Rest Climate Change Principles

Our mission is to help our members achieve their personal best retirement outcome. We aim to achieve this through meeting the stated investment objectives.

We believe that responsible investment, including the integration of environmental, social and governance (ESG) factors, adds value to our investment decision making process and therefore improves our members' retirement outcomes. This includes managing the risks and opportunities presented by climate change and the transition to a more sustainable, lower-carbon global economy.

With investments across economies, sectors, financial markets and communities, Rest advocates for the goals of the Paris Agreement which seek to keep global temperature rise this century well below 2 degrees Celsius[1]. We recognise that meeting this goal requires government action supported by investors, industries and a range of stakeholders across the globe.

We encourage market efforts to help investors understand their financial exposure to climate-related risks and opportunities in a clear, consistent and comparable manner, and support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In this context, we have also looked to the United Nations Sustainable Development Goals (SDGs), particularly Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action) as two SDGs our investments can contribute to, whilst maintaining strong long-term returns.

Seven Principles guide how Rest aims to assess and disclose climate-related risks[2] and opportunities. These Principles will inform and contribute to the processes Rest is developing to implement existing and emerging climate-related standards which support organisations manage climate-related risks and opportunities. They also support Rest in the fulfillment of duties to its members.

Principles

1. As a Universal Owner with exposure across different markets, we advocate for and encourage the transition to the lower carbon economy, acknowledging the importance this has in reducing financial risks to our portfolio.
2. We will seek to leverage the opportunities the lower carbon transition presents and will allocate capital to assets which are commercially viable.
3. When making new investment decisions, we will assess the climate-related financial risks when evaluating the expected overall investment performance.
4. We will regularly review existing investments for climate-related financial considerations.
5. We will evaluate and incorporate evolving climate-related industry practices into our investment processes and share learnings.
6. Through monitoring and disclosing the risks of climate change, we will be better able to identify and mitigate potential negative climate-related exposure.
7. We will promote acceptance and implementation of these Principles to external investment managers, investment service providers; and all other relevant stakeholders.

[1] https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement

[2] Climate-related risk' is large-scale and complex. For the purposes of these Principles, the term covers all Physical risk (e.g. damage to property), Transition risk (e.g. disruption resulting from the shift to a lower carbon economy), and Liability risks (e.g. when parties have suffered loss or damage)