors members. It is predominantly for this reason that has resulted in me recommending a contribution holiday for Oceania and Viridian Glass and ongoing contributions of 14.6% of Defined Benefit Superannuation Salaries for Vivid Windows and Doors.

Furthermore, I recommend that the VBI position (and other measures of solvency) continue to be monitored on a regular basis, to ensure that the current funding arrangement remains sufficient to achieve solvency for the Plan, and therefore whether any further short term increases (or decreases) are appropriate.

Section 10: Sensitivity Analysis

Professional Standard 400 requires that an analysis of the sensitivity of key assumptions is undertaken three years. An analysis of the sensitivity of the projected vested benefits index to variation in key assumptions is set out below.

VBI	Base Case	Real Return -1% pa	Pension Commutation 100%
30 June 2023	110.8%	109.5%	108.0%
30 June 2024	110.9%	109.0%	107.1%
30 June 2025	111.9%	108.9%	107.0%
30 June 2026	115.7%	110.7%	108.6%

These projections are based on the recommended Employer contributions.

These results highlight the potential for variation from the expected outcomes and the importance of regular monitoring of the financial position. Note that while the above sensitivities have been selected to provide a range of possible outcomes, they do not represent upper or lower bounds for all possible outcomes.

Further analysis on the impact on each Employer Section of varying key assumptions are set out in Appendices A, B and C.

Section 11: Insurance

Death and Total and Permanent Disablement

The Plan currently insures the future service portion of death and total and permanent disablement benefits with MLC.

Type 1 Members

The Death and Total Incapacity benefits for Type 1 Members are non-standard. The Death benefit is a mixture of a lump sum and pensions for a spouse or eligible children. Members who qualify for a Total Incapacity Benefit may elect to receive the benefit as a lump sum or as a lifetime indexed pension. Accordingly, the formulae for determining the amounts of the Death and Total Incapacity benefits are different from each other.

Despite the differences between the respective benefits, the insurance arrangements of the Plan provide identical cover for both benefit types, based on the lump sum benefit payable upon Total Incapacity. It is therefore possible that the benefit payable will not be exactly covered by these insurance arrangements where either:

- The value of the Death benefit exceeds the value of lump sum total incapacity benefit, or
- Where the value of the pension payable on Total Incapacity exceeds the value of the corresponding lump sum, which is normally the case.

Any claims arising from this exposure are effectively funded by the Employers through the recommended contribution rates.

As at 30 June 2023 there were only four Type 1 members remaining. The probability of a death or total incapacity benefit from this small number of members is quite small, and the closer members are to their eventual retirement date, the smaller the exposure becomes. The amount of the exposure is therefore small and expected to decline.

Accordingly, I believe that the insurance arrangements for Type 1 members are satisfactory.

Type 3 Members

A feature of the Plan design for Type 3 members is that the Death benefits and the Total Incapacity benefits are not identical. Previously this difference resulted in an additional payment being made from the Plan's assets. However, this exposure has been removed by adjusting the amounts of insurance cover for death and total incapacity to recognise the differences.

Accordingly, I believe that the insurance arrangements for Type 3 members are satisfactory.

Impact of Reduction in Market Value of Assets

The insurance cover for death and total incapacity benefits is based on the difference between the lump sum value of the death or total and incapacity benefit as the case may be, and the value of the lump sum accrued retirement benefit of members. To the extent that the market value of Plan assets is less than the total value of accrued retirement benefits the shortfall means that in the event of a death or total incapacity, a further funding strain will arise.

This potential strain could be eliminated by increasing the amount of insurance cover i.e. by the payment of a higher insurance premium in lieu of a possible strain due to a death or total incapacity. However, it is possible that the extra annual premium may exceed the possible strain in respect of a single claim. I also note that the small and declining number of remaining members means that the probability of a death or total incapacity has reduced, while the amount of strain will reduce with increasing funding strength. I further note that currently the market value of the Plan assets is greater than the total value of accrued benefits and therefore there is currently no funding shortfall.

Accordingly, I recommend that the Trustee maintain the current level of insurance cover.

Ill Health Benefit

The Plan provides that in the event of a member leaving service with the consent of or at the request of the employer as consequence of ill health, the member is entitled to receive an Ill Health Benefit. The benefit is available to members who have greater than 10 years' membership and who are more than 10 years before their normal retirement date. The benefit payable is the member's accrued retirement benefit which is normally greater than the vested benefit for the eligible members. It is not practical to obtain insurance cover for the benefit.

Any claims arising from this exposure are therefore effectively funded by the Employers through the recommended contribution rates. The Plan does not currently hold reserves in respect of this exposure and in practice there have been no claims on the benefit for at least the last 10 years.

The financial exposure of the Plan is very small and, in my opinion, does not justify a specific reserve or provision as it is most unlikely that such an amount would be drawn upon. It is therefore recommended that the cost of any claims continues to be financed as part of the recommended employer contributions.

Section 12: Material Risks

The funding of the Plan is dependent upon future experience. As part of this review I have briefly considered the following to be the material risks associated with the actuarial assumptions used in the investigation and that relate directly to the ongoing actuarial management of the Plan.

Investment Risk

A significant risk facing the Plan is that long term investment returns will not be as high as expected. This means that the financial position of the Plan will deteriorate, and the sponsoring Employers contributions may need to increase. The Trustee should continue to consider the liabilities and the funding position when determining the investment strategy.

A second short term investment risk is that a downturn in markets could lead to the VBI falling below 100%. This may create a situation in which it will be necessary to significantly increase the sponsoring Employers contributions, at least in the short term.

The above position means that investment strategies which seek to maximise returns within acceptable volatility risk will help to manage this position and this is reflected in the current investment strategy.

Inflation Risk

Salary Increases

Benefits payable to active members on exit from the Plan are based on members' Final Average Salary and the Plan's financial position may also be worsened by higher than expected increases in members' Salaries. The assumption in relation to salary increases has been set following discussions with the Employers of the members of the Plan. However, there is always a potential for higher increases than expected and salary increases should continue to be monitored at each actuarial investigation, in order to determine if adjustments to the Employer contribution levels are required.

Pension Elections

The current assumption is that Type 1 Members will elect to receive 50% of benefits in the form of a lifetime pension. As the value of the lifetime pension option exceeds the lump sum benefit, more benefits than expected being taken in the form of a lifetime pension could lead to deterioration of the financial position and may require further contributions from the Employers.

Pension Increases

Pensions in payment are indexed annually in line with CPI. Should a Type 1 member leave service and elect to receive benefits as a lifetime pension in the future, CPI increases higher than expected could also result in the deterioration of the Plan's financial position. However, given that indexation increases are generally capped to a lifetime limit of 3% p.a. and that there are no pensioners currently in payment, the impact of higher than expected pension increases is not currently significant.

Longevity

Future lifetime pensioners or their spouses may experience a lower rate of mortality than has been assumed for this investigation resulting in them living longer than expected. If this occurs, a strain may be placed on the pension assets, and this may require further contributions from the sponsoring Employers.

Expenses

The current assumption in respect of administrative expenses is that they are at a level equal to 3% of defined benefit member salaries. There is a risk that this could increase substantially in the future, as the level of administrative expenses is unlikely to reduce in line with the number of active members. This is due to the complexities involved in managing defined benefits.

This risk could lead to a worsening of the Plan's financial position, leading to a higher contribution rate required by the sponsoring Employers.

Support of the Employers

If any or all of the sponsoring Employers were unwilling or unable to pay contributions to the Plan, then that may affect the ongoing viability of the Plan. In the event that the VBI were to fall below 100%, and no other party was able to make the required contributions, it is likely that it would be necessary for the Plan benefits to be adjusted downwards.

Liquidity Risk

The assets of the Plan are 100% invested in unit trusts with MLC which are considered to be fully liquid assets. Therefore, in my opinion there exists no material liquidity risk.

Other Risks

Other material risks include material retrenchment programs, transfers to accumulation arrangements, company restructuring or other large downsizing of the membership if at that time the VBI is less than 100% because each benefit payment would further erode the value of the VBI (although this risk can be minimised by additional top-up contributions in respect of benefit payments).

In addition, the Plan faces a variety of operational and other risks which may in some circumstances lead to cost increases. I understand that the Trustee monitors and takes action on such risks as part of its risk management framework.

Any changes to the tax structure of superannuation arrangements may have an impact on the financial position of the Plan.

Section 13: Reliance Statement and Data

This report is provided subject to the terms set out herein, in our Consulting Agreement dated 21 June 2013. This report is provided solely for the Trustee’s and Sponsoring Employers' use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

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

Where the report is provided to a third party, we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability in this regard.

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

In our opinion, all calculations are in accordance with requirements of applicable professional standards.

Andrew West

Andrew West
Fellow of the Institute of Actuaries of Australia

14 December 2023

Towers Watson Australia Pty Ltd
Level 32, 385 Bourke Street
Melbourne VIC 3000

D: CVR | TR: EC | CR: AW | ER: AW

Appendix A: Oceania Section

Appendix A relates to the Defined Benefit members employed by Oceania and the related notional Assets (Oceania Section).

A1. Membership Summary

Key membership statistics of the Oceania Section of the Defined Benefit members at the investigation date are shown in the following tables:

	Oceania Section
Number of Members	
Type 3	17
Type 1	4
Total	**21**
Average Age (years)	57.8
Average Past Membership (years)	26.1
Total Salaries ($)	2,486,000
Average Salaries ($)	118,400

As at 30 June 2023, the Oceania Section of the Plan had no lifetime pension members.

At the investigation date, there were 4 Type 1 members that were eligible to take up a pension upon retirement as described in Appendix D.

A2. Net Market Value of Assets

The assets notionally allocated to the Oceania Section of the Plan as at 30 June 2023 are $11,564,000.

A3. Valuation Assumptions

The method for determining the assumptions used in the Actuarial Investigation are discussed in more detail in Appendix E. Whilst there are currently no lifetime pensioners assets held by the Oceania Section of the Plan, the Type 1 active members are eligible for a pension as described in Appendix D.

Financial Assumptions

A summary of the financial assumptions used in valuing the Oceania Section of the Plan as at 30 June 2023 are shown in the table below.

	Pre-Retirement	Post-Retirement
Investment Return	6.3%	7.1%
Salary increase / Pension increase	3.0%	2.7%
Real Rate of Return	**3.3%**	**4.4%**

Pension Commutation for Type 1 Members

Type 1 members are assumed to elect 50% of their benefits on retirement in the form of a lifetime pension and the remainder in the form of a lump sum.

Other Assumptions

The other assumptions used in this investigation are detailed in Appendix E of this report.

A4. Solvency and Funding Measures

When assessing the adequacy of the assets and future contribution rates, both the long-term funding and short-term solvency positions should be considered. To assess the solvency position, I have calculated two measures of the Oceania Section of the Plan’s financial position at the investigation date: the Vested Benefits Index and the Accrued Benefits Index.

Vested Benefits Index (VBI)

The Vested Benefit Index (VBI) represents the ratio of the assets at market value to the vested benefits. The value of vested benefits represents the total amount which the Oceania Section of the Plan would be required to pay if all members were to voluntarily leave service on the investigation date.

The vested benefits have been determined as the amount of the member resignation benefit, or the early retirement benefit for those members who are eligible to retire. I have also made allowance for the assumed take-up of the pension option for Type 1 active members eligible for the pension option as at the investigation date in the determination of vested benefits.

The Vested Benefits Index in respect of the Oceania Section of the Plan at the investigation date is shown in the following table:

	30 June 2023 ($’000)
Market Value of Assets	11,564
Vested Benefits	10,348
Vested Benefit Surplus/(Deficit)	**1,216**
Vested Benefit Index	**111.8%**

The above result shows that as at investigation date the Oceania Section of the Plan had sufficient assets to meet the expected liabilities should all active members resign from employment at that date.

Accrued Benefits Index (ABI)

The Accrued Benefit Index (ABI) compares the market value of assets with the present value of the accrued benefits of members at the investigation date. The Accrued Benefits Index is a simple measure of a fund's strength on a continuing or "going concern" basis. Accrued benefits represent the present value of expected future benefit payments arising in respect of membership of the Oceania Section of the Plan up to the investigation date. Allowance has been made for the assumed take-up of the pension option for Type 1 active members on retirement.

The Accrued Benefits Index in respect of the Oceania Section of the Plan at the investigation date is shown in the following table:

	30 June 2023 ($'000)
Market Value of Assets	11,564
Accrued Benefits	9,839
Accrued Benefit Surplus/(Deficit)	**1,725**
Accrued Benefit Index	**117.5%**

A ratio of 117.5% indicates that the Oceania Section of the Plan was in an adequate financial position on a going concern basis as at the investigation date.

A5. Projection of Financial Position and Recommended Contribution Rate

As described in Section 5, the funding method to be used to determine the contribution requirements involves projecting forward the Oceania Section of the Plan's financial position (i.e. the Vested Benefit Index) on the basis of the selected assumptions.

The table below shows the Oceania Section of the Plan's future expected VBI based on the recommended Employer contribution rate of:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- Nil (i.e. a contribution holiday) from 1 April 2024.

Date	Assets ($'000)	Vested Benefit ($'000)	Vested Benefit Index (VBI)
30 June 2023	11,564	10,348	111.8%
30 June 2024	9,482	8,411	112.7%
30 June 2025	8,616	7,570	113.8%
30 June 2026	7,984	6,950	114.9%

An allowance has been made for the actual return on assets since the investigation date which was lower than expected and has weakened the financial position.

As shown in the table above, the recommended contribution rate is expected maintain the VBI above 100% over this period.

A6. Sensitivity Analysis

Professional Standard 400 requires that an analysis of the sensitivity of key assumptions is undertaken three years. An analysis of the sensitivity of the assumptions used to value the liabilities of the Oceania Section of the Plan is set out below:

VBI	Base Case	Real Return -1% pa	Pension Commutation 100%
30 June 2023	111.8%	109.2%	106.1%
30 June 2024	112.7%	109.2%	104.8%
30 June 2025	113.8%	109.0%	103.9%
30 June 2026	114.9%	108.7%	103.2%

These projections are based on the recommended Employer contributions.

These results highlight the potential for variation from the expected outcomes and the importance of regular monitoring of the financial position. Note that while the above sensitivities have been selected to provide a range of possible outcomes, they do not represent upper or lower bounds for all possible outcomes.

Appendix B: Viridian Section

Appendix B relates to the Defined Benefit members employed by Viridian Glass and the related notional Assets (Viridian Section)

B1. Membership Summary

Key membership statistics of the Viridian Section of the Defined Benefit members at the investigation date are shown in the following tables:

	Viridian Section
Number of Members	
Type 3	21
Type 1	0
Total	**21**
Average Age (years)	53.1
Average Past Membership (years)	23.0
Total Salaries ($)	2,565,000
Average Salaries ($)	122,100

B2. Net Market Value of Assets

The assets notionally allocated to the Viridian Section of the Plan as at 30 June 2023 are $10,014,000.

B3. Valuation Assumptions

The method for determining the assumptions used in the Actuarial Investigation are discussed in more details in Appendix E.

Financial Assumptions

A summary of the financial assumptions used in valuing the Viridian Section of the Plan as at 30 June 2023 are shown in the table below.

	Pre-Retirement
Investment Return	6.3%
Salary increase / Pension increase	3.0%
Real Rate of Return	**3.3%**

Other Assumptions

The other assumptions used in this investigation are detailed in Appendix E of this report.

B4. Solvency and Funding Measures

When assessing the adequacy of the assets and future contribution rates, both the long-term funding and short-term solvency positions should be considered. To assess the solvency position, I have calculated two measures of the Viridian Section of the Plan's financial position at the investigation date: the Vested Benefits Index and the Accrued Benefit Index.

Vested Benefits Index (VBI)

The Vested Benefit Index (VBI) represents the ratio of the assets at market value to the vested benefits. The value of vested benefits represents the total amount which the Viridian Section of the Plan would be required to pay if all members were to voluntarily leave service on the investigation date.

The vested benefits have been determined as the amount of the member resignation benefit, or the early retirement benefit for those members who are eligible to retire.

The Vested Benefits Index in respect of the Viridian Section of the Plan at the investigation date is shown in the following table:

	Viridian Section ($'000)
Market Value of Assets	10,014
Vested Benefits	8,989
Vested Benefits Surplus/(Deficit)	**1,025**
Vested Benefits Index	**111.4%**

The above result shows that as at investigation date the Viridian Section of the Plan had sufficient assets to meet the expected liabilities should all active members resign from employment at that date.

Accrued Benefits Index (ABI)

The Accrued Benefit Index (ABI) compares the market value of assets with the present value of the accrued benefits of members at the investigation date. The Accrued Benefits Index is a simple measure of a fund's strength on a continuing or "going concern" basis. Accrued benefits represent the present value of expected future benefit payments arising in respect of membership of the Viridian Section of the Plan up to the investigation date.

The Accrued Benefits Index in respect of the Viridian Section of the Plan at the investigation date is shown in the following table:

	Viridian Section ($'000)
Market Value of Assets	10,014
Accrued Benefits	8,318
Accrued Benefits Surplus/(Deficit)	**1,696**
Accrued Benefits Index	**120.4%**

A ratio of 120.4% indicates that the Viridian Section of the Plan was in an adequate financial position on a going concern basis as at the investigation date.

B5. Projection of Financial Position

As described in Section 5, the funding method to be used to determine the contribution requirements involves projecting forward the Viridian Section of the Plan's financial position (i.e. the Vested Benefit Index) on the basis of the selected assumptions.

The table below shows the Viridian Section of the Plan's future expected VBI based on the recommended Employer contribution rate of:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- Nil (i.e. a contribution holiday) from 1 April 2024.

Date	Assets ($'000)	Vested Benefit ($'000)	Vested Benefit Index (VBI)
30 June 2023	10,014	8,988	111.4%
30 June 2024	9,157	8,274	110.7%
30 June 2025	8,277	7,423	111.5%
30 June 2026	5,572	4,671	119.3%

An allowance has been made for the actual return on assets since the investigation date which are stronger than expected and have strengthened the financial position.

As shown in the table above, the Viridian Section of the Plan is expected to maintain the VBI above 100% over this period.

B6. Sensitivity Analysis

Professional Standard 400 requires that an analysis of the sensitivity of key assumptions is undertaken three years. An analysis of the sensitivity of the assumptions used to value the liabilities of the Viridian Section of the Plan is set out below:

VBI	Base Case	Real Return -1% pa
30 June 2023	111.4%	111.4%
30 June 2024	110.7%	110.2%
30 June 2025	111.5%	110.0%
30 June 2026	119.3%	115.5%

These projections are based on the recommended Employer contributions.

These results highlight the potential for variation from the expected outcomes and the importance of regular monitoring of the financial position. Note that while the above sensitivities have been selected to provide a range of possible outcomes, they do not represent upper or lower bounds for all possible outcomes.

Appendix C: Vivid Section

Appendix C relates to the Defined Benefit members employed by Vivid Windows and Doors and the related notional Assets (Vivid Section)

C1. Membership Summary

Key membership statistics of the Vivid Section of the Defined Benefit members at the investigation date are shown in the following tables:

	Vivid Section
Number of Members	
Type 3	7
Type 1	0
Total	**7**
Average Age (years)	55.5
Average Past Membership (years)	20.2
Total Salaries ($)	588,000
Average Salaries ($)	83,900

C2. Net Market Value of Assets

The assets allocated to the Vivid Section of the Plan as at 30 June 2023 are $1,805,000.

C3. Valuation Assumptions

The method for determining the assumptions used in the Actuarial Investigation are discussed in more details in Appendix E.

Financial Assumptions

A summary of the financial assumptions used in valuing the Vivid Section of the Plan as at 30 June 2023 are shown in the table below.

	Pre-Retirement
Investment Return	6.3%
Salary increase / Pension increase	3.0%
Real Rate of Return	**3.3%**

Other Assumptions

The other assumptions used in this investigation are detailed in Appendix E of this report.

C4. Solvency and Funding Measures

When assessing the adequacy of the assets and future contribution rates, both the long-term funding and short-term solvency positions should be considered. To assess the solvency position, I have calculated two measures of the Vivid Section of the Plan's financial position at the investigation date: the Vested Benefits Index and the Accrued Benefit Index.

Vested Benefits Index (VBI)

The Vested Benefit Index (VBI) represents the ratio of the assets at market value to the vested benefits. The value of vested benefits represents the total amount which the Vivid Section of the Plan would be required to pay if all members were to voluntarily leave service on the investigation date.

The vested benefits have been determined as the amount of the member resignation benefit, or the early retirement benefit for those members who are eligible to retire.

The Vested Benefits Index in respect of the Vivid Section of the Plan at the investigation date is shown in the following table:

	Vivid Section ($'000)
Market Value of Assets	1,805
Vested Benefits	1,768
Vested Benefits Surplus/(Deficit)	**37**
Vested Benefits Index	**102.1%**

The above result shows that as at investigation date the Vivid Section of the Plan had sufficient assets to meet the expected liabilities should all active members resign from employment at that date.

Accrued Benefits Index (ABI)

The Accrued Benefit Index (ABI) compares the market value of assets with the present value of the accrued benefits of members at the investigation date. The Accrued Benefits Index is a simple measure of a fund's strength on a continuing or "going concern" basis. Accrued benefits represent the present value of expected future benefit payments arising in respect of membership of the Vivid Section of the Plan up to the investigation date.

The Accrued Benefits Index in respect of the Vivid Section of the Plan at the investigation date is shown in the following table:

	Vivid Windows and Doors ($'000)
Market Value of Assets	1,805
Accrued Benefits	1,605
Accrued Benefits Surplus/(Deficit)	**200**
Accrued Benefits Index	**112.5%**

A ratio of 112.5% indicates that the Vivid Section of the Plan was in an adequate financial position on a going concern basis as at the investigation date.

C5. Projection of Financial Position

As described in Section 5, the funding method to be used to determine the contribution requirements involves projecting forward the Viridian Section of the Plan's financial position (i.e. the Vested Benefit Index) on the basis of the selected assumptions.

The table below shows the Vivid Section of the Plan's future expected VBI based on the recommended Employer contribution rate of:

- 14.6% of Defined Benefit Superannuation Salaries.

Date	Assets ($'000)	Vested Benefit ($'000)	Vested Benefit Index (VBI)
30 June 2023	1,805	1,768	102.1%
30 June 2024	1,529	1,505	101.6%
30 June 2025	1,435	1,380	104.0%
30 June 2026	1,348	1,263	106.8%

An allowance has been made for the actual return on assets since the investigation date which are stronger than expected and have strengthened the financial position.

As shown in the table above, the Viridian Section of the Plan is expected to maintain the VBI above 100% over this period.

C6. Sensitivity Analysis

Professional Standard 400 requires that an analysis of the sensitivity of key assumptions is undertaken three years. An analysis of the sensitivity of the assumptions used to value the liabilities of the Vivid Section of the Plan is set out below:

VBI	Base Case	Real Return -1% pa
30 June 2023	102.1%	102.1%
30 June 2024	101.6%	100.9%
30 June 2025	104.0%	102.3%
30 June 2026	106.8%	103.9%

These projections are based on the recommended Employer contributions.

These results highlight the potential for variation from the expected outcomes and the importance of regular monitoring of the financial position. Note that while the above sensitivities have been selected to provide a range of possible outcomes, they do not represent upper or lower bounds for all possible outcomes.

Appendix D: Summary of Benefits and Conditions

Definitions

Earnings mean the annual salary or wage (excluding bonuses, commission etc.) payable for the first pay period after 1 December and 1 June in each year, or at the date of admission, provided that in any particular case, **Earnings** may be determined in such manner or at such times as shall be agreed between the Employer and the member and approved by the Trustee.

Final Average Earnings means the average earnings during the three best of the last ten years immediately preceding retirement.

Pensionable Service means service as a member of the Plan, including such other period as may be provided under the Trust Deed and Rules, calculated in years and completed months.

Contributory Service means that part of Pensionable Service during which the member was contributing to the Plan.

Non-Contributory Service means that part of Pensionable Service during which the member was not contributing to the Plan.

Normal Retirement Date means the 65th birthday.

Potential Pension means an amount equal to the annual pension which the member would have received if he had remained in service to the Normal Retirement Date, with no change in his Earnings or contribution rate.

Potential Benefit means an amount equal to the lump sum benefit which the member would have received if he had remained in service to the Normal Retirement Date, with no change in his Earnings or contribution rate.

Accrued Pension means an amount equal to the Potential Pension less what would have been calculated as the Potential Pension had the member joined the Plan on the date of the event giving rise to such calculation.

Type 1 Members in this summary means members other than Type 3 Members.

Type 3 Members means members who joined the Plan on or after 1 January 1987.

Total Incapacity means incapacity causing absence for six months and such that the member is unlikely ever to be employed in any occupation for which the member is reasonably suited by reason of education, training or experience.

Contributions

Members: Subject to certain conditions a member may elect not to contribute or to contribute at a rate of 2%, 3 3/4%, 4%, 6%, or 8% of Earnings.

Employer: Amount determined by Trustee, having regard to the advice of the Actuary, as required to meet the balance of the cost of the benefits.

Normal Retirement Benefit

For Type 1 Members a pension of:

i. 1/100th of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Non-Contributory Service; and

ii. 1/81st of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Contributory Service at a rate of 2% of Earnings; and

iii. 1/70th of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Contributory Service at a rate of 3 3/4% of Earnings; and

iv. 1/69th of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Contributory Service at a rate of 4% of Earnings; and

v. 1/60th of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Contributory Service at a rate of 6% of Earnings; and

vi. 1/53rd of Final Average Earnings or Earnings at the date of retirement (whichever is greater) for each year (with complete months counting pro rata) of Contributory Service at a rate of 8% of Earnings.

For Type 3 Members, the benefit is a lump sum equal to 11.5 times the pension amount calculated as above.

Early Retirement Benefit

For Type 1 Members, on retirement on or after age 60, the benefit is a pension calculated in the same way as the pension on Normal Retirement but based on service at the date of retirement.

For Type 3 Members, the benefit is a lump sum equal to 11.5 times the pension amount calculated as above.

On retirement at the request of the member between ages 55 and 60, the pension (or lump sum for Type 3 Members) is reduced by 0.25% for each month by which retirement precedes age 60.

For a Type 1 Member who joined the Plan prior to 1 July 1983, on retirement prior to age 62 at the request of the Employer, the benefit is a pension equal to what would have been the Accrued Pension had the member remained in service until age 62.

Total Incapacity Benefit

For Type 1 Members, a pension is payable equal to the Potential Pension.

For Type 3 Members, a lump sum is payable equal to the Potential Benefit.

Death Benefit after Retirement

For Type 1 Members only, the member's pension continues, as a spouse's pension, for the balance of the five years if death occurs within five years of retirement. A spouse's pension then is payable equal to 50% of the member's pension. The pension is payable until the spouse's death.

Smaller pensions are payable to dependent children.

Death Benefit in Service

Type 1 Members

A spouse's pension is payable equal to 50% of the members' Potential Pension. The pension is payable until the spouse's death.

A lump sum of 1½ times Earnings at the date of death is also paid together with (for contributory members only) a further proportion of 1½ times Earnings at the date of death depending on the member's contributory status.

Smaller pensions are payable to dependent children.

A minimum benefit is specified equal to the value of the member's Potential Pension.

Type 3 Members

A lump sum is payable equal to the Potential Benefit at date of death or, if higher, the sum of:

i. 50% of the member's Potential Benefit at the date of death; and

ii. 1½ times Earnings at the date of death together with (for contributory members only) a further proportion of 1½ times Earnings at the date of death depending on the member's contributory status.

Withdrawal Benefit

Type 1 Members

A non-contributory member is entitled to receive a deferred pension payable from age 65 equal to 1/100th of Final Average Earnings or Earnings at the date of withdrawal (whichever is greater) for each year (with complete months counting pro rata) of Pensionable Service.

A contributory member may choose option (i) or (ii):

i. A lump sum of total member's contributions plus compound interest at the rates declared from time to time in the Plan, and a deferred pension payable from age 65 equal to 1/100th of Final Average Earnings or Earnings at the date of withdrawal (whichever is greater) for each year (with complete months counting pro rata) of Pensionable Service.

ii. A deferred pension payable from age 65 equal to the Accrued Pension calculated using Final Average Earnings or Earnings at the date of withdrawal (whichever is greater).

Deferred pensions may be commuted at date of withdrawal but are not increased during deferment. Where a non-contributory member or a contributory member who chooses option (ii) commutes his pension and the associated reversionary pension, the lump sum payable is subject to a minimum of the benefit for a Type 3 Member.

Type 3 Member

A lump sum is payable equal to the sum of:

i. total member's contributions plus compound interest at the rates declared from time to time in the Plan; and

ii. 11.5% of Final Average Earnings or Earnings at the date of withdrawal (whichever is greater) for each year (with complete months counting pro rata) of Pensionable Service, multiplied by a factor which depends on the member's age and period of Service at exit.

For all members the minimum benefit is the sum of member contributions plus interest, and an Employer -financed benefit equal to the accumulation with interest of:

- the Employer -financed benefit existing at 1 January 1987; and
- subsequent (notional) Employer contributions of $25 per week. (or as adjusted from time to time).

Minimum Requisite Benefits

All benefits are subject to minimums designed to allow the Employer to comply with its Superannuation Guarantee obligations. At these levels, the minimums have little effect on the benefits payable from the Plan other than on resignation.

Pension Value Maintenance (PVM)

Pensions in payment are increased in line with CPI increases subject to a lifetime maximum of 3% per annum. This limit can and has been exceeded after consultation between the Actuary, Trustee and Employer. For a number of years, when CPI increases considerably exceeded 3% pa, it was the practice to grant PVM increases at the rate of 2/3rds of the increase in the CPI.

Commutation

Pensions payable on retirement or total incapacity are commutable using the guaranteed commutation factors provided in the Trust Deed. The factors are as follows:

- for single members or where remaining pensions are commuted $11.50 per $1 pa pension; and
- where reversionary pensions are to be retained $9.50 per $1 pa pension.

Spouse’s pensions and deferred pensions on withdrawal are commutable using an actuarial basis which has applied for many years.

Persons entitled to lump sum benefits may apply for equivalent pension benefits in lieu of the whole or part of the lump sum.

Accumulation Division

Benefits

On leaving the Plan for any reason, the benefit payable is a lump sum equal to the sum of the member's accumulation accounts.

Contributions

The Employer contributes at the rate required to meet its obligations under the Superannuation Guarantee. These contributions are currently at 11% of Earnings.

Appendix E: Summary of Actuarial Assumptions

Rate of Investment Return, Salary Increases and Pension Increases

The calculation of the Plan's liabilities in respect of existing Defined Benefit members and pensioners was carried out using the following financial assumptions:

	Pre-retirement	Post-retirement
Investment earning rate	6.3% pa	7.1% pa
Long-term salary inflation / pension increases	3.0% pa	2.7% pa
Real return	**3.3% pa**	**4.4% pa**

Pension Commutation for Type 1 Members

Type 1 members are assumed to elect 50% of their benefits on retirement in the form of a lifetime pension and the remainder in the form of a lump sum.

Decrement Rates

Withdrawal

Of every 10,000 members in the Plan at the ages shown, the numbers given below are assumed to withdraw from service each year:

Age	Male	Female
20	2,700	2,250
25	1,950	2,250
30	1,200	3,000
35	1,200	2,250
40	1,200	1,500
45	1,200	1,500
50	1,200	1,500

Retirement

Of every 10,000 members in the Plan at the ages shown, the numbers given below are assumed to retire each year:

Age	Retirement Scale
55	1,500
56	1,500
57	1,500
58	1,500
59	1,500
60	1,500
61	1,500
62	1,500
63	1,500
64	1,500
65	10,000

Mortality and Total Incapacity Rates

Of every 10,000 members in the Plan at the ages shown, the numbers given below are assumed to exit each year from active membership by death and incapacity:

Age	Death	Total Incapacity
20	3	0
30	2	3
40	5	13
50	15	28
60	45	58

Mortality after Retirement

The assumptions for mortality after retirement used to value the liabilities for pensioner members are as follows:

Pensioner Mortality Assumptions	
Base Table	80% of ALT 2015-17
Future Mortality Improvements	1% pa from 1 July 2016

Expenses

Expenses are assumed to be 3.0% of Defined Benefit Superannuation Salaries.

Insurance Premiums

Insurance premiums are assumed to be 1.6% of Defined Benefit Superannuation Salaries.

Taxation

The current taxation environment is assumed to remain unchanged and that the Plan will remain a complying superannuation fund and therefore be entitled to concessional tax treatment.

Accordingly, future Employer contributions have been assumed to be taxed at 15%.

Appendix F: Statements Required Under SPS 160 Paragraphs 23(a) – (i)

Viridian Superannuation Plan

Actuarial Investigation as at 30 June 2023

The statements required under paragraphs 23(a) to (i) of SPS 160 for regular investigations are set out below:

(a) Plan Assets

At 30 June 2023 the net market value of assets of the Plan, including amounts held to provide accumulation only benefits and excluding the amount held to meet the Operational Risk Financial Requirement (ORFR), was $50,715,000.

(b) Projection of Vested Benefits

Based on the actuarial assumptions I project that the likely future financial position of the Defined Benefit section of the Plan over the three years following the investigation date will be as follows:

Date	Vested Benefits Index – Defined Benefit Section
30 June 2023	110.8%
30 June 2024	110.9%
30 June 2025	111.9%
30 June 2026	115.7%

(c) Accrued Benefits

The value of the accrued liabilities of all members as at 30 June 2023 was $47,094,000.

In my opinion, the value of the assets of the Plan at 30 June 2023 was adequate to meet the liabilities in respect of accrued benefits in the Plan (measured as the present value of members' accrued entitlements using the actuarial assumptions).

The assets are considered to be adequate in the long-term based on the recommended contributions set out below.

This assessment has been made using assumptions and a funding method which I regard as reasonable.

(d) Vested Benefits

The value of the vested benefits of all members as at 30 June 2023 was $48,437,000.

In my opinion, the financial position of the Plan is satisfactory as at 30 June 2023 and a Restoration Plan is not required.

The shortfall limit does not need to be reviewed at this time.

(e) Minimum Benefits

The value of the liabilities in respect of the minimum benefits of members as at 30 June 2023 was $44,672,000 which is less than the value of assets held at that date.

(f) Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period to 30 June 2023 required by the Superannuation Industry (Supervision) Act have been provided. In my opinion, I am likely to be able to provide Funding and Solvency Certificates for the Plan covering the period from 1 July 2023 to 30 June 2026.

(g) Employer Contributions

The report on the actuarial investigation of the Plan at 30 June 2023 recommends that the Employers contribute to the Plan at the following rates:

- 14.6% of Defined Benefit Superannuation Salaries to 31 March 2024; and
- From 1 April 2024:
  - Vivid Windows and Doors: 14.6% of Defined Benefit Superannuation Salaries.
  - Oceania and Viridian Glass: Nil (i.e. a contribution holiday).

(i) Pre-July 1998 Funding Credit

A pre-July 1998 funding credit has not been granted to the Plan.

Andrew West

Andrew West
Fellow of the Institute of Actuaries of Australia
14 December 2023

Towers Watson Australia Pty Ltd
Level 32, 385 Bourke Street
Melbourne VIC 3000

Do: CVR | TR, ER: EC | CR: AW

https://wtwonlineau.sharepoint.com/sites/tctclient_987115_viridSP23/Documents/04.01_Actl_Valn/4_Deliverables/VSP_Actuarial_Review_30 June 2023_.docx

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.