A hand holding a crystal ball that reflects a landscape with trees and water. The background is a light blue sky. There are decorative orange and yellow wavy patterns on the left and bottom of the page.

Colgate-Palmolive Superannuation Plan (a sub-plan of the Retirement Portfolio Service superannuation fund)

Actuarial Valuation Report 1 January 2022

29 June 2022

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Section 1: Purpose and Summary

The Colgate-Palmolive Superannuation Plan (“the Plan”) a sub-plan of the Retirement Portfolio Service superannuation fund (formerly the OnePath MasterFund), provides benefits which are of the “*defined benefit*” type where benefits are defined by Salary and period of membership. There are also a significant number of Accumulation Members. Additional accumulation benefits are also provided for defined benefit members.

We have been advised that on 13 April 2019 the Plan transferred, by successor fund transfer, from the OnePath MasterFund to the Retirement Portfolio Services superannuation fund with all benefits being unchanged.

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

- examine the sufficiency of the assets in relation to members’ accrued benefit entitlements;
- determine the Company contribution rate required to ensure that the Plan maintains a satisfactory financial position;
- examine the suitability of the Plan’s insurance and investment arrangements;
- satisfy the Trust Deed of the Retirement Portfolio Service superannuation fund, and
- meet legislative and prudential standard requirements, in particular paragraph 23 of Prudential Standard 160 Defined Benefit Matters (“SPS160”).

This investigation is concerned principally with the valuation of the Plan’s assets and liabilities in respect of the defined benefit members only.

This report has been prepared for the Trustee, OnePath Custodians Pty Limited, in my capacity as Plan Actuary. The Effective Date of this actuarial valuation is 1 January 2022.

This report has been prepared in accordance with Professional Standard 400, dated March 2021, issued by the Institute of Actuaries of Australia. The previous valuation, which was conducted by me, was carried out 1 January 2019 with the results set out in a report dated 27 June 2019.

Reliance statement and data

This report is provided subject to the terms set out herein and in our Engagement letter dated 21 May 2018 with OnePath Custodians Pty Limited and the accompanying Terms and Conditions of Engagement. This report is provided solely for the Trustee’s use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

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

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

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

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

Company Contributions

In the absence of any special circumstances, we recommend that the Company contributes to the Plan at the following minimum rates of salaries for the three year period commencing 1 January 2022:

Category	Recommended Employer Contribution
Defined Benefit Members	from 1 January 2022: 0.0% of Salary* plus 3% to Award Account where required
Accumulation Members	At least 10.0% of OTE Base** from 1 January 2022, increasing in accordance with the SG Act

* Salary equals Base Salary plus Bonus (where applicable).

** OTE Base refers to Ordinary Time Earnings Base as defined in the Superannuation Guarantee (Administration) Act 1992.

In addition, the Company should continue to pay any salary sacrifice member contributions and the cost of insurance premiums for the standard level of insurance cover in the Plan.

The surplus of the Plan is sufficiently large such that it is likely no future contributions will be required in respect of defined benefit members, (if the assumptions are borne out) and therefore we recommend that the Trustee consider whether some of the surplus can be utilised to fund contributions in respect of accumulation members for a short period (e.g. 3 months). If the Trustee wishes to use some of the surplus to fund contributions for accumulation members we will need to provide separate advice regarding the recommended duration for such a contribution holiday.

The funding position, and in particular the coverage of vested benefits by Plan assets, should continue to be monitored at least once a year following the completion of the annual review, and before any decision is made to take a short contribution holiday in relation to accumulation member contributions. Additional supplementary contributions may be required should the funding position become unsatisfactory.

Funding Status Measures

Our investigation shows that the Plan is in a solvent financial position. The Superannuation Industry (Supervision) Act (the SIS Act) 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 the “accrued benefits” of members.

Vested Benefits

Vested benefits are the benefits payable if all Members voluntarily resigned from service. As at the valuation date, the net assets of the Plan were sufficient to cover the vested benefits. The ratio of the Plan’s assets to vested benefits (excluding accumulation benefits) was 199.6% at 1 January 2022.

Assuming:

- a. the benefits described in the Trust Deed remain unchanged, and
- b. Company contributions are paid at the recommended rate, and
- c. the future experience of the Plan is in accordance with the assumptions made in this actuarial valuation,

then the assets of the Plan should remain in excess of the vested benefits up to 1 January 2025. On this basis, the financial position of the Plan is expected to remain satisfactory.

Present Value of Accrued Benefits

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

The Plan’s net assets were adequate to cover the present value of the accrued benefits of all members of the Plan at the valuation date. The ratio of the Plan’s assets to the present value of accrued benefits (excluding accumulation benefits) was 189.6%.

From time to time the value of the Plan’s assets may be greater than, or less than, the present value of accrued benefits. These excesses, or shortfalls, arise when the actual experience of the Plan differs from the assumptions used to determine contribution rates. In general, the aim would be to finance any shortfalls over the average future working lifetime of current members of the Plan.

Superannuation Guarantee

The Company's Superannuation Guarantee obligation is either fully or partly met for all Members by the minimum benefits provided under the Plan. The required Benefit Certificate is dated 30 September 2019.

A Funding and Solvency Certificate dated 30 September 2019 has been issued to the Trustee. The purpose of this certificate is to specify the required Company contributions needed to fund the minimum benefits used to offset the Superannuation Guarantee charge. Pursuant to the SIS Act, a superannuation fund is "solvent" if the net value of its assets exceeds the minimum Superannuation Guarantee benefits.

At 1 January 2022, the Plan was solvent and based on the actuarial assumptions, we see no reason why it would be unlikely that an actuary will not be able to certify the solvency of the Plan in three years' time on this basis.

Investments

We understand that the Trustee has developed formal objectives and a policy for the investment of the Plan's assets. These objectives are summarised in the Investment Governance Framework.

At 1 January 2022, the investment policy was to have the assets supporting the Plan's defined benefit liabilities invested 62% in growth assets such as shares and property, 18% in alternative assets and 20% in income assets such as cash and bonds.

The current investment policy is considered suitable to the Plan's liabilities in respect of defined benefit membership at 1 January 2022.

Insurance

The current level of insurance in respect of Defined Benefit Members is generally calculated as:

Death and TPD Benefit – Vested Benefit

Where this formula is used, it provides an adequate level of insurance. The Insurer for the Plan is Hannover Life.

Shortfall Limit

Under SPS 160 the Trustee is required set a Shortfall Limit for the Plan. The shortfall limit is defined in paragraph 10 of SPS 160 as:

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

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

As required under SPS 160 the Trustee has set the Shortfall Limit for the Plan at 100.0%. Given the current investment strategy, we consider this Shortfall Limit is appropriate for the Plan.

Next Valuation

The next valuation should be held no later than 1 January 2025.



Jackie Downham
Fellow of The Institute of Actuaries of Australia
as Actuary to the Colgate-Palmolive
Superannuation Plan

29 June 2022

D: ZX | TR: RS | CR,ER: JSD

Towers Watson Australia Pty Ltd
Level 16, Angel Place
123 Pitt Street
Sydney NSW 2000
Australia

T +61 2 9285 4000

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

https://wtwonlineau.sharepoint.com/sites/tctclient_652885_Colgate22/Documents/04.01_Actl_Valn/Deliverables/cc1 Actuarial val_rept_1 Jan 2022.docx

Section 2: Background and Data

The Colgate-Palmolive Superannuation Plan was initially established in accordance with a Trust Deed dated 20 February 1951 and was subsequently transferred into the Corporate Superannuation Master Trust (CSMT) under a successor fund agreement and became a sub-plan of that master trust as at 1 January 2004. The CSMT was transferred into the OnePath (formerly ING) MasterFund under a successor fund agreement in November 2009. On 13 April 2019 the Plan was subsequently transferred to the Retirement Portfolio Service superannuation fund under a successor fund agreement. The benefits are detailed in a Benefit Specification Schedule for the OnePath MasterFund. We understand that the Retirement Portfolio Service superannuation fund is a regulated complying superannuation fund under the SIS Act and for taxation purposes.

The Plan is closed to new defined benefit members.

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

Previous Recommendation

The recommended company contributions over the three year period ending 31 December 2021 were as follows.

Category	Recommended Employer Contribution
Defined Benefit Members	to 30 June 2019: 7.0% of Salary* plus 3% to Award Account where required from 1 July 2019: 0.0% of Salary* plus 3% to Award Account where required
Accumulation Members	At least 9.5% of OTE** from 1 January 2019, increasing in accordance with the SG Act

* Salary equals Base Salary plus Bonus (where applicable).

** OTE refers to Ordinary Time Earnings as defined in the Superannuation Guarantee (Administration) Act 1992.

In addition, the Company should have continued to pay any salary sacrifice member contributions and the cost of insurance premiums for the standard level of insurance cover in the Plan.

Actual company contributions paid to the Plan over the period were in line with these recommendations.

Sources of Information

We have relied on the administrative records over the period 1 January 2019 to 1 January 2022 provided by the Plan's administrator, Insignia Financial (formerly ANZ and OnePath).

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

Data

The membership details are summarised in Appendices B and C. In brief, there were [REDACTED] members as at 1 January 2022, of which [REDACTED] were Defined Benefit members with average attained age of [REDACTED] years and an average completed membership of [REDACTED] years.

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

All defined benefit members of the Plan at the valuation date were present at the previous valuation. Their base salaries over the intervening 3 years have increased on average by [REDACTED] % p.a.

Section 3: Assets and Investment Strategy

Net Market Value

We have been supplied with details of the Plan's assets as at 1 January 2022, by the Plan administrator, as follows:

	\$,000
Net Market Value of Assets	██████████

This is made up of \$██████████ in respect of Accumulation balances, and \$██████████ in respect of Defined Benefit members.

A summary of transactions since 1 January 2019 appear below.

Defined Benefit Reserve Transactions and Summary

The major transactions within the defined benefit reserve over the three years to 1 January 2022 are summarised below:

	\$,000
Reserve at 1 January 2019	██████████
Plus:	
– Employer contributions	██████████
– Investment earnings	██████████
– Investment fee rebates	██████████
Less:	
– Benefit payments	██████████
– Expenses and Insurance Premiums (less refunds)	██████████
– Contributions tax	██████████
Reserve at 1 January 2022	██████████

Suitability of Crediting Rate Policy

The Trustee credits member's accumulation accounts with actual investment returns (net of fees and tax) from the underlying assets. I consider this crediting rate policy to be suitable.

Nature of Defined Benefit Liabilities

The level of the Defined Benefit liabilities does not bear the same direct relationship with the assets as exists with accumulation liabilities.

Whereas the Defined Benefit liabilities reflect salary growth, the supporting assets depend on a range of factors including:

- i. the level of Company contributions, and
- ii. the level of investment returns

In this case it is the Company which bears the investment risk as the level of contributions depends on the level of investment returns achieved.

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

- i. to secure attractive long term investment returns; and
- ii. to provide an opportunity for capital appreciation and dividend growth, which gives some protection against inflation (as benefits are linked to Salary growth which is also influenced by inflation).

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

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

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

- i. reducing a buffer that has grown too large, or
- ii. rebuilding a buffer that has fallen or become negative.

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

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

Investment Objectives and Strategy

Defined Benefit assets are invested via the Optimix Balanced Portfolio offered by the Retirement Portfolio Service superannuation fund.

Accumulation members may choose one of a range of products. Defined benefit members may also choose one of a range of products for their additional accounts.

Investment Objectives – Optimix Balanced

- To achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5% p.a. over periods of five years or more.

Investment Strategy – Optimix Balanced

- To invest about 70% in growth assets and 30% in income investments. The Plan invests in a diversified portfolio of Australian and international assets through a mix of managers, with a bias towards growth assets. The benchmark asset allocation of the Optimix Balanced appears below.

Asset Class	Optimix Balanced %
Australian Shares	27%
Overseas Shares	29%
Listed Real Assets	6%
Alternative Assets	18%
Fixed Interest	17%
Cash and Liquid Assets	3%

Suitability of Investment Strategy

The defined benefit categories within the Plan are now closed to new members. The age profile of these categories will gradually increase. At 1 January 2022 the average age was [REDACTED] years old, so the investment timeframe is medium term at present.

At the valuation date, the Plan held a surplus of assets supporting the vested defined benefit liabilities.

On the basis that Vested Benefits coverage and funding requirements will continue to be reviewed at least once a year following the completion of the annual review as at 1 July each year, I consider the current investment strategy to be suitable.

Section 4: Valuation Method, Plan Experience and Actuarial Assumptions

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

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

Valuation Method

The previous valuation used the Aggregate Funding method. This funding method remains appropriate for the Plan and we have retained it for this valuation.

This method seeks to spread the expected future cost of the Plan's benefits over the average future working lifetime of the members to produce a level contribution as a percentage of the salaries of members.

The logic of the Aggregate Funding Method is to project each member's benefits payable in the future allowing for salary increases and the probability of leaving service due to withdrawal, death, disability or retirement. These benefit payments are then discounted back to the valuation date using the valuation rate of interest.

The actuarial value of the assets is then deducted from the present value of the benefits to determine the present value of the amount to be financed by future member and Company contributions. In the same way, the present value of 1% of members' salaries can be determined.

A combined member and Company contribution rate is then determined by dividing the present value of benefits yet to be financed by the value of 1% of member salaries. Adjustments are then made for administration expenses and the resulting combined member and Company contribution is split between the member and Company parts. An adjustment is then made for the impact of contributions tax.

The contribution rate required to maintain vested benefits coverage above 100% in 3 years' time based on the valuation assumptions has also been considered.

Actuarial Value of Assets

For the purposes of this valuation, we have valued assets at their market values provided by the Plan administrator as detailed in Section 3.

Plan Experience and Valuation Assumptions

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

Investment Returns

The assumption for investment returns at the last valuation was 3.75% p.a. The Plan's investment returns over the three years to 31 December 2021 in respect of the Defined Benefit assets have been as follows:

Year Ending 31 December	Investment Return
2019	15.2%
2020	-0.2%
2021	12.5%
Average over the 3 years	9.0% p.a.

The average investment return was 5.25% p.a. higher than the assumed rate. This over-performance has had a positive effect on the Plan's financial position.

For this valuation, we have retained the long term future investment return assumption of 3.75% p.a. (net of investment expenses and taxes and asset based administration fees). This assumption is consistent with our view of low to moderate asset returns over the medium term.

Salary Inflation

The assumed rate of salary inflation was ■■■% p.a. at the last valuation. The average rate of growth of Base Salaries for Defined Benefit members who were present at both the last and current valuation dates was ■■■% p.a. The actual increase in salary growth is ■■■% p.a. lower than the assumed rate. This has had a positive impact on the Plan's financial position. We have reduced the assumed rate of salary inflation to ■■■% p.a. after discussions with the Company.

Overall, we have increased the "gap" between the investment return (net of tax and fees) and salary inflation assumption to ■■■% p.a. over the long term. Over the review period, the actual "gap" was ■■■% p.a. which has had a positive impact on the Plan's financial position.

Rates at which Members Leave Service and Retire

In the previous valuation we assumed specific rates of resignation and retirement. However, given the current small size of the Plan's defined benefit membership, the assumption for the rates at which members leave service do not have a significant bearing on the results.

Therefore, for this valuation, we have adopted the assumption that all Defined Benefit members stay in the Plan until they reach their Normal Retirement Date (i.e. at age 65).

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

Due to the small size of the Plan's defined benefit membership, the specific rates of death and disablement assumed in the previous valuation do not have a significant bearing on the results.

Therefore for this valuation, we have assumed nil death and disablement rates for all remaining Defined Benefit members in the Plan.

New Members

All Defined Benefit categories have been closed to new entrants. All new members join the Accumulation categories.

Expenses and Insurance Premiums

In the last valuation, the assumed expenses incurred in running the Plan were \$ [REDACTED] p.a.

No allowance has been made for administration costs for accumulation members as these are met by members. Administration costs for defined benefit members are borne by the employer (via reimbursement of the defined benefit reserve). We have retained the previous valuation's allowance of \$ [REDACTED] p.a. (indexed to salary inflation) to account for these expenses, as well as consulting fees. We have assumed asset based indirect costs of 0.63% also applies which is borne by the defined benefit reserve. We have made an allowance for this in our projections by incorporating it into the investment return assumption.

Insurance premiums for standard death and total and permanent disablement cover for all defined benefit members is funded from the defined benefit reserve by an additional company contribution and we assume this arrangement will continue.

Adequacy of Insurance

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

The current level of insurance in respect of Defined Benefit Members is generally calculated as:

Death and TPD Benefit – Vested Benefit

Where this formula is used, it provides an adequate level of insurance. The Insurer for the Plan is Hannover Life.

Summary of Valuation Assumptions

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

Section 5: Solvency & Funding Status Measures

Vested Benefits

The Vested Benefits represent the benefit entitlements of members should they voluntarily leave the Plan. The Vested Benefits Index (VBI) is the ratio of the market value of the Plan's assets to Vested Benefits. Pursuant to superannuation law and SPS160, a fund is in a "satisfactory" financial position if the assets of the fund cover the Vested Benefit entitlements of the members of the fund.

The following table shows the progression of the VBI over the review period:

	01/01/2019 Defined Benefits Only*	01/01/2022 Defined Benefits Only*	01/01/2019 All Benefits	01/01/2022 All Benefits
Market Value of Assets				
Vested Benefits				
Vested Benefits Index	193.1%	199.6%	105.3%	105.5%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities. As a result, an amount in respect of accumulation liabilities has been excluded from the Value of Assets and the Vested Benefits respectively.

As at 1 January 2022, the net Market Value of the assets of the Plan exceeded the Vested Benefits. The ratio of the Plan's assets supporting Defined Benefits liabilities to the Vested Defined Benefits was 199.6% which confirms that it was in a satisfactory financial position for the purposes of superannuation law. At the previous valuation, this ratio was 193.1%.

Actuarial Value of Accrued Retirement Benefits

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

AVAB represents the value in today's dollars of future benefits based on membership completed to the review date, allowing for future salary increases, investment earnings and expected incidence of payment.

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

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

The following table shows the progression of the AVABI over the review period:

	01/01/2019 Defined Benefits Only*	01/01/2022 Defined Benefits Only*	01/01/2019 All Benefits	01/01/2022 All Benefits
Market Value of Assets	\$			
Actuarial Value of Accrued Benefits	\$			
Actuarial Value of Accrued Benefits Index	161.8%	189.6%	104.1%	105.2%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities. As a result, an amount in respect of accumulation liabilities has been excluded from the Value of Assets and the Actuarial Value of Accrued Benefits respectively.

As at 1 January 2022, the net market value of the Assets supporting the Defined Benefit liabilities exceeded the AVAB for Defined Benefit members. The AVABI at this date was 189.6%. At the previous valuation, this ratio was 161.8%.

While the AVABI is over 100%, the funding strategy should be one to maintain the AVABI at this level as the closed membership moves closer to retirement.

Minimum Benefits

The Company's Superannuation Guarantee (SG) obligation is either fully or partly met for all members by the minimum benefits provided under the Plan. The required Benefit Certificate is dated 30 September 2019.

A Funding and Solvency Certificate dated 30 September 2019 has been issued to the Trustee corresponding to the above mentioned Benefit Certificate. The purpose of this certificate is to specify the required company contributions needed to fund the minimum benefits used to offset the SG charge.

The Plan is "solvent" if the net assets of the Plan, less the value of the benefit entitlements of former members, exceed the Minimum Requisite Benefits (MRB) of all members in service.

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

	Last Valuation Defined Benefits Only*	This Valuation Defined Benefits Only*	Last Valuation All Benefits	This Valuation All Benefits
Net Assets	\$			
Minimum Benefits	\$			
Minimum Benefits Index	218.7%	225.2%	106.0%	106.2%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities. As a result, an amount in respect of accumulation liabilities has been excluded from the Value of Net Assets and the Minimum Benefits respectively.

As at 1 January 2022 the net assets of the Plan exceeded the Minimum Benefits and the Plan was in a solvent financial position. The ratio of the Plan's net assets supporting defined benefits to the minimum defined benefits was 225.2%. At the previous valuation, this ratio was 218.7%.

Benefits Payable on Termination

On termination of the Plan, the Benefit Specification Schedule states that assets should be applied in the following order:

- a to meet all costs and expenses of winding up the Plan to the extent to which they are not paid by the Employers,
- b to meet, in respect of each Member:
 - i. any benefit which was payable prior to the termination date, or
 - ii. if (i) does not apply, a benefit equal to the members' accumulation benefit or defined benefit (as appropriate),
- c to increase each Member's benefits in proportion to each defined benefit member's reserve as determined by the Plan's Actuary, or in proportion to each accumulation member's account balance as determined by the Trustee on the advice of the Plan's Actuary.

The termination provisions do not require a minimum benefit to be paid but to apply assets in an order of priority. The Plan's assets are more than sufficient to meet Vested Benefits at the valuation date.

Experience since the Investigation Date

Since the investigation date there has been a downturn in investment markets which will have reduced the funding indices. We have incorporated this recent experience in the Short Term Projections shown in Section 6 of this report.

Summary

The levels of the funding measures have increased as a result of the experience of the Plan during the three years since the previous valuation.

Section 6: Valuation Contribution Results

It should be emphasised that the funding indices shown in Section 5 relate to the current position at the review date. A projection of the Plan is required to assess the adequacy of Company contribution rates to provide defined benefits in the future.

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

Long Term Contribution Rates

Summary of Valuation Results at 1 January 2022	Defined Benefit Section Members \$'000
Plan Assets	██████████
Less Present value of Accrued Benefits (PVAB)	██████████
Actuarial Surplus (Deficit) on Accrued Benefits	██████████
Present Value of Future Benefits	██████████
Total to be met from Future Contributions	██████████
Less Value of Members' Future 5% Contributions (net)	██████████
Total to be met from Future Company Contributions	██████████
Value of Company 1% Contributions	██████████
Net Company Contribution Required	0.0%
Plus Allowances for Contribution Tax and Expenses	0.0%
Gross Company Contribution Required	Nil*

* Plan surplus sufficient to fund accrual of future benefits and expenses (approx. \$30,000 p.a.)

The long term required Company contribution rate at 1 January 2022 produced by the Aggregate Cost Method is ██████% of Defined Benefit members' Salaries (this rate includes an allowance for tax and expenses). This result remains the same as the calculation in the previous valuation, predominantly due to the lack of changes in Plan membership, and growth in surplus assets over the 3 years to 31 December 2021 which further improved the funding position of the Plan.

In setting the contribution rate, we must also have regard to the projected VBI in the short term, with the aim of keeping this above 100.0%, but also in the context of declining defined benefit membership not allowing the surplus to get too large. The results of our examination of the VBI in the short term is shown on the next page.

After discussions with the Company, we recommend that the Company contribution rate for defined benefit members remain as Nil from 1 January 2022 given the current level of surplus assets in the Plan.

Recommended Company Contribution Rate

We recommend that the Company contribute at the following minimum rates from 1 January 2022:

Category	Recommended Employer Contribution
Defined Benefit Members	from 1 January 2022: 0.0% of Salary* plus 3% to Award Account where required
Accumulation Members	At least 10.0% of OTE Base** from 1 January 2022, increasing in accordance with the SG Act

* Salary equals Base Salary plus Bonus (where applicable).

** OTE Base refers to Ordinary Time Earnings Base as defined in the Superannuation Guarantee (Administration) Act 1992.

In addition, the Company should continue to pay any salary sacrifice member contributions and the cost of insurance premiums for the standard level of insurance cover in the Plan.

The surplus of the Plan is sufficiently large such that it is likely no future contributions will be required in respect of defined benefit members, and therefore we recommend that the Trustee consider whether some of the surplus can be utilised to fund contributions in respect of accumulation members for a short period (e.g. 3 months). If the Trustee wishes to use some of the surplus to fund contributions for accumulation members we will need to provide separate advice regarding the recommended duration for such a contribution holiday.

Short Term Projection

We have projected the Plan's defined benefit assets and vested benefits over the next three years on the basis that the employer contributions are in line with the recommended rates above. The additional accumulation accounts of Defined Benefit members have been excluded.

Since the investigation date there has been a downturn in investment markets. We have incorporated this recent experience in the Short Term Projections shown in the table below.

	Defined Benefit Assets \$,000	Vested Benefits \$,000	Vested Benefits Ratio %	Accrued Benefits \$,000	Accrued Benefits Ratio %
1 January 2022					189.6%
1 January 2023					177.0%
1 January 2024					181.9%
1 January 2025					177.1%

The Vested and Accrued Benefits Ratios shown in the table above are for the defined benefit section only.

As can be seen in the table above, at the recommended contribution rate of Nil the funding ratios are projected to be maintained over the period to 1 January 2025.

In this projection, we have allowed for the following factors:

- Plan investment returns of -2.14% for the year to 31 December 2022, which incorporates actual returns of -4.22% to 31 May 2022 and assumed returns of 3.75% p.a. for the 7 months to 31 December 2022.
- Assumed investment returns of 3.75% p.a. from 1 January 2023 onwards.
- Assumed salary inflation of [REDACTED] % p.a.
- Assumed rates of exiting the Plan as set out in Appendix D thereafter.

Based on our projections, the Plan is expected to be in a satisfactory financial position at 1 January 2025 assuming:

- a the benefits in the Trust Deed and Benefits Specification Schedule remain unchanged
- b the future experience of the Plan is in accordance with the assumptions made in this valuation, and
- c the employer contributions are paid at the rates set out previously.

The financial status of the Plan is sensitive to actual financial experience (principally, investment returns and salary increases) and membership movements. We therefore recommend that a check is placed on the VBI at least once a year following the completion of the annual review, and also at any time if the Defined Benefit membership reduces significantly, in order to confirm that the Plan maintains coverage of vested benefits.

The next actuarial review is required to be performed at the latest three years after this review, i.e. as at 1 January 2025.

Section 7: Sensitivity Analysis and Material Risks

Sensitivity Analysis

For the purpose of this investigation the “gap” between the investment return (net of tax) and salary inflation assumption is 1.25% p.a. Other assumptions could be used and the table below shows the impact of varying the “gap” between these assumptions on the Plan’s financial position and long term contribution rate. No changes have been made to the demographic assumptions adopted for this valuation in the scenarios below.

	This Valuation Basis	Scenario 1	Scenario 2
“gap” between investment return and salary inflation assumptions	█% p.a.	█% p.a.	█% p.a.
Actuarial Value of Accrued Benefits Index for Defined Benefits only	█%	█%	█%
Long Term Contribution Rate*	Nil	Nil	Nil

* Including allowance for the cost of expenses as well as contributions tax, compulsory member contributions and allowing for the surplus on Actuarial Value of Accrued Benefits.

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

Material Risks

All scenarios below assume that Company contributions are paid in accordance with the recommendations made in this valuation. The scenarios below labelled “base” reflect the assumptions used in this valuation.

Salary Growth

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

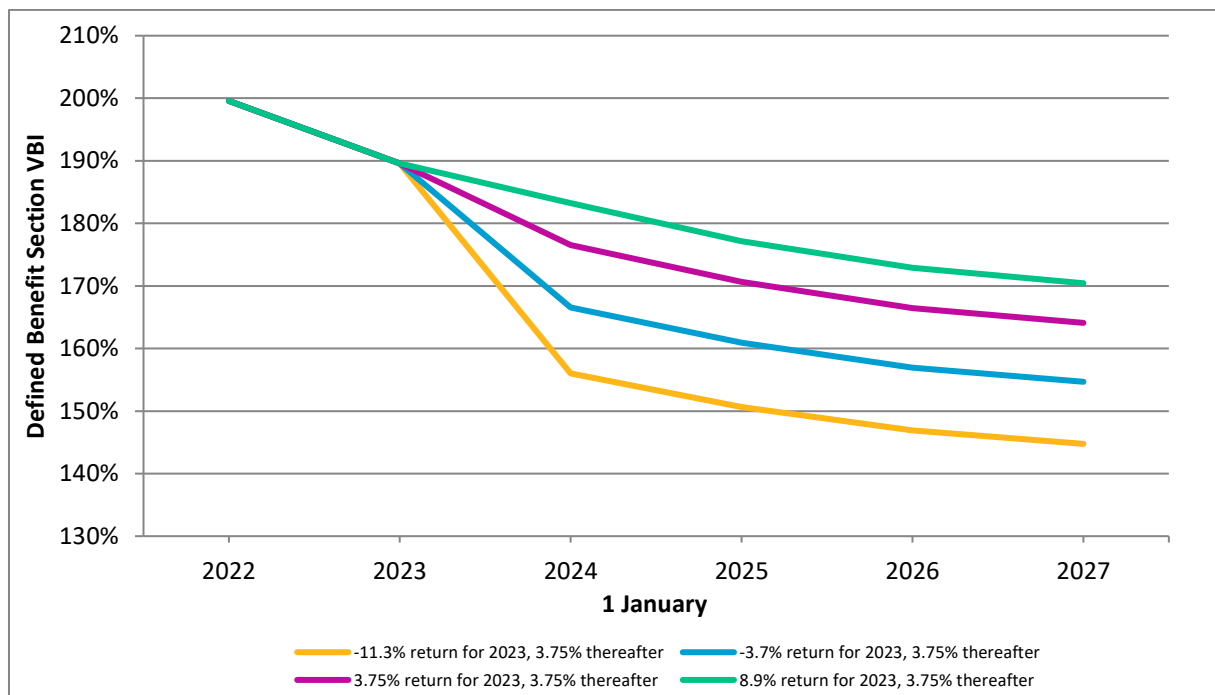
Investment Returns

For this valuation, we have adopted an investment return assumption (net of tax and investment fees) of 3.75% p.a. However, if actual investment returns are less than this, with all other actuarial assumptions borne out, then the funding position (Vested Benefits Index) will worsen and increased company contributions may be required.

The following chart highlights the sensitivity of the Plan’s financial position to changes in the actual investment return experience over the 5 year period ending 1 January 2027.

Note that the return applied in year one represents the Plan’s estimated investment return of -2.14% for the year to 31 December 2022. The Plan’s sensitivity to future investment experience is then tested under different scenarios by varying the investment return for the year to 31 December 2023 (year two of the projection) and then reverting to the long term expected return of 3.75% p.a. thereafter.

Projection of Vested Benefits Index



Members Attaining Age 55

When Plan members attain age 55 they become eligible for the Early Retirement Benefit. If this defined benefit is larger than their accumulation style resignation benefit, a point in time increase in their Vested Benefit and a corresponding reduction in the Plan’s VBI may result.

There is currently [REDACTED] still under age 55, and the reduction in VBI observed at 1 January 2024 in the graph above reflects [REDACTED] attaining age 55.

Future Review

The financial status of the Plan is sensitive to actual financial experience (principally, investment returns and salary increases) and membership movements. We therefore recommend that a check is placed on the VBI at least once a year following the completion of the annual review, and also at any time if the Defined Benefit membership reduces significantly, in order to confirm that the Plan maintains coverage of vested benefits.

The next actuarial review is required to be performed at the latest three years after this review, i.e. as at 1 January 2025.

Appendix A: Summary of Benefits

The detailed provisions of the Plan are contained in the Benefit Specification Schedule. This is a summary only of the main items in respect of the Defined Benefit members.

Eligibility

There are three categories of defined benefit membership, namely:

- Staff
- Wages
- International Transfers.

The defined benefit membership was closed to new members from 1 January 1993.

Contributions

Defined Benefit members (except International Transfers) contribute 5% of salary. Some members contribute the 5% of salary via salary sacrifice. International Transfers do not contribute.

The Company covers the balance of the cost of the benefits.

Normal Retirement Date (NRD)

65th birthday of a member.

Normal Retirement Benefit (NRB)

A lump sum benefit calculated as the greater of:

iii. $K\% \times \text{FAS}(2)$

and

iv. 2 x member's contribution accumulation.

Where:

K	16.67% for each YOCS as Staff member
plus	12.5% for each YOCS as Wages member
plus	0% for each YOCS as International Transfer member.

FAS(2) average of two highest consecutive annual Earnings during the ten years preceding retirement; plus the average of the Bonus Earnings over the three years prior to retirement.

For International Transfers, annual earnings and bonuses are converted to Australian Dollars at each review date (1 July) using exchange rates published by the Reserve Bank of Australia.

YOCS years of credited service (years and complete months) subject to a maximum of 40 years.

Note: Members of the previous Plan are guaranteed the benefits from that Plan as a minimum amount. This is equal to the greater of:

- iii. 1.5% x Career Earnings, plus the Member's Accumulation, or
- iv. 1.1% x FAS(%) x YOCS after 30 x 11.146 (males) or 15.54 (females).

Early Retirement Benefit (ERB)

Contributors are eligible for early retirement from age 55. The benefit is calculated in the same way for NRB but based upon YOCS and FAS at the date of actual retirement. This amount is then discounted by 1/600th for each complete month that early retirement precedes age 60.

The ERB is subject to a minimum of their resignation benefit. That is, the member will receive the greater of the above calculation and twice the member's contributions to the Plan accumulated with investment returns.

Members who transferred from the former Plan receive a guarantee of the Early Retirement provisions of that Plan, equal to the guaranteed normal retirement benefit described above discounted by 1/600th for each complete month that Early Retirement precedes the former NRD. This is payable if the member leaves within 10 years of age 65 (for males, and 60 for females) and has 15 years' service with the Company.

Late Retirement Benefit (LRB)

The contributor's NRB plus any member and employer contributions made in respect of membership after age 65, increased with interest at the crediting rate for the period of late retirement.

Death Benefit

Members receive a lump sum equal to their prospective NRB assuming membership in the current category had continued to NRD and that salary continued unaltered. This is subject to a minimum benefit of 2 times Recognised Earnings (this minimum does not apply to International Transfers) at the date of death, with a minimum of the Early Retirement benefit if the member is age 55 or more.

Prior to 1 January 2004, the death benefit was capped to a maximum of 4.75 times Recognised Earnings. This cap has since been removed.

The commuted value of the prospective Normal Retirement pension on the previous Plan basis is also guaranteed to former members of that Plan.

Total and Permanent Disablement Benefit

Before age 60: Calculated in the same manner as the Death Benefit.

From age 60: The Early Retirement Benefit.

Resignation Benefit

A return of twice the member's contributions to the Plan with investment earnings.

Accumulation Accounts

Defined Benefit members have an additional 3% of Salary paid by the Company to their Award Account. The Award Account, Member Voluntary Account and Rollover Account are paid in addition to the above benefits, and the Surcharge Account is deducted from the benefit.

Guarantee

Minimum benefit guarantees apply to members who joined the Plan prior to 1 August 1982.

Minimum Requisite Benefits

All benefits are subject to an accumulation based Minimum Requisite Benefit as defined in the Plan's Benefit Certificate. The latest certificate was prepared by Phil Patterson and is dated 14 January 2015 and remains in effect until 30 June 2019, unless replaced prior to that date.

Appendix B: Details of Membership

Defined Benefit membership as at 1 January 2022

Defined Benefit Category	Number of Members	Average Age	Average Completed Membership
Staff	■	■	■
Wages	■	■	■
Total	4	57.8	33.5

In addition to these 4 Defined Benefit members, there are 246 Accumulation members.

Salary Increases

The average annual rate of Base Salary increase over the review period of Defined Benefit members remaining in the Plan as at 1 January 2022 was approximately ■% p.a.

Appendix C: Changes in Membership

Changes in Membership for the Period 1 January 2019 to 1 January 2022

Category	Membership at 1 January 2019	Membership at 1 January 2022
Defined Benefit – Staff	■	■
Defined Benefit – Wages	■	■
Accumulation	280	246
Total	285	250

Appendix D: Valuation Method and Assumptions

Valuation Method

Aggregate.

Asset Value

Market value.

Investment Returns

3.75% p.a. compound (net of investment expenses and taxes, and asset based administration fees).

Inflationary Salary Increase

█% p.a. compound.

Promotional Salary Increase Rate

Nil.

Rates of Mortality, Total and Permanent Disability (TPD)

Nil

Rates of Early Retirement

Members are only assumed to retire upon reaching the Normal Retirement Date (i.e. at age 65).

Future Expense Allowance

Investment expenses and asset based administration fees are allowed for in the investment returns shown above which are assumed to be net of investment expenses.

No allowance has been made for administration costs for accumulation members as these are met by members.

Administration costs for defined benefit members are borne by the employer (via reimbursement of the defined benefit reserve). We have made an allowance of \$30,000 p.a. (indexed to salary inflation) of to account for these expenses, as well as consulting fees. We have assumed an asset based indirect costs of 0.63% also applies which is borne by the defined benefit reserve. We have made an allowance for this in our projections by incorporating it into the investment return assumption.

Insurance premiums for standard death and total and permanent disablement cover for all defined benefit members is funded from the defined benefit reserve by an additional company contribution and we assume this arrangement will continue.

New Entrants

No allowance for new entrants.

Taxes

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

Tax on contributions has been allowed for as 15% of Company contributions. No allowance has been made for GST or Reduced Input Tax Credits.

Surcharge Tax

No allowance has been made for the Surcharge Tax as the Trustee offsets any tax payable by the Plan against the benefits of the relevant Members, if the Member does not reimburse the Plan for the surcharge payable.

Composition of Membership

It has been assumed that Members remain in their current Category.

It has also been assumed that the same proportion of current membership remains in each defined benefit category as at present in determining a single Company contribution rate.

Appendix E: Statements required under paragraph 23 of SPS 160

Prudential Standard SPS 160

The statements required under paragraphs 23(a) to (h) of SPS 160 for regular investigations are set out below. Note, these are provided in relation to the Plan's defined benefit liabilities only.

These statements relate to the Colgate-Palmolive Superannuation Plan, a sub-plan of the Retirement Portfolio Service superannuation fund.

(a) Plan Assets

The net market value of the Plan's assets attributable to the defined benefit liabilities at 1 January 2022 was \$ [REDACTED]. This amount excludes assets attributable to accumulation members or the accumulation balances of defined benefit members as well as any Operational Risk Financial Requirement.

This value of assets at 1 January 2022 was used to determine the recommended Company contribution rates and assess the funding status measures and is also referred to as the "actuarial value" of the assets.

(b) Projection of Vested Benefits

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

Date	Defined Benefit Assets \$,000	Vested Benefits \$,000	Vested Benefits Ratio %
1 January 2022	[REDACTED]	[REDACTED]	199.6%
1 January 2023	[REDACTED]	[REDACTED]	189.6%
1 January 2024	[REDACTED]	[REDACTED]	176.5%
1 January 2025	[REDACTED]	[REDACTED]	170.6%

(c) Accrued Benefits

In my opinion, the value of the assets of the defined benefit members of the Plan (excluding any amount held to meet the ORFR) at 1 January 2022 was adequate to meet the liabilities in respect of the accrued benefits of defined benefit members of the Plan (measured as the value of members' accrued entitlements using the valuation assumptions). We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued liability.

(d) Vested Benefits

At 1 January 2022 the Plan was in a satisfactory financial position, as defined in SPS 160. In my opinion the Plan does not need to be treated as being in an unsatisfactory financial position. The shortfall limit does not need to be reviewed.

(e) Minimum Benefits

At 1 January 2022 the value of the minimum benefits of the defined benefit members of the Plan was less than the defined benefit assets at that date. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

The coverage of the MRBs for all defined benefit members of the Plan as at 1 January 2022 was 225.2%, and for all Plan members (including accumulation members) was 106.2%.

(f) Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period from 1 January 2019 to 1 January 2022 have been obtained. The Plan was solvent, as defined in the Superannuation Industry (Supervision) Regulations at 1 January 2022.

In my opinion, it is reasonable to expect that the solvency of the Plan will be able to be certified in any other Funding and Solvency Certificate required under the Regulations during the three year period to 1 January 2025, if the future financial experience of the Plan is in accordance with the actuarial assumptions made at 1 January 2022.

(g) Recommended Company Contributions

The recommended contributions payable by the Company as a result of this investigation are:

Category	Recommended Employer Contribution
Defined Benefit Members	From 1 January 2022: 0.0% of Salary* plus 3% to Award Account where required
Accumulation Members	At least 10.0% of OTE Base** from 1 January 2022, increasing in accordance with the SG Act

* Salary equals Base Salary plus Bonus (where applicable).

** OTE Base refers to Ordinary Time Earnings Base as defined in the Superannuation Guarantee (Administration) Act 1992.

In addition, the Company should continue to pay any salary sacrifice member contributions and the cost of insurance premiums for the standard level of insurance cover in the Plan.

In my opinion, the Plan was in satisfactory financial position at 1 January 2022. Assuming that:

- a the benefits described in the Trust Deed remain unchanged, and
- b Employer contributions are paid at the recommended rates, and

- c the future financial experience of the Plan is in accordance with the actuarial assumptions made at 1 January 2022,

then the Plan's financial position is likely to remain satisfactory over the three years following 1 January 2022. All Funding and Solvency certificates that were required or were material during the period of the investigation have been obtained.

I consider that an Actuary is likely to be able to certify the solvency position of the Plan in any Funding and Solvency Certificate that may be required under the Superannuation Industry (Supervision) Regulations during the three year period commencing from 1 January 2022.



Jackie Downham

Fellow of The Institute of Actuaries of Australia
as Actuary to the Colgate-Palmolive
Superannuation Plan

29 June 2022

D: ZX | TR: RS | CR,ER: JSD

Towers Watson Australia Pty Ltd
Level 16, Angel Place
123 Pitt Street
Sydney NSW 2000
Australia

T +61 2 9285 4000

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