Sustainability, Responsible Investment and Climate Change Supplement

Effective 30 June 2021

Contents

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01

Introduction

Opening statement from the CEO

Vicki Doyle
Chief Executive Officer

I'm delighted to introduce Rest's inaugural **Sustainability, Responsible Investment and Climate Change Supplement.** While this report covers steps taken during the 2020/21 financial year, in many ways it is also a reflection of the progress made over many years.

This *Sustainability, responsible investment, and climate change supplement*, comes at a critical juncture for the global community. The latest climate change assessment report from the Intergovernmental Panel on Climate Change (IPCC) has confirmed the need for urgent decarbonisation. There is increased focus on supply chains and modern slavery, and ongoing concerns about gender equality and women's financial security. And, of course, we are still living through the most serious pandemic in a century, with an uncertain recovery ahead.

Ensuring the best financial interests of our more than 1.8 million members amid these difficult times is a strategic challenge and opportunity for Rest.

Our members come from all corners of the country and all walks of life. They reside in our capital cities, regional centres and country towns. While most are in the early stages of their working lives, there are thousands who are approaching retirement. More than one million of our members are women, many of whom work in part-time, casual and lower-income jobs.

Our mission is to help our members achieve their personal best retirement outcome. We also have an ambition to be recognised as the most trusted superannuation fund in Australia, by our members and the broader community.

Sustainability is fundamental to our mission and our ambition. It informs how we invest responsibly, our corporate responsibilities as an organisation, and how we advocate for change on matters that are important to our members.

Responsible and sustainable investment can minimise risks to our members' retirement savings, and open up new opportunities for growth. Transparency and accountability is critical to building trust. Members must have the utmost confidence in us as a responsible organisation. Robust disclosure is an important way to support this.

We have been making progress in this area since 2013, when we adopted a sustainability policy, and voting and proxy policy in investments. Environmental, social and governance (ESG) factors are considered across our investment decisions and we are active stewards of capital.

Building on our progress, we have prioritised five United Nations Sustainable Development Goals (SDGs), as part of our wider sustainability approach and contribution to sustainability. These are SDG5: Gender equality; SDG7: Affordable and clean energy; SDG8 Decent work and economic growth; SDG10: Reduced inequalities; and SDG13: Climate action. Guided by these, we support actions that will build a better, fairer and more sustainable future for members.

In November 2020, Rest made an agreement to better handle our climate change risks through a series of initiatives. In particular, we set a long-term objective to achieve a net zero carbon footprint for the fund by 2050, and committed to measuring, monitoring and reporting outcomes on our climate-related progress and actions in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

These are important initiatives, and, they represent the logical next step for Rest after all the work we've done over many years to incorporate the financial risk and opportunities of climate change in our investment decision making.

We have now adopted a roadmap to achieve our long-term net zero objective. This roadmap includes six key measures, including winding down our exposure to thermal coal mining in our shares portfolio, an increase in investments in renewable energy and low-carbon solutions assets, and advocacy for economy-wide emissions reductions of 45 per cent by 2030, on 2005 levels.

In March 2021, we launched Sustainable Growth, an ethical and sustainable investment option that provides our members with more choice in how they invest their retirement savings. Sustainable Growth is one of the lowest-fee ethical options available from superannuation funds, and has specific inclusions such as renewable energy and green buildings – and exclusions – such fossil fuels and unethical supply chain practices.

There were many other highlights during the financial year, including a code of conduct for our external suppliers, a new 16-week gender-neutral parental leave policy, and important reforms to superannuation law that will see lower-income Australians accrue greater contributions.

Beyond our financial year 2020/21 reporting period, we were proud to be acknowledged, in September 2021, as a Responsible Investment Leader for 2020 by the Responsible Investment Association Australasia (RIAA) in their *Responsible Investment Benchmark Report Australia 2021*.

The RIAA assessed our commitment to responsible investment and transparency; how we integrate ESG into our investment processes, our practices as an active asset owner; and how we invest in assets that generate strong returns and have a positive impact to society.

This achievement confirms that our approach, governance and ongoing program – the foundations of our sustainability strategy – are among the best in the superannuation industry. It also highlighted areas for continuous improvement in the years ahead.

We are also a signatory to the Principles for Responsible Investment (PRI). In our 2020 assessment, in which we reported voluntarily, we achieved an 'A' rating in the strategy and governance module, and have plans to improve upon this over the coming years as we shift to mandatory reporting.

This *Sustainability, Responsible Investment and Climate Change Supplement* explores our achievements in greater detail and highlights the steps we plan to take to contribute to sustainability outcomes and be a responsible fund on behalf of our members.

Highlights

Responsible investment

Member preferences for responsible investment

Launched our Sustainable Growth option

Rest's roadmap to net zero emissions by 2050

A in the PRI strategy and governance module

Corporate responsibility

Introduced Supplier Code of Conduct

Published Modern Slavery Statement

Calculated Rest's carbon footprint

Met Board gender diversity target

02
Sustainability at Rest

Our approach to responsible investment, corporate responsibility, advocacy and engagement.

Our ambition

To be recognised as the most trusted super fund in Australia.

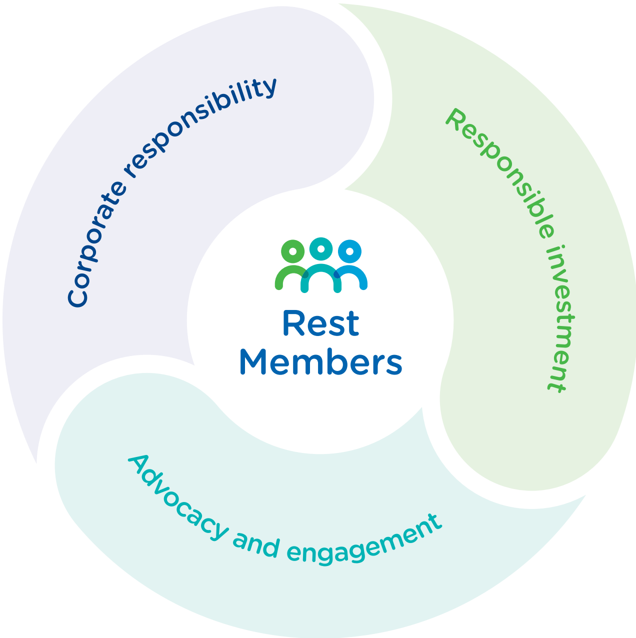
Our mission

Help members achieve their personal best retirement outcome.

Our Sustainability Statement

To achieve the best possible retirement outcomes for our members, we support actions for a better, fairer and more sustainable future.

Sustainability at Rest



To achieve the best possible retirement outcomes for our members, we support actions for a better, fairer and more sustainable future.

Rest exists for our members. We are focused on their financial future, and we support actions that build a better, fairer and more sustainable future. This can range from investing in clean energy to advocating for a fair super system.

Rest members

- We are committed to giving all Australians a fair go for a stronger future. We offer low fees, long-term performance and profit to members. With a range of super solutions, we offer super products for everyone in all industries, working with employers and industry associations.

Responsible investment

- We believe responsible investment adds value. As a long-term global investor, Rest considers and integrates ESG factors to reduce risks, improve returns and maximise investment opportunities.

Corporate responsibility

- Rest is a responsible organisation that is building stronger foundations through Board and management governance structures, and our people, operations and supply chain.

Advocacy and engagement

- We advocate to improve retirement outcomes for our members, particularly women, and those in lower-income, part-time and casual jobs.
- Our industry investment collaborations help promote good ESG practices across both our industry and in the entities we invest in. We also engage with companies we are invested in to positively influence ESG performance, and engage with regulators and other stakeholders to effect positive change.

Stakeholder engagement and inclusiveness

As an industry superannuation fund, we have a range of stakeholders who may be significantly affected by our products, services or actions. We have identified our key stakeholders and are committed to constructive dialogue with them. We use this engagement as a tool for understanding their reasonable expectations and interests, and for identifying societal expectations.

We are committed to engaging with our key stakeholders.

Members

Employers

Service providers

Unions

Associations

Board

Employees

Investment manager and consultants

Government and regulators

Community organisations

Our engagement focuses on what matters, which includes:

- Providing super that works for members
- Supporting members with service, education and advice
- Investing responsibly
- Providing affordable insurance
- Ensuring good workplaces
- Supporting environmental sustainability
- Having ethical business practices.

UN Sustainable Development Goals

Business and investment performance is unlikely to thrive in a world of poverty, inequality, unrest and environmental stress.

It is therefore in our members' best financial interests to contribute to the United Nations Sustainable Development Goals (UN SDGs).

Endorsed by all 193 UN Member States in 2015, the SDGs focus global efforts in a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

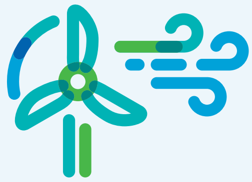
They provide a blueprint to achieve a better and more sustainable future for all.

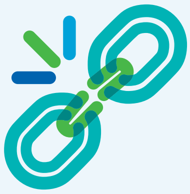
The success of the SDGs will be based on the combined efforts by all parties in society, including the business and finance community. We have identified where Rest can make the most relevant impact, and upon review of the 17 SDGs, we prioritised five SDGs we could best align to as being the leading focus of our contribution to sustainability.

We present our progress to the five SDGs, as at 30 June 2021, with further information provided throughout the supplement.

Gender equality

- We are making progress on gender diversity, and so far have achieved the following:
  - Rest Board: 44 per cent female; 56 per cent male (targeting at least 33 per cent of each gender)
  - Leadership roles: 46 per cent female; 54 per cent male (targeting 50 per cent of each)
  - All employees: 48 per cent female; 52 per cent male (targeting 50 per cent of each).
- We launched a new gender-neutral parental leave scheme for Rest employees that provides up to 16 weeks of paid leave to eligible staff regardless of gender or carer status (for more information, see page 49)
- We continued to advocate for Superannuation Guarantee payments to be included in the Commonwealth Parental Leave Pay, and Dad and Partner Pay schemes
- As members of the Australian Council of Superannuation Investors (ACSI), Rest supported the increase in the representation of women Board roles, which is now around 34 per cent in the ASX 200. This included 17 boards on the back of ACSI's engagement appointing their first female NED in 2020.





Affordable and clean energy

- We launched the Sustainable Growth ethical and sustainable investment option (for more information, see page 15)
- Our Collgar Wind Farm generated nearly 20 per cent of Western Australia's wholesale renewable power in 2020/2021, enough to power 134,000 average homes for a year
- We invest $927 million in renewable energy infrastructure assets and low-carbon solution assets
- We invest $1.08 billion in listed companies, which MSCI classifies as 'low-carbon solutions'
- 76 per cent of our property asset class has net zero in operation carbon emission plans.

Decent work and economic growth

- We published our first Modern Slavery Statement after assessing our investment managers for modern slavery risk; and risk assessed our top 50 suppliers with increased inherent risk for modern slavery
- We joined the Investors Against Slavery and Trafficking (IAST) APAC coalition and signed the 'Investor statement on modern slavery, human trafficking and labour exploitation issues'
- We published our Supplier Code of Conduct
- We participated in AIST and ASFA pre-budget submissions to advocate for improvements to the retirement incomes system
- We advocated for the rise of the Superannuation Guarantee to 12 per cent to go ahead according to the legislated timeframe (for more information, see page 51)
- Achieved a people engagement score of 64 per cent (78 per cent target), and a wellbeing score of 86 per cent (for more information, see page 49).

Reduced inequalities

- We advocated to remove the $450 monthly income threshold for payment of the Superannuation Guarantee (for more information, see page 51)
- We implemented a Vulnerable Consumers Policy in line with our commitments under the Insurance in Superannuation Voluntary Code of Practice
- Everyone in a leadership role at Rest undertook a face-to-face training course on unconscious bias to enable greater gender and diversity inclusion in the workplace.

Climate action

- We set an objective to achieve a net zero carbon footprint for the fund by 2050, and developed measures and a roadmap to achieve this (for more information, see page 36)
- We stress tested our asset allocation against the impact of climate change in line with two International Energy Agency scenarios, a business-as-usual (warming up to 3.2 degrees Celsius by 2100) and a sustainable development scenario (warming up to 1.8 degrees Celsius by 2100)
- We collaborated with the Australian Council of Superannuation Investors, which over the course of 2020 saw 14 of 20 target companies commit to net zero emissions by 2050.
- We monitor investment managers for their management of climate change financial risk.

All information relates to 1 July 2020 to 30 June 2021, or is as at 30 June 2021, and otherwise is referred to throughout the report as 2020/21.

Governance

The Rest Board is responsible for corporate governance. This includes Rest's purpose and strategy, brand and reputation, risk management and risk culture.

The Board's role is to provide leadership, strategic guidance and oversight that supports the sound and prudent management of the Fund to deliver outcomes that are in members best financial interest.

The Board is kept informed about progress on sustainability, responsible investment and matters related to climate change, and to assist with strategic planning. It has adopted a 'three-lenses' approach to decision making for sustainability-related initiatives and to achieve results that are in members' best financial interests.

The three lenses are:

- Member preferences: reflecting members' expectations in relation to ESG matters
- Risk, return and opportunity: managing investment risks and leveraging opportunities
- Community expectations: reflecting the level of acceptance and/or approval that stakeholders and communities extend to the Fund.

Each lens provides insight into the financial impact of certain ESG risks on member outcomes.

The Board exercises its right to delegate the relevant aspects of sustainability, responsible investment and climate change-related matters to the relevant committees, and the diagram on page 12 sets out the governance structure which was in place over the course of 2020/21.

A formal sustainability update, which includes climate change progress as related to Rest's operations and supply chain, and progress against the five prioritised SDGs, is provided to the Rest Board approximately every six months.

Responsible investment and climate change-related investment matters are reported to the Board Investment Committee, with material items presented at the Board.

Climate matters that relate to the Rest Risk Management Strategy, including for investments, operations and supply chains, are reported to the Audit, Risk and Compliance Committee (ARCC) on a quarterly basis.

Management responsibility for sustainability, responsible investment and climate change

Group Executive, Risk and Governance

The Group Executive, Risk and Governance remains the executive sponsor for Rest's approach to sustainability and Chair of the Sustainability Forum, a cross-functional forum that meets monthly. The forum advocates for sustainability across the organisation and also provides a line of sight into the progress being made on Rest's prioritised SDGs, as well as collaborating on specific initiatives.

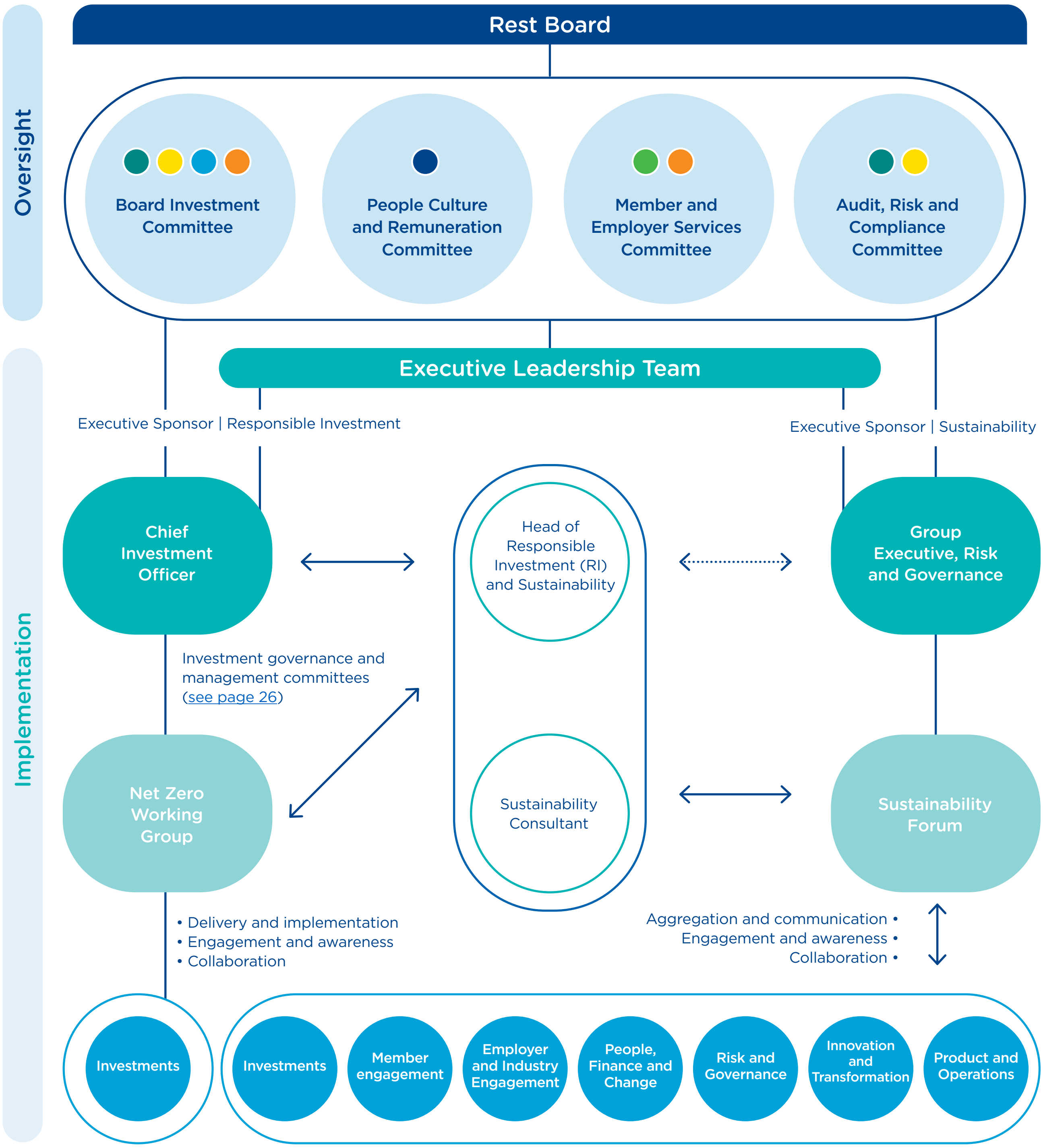
Chief Investment Officer

During 2021, Rest appointed a Chief Investment Officer (CIO) for the whole fund. The CIO has a key role in working with the Board Investment Committee (BIC), and setting up the governance structures within the Rest Investments function. During the reporting year, a Management Investment Committee (MIC) was formed, which the CIO chairs. Under Rest Investments' delegation framework, the CIO is accountable for responsible investment matters at the MIC. See Section 4 for more information on investment governance.

Head of Responsible Investment and Sustainability

The Head of Responsible Investment and Sustainability leads the strategic direction and execution of Rest's practices across a broad range of sustainability, responsible investment and climate change matters and is a member of the MIC. During 2020/21, Rest Investments established a Net Zero Working Group, chaired by the Head of Responsible Investment and Sustainability. The output of this group was Rest's roadmap to net zero emissions by 2050, approved by the MIC, and overseen by the BIC and Board.
Over the course of 2021/22, the initiatives in this roadmap will be integrated into the newly established Rest Investments governance structures.

Sustainability, responsible investment and climate change governance



Legend

- Modern slavery – BIC and ARCC
- Climate change – BIC and ARCC
- Diversity, gender and inclusion – PCRC
- Responsible Investment – BIC
- Sustainable Growth option – BIC and MESC
- Member research - MESC

ARCC:	Audit, Risk and Compliance Committee
BIC:	Board Investment Committee
MESC:	Member and Employer Services Committee
PCRC:	People Culture and Remuneration Committee

Approach and disclosure

This supplement to the Rest Annual Report presents Rest's first sustainability, responsible investment and climate change disclosure, extending beyond what is available on **rest.com.au**

It also discloses how Rest measures, monitors and reports outcomes on climate change-related progress and actions in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This is Rest's first TCFD-aligned disclosure.

Other documents available on rest.com.au complement and/or extend on this supplement include:

- Climate Change Principles
- Collgar Wind Farm factsheet (also available on page 42)
- Modern Slavery Statement
- Rest's roadmap to net zero emissions by 2050
- Supplier Code of Conduct
- Tax transparency report.

Reporting scope: This report outlines our approach to the management of sustainability, responsible investment and climate change at Rest. It covers the financial year 1 July 2020 to 30 June 2021, unless otherwise stated.

What is the TCFD?

The Task Force on Climate-Related Financial Disclosures, also known as the TCFD is a globally recognised framework to help public companies, financial institutions and other organisations report climate-related risks and opportunities. Reporting is structured around four thematic areas - Governance, Strategy, Risk Management and Metrics and Targets, see Section 4 for more information.

03

Our members

Member choice: Sustainable Growth option

Sustainable Growth option: Fair is an investment choice that doesn't cost the planet.

Sustainable Growth, our ethical and sustainable investment option, also known as a socially responsible investment (SRI) option. We developed the Sustainable Growth option informed by member feedback.

This feedback was first provided during Rest's 2019 Responsible Investment survey of 2,030 members. We also held three qualitative focus groups with 25 members. One finding was that 73 per cent of Rest members supported the introduction of a new socially responsible and/or ethical option, in addition to the investment options available at the time.

This survey also provided early insights into the exclusions Rest members preferred including:

- Companies involved in unethical supply chain practices
- Industries involved in animal cruelty
- Companies involved in gender discrimination
- Companies with a recent track record of environmental damage
- Companies with excessive executive remuneration
- Tobacco industry
- Gambling industry
- Logging industry
- Fossil fuel industry.

Importantly, this feedback concluded with low fees and high returns being of the highest priority.

To extend this research, and to put members' values and preferences at the very core of product design three further research phases were conducted in 2020.

In a first for the fund, we began developing an ethical and sustainable option by speaking to our members through a survey issued to 647,218 Rest members in December 2020. See more information in Member Engagement.

By engaging with our members, we were able to further develop our understanding of how important it was to them to have an ethical and sustainable option available. We then gave them an active role in shaping the name of the option, as well as the types of assets that would be included and excluded.

Through the 2020 research, Rest confirmed the exclusion criteria, the positive screens members wanted, asset growth profile, and also the option's name.

The key findings included:

- 77 per cent of respondents expressed interest in Rest developing an ethical investment option, slightly higher than the findings of the 2019 survey
- Sustainable Growth was the preferred name of the option
- Key negative exclusions included, companies involved in environmental damage, unethical supply chains and animal cruelty
- Key positive inclusions were to have exposures to companies involved in clean energy, energy efficiency and climate action.

These findings helped determine the assessment criteria for viable investments for this option.

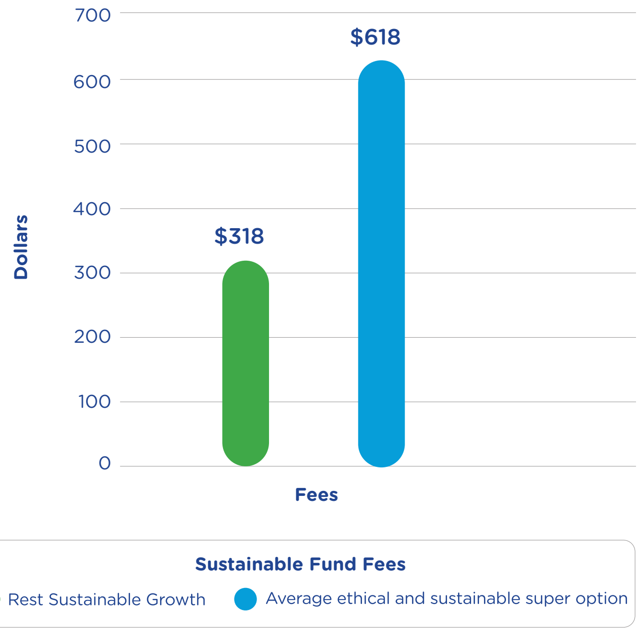
Rest is proud to have listened to our members and to have launched one of the lowest-fee ethical and sustainable investment options on the market. The aim of the option is to maximise returns over the long term by investing in a diversified portfolio with enhanced ESG investment characteristics and weighted towards growth assets. It sets out to grow our members' super over the long term and to help protect their future too.

Fee comparison

Providing our members with a diverse range of investment options and continuing to deliver low fees remains a top priority for Rest, and it is something we are proud to offer.

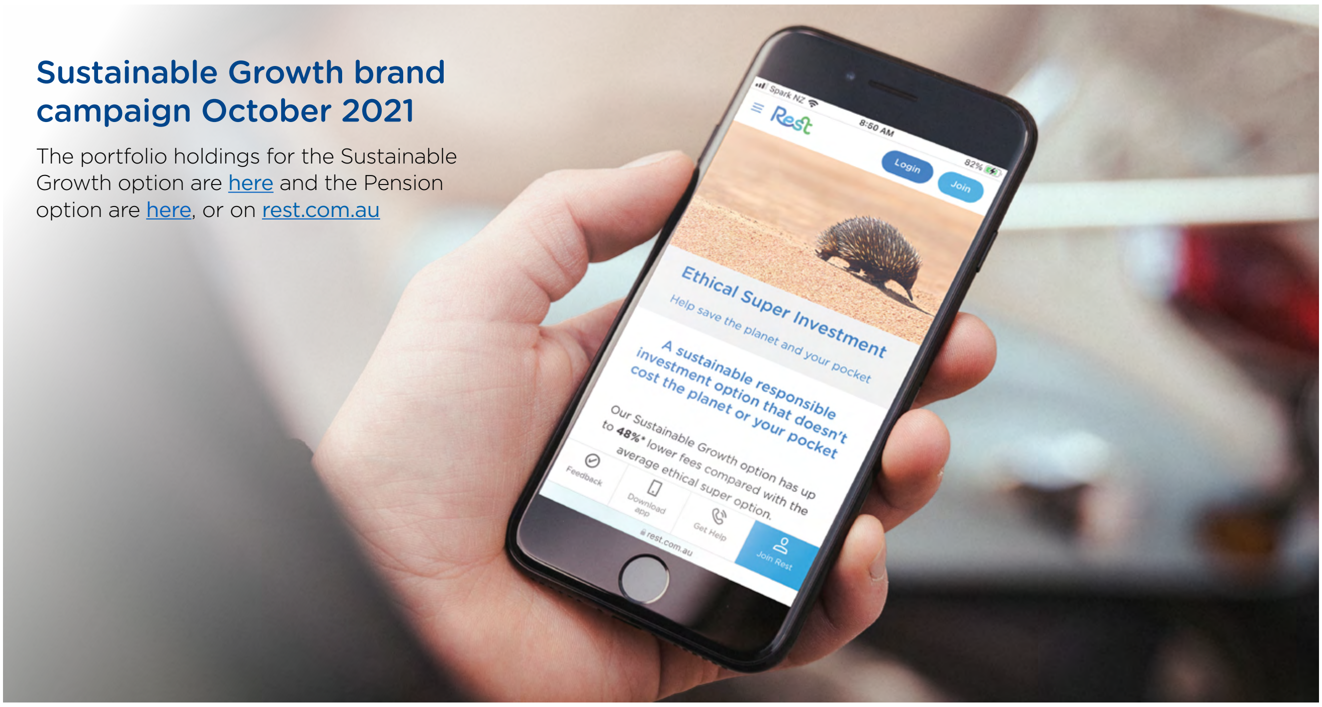
The Sustainable Growth option invests in diverse companies and assets carefully selected to exclude companies that cause harm and include those that make a positive contribution to the environment and society. This gives members an ethical and sustainable investment choice that has been scanned for ESG impacts. The portfolio has also been positively tilted to companies that are demonstrated leaders in ESG.

Our Sustainable Growth option has 48%[1] lower fees compared with the average ethical and sustainable super option



Sustainable Growth brand campaign October 2021

The portfolio holdings for the Sustainable Growth option are [here](#) and the Pension option are [here](#), or on [rest.com.au](#)



[1] Source: SuperRatings Sustainable Survey fee comparison as at 30 June 2021. Fees are for a $50,000 member account balance, including fixed dollar and percentage-based administration fees, investment fees and indirect cost ratios (ICRs). All fees used in this comparison are based on the sustainable balanced options from the funds' publicly available Product Disclosure Statements. Contribution fees, entry fees, exit fees, additional adviser fees or any other fees are excluded from this comparison. SuperRatings Pty Limited does not issue, sell, guarantee or underwrite this product. Go to [superratings.com.au](#) for details of its ratings criteria. Ratings, awards or investment returns are only one factor that you should consider when deciding how to invest your super.

Shaped with the help of members, this option grows your super and helps protect the future while also saving on fees.

"By speaking to our members first, we gauged the importance to them of having an ethical option available, and then gave them an active role in shaping its name, inclusions and exclusions. We got a sense of their priorities, and could see that for many Rest members, ethical investing is of significant importance."

Vicky Doyle, Rest Chief Executive Officer

As at 30 June 2021, the Sustainable Growth option had $33 million in funds under management.

Shaped with the help of **members**

We look for players in:

- Renewables & low carbon assets
- Green buildings
- Sustainable infrastructure
- Environmental sustainability & resource efficiency
- Equitable societies & respect for human rights
- Accountable governance & transparency

We avoid investments in:

- Fossil fuels
- Environmental damage
- Palm oil
- Animal cruelty
- Unethical supply chain practices
- Workplace & gender discrimination
- Excessive executive remuneration
- Gambling
- Tobacco
- Controversial weapons

Member Engagement

On our journey to be the most trusted super fund, and in a Rest first, we invited members to have their say and contribute to the development of Sustainable Growth – Rest's ethical and sustainable investment option launched in March 2021.

Members we engaged with told us that they felt strongly about sustainability and responsible investment. In fact, 75 per cent of Rest members expect their super fund to invest responsibly without impacting the return on investment.

We consulted with a range of members to build our ethical and sustainable investment option. The member engagement project had an engagement and a product development stream. Here, we tell the story of the engagement stream.

Respondents very positive about a Rest SRI option

77% are 'interested' or 'love it'. This interest is driven primarily by preferences such as:

- **Investments are sustainable**
- **Aligns with my values**
- **Positive impact on important issues**
- **Investment transparency**

My super priorities are low fees; high returns; responsible, sustainable and ethical investing; and good customer service. I believe that an ethical investment option would perform just as well or better than Rest Core Strategy over the long term (10 years).

Rest member

The engagement process included:

- Email invitations were sent to all members with an email address, with 647,128 emails delivered
- A total of 3,972 members completed a survey
- The survey responses were reviewed and analysed
- Member feedback was incorporated into product development
- An update was provided to registered members.

We asked our members about their preferences:

- Inclusions – what industries you would like us to invest in?
- Exclusions – what industries you would like us to avoid investing in? This is in addition to our existing exclusions related to tobacco and controversial weapons exposure
- The preferred investment option name, which was, "Sustainable Growth".

Survey respondents were very positive about an ethical investment option.

Based on member responses, our member research team were able to provide the investment and product teams with a list of critical inclusions and exclusions. This allowed the option to be designed with a complete member-centric view in mind.

Participants also chose the investment option name, and in March 2021 the Sustainable Growth option was launched. See more about the Sustainable Growth option in page 15.

75%

of members expect Rest to invest responsibly

647,128

emails delivered

3,972

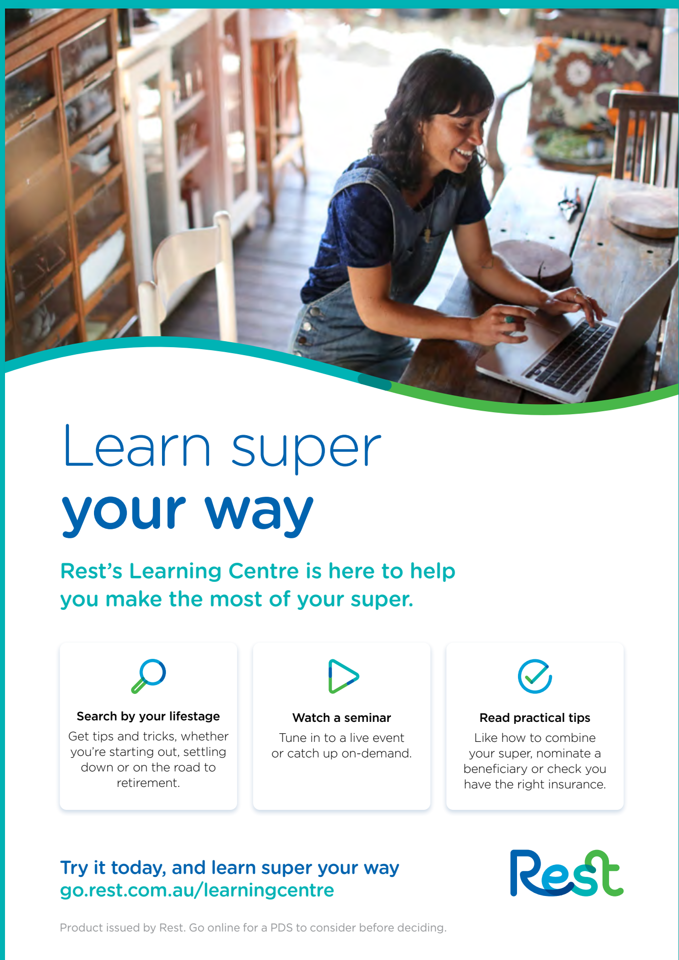
members completed the survey

* Research conducted by Lonergan Research via focus groups in July 2019 (of 25 Rest members) and online survey in Sept-Oct 2019 (of 2,030 Rest members) aged 18-29, 30-54 and aged 55+.).

Employer

Rest is committed to working with employers and engaging industry associations to champion sustainability and promote ESG considerations.

Over the last financial year, we have delivered on this commitment through a series of employer-focused campaigns, and advocacy in areas like gender equality in super and responsible investing. We supported these efforts through a comprehensive digital education program.



Rest's Financial Happiness Program

Rest is the super fund for all Australians. Our proud heritage of looking after people from all walks of life has shaped our focus on delivering fair, simple and progressive super options. Every one of our members deserves a personal best retirement outcome, and this program was developed to assist employers in empowering their employees to achieve it.

Rest's Financial Happiness Program was developed as a holistic course in financial literacy to help members understand their super, in conjunction with external financial expert, Finn Kelly.

The program begins by helping members to understand how their experiences, thoughts and attitudes have shaped their relationship with money. This sets the foundation for the rest of the program, which is delivered as a self-paced course with five online learning modules and a workbook to track progress.

The Financial Happiness Program has been designed to be rolled out through an employer's internal channels and Rest is on hand to support that process. Here's what some of the graduates from the course have said.

"My relationship with money has changed. I have a more peaceful mindset, I'm feeling less overwhelmed."

Program attendee

"I shifted from feeling like a failure over having debt... to a place of acceptance and confidence."

Program attendee

Digital Education Program

To improve the financial literacy of our members, the Rest Learning Centre webpage was launched in December 2020. New articles and digital assets were developed to suit the different life stages of our members. It also features a video series covering the basics of super; investment options, including sustainability; women and super; and retirement.

To improve our reach to members, we worked with employers to help promote our digital education content through their preferred internal channels. The most popular videos were Super Explained and Women in Super.

Responsible investment and the Sustainable Growth option

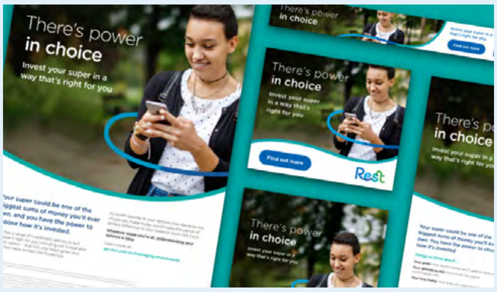
Rest has promoted our progress on responsible investment to employers via quarterly electronic newsletters, video updates from our Chief Investment Officer Andrew Lill, educational webinars and digital toolkits.

Case study | Employer campaign – Sustainable Growth option

A campaign example from 2020/21 illustrates how we worked with employers to assist them with the internal promotion of Rest's new Sustainable Growth investment option.

We developed a digital toolkit, available to all employers via our public website, with a selection of communications material for use across multiple channels.

This included printable posters through to email templates, digital web banners and social media posts.



Women and super

Rest is acutely aware of the significant gender pay gap in the Australia workforce, which results in women retiring with less superannuation to fund their retirement.

During the Early Release Scheme in response to the COVID-19 pandemic, Rest assisted more than 336,000 members in withdrawing funds from their superannuation accounts.

This widened the retirement gender gap, leaving a significantly deeper dent in female members' superannuation balances.

In addition to the Women and Super education sessions run in connection with employers, Rest also advocated for gender equality with an article published for an employer audience in Inside Retail.

"Talking to a financial expert allows us to better understand our personal financial situation. We offer financial advice to all members, usually at no extra cost*, as well as a range of innovative digital tools and education programs tailored to help women understand more about their super. It's our mission to make all of our members feel confident in super, so they can enjoy the retirement they deserve."

Deborah Potts, Group Executive of Employer and Industry Engagement

* Rest Advice may be accessed by members without incurring additional fees for a simple phone-based advice. An advice fee may be payable for complex advice and you should read the Rest Advice Financial Services Guide.

04

Our approach to responsible investment, including climate change

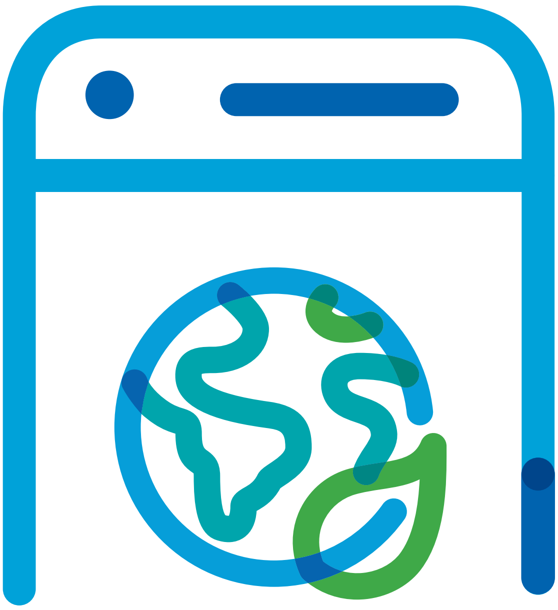
Responsible investment, as defined by the Principles of Responsible Investment, is a strategy and practice to incorporate ESG factors in investment decisions and active ownership.

This section of the supplement provides a deeper dive into Rest's approach to responsible investment, including our approach to climate change.

Governance | Responsible investment and climate change

Rest has investment beliefs that guide and shape how we manage our members retirement savings. One of these is, 'Responsible investment adds value'.

As a long-term global investor, Rest considers and integrates ESG factors to reduce risks, improve returns and maximise investment opportunities.



Fully integrating responsible investment and climate change into governance structures

Further to the Board and management governance structures outlined on pages 11-12, over the course of 2020/21, the Rest Investments structure and governance uplift continued under the leadership of the Rest CIO Andrew Lill, who was appointed in August 2020.

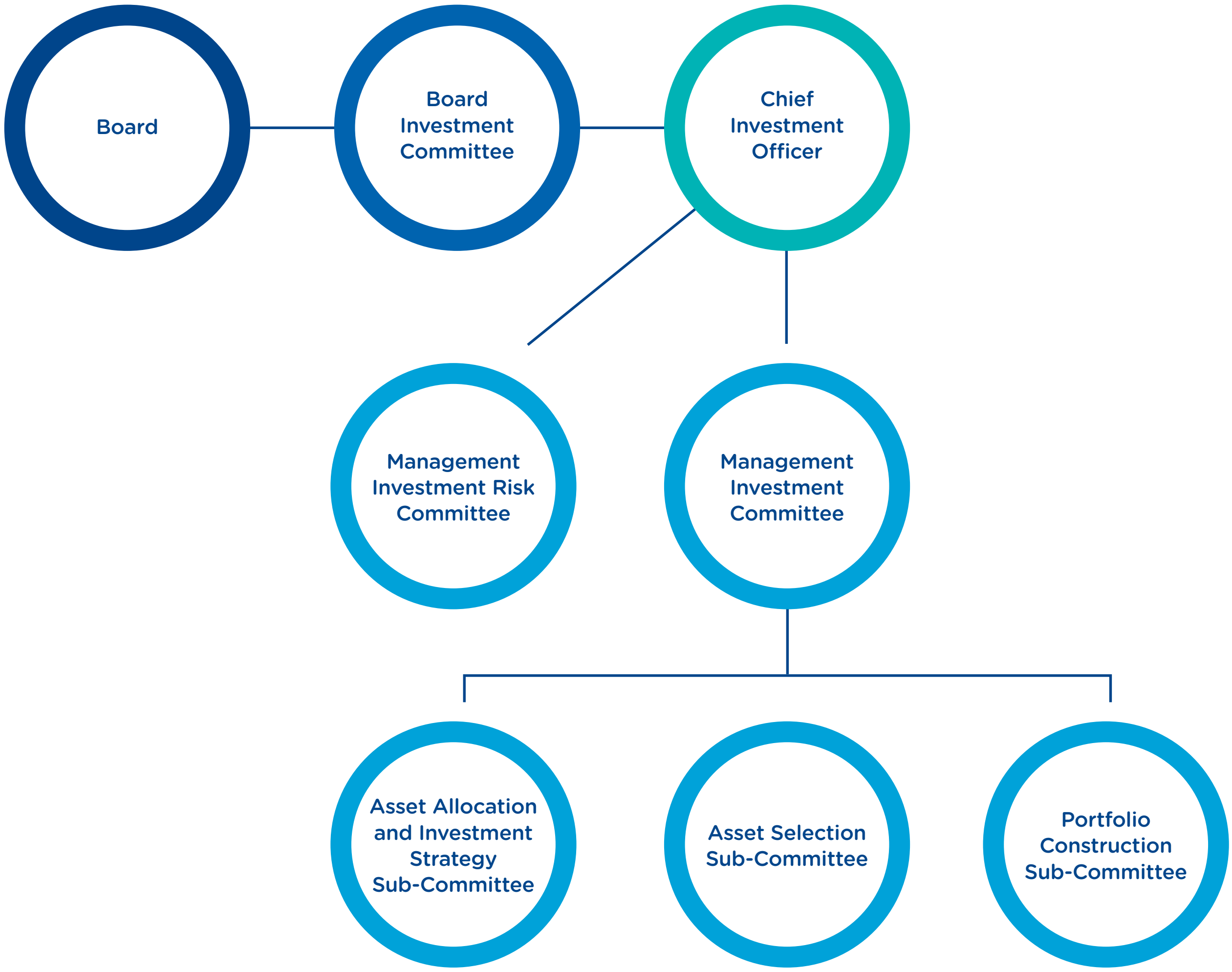
A Management Investment Committee was established, with sub-committees to ensure that the appropriate focus and expertise were harnessed in the making of key investment decisions. These sub-committees included:

- Asset Allocation and Investment Strategy
- Investment Selection
- Portfolio Construction.

A Management Investment Risk Committee, reporting directly to the Board Investment Committee (BIC), was also established.

Responsible investment, including climate change matters, were represented at all of these committees, with formal inclusion in sub-committee charters expected in FY22.

Investment governance



Sustainability within Rests investment governance and investment policy suite

During 2020/21 we renamed and refreshed our investments Sustainability Policy, which we first implemented in 2013. The Rest Board approved the Responsible Investment Policy in June 2021.

Rest established a Climate Change Policy in 2018 which we review annually and significantly uplifted in 2020/21. The Rest Climate Change Principles were developed in 2020.

In addition to these policies, in 2019/20 responsible investment and climate change matters were included in the newly developed Pre-investment Due Diligence Protocol and the Ongoing Due Diligence Protocol. Both approved by the CIO.

Strategy | Responsible investment and climate change

In June 2020, the Rest Board approved six responsible investment principles and publicly endorsed actions that support the Paris Agreement as well as the recommendations of the TCFD.

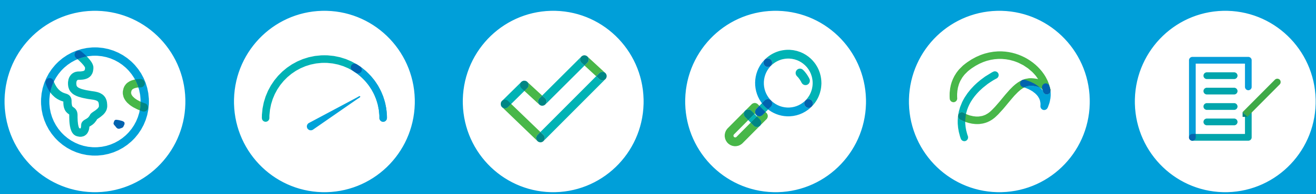
The six pillars of responsible investment are:

1. Responsible Investment Governance
2. ESG Integration
3. Active Ownership
4. Screening, Thematic & Impact Investing
5. Collective Responsibility and Advocacy
6. Disclosure and Transparency.

The development of this approach was guided by the framework of the Principles of Responsible Investment (PRI) the Responsible Investment Association Australasian (RIAA) guidance documents, the results of the 2019 responsible investment survey of members, the emerging Australian Sustainable Finance Roadmap, and research into the best practices of leading domestic and global superannuation funds and investment managers. Each component was then considered against Rest's own ambition, mission, fund structure and member preferences.

The Rest Responsible Investment Policy explains in detail how these are executed in Rest Investments.

Six pillars of responsible investment



Governance

Board oversight and management's role

ESG Integration

Reduce risks and achieve strong financial returns

Active Ownership

Using our rights and positions of ownership to maximise returns and have a positive impact on society and the environment

Screening Thematic and Impact Investing

Implementing a range of responsible investment approaches

Collective Responsibility and Advocacy

Part of a common voice on environmental, social and governance factors

Disclosure and Transparency

Informing you about what matters

Climate-related strategy

The TCFD recommends that asset owners disclose how they approach climate change within their strategies. This includes how climate change is factored into investment strategies; for example, during asset class reviews, and/or during scenario analysis.

In 2020/21, Rest addressed the impacts of climate change at the whole of fund, asset class or asset level.

Climate-related scenario analysis

Scenarios provide hypothetical constructs to consider how the future might look if certain trends continue. In the case of climate change, a scenario may allow a financial institution to explore and develop an understanding of how various combinations of climate-related risks may affect investment performance over time. The TCFD recommends that asset owners, like Rest, perform scenario analysis.

Asset Allocation and Investment Strategy

The Rest BIC and Board review the Asset Allocation and Investment Strategy each May-June, in the context of the following investment time frames:

- Short-term: 0 – 1 year
- Medium-term: 1 – 3 years
- Long-term outlook: 10+ years.

Within these annual reviews, a small group of structural themes are identified, such as major economic and/or social changes or trends that are likely to materially influence the global economy and investment outcomes over the long term.

In 2019, climate change was identified as one of the long-term structural themes.

By the 2020 and 2021 investment strategy reviews, Rest had applied scenario analysis.

This analysis stress tested the strategic asset allocation of the Core Strategy investment option under two possible climate change scenarios. This aligned to the long-term outlook time horizon (10+ years).

Case study: Investment strategy climate scenario analysis

Engaging with Rest's investment consultant, the potential impacts of climate change were considered during the annual review of investment strategy and asset allocation. This is known as a, 'top down' analysis and is based on Rest's strategic asset allocation, rather than all Rest's individual assets aggregated up. Therefore, it is indicative, rather than exact, and aligned with the current analysis of the investment industry.

Two very different scenarios were developed to assess a range of potential impacts on asset risks and returns over both the intermediate term (to 2030) and the longer term (to 2040). The chosen scenarios were based on the widely recognised International Energy Agency (IEA) scenarios, with the scenarios and results as follows:

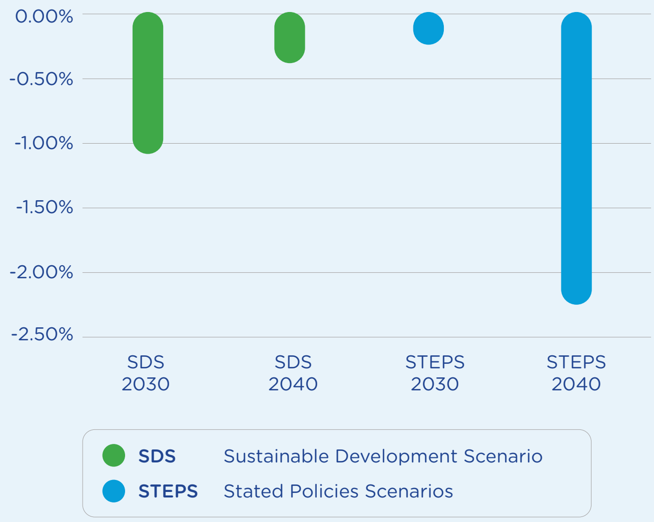
Sustainable Development Scenario (SDS):

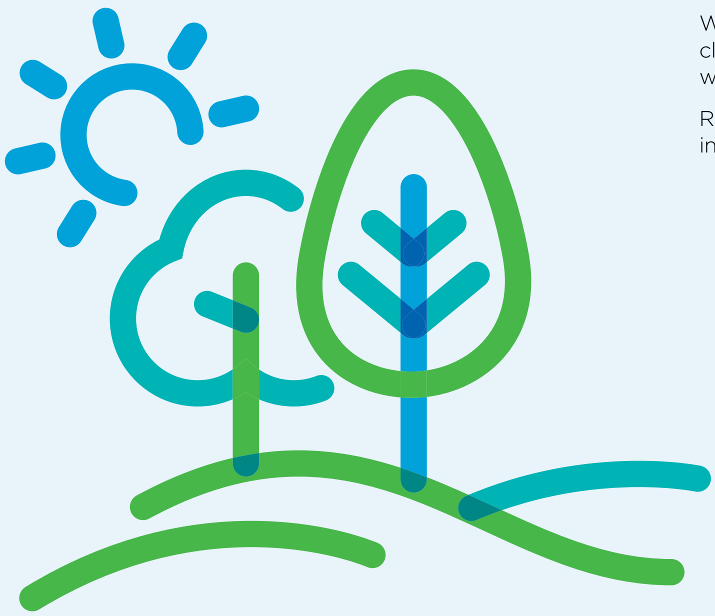
- An IEA scenario that allows for modelling of a more aggressive and nearer-term globally co-ordinated policy response, which achieves net zero emissions by 2070 and limits temperature increases to well below 2 degrees Celsius relative to pre-industrial levels by 2100
- This scenario assumes an ambitious path for policy and emissions technology development and anticipates a material increase in global carbon prices by 2030. It also aligns with the Paris Agreement
- In this scenario, Core Strategy's estimated average annualised returns could be 6.06 per cent, per annum to 2040.

Stated Policies Scenario (STEPS):

- This scenario explores the implications of countries' announced carbon reduction targets and existing energy policies around the world
- Under this scenario, long-term global average temperature rises are estimated to exceed 2.7 degrees Celsius relative to pre-industrial levels by 2100. This scenario is not aligned with the 2015 Paris Agreement on climate change
- In this scenario, Core Strategy's estimated average annualised returns could be 4.18 per cent, per annum to 2040.

Expected impact on portfolio return for Rest's Core Strategy option





Main observations from this scenario analysis were:

- We expect climate change and climate-related policy and technology developments to impact on future investment returns
- The analysis suggests that a situation in which an extended policy delay led to elevated market uncertainty and increased physical climate risk would be the most detrimental scenario for investor confidence and longer-term asset risks and returns (STEPS 2040)
- We expect the nearer term and more aggressive policy response (SDS 2030) would be the most detrimental scenario for intermediate term asset risks and returns, largely because this scenario is not anticipated by investors, and we believe not reflected in current market prices. However, this scenario would be relatively more favourable for longer-term returns than the extended policy inaction of STEPS 2040.

For all scenarios, we anticipate that policy and technology developments will gradually shift relative risk/return prospects in favour of 'green assets' (lower emissions) relative to 'brown assets' (emissions intensive) over time. The profitability of emissions-intensive assets, flowing from increasing costs and competitive and regulatory pressures, is expected to modestly reduce overall asset class returns over the period to 2040.

It is important to acknowledge the considerable uncertainties that challenge the robustness of any analysis of climate related financial impacts. This includes major limitations for even the most sophisticated economic and climate models as well as uncertainties related to future policy, technology developments and physical impacts. As new information is released this analysis will continue to be updated, and as such these should not be seen as static projections.

What is largely accepted though is that the physical impact of climate change and the transition to a lower-carbon economy will impact regions, assets and sectors differently.

Rest's roadmap to net zero emissions by 2050 has been informed by this analysis.

Investment process

Rest invests in a range of asset classes across the globe, and uses internal and external investment managers to execute the Fund's investment.

ESG factors are considered across many levels including at the whole of fund level, the asset class and/or individual asset, and during the investment and ownership process. How ESG factors are integrated depends on whether the assets are in public or private markets and managed internally by Rest Investments or through external managers.

Investment approvals are contingent upon the identification, assessment, and management of material ESG risks, and how they relate to the sector and geography.

Investment managers that identify and effectively manage material ESG risks and opportunities enhance long-term financial performance.

Rest therefore expects investment managers to have a good working knowledge of ESG risks and opportunities and how they can best be integrated into investment decisions.

Rest conducts ESG due diligence, assessing ESG factors in the context of the asset class when we select and appoint investment managers, and during ongoing monitoring.

We assess the investment manager and give them an overall rating of 'developing', 'improving' or 'leading', based on the firm's ESG commitment; for example, in relation to governance, policies, collaboration, reporting and active ownership. We also assess how ESG is integrated into the investment strategy, including climate change risks and opportunities, i.e. modern slavery.

Rest aims to appoint investment managers that demonstrate improving or leading ESG practices. Any newly appointed investment managers must monitor ESG risks and leverage ESG opportunities that relate to the Fund's investments. Rest encourages investment managers to align their remuneration structures and cultures with the long-term perspectives needed to generate long-term returns.

Once an investment manager is appointed, Rest undertakes ongoing monitoring, with ESG progress a mandatory input of annual asset class reviews. Engagement is increased if a manager is rated, 'Developing'.

Asset classes at Rest are annually reviewed by the relevant sub-committee, the MIC and the BIC. ESG and climate-related considerations were included in every review, in accordance with the Rest Responsible Investment Policy and Climate Change Policy.

To formalise this, over the course of 2021, investment managers under mandate were engaged in an initiative to update investment agreements to reflect Rest's 2020 Climate Change Policy.

Infrastructure and property

Over the course of 2020/21, climate-related scenario analysis for physical climate risk was applied and explored in the Rest infrastructure and property asset classes. Read more about this on page 31.

Shares

For Rest's share portfolio, we have been experimenting with Climate Value-at-Risk. This investment climate change tool provides a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in a shares portfolio. So far, the results are inconclusive and we are conducting further analysis over the course of 2021/22.

Climate-related physical risk scenario analysis in infrastructure and property

In 2020/21, we engaged physical climate risk specialist XDI[1] to assess the physical risk exposure of a defined set of property and infrastructure assets Rest has exposure to. This approach is consistent with the recommendations of the TCFD, particularly in relation to performing scenario analysis.

The investments in this exploratory study included 72 exposures in our property asset class and eight in our infrastructure asset class.

We used Representative Concentration Pathway (RCP) 8.5 as the baseline emission scenario for the analysis, as defined by the Intergovernmental Panel on Climate Change (IPCC). This is a worst-case scenario that reflects a greenhouse gas emissions trajectory that is most consistent with the current global emissions behaviour, trends and business-as-usual outlook. For the infrastructure assets, we were able to scale results for a low-emissions best-case scenario known as RCP 2.6.

Under the worst-case scenario, the assessment found that none of the assets analysed reached high levels of investment risk under Rest's materiality thresholds.

Nevertheless, up to 24 of the 72 property asset class exposures and two infrastructure assets were identified as being high risk for longer-term availability and cost of insurance by 2100, unless adaptation is undertaken in the latter half of the century.

Overall conclusions

This analysis only assessed direct physical damage within the boundary of each asset and/or investment. It did not cover the impacts of climate-related transition risks (for example, economy-wide carbon pricing) or disruptions, failures and productivity losses resulting from impacts to each asset's supply chain, surrounding infrastructure and other dependencies.

However, this exploratory analysis helped climate modelling in the investment industry. Further, the Rest Investments team can use the findings to increase the focus of our climate-related engagement with investment managers and asset management teams.

In addition to existing investments, where practical, new property and infrastructure assets and/or investments will also undergo similar analysis.

The hazards assessed under the IPCC scenarios

Hazard	Effect of climate change on hazard	Impacts of hazard
Coastal inundation	Rising sea levels and higher incidence of extreme sea events	Seawater flooding due to high tides, wind, low air pressure and waves can damage coastal land and property
Soil subsidence	Changes in rainfall patterns and drought	Soil contraction due to less rainfall can cause subsidence damage to structures
Pluvial (surface water) flood	Increased frequency of extreme rainfall leading to floods	Flash flooding can damage low-lying buildings and infrastructure assets
Riverine flood	Increased frequency and intensity of rainfall, changing the frequency and intensity of river flooding	Riverine flood can damage low-lying buildings and infrastructure assets
Extreme wind	Changes in wind regimes, sea surface temperature and wind speeds	Extreme windstorms can damage buildings and infrastructure
Forest fire	Increased incidence of fire weather due to confluence of days with higher temperatures, high wind speeds and drier conditions	Flames and heat from burning vegetation can damage buildings and infrastructure
Freeze thaw	Changes in the annual freeze and thaw cycles, resulting from winter periods that trend closer to the freezing point	Saturated building materials freeze, expand and crack facades and structural elements
Heat	New extremes of high temperatures, more frequent hot days and longer-lasting heatwaves	Loss of use or failure of infrastructure, as well as human heat stress

[1] XDI Risk ratings are associated with the Value at Risk% (VAR%) and derived from the Federal Emergency Management Agency (FEMA) standards, which are used for pricing a large number of insurance premiums in the USA. The risk rating results therefore provide an insight into the possible longer-term availability and cost of insurance. The threshold for high risk is a maximum VAR%, reached up until a stated point in time, being greater than 1%.

Risk Management | Responsible investment and climate change

Rest Enterprise Risk Management Framework

Climate change presents material, direct and current financial risks to Rest, including investment, market, reputational, strategic, governance and third-party risks.

Accordingly, Rest considers that it is important to actively identify and to the extent possible quantify the financial risks of climate change, to manage these risks, and to continue to develop systems, policies and processes in respect of both individual assets and the fund's portfolio as a whole.

Rest's Risk Management Strategy (RMS) reflects our commitment to protect and promote the best financial interests of fund members and beneficiaries, as part of our mission to help members achieve their personal best retirement outcome.

It sets out the activities Rest undertakes to identify, assess, manage and monitor risk. These activities have been developed taking into account the size and nature of Rest's business, and collectively comprise Rest's Risk Management Framework (RMF).

The RMF includes the Risk Appetite Statement (RAS), in which climate change risks sit within investment/market risk.

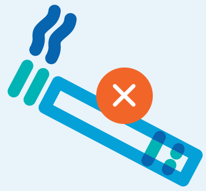
Responsible investment, in the form of ESG risks, including those relating to climate change, have been integrated into Rest's RMF. Key achievements over the course of the year are:

- Integrating ESG risks (including climate change risks) included in the Board-approved Risk Management Strategy
- Developing and testing a control standard for ESG investment risks, including climate change risks
- Key risk indicators were developed for ESG and climate-related shares metrics.

Progress on developing climate-related risk processes is reported to the Audit Risk and Compliance Committee (ARCC) on a quarterly basis.

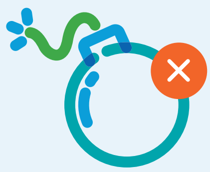
Negative screening

We use negative screening to exclude certain industry sectors or companies from your investment portfolio. The negative screening we applied across our investments in 2020/21 included:



Tobacco

Investing in tobacco companies presents both investment and reputational risk. We also found from International Labour Organisation research, that child labour is rampant in tobacco growing communities[1]. So we decided to screen out tobacco manufacturers and in 2019 achieved the Tobacco Free Portfolios supporter badge. To learn more about the benefits of going tobacco-free, please see the Tobacco Free Portfolios website.



Controversial weapons

We also decided to screen out companies directly involved in the production of controversial weapons. While there is no official global definition of controversial weapons, for Rest, it includes:

- Cluster bombs
- Landmines
- Chemical and biological weapons
- Depleted uranium weapons.

[1] Actual data is not always available so estimates may be used.

Climate-related risk at the asset class level

Rest underwent a process of assessing climate change-related risks across asset classes, guided by the risk likelihood and consequence matrix in the Rest RMS. Climate-related risks assessed were physical risks, transition risks and reputation risks.

Top down view of climate-related risks in 2020/21

Asset class	Type of investment	Control/ influence**	Residual risk rating
Whole of fund*		10	Medium
Australian Shares		6	Medium
Overseas Shares		4	Medium
Equity strategies		4	Medium
Property	Direct	10	Medium
	Joint ventures	7	Medium
	Wholesale vehicles	4	Medium
Infrastructure	Direct	10	Medium
	Co-investments	7	Medium
	Fund investments	4	Medium
Private equity	Fund investments	4	Medium
	Co-investments	5	Medium
Agriculture		7	Medium
Absolute return		4	Low
Credit		4	Low
Austalian bonds		6	Medium
Overseas bonds		4	Medium
Cash		8	Low

*That is, Strategic Asset Allocation, Asset Allocation and Investment Strategy
** Control/influence (10 = higher degree, 1 = lower degree)

Modern slavery

Following the in-depth review of our investment portfolios in 2019/20 we integrated modern slavery risks into our ESG assessment process in 2020/21.

For more information see page 44 Rest's Modern Slavery Statement.

Active ownership to manage risk and realise opportunities

We can influence the approach to ESG, including climate change factors, of companies we invest in through engagement and share voting.

Engaging with companies help us assess them for their approach to ESG and climate change matters. This supports long-term positive behaviour and holds boards and management teams accountable.

Engagement

The way we engage with the companies we invest in depends on the type of asset.

We use engagement and exercise our shareholder rights by voting at annual general meetings to influence investee companies to improve their ESG practices and disclosures.

We engage with all listed companies:

- Via our investment managers or directly
- Via a dedicated ESG service provider - in the case of Australian shares, we engage through the Australian Council of Superannuation Investors (ACSI)
- Through investor initiatives that involve collaborative engagement.

Outside of shares, particularly for property and infrastructure assets, we generally carry out climate-related engagement through investment manager selection and appointment, and ongoing monitoring.

During 2021/22 and 2022/23, Rest will investigate ways to engage that can improve monitoring and reporting at a whole-of-fund level.

Focus on investment manager direct engagement

Rest's overseas shares portfolio includes Wellington Global Stewards, an investment strategy that aims to outperform global equity markets by identifying businesses with high financial returns and the type of stewardship that can sustain them.

The portfolio management team believe it is their fiduciary duty to give feedback to companies entrusted with our member retirement savings. This supports acceptable practices in the long term and holds those in charge to account.

During 2020/21, the team undertook 137 engagements covering product sustainability, quality and safety, environmental practices, climate risk, supply chain, culture, health and safety, governance, compensation and succession planning.

These engagements open the door for two-way dialogue, which helps with assessing companies for their corporate culture, adaptability, responsiveness, commitment to net zero emissions, and alignment of incentives with long-term targets.

Focus on service provider engagement

During the 2020 calendar year, ACSI held 315 meetings, including engaging with 191 Australian companies. Notable improvements were made in ESG behaviours, disclosures and accountability. Rest participated in a number of ASCI's company engagements.

108 out of the 153 target companies made improvements over 2020, with the key outcomes and themes including:

How companies responded to COVID-19	ASX 300 boards were reminded to protect investors during capital raisings, and to carefully consider bonus rewards for executives during the pandemic. ACSI opposed companies that paid large bonuses where the pandemic had artificially inflated performance, particularly those that received significant Government subsidies.
Company, net zero emissions by 2050 commitments	Engagement on climate risk accelerated, with companies detailing their alignment with the Paris Agreement and how they will meet their long-term goals. 14 of 20 target companies have now committed to net-zero emissions by 2050. ACSI research showed that the number of net zero commitments across the broader ASX 200 trebled in 2020 with half of the ASX 200 by value now committed to net zero.
Corporate governance and cultural heritage	Investor engagement made a difference in the process that followed the tragedy of Juukan Gorge, an area of priceless spiritual and cultural heritage to its traditional custodians, the Puutu Kunti Kurrama and Pinikura peoples. Investor engagement resulted in the termination of three senior executives, including the CEO, and ACSI forming a working group to develop a public policy and advocacy program, including expectations of companies in the context of cultural heritage.
Culture, safety and modern slavery	A financial institution was a strong focus for engagement following the appointment of a new CEO. This CEO had been sanctioned previously for sexual harassment of a colleague. Persistent company engagement led to significant changes at the board and management levels, as well as a range of initiatives to improve culture.
Occupational health and safety	Engagement targets included a major logistics company that had two fatalities with apparently little consequences for either executives or contractors. ACSI continues to press regulators, particularly the ASX, on making fatality and serious-incident reporting mandatory for ASX-listed companies, including not just recording the event but explaining context and responses.
Modern slavery	Engagement on modern slavery risks increased significantly in 2020, with the ACSI team seeking information on companies' progress on meeting the new modern slavery reporting requirements and targeting companies with high-risk supply chains and a history of contentious practices.

Focus on collaborative engagement

In April 2021, Rest joined the Investors Against Slavery and Trafficking (IAST) APAC coalition and signed the 'Investor statement on modern slavery, human trafficking and labour exploitation issues'.

Share voting

We currently require our shares investment managers to vote on all company resolutions, unless we instruct them differently. As part of our ESG monitoring, we also ask them to provide a copy of their proxy voting policies, most recent ESG factors, including climate change policies, and reports on the current ESG and climate change matters they're considering.

Some examples of the ESG factors investment managers vote on include:

- Director elections
- Remuneration
- Placements
- Auditor appointments
- Shareholder resolutions (that is, those submitted by shareholders rather than being proposed by management).

During 2020/21, Rest undertook an active ownership review which examined alternatives to investment managers casting votes.

Rest also committed to actively consider all climate change-related shareholder resolutions of investee companies, and updated the Climate Change Policy and Voting and Proxy policy to reflect this change. Over the course of 2021/22, we expect to build out this capability further.

Rest's proxy voting behaviours for 2020/21 are available on rest.com.au

Metrics and targets | Responsible investment and climate change

Rest has a long-term objective to achieve a net zero carbon footprint for the fund by 2050. This is consistent with the goals of the United Nations Paris Agreement.

The Paris Agreement seeks to keep global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

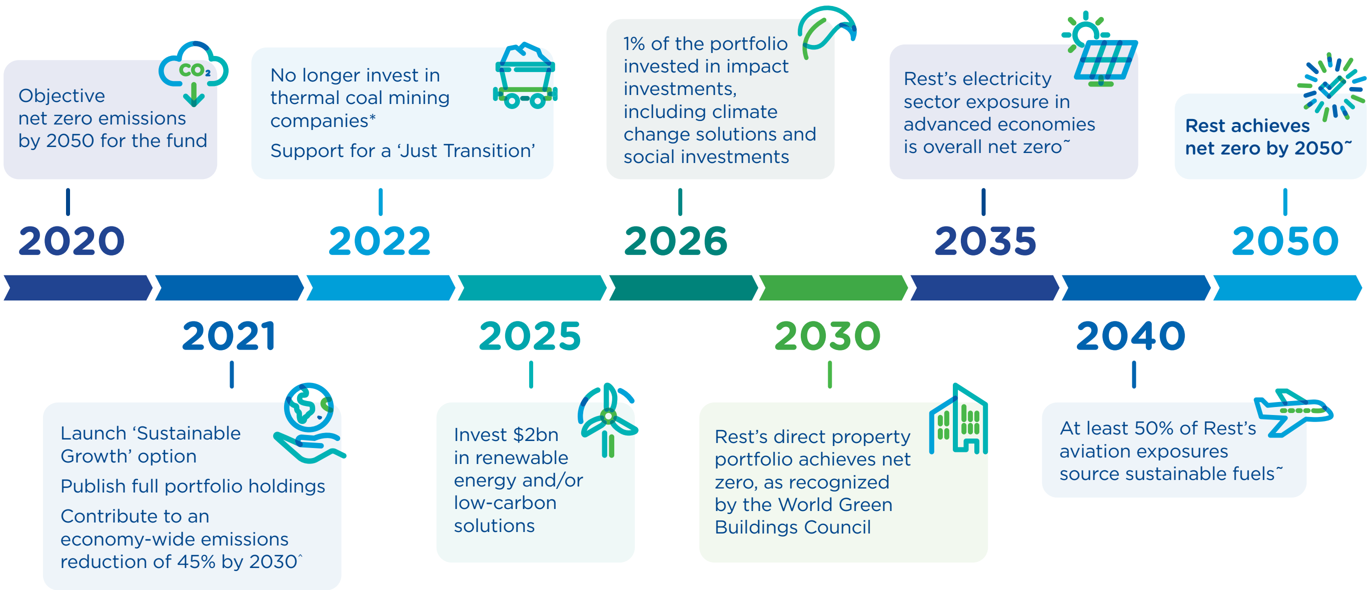
Rest's net zero by 2050 objective demonstrates our progress over the last financial year in managing ESG factors in our investment process, and is consistent with long-term investment performance and member expectations.

The measurement and disclosure of climate-related risks by financial organisations is a relatively new and evolving field.

Rest has committed to measure, monitor and disclose in line with the recommendations of the TFCD, and we encourage investees entities to do the same.

These market efforts help investors understand their financial exposure to climate-related risks and opportunities in a clear, consistent and comparable manner.

Roadmap to net zero emissions



What is a Just Transition?

A deliberate effort to plan for and invest in the transition to environmentally and socially sustainable jobs, sectors and economies, especially as related to jobs affected by the transition to the lower carbon economy.

In February 2021, the ACTU released guidance to assist investors and asset managers support a just transition. This guidance presents an investor framework - to Engage, Plan, Enact - that investors can apply in company and asset management engagement.

* Listed equities (shares) that derive 10% or more revenues from thermal coal mining, unless the company has a credible net zero by 2050 target or is signed up to the science-based targets initiative.

^ On a 2005 base year.

˜ Assuming the world transitions to the International Energy Agency' Net Zero by 2050 Roadmap.

Six key measures

One

By 31 December 2021, we intend to divest from all listed companies that derive more than 10 per cent of their revenue from thermal coal mining – unless the company has a credible net zero by 2050 plan or science-based targets.

As at 30 June 2021, we held shares in six companies that derived more than 10 per cent of their revenue from thermal coal mining. This represented 0.5 per cent of our total shares portfolio.

The Paris Agreement acknowledges that, as the global economy shifts to a lower-carbon future, we must ensure that the people and communities that have relied on carbon-intensive industries are not left behind. Rest will advocate for a 'just transition' for those communities that are particularly exposed to the shift away from carbon intensive industries.

A just transition aims to ensure that the global economy is environmentally sustainable, while also providing decent work and quality jobs. This includes taking action to redeploy and reskill those workers who have depended on carbon-intensive industries and fostering new sustainable industries to prevent communities becoming stranded.

Two

We will advocate for an economy-wide reduction of emissions of 45 per cent by 2030, based on 2005 levels, particularly in order to continue reducing the Weighted Average Carbon Intensity (WACI) of the shares portfolio year on year.

The WACI is an important metric for quantifying the carbon emissions in listed share portfolios. It measures a portfolio's exposure to carbon-intensive companies. It involves calculating how many tonnes of carbon emissions a company generates per million dollars in sales. It is a metric recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

The WACI for Rest's Australian Shares and International Shares portfolios has been declining over recent years. Since the year to 30 June 2019, our base year, the WACI for our total shares portfolio has fallen by 23 per cent.

We selected 2019 as our base year, as this is consistent with the UN convened net zero asset owner alliance target-setting protocol.

We expect the decrease to continue as we advocate for economy-wide emissions reductions of 45 per cent by 2030.

Three

We have an ambition to increase our investment in renewable energy and low-carbon assets to $2 billion by 2025.

As at 30 June 2021, Rest had $927 million invested in physical renewable energy and low-carbon solution assets, as well as $1.08 billion invested in listed companies classified as 'low-carbon solutions' by MSCI.

For example, the Collgar Wind Farm is 100 per cent owned by Rest, and generated enough electricity to power 134,000 average Western Australian homes for a year. We also have a stake in Capistrano Wind Partners, which owns and operates wind farms in North America.

We aim to increase our investment in these types of assets by 2025.

Four

We are aiming to have our directly owned property assets achieve net zero carbon emissions in operation by 2030.

We aim to have our directly owned office building assets operating with net zero carbon footprints by 2030. We have also signed the World Green Building Council's Net Zero Carbon Buildings Commitment for our directly owned office properties.

To meet this commitment, we have developed an action plan to reduce the energy demand of our buildings, in which we seek to transition to fully electrified assets powered by renewable energy, and offset residual emissions.

As at 30 June 2021, 76 per cent of our total property asset class had net zero carbon emission plans, an increase from 24 per cent at 30 June 2020.

This includes the GPT Wholesale Office Fund, which has been net zero carbon in operation since the end of 2020; and the QIC Shopping Centre Fund, which aims to be net zero carbon in operation by 2028. The Charter Hall Prime Office Fund is aiming for the same by 2030.

Five

By 2026, we have an ambition to allocate one per cent of our whole portfolio to 'impact investments' that generate strong returns and also provide benefits to society and the environment.

Impact investments are investments made in members' best financial interests. They are investments into an asset that generates strong financial returns, and also provide a positive and measurable impact to society and the environment.

Investing with intention to generate positive, measurable social and/or environmental impacts provides a second aim for the investment process, and is in addition to assessing the ESG-related investment risks.

This style of responsible investment can further help us achieve our net zero carbon footprint for the fund by 2050.

Six

We will regularly conduct analysis and stress testing of our portfolio against a number of different climate change scenarios, including for a society where there are net zero carbon emissions by 2050.

In both 2020 and 2021, Rest stress tested its asset allocation against the long-term impacts of climate change. The tests were conducted in line with two IEA scenarios: a business-as-usual scenario (warming up to 3.2 degrees Celsius by 2100); and a sustainable development scenario (warming up to 1.8 degrees Celsius by 2100).

Rest will conduct stress and scenario tests at least every two years, and will also use the IEAs net zero by 2050 scenario. This scenario aims to give the world a good chance of limiting the global temperature rise to 1.5 degrees Celsius by 2100.

Rest completed a phase 1 asset-level physical climate risk scenario analysis for the property and infrastructure portfolios over the financial year.

TCFD carbon metrics estimates for Australian and overseas share investments by year*

Australian Shares

	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)	Carbon Footprint (tCO_2e/$M invested AUD)
29 June 2018	433	1,630,842	149
28 June 2019	312	1,475,028	127
30 June 2020	257	1,532,094	148
30 June 2021	246	1,619,357	108

Overseas Shares

	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)	Carbon Footprint (tCO_2e/$M invested AUD)
29 June 2018	183	1,226,295	102
28 June 2019	172	1,351,091	104
30 June 2020	135	1,027,570	80
30 June 2021	128	984,491	60

Carbon footprinting metrics, including Weighted Average Carbon Intensity

The Weighted Average Carbon Intensity (WACI) is a key metric, recommended by the TCFD that asset owners can use to disclose when reporting of share portfolio exposure to carbon emissions.

The WACI measures the portfolio's exposure to carbon-intensive companies. It involves calculating how many tonnes of carbon emissions a company generates per million dollars in sales[1].

In addition to the WACI, the table above outlines Rest's total carbon emissions and the carbon footprint of the Australian and overseas shares portfolios. Total carbon emissions provides the absolute greenhouse gas (GHG) emissions associated with each portfolio, and is expressed in tonnes of CO_2e. This metric is consistent with the Greenhouse Gas Protocol and can be used to track changes in GHG emissions in the portfolios. Nevertheless, the data is not normalised, so it is not useful for comparison purposes.

The carbon footprint is the total carbon emissions for a portfolio, normalised by the market value of the portfolios, and is expressed in tonnes CO_2e/$1m investments. This metric can be used to compare portfolios and compare a portfolio across time.

Given that the field of carbon footprinting metrics is rapidly evolving, Rest expects that new and more useful metrics for managing investment portfolios will become available to the industry over the coming year.

All metrics measure scope 1 and 2 carbon emissions.

[1] Actual data is not always available so estimates may be used.

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Rest targets net zero in operation by 2030 for the direct office portfolio.

The Rest direct office portfolio has been actively managed since 2016 to implement efficiencies including:

- Launching a capital works program for lighting upgrades, cooling towers, lift controls, chillers and domestic hot water, and transitioned to electrified assets where possible
- Installing new metering to enable superior monitoring of equipment and identification of unnecessary losses
- Reviewing controls and programming to maximise efficiency including afterhours programming review
- Sourcing the most sustainable products available upon replacements
- Promoting sustainable procurement with regular suppliers
- Installing carbon-negative carpet tiles whenever portfolio assets need to be refurbished
- Implementing new waste streams for operational waste and recycling of furniture where possible
- Reviewing additional solar opportunities.

Rest invests in sustainable office buildings

Rest is targeting net zero carbon emissions from the operations of its direct office portfolio by 2030. A roadmap of activities is underway to reduce consumption through operational improvements and plant upgrades, a shift to 100 per cent renewable power and use of carbon offsets.

Quay Quarter Tower, 50 Bridge Street, Sydney (under construction)

In 2018, Rest entered into a contract to acquire a one-third interest (on completion) in the redeveloped AMP Centre Tower into a 48-level premium skyscraper called 'Quay Quarter Tower (QQT)'. Due to be completed in 2022, QQT is a Flagship Sustainable Building located in the iconic Circular Quay, with unparalleled views of Sydney Harbour, including the Opera House and Sydney Harbour Bridge.

It includes around 87,000 sqm of office space and was designed by award winning Danish architect 3XN to achieve industry leading sustainability credentials, including 4,000 sqm of green space, WELL Core and Shell certification and a 6-star Green Star Design V3 rating.

52 Martin Place, Sydney

Towering 36 stories above Sydney's most famous pedestrian thoroughfare – and directly above Martin Place railway station – this is an address that brings A-grade office accommodation to a truly premium location in the heart of the Sydney CBD. The property boasts 39,300 sqm of commercial space, with 26 specialty food and retail outlets, staffed concierge, modern end of trip facilities and a 5-star NABERS Energy rating.

140 William Street, Melbourne

This timeless and architecturally renowned A-grade office building continues to set the highest benchmark for office accommodation. Located in the true heart of the Melbourne CBD, this iconic building offers 42,700 sqm of commercial space across 41 levels, with floor to ceiling windows, modern end of trip facilities, ground floor lobby café, staffed concierge, multi-deck carpark and a 4-star NABERS Energy rating.

717 Bourke Street, Docklands

717 Bourke Street, Docklands is an easily recognisable A-grade landmark office tower adjacent to Southern Cross Railway station and Marvel Stadium. The property features 42,900 sqm of commercial space with a unique 'fractured' floor architecture and large open floor plans with natural light designed to improve employee morale and collaboration. It also boasts newly constructed end of trip facilities (including 200 bike racks, 400 lockers and workout areas), a 5-star Green Star Design Rating and a 4.5-star NABERS Energy rating.

More information: rest.com.au/investments/how-we-invest/property-investments

GRESB direct office portfolio

Rest's direct office portfiolio achieved a 3 Star GRESB rating in the 2020 real estate assessment. This is Rest's first annual GRESB rating for its direct office portfolio.

GRESB direct office portfolio

Property address	Green Star performance rating[2]	NABERS[1] Energy (31 December 2016)	NABERS[1] Energy (30 June 2021)	NABERS[1] Water (31 December 2016)	NABERS[1] Water (30 June 2021)
52 Martin Place, Sydney, 2000	3 stars[3]	4.5	5	3.5	4.5
140 William St, Melbourne, VIC, 3000	3 stars[3]	3.5	4	3	4
717 Bourke St, Docklands, VIC, 3008	2 stars[3]	4.5	4.5	3.5	4

What is GRESB[4]?

GRESB provides a consistent benchmarking framework to collect and compare key ESG indicators and related performance metrics across global real estate and infrastructure portfolios.

Rest encourages investment and asset managers in the property and infrastructure asset class to undertake GRESB assessments, because this gives asset owners access to asset-level or fund-level ESG data. Access to this data in turn enables us to have a clearer view of the risk-return profile of these asset classes.

[1] https://www.nabers.gov.au/about/what-nabers
[2] https://new.gbca.org.au/rate/rating-system/performance/
[3] Awarded May 2021
[4] GRESB® is a trademark owned by GRESB BV.

Collgar Wind Farm

Collgar Wind Farm is a renewable power project at Merredin in Western Australia's (WA) central wheatbelt, fully owned by Rest.

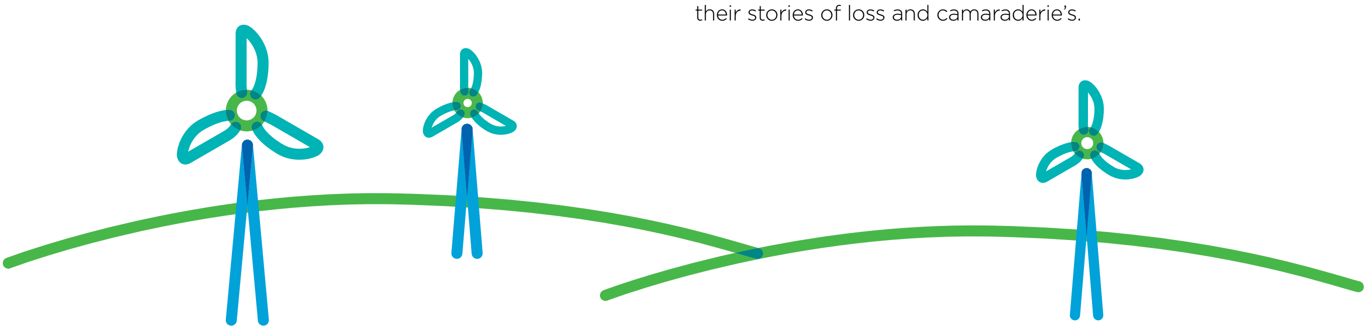
Built over a land envelope of 18,000 Ha, it has 111 Vestas V90 turbines with 222 MW of installed power production capacity, generating between 650 GWh to 750 GWh per year, providing enough electricity to power a small city of between 125,000 to 150,000 average Western Australian households per year. Rest takes an active interest in this flagship investment with a senior manager represented on the board.

Collgar Wind Farm received the 2021 Renewable Power Sector Leader designation from GRESB – a global Environmental, Social and Governance (ESG) benchmark for Real Assets – for demonstrating outstanding leadership in sustainability. With a total score 99 out of 100, Collgar Wind Farm was the first-placed Wind Power Generation asset globally and third-placed out of the 558 Infrastructure assets assessed.

This wind farm does a lot more than generate an affordable supply of clean, renewable energy. It has led to local jobs and revenue for farmers who have leased their land while also engaging the community and creating social benefits.

The Collgar Community Fund (CCF) has been established by the wind farm. It grants $100,000 annually to support local projects that benefit the Shire of Merredin and the surrounding areas. Through the CCF, Collgar Wind Farm supports initiatives that strengthen the local community and make a positive contribution to its development and long term sustainability.

Some of the local projects supported through the grant funding included a community kitchen for the purpose of local volunteers cooking meals for the homeless; organised activities to help disadvantaged children and young people at risk in the community to have a safe place to go; support for performance venues to present a diverse range of plays and shows; and a Back to the Bush Reunion initiated by a local group of Vietnam Veterans to provide veterans and their families a safe place to come together as a group and share their stories of loss and camaraderie's.



Affordable and clean energy

7 AFFORDABLE AND CLEAN ENERGY

GRESB 2021
Renewable Power Sector Leader

Generated nearly 20%
of WA's wholesale renewable power in FY2021

Equivalent to powering
134,000
average WA homes for a year

Decent work and economic growth

8 DECENT WORK AND ECONOMIC GROWTH

18,000
hectares with rent paid to local farmers

200
people employed during construction

18
people employed ongoing

Reduced inequalities

10 REDUCED INEQUALITIES

$100,000 donated
to local projects per annum

05

Corporate responsibility

Our supply chain

Highlights

Published our first Modern Slavery Statement

Became a signatory to Investors Against Slavery and Trafficking (IAST) APAC coalition

Assessed our investment managers for modern slavery risk

Finalised our Supplier Code of Conduct in June 2021

Supplier Code of Conduct

Our ambition to be recognised as the most trusted superannuation fund in Australia involves engagement with external service providers. Our suppliers, as key strategic service providers, contribute to the delivery of real value to Rest and our members. We are therefore interested in how our suppliers conduct their business and view it as an extension of our operations.

The Supplier Code of Conduct was finalised in June 2021. The intent of the code is to set out our expectations of behaviours and ethical business practices across our suppliers and our suppliers' entire supply chain.

We value suppliers' who align to the Rest Effect values and the code outlines expectations in the following categories:

- Application
- Governance, Compliance and Business Continuity
- Human Rights, and Work, Health and Safety
- Diversity and Inclusion
- Anti-Bribery and Corruption and Gifts and Benefits
- Grievances
- Environment and climate change
- National environmental protection laws, regulations, and standards
- Quality and Joint Value Creation.

For more information see the Supplier Code of Conduct

Modern slavery

Rest has more than 360 active service providers, mostly based in Australia, and a diverse portfolio of investments in Australia and overseas. We believe the Modern Slavery Act 2018 (Cth) is an important step in reducing the estimated 40 million victims of modern slavery around the world.[1]

Modern slavery is an umbrella term used to describe some of the most severe human rights abuses including human trafficking, forced labour, the worst forms of child labour and debt bondage. It is often hidden in vast and complex supply chains, so the identification of victims can be very difficult. Although modern slavery is a risk in every country and industry, certain business models, corporate structures, employment schemes and production models are more likely to facilitate modern slavery.

[1] Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities', Department of Home Affairs, https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf.

What has Rest done so far?

Our procurement policy and supplier governance framework reinforce the Rest stance on modern slavery. In line with this, we are working through our strategic supplier relationships to build awareness of modern slavery risk factors in order to identify and eliminate this risk.

We have adopted a phased approach to assessing the risk of exposure to modern slavery - the first phase has focused on the investment portfolio. In 2019/20, assessments were conducted with all investment managers to identify human rights exposures in the supply chains of organisations we invest with. This was the foundation year for much of our work on modern slavery, which continued into 2020/21 with the publication of our first Modern Slavery Statement.

Our other actions include:

- Establishing a cross functional working group in 2019/20
- Aligning our modern slavery approach with our risk management strategy in 2019/20
- Sharing our modern slavery questionnaires with investment managers and key service providers in 2019/20
- Publishing a Modern Slavery Statement in March 2021
- Developing a modern slavery action plan in March 2021
- Completing our review of whole supplier portfolio to identify further exposure to modern slavery risk in June 2021
- Participating in the RIAA human rights modern slavery working group that supports investor action
- Participating in IAST APAC to stay up to date on emerging developments and advocate for investee organisations to manage modern slavery exposures.

What do we plan to do next?

- Implement the Supplier Code of Conduct that was finalised in June 2021. The code reflects our values and our stance on modern slavery. We expect our suppliers to be uncomplicated and easy to do business with. Being fair in how they conduct their business and bringing innovation to Rest is also important. The code will be a key enabler to Rest achieving our corporate sustainability goals.
- Further implement the action plan to address the risks identified in the investment portfolios
- Work through the findings of a detailed review of 50 suppliers with increased risk of exposure to modern slavery
- Continue to collaborate with RIAA and IAST APAC to combat modern slavery
- Track progress year on year and release an annual statement.

Sustainable operations

Organisational emissions

Rest engaged a consultant to develop a carbon inventory for its Australian operations for financial year 2017/18 through to 2020/21.

Undertaking this initial assessment highlights the greenhouse gas emissions (GHG) profile and will assist with developing GHG reduction strategies and data improvement plans.

Greenhouse gas emissions

GHGs may also be referred to as 'carbon emissions'. This is because the most common GHG is carbon dioxide. However, there are six main GHGs, and these are:

- Carbon dioxide (CO_2)
- Methane (CH_4)
- Nitrous Oxide (N_2O)
- Hydroflurocarbon (HFCs)
- Perflurocarbon (PFCs)
- Sulfur hexafluoride (SF_6).

Some of these GHGs are more harmful to the climate than others, due to their ability to trap heat. For example while CO_2 is most prevalent, methane has more potent global warming potential.

Emission boundary

The emissions boundary covers all of Rest's Australian operations. Emissions sources are defined in line with the GHG Protocol's Corporate Standard[1], and we have distinguished them into scope 1, 2 and 3 emissions.

Scope of operational emissions.

Includes: electricity, travel and base building emissions for organisational operations

Excludes: emissions associated with Rest's investment portfolio. Refer to Responsible investment section 4 of this report for more information on the investment portfolio emissions approach.

Carbon footprint

Based on the data provided the total 2017/18 to 2020/21 carbon inventory is presented below.

Total emissions

	FY18	FY19	FY20	FY21
Total emissions (tCO_2e)	1,372	1,400	1,087	545

Emissions boundary

Key: Scope 1 Scope 2 Scope 3

Quantified

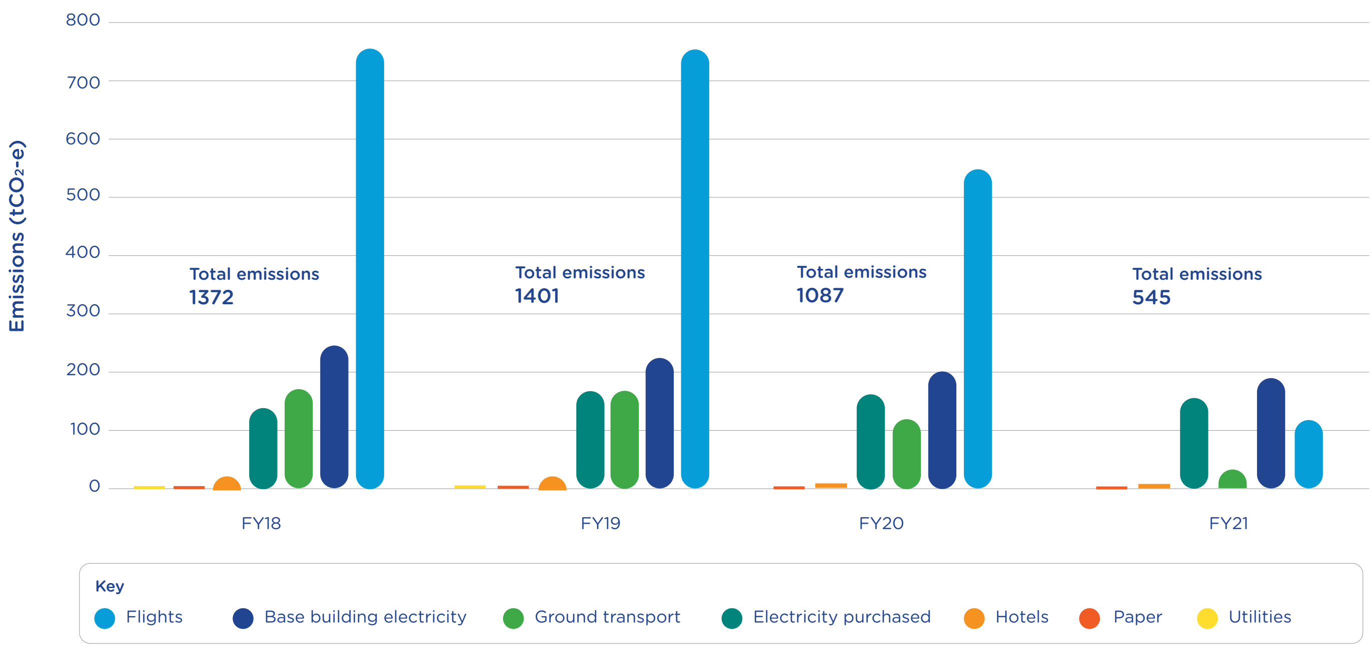
- Electricity: Offices under Rest's operational control
- Base building: natural gas
- Base building: water consumption
- Office paper
- Base building: waste to landfill
- Business travel: Flights, Accomodation, Taxis, Car hire
- Upstream emissions: electricity and fuels
- Base building: electricity (inc. renewables)
- Upstream leased assets: Novated lease vechicles

Excluded

- Other purchased goods and services
- Waste to recycle
- Employee commuting
- Investments and franchises
- Capital expenditure
- Financed emissions

[1] GHG Protocol, Corporate Standard, 2004, https://ghgprotocol.org/corporate-standard.

Emissions by source



Emissions from flights make up the largest share of Rest's footprint, which is a common finding for upstream emissions within financial services organisations. The COVID-19 pandemic has had a significant impact on the operational emissions footprint for 2019/20 and 2020/21.

For the purpose of target setting and emissions reductions pathways, it is recommended that financial year 2018/19 be used as the baseline because it is most representative of Rest's business-as-usual operations and does not reflect the effects of the COVID-19 pandemic.

Emissions from flights form approximately 51 per cent of the inventory, with Scope 2 emissions from electricity providing a further 15 per cent.

Table 1: Total emissions breakdown by source per financial year

Total emissions breakdown by source (tCO2e)	FY18	FY19	FY20	FY21
Base building electricity	233	233	211	197
Electricity purchased	145	175	170	162
Flights	787	784	570	122
Ground transport	177	175	125	53
Hotels	28	32	9	10
Paper	1	1	1	1
Utilities	1	1	1	0

Table 2: Total emissions percentage breakdown by source per financial year

Total emissions breakdown by source (%)	FY18	FY19	FY20	FY21
Base building electricity	17%	17%	19%	36%
Electricity purchased	11%	12%	16%	30%
Flights	57%	56%	52%	22%
Ground transport	13%	12%	11%	10%
Hotels	2%	2%	1%	2%
Paper	0%	0%	0%	0%
Utilities	0%	0%	0%	0%

Emission reduction activities undertaken to date

In 2020/21, we introduced an innovative recycling program and multiple waste streams to reduce landfill at our 140 William Street, Melbourne, offices. We also implemented water reduction initiatives, such as reducing tap run times and water pressure.

Rest occupies sustainable office buildings

Rest occupies office space in two buildings, one each in Sydney and Melbourne.

A small number of employees work from serviced offices in Adelaide, Brisbane, Perth, London and New York.

Rest's Melbourne office space is included in the Rest Investment's direct office portfolio.

We announced a goal to be net zero emissions in operations for our direct office portfolio by 2030.

For more information on the sustainability approach for the Rest Investment direct office portfolio see Section 4.

Our people

As part of our commitment to make Rest an even better place to work, in 2020 we launched a Diversity and Inclusion strategy. This helps Rest maintain its position as a highly trusted super fund with greater equal opportunity practices, diverse representation and a workforce that matches our member base, so we can deliver on our members' best financial interests.

In 2021, we have implemented a suite of ethical and responsible programs and policies to maximise our ability to attract and retain talent. We have adopted an integrated approach to:

- Strengthen engagement and wellbeing
- Increase flexibility for all
- Support female participation and representation
- Help employees to achieve optimal mental and physical health.

Strengthen Engagement and Wellbeing

In the 2020/21 financial year Rest received both internal and external recognition for its efforts to strengthen engagement and wellbeing.

- Rest was recognised as one of the Australian Financial Review BOSS Magazine's Great Places to Work
- Rest achieved a people engagement score of 64 per cent (78 per cent target), and a wellbeing score of more than 80 per cent.

Increasing flexibility for all

Rest made some significant shifts in our ways of working. We:

- Extended the parental leave scheme to Rest employees, that provides up to 16 weeks paid leave regardless of gender, sexual orientation, marital status and whether primary or secondary carer
- Broadened the flexible working policy to allow for agile ways of working and support a hybrid workforce across teams and multiple locations. This contributed to the sustained positive employee engagement and increased employee wellbeing results over the last 12 months.

Support female participation and representation

We have focused on three priority areas during the past year to support female participation and representation

- Our leaders participated in a training course on unconscious bias, to help minimise perceived bias and support diversity in decision making during recruitment and promotion processes
- We reviewed our recruitment practices and commenced a four-year co-op scholarship program with the University of NSW to attract and retain more women in actuarial roles in Investments
- We continued our commitment to celebrating International Women's Day in March 2021. This involved a series of educational sessions for Women in Super, which was open to all employees. A panel was also held to raise awareness of the economic and social impacts of the pandemic on women, who have taken on greater caring responsibilities.

Help employees to achieve optimal mental and physical health

To ensure employees continue to thrive during the ongoing lockdowns, we prioritised our resources on supporting mental and physical health of our people.

- A focus on the importance of normalising mental health conversations through RUOK day, including a range of activities on mindfulness and physical health
- We introduced a suite of wellbeing initiatives in May 2021. This involved reconnecting employees back into the office in Sydney and Melbourne, as well as cater for a hybrid workforce.

06 Advocacy and engagement

Rest has long advocated for a number of improvements to the super system that would lead to more equitable retirement outcomes for members, including:

- Retaining the legislated increase of the Superannuation Guarantee to 12 per cent by 2025
- Removing the $450 monthly income threshold for Superannuation Guarantee contributions
- Introducing measures to address the disadvantage created by periods of unpaid work, including extending the Superannuation Guarantee to those who take parental leave
- Improving the access to affordable, targeted, simple advice and education by making it easier for superannuation funds to make it available.

Progress this year

There was welcome progress on two of these recommendations in the past year, which Rest believes will improve retirement outcomes for many of our members, particularly women, and those in lower-income, part-time and casual jobs.

In the 2021 Federal Budget, the Australian Government announced that the $450 monthly income threshold for Superannuation Guarantee contributions will be removed.

In addition to our own advocacy, Rest contributed to the Pre-Budget Submissions developed by the Australian Superannuation Funds Association (ASFA) and the Australian Institute of Superannuation Trustees (AIST), which both recommended the removal of this measure.

At the time of publication, employers do not have to pay Superannuation Guarantee contributions to employees who earn less than $450 per month. While this measure has not yet been legislated, the Government has proposed removing this measure from 1 July 2022.

The $450 monthly income threshold has disadvantaged hundreds of thousands of Australians working in lower-income jobs, especially those working multiple jobs.

ASFA estimated that up to 350,000 people, 220,000 of whom are women, would benefit from the removal of this rule.[1]

This change will mean more Australians will earn superannuation on every dollar they earn.

Rest was also pleased that the legislated increase to the Superannuation Guarantee was not amended or deferred.

We believe it will have a positive impact on the retirement savings of Australians, and particularly will help those who accessed the COVID-19 Early Release Scheme to replenish their account balances.

From 1 July 2021, the first phase of the increase occurred, and the Superannuation Guarantee rate rose from 9.5 per cent to 10 per cent. Under the legislated schedule, it will continue to increase each year until it reaches 12 per cent on 1 July 2025.

We will continue to advocate that this increase goes ahead according to the schedule.

While these were welcome changes, there is still more work needed to create a more equitable system. We will continue to strongly encourage the Government to implement our other recommendations.

Advocating for the benefit of our members

WOMEN IN SUPER

Rest is a member of Women in Super[2]. This is a not-for-profit organisation that works to improve women's retirement outcomes. With the majority of our members being women, we stand with them as advocates for a super system free of gender-based inequality.

[1] Pre-Budget Submission for 2018-19, Association of Superannuation Funds of Australia, February 2018

[2] Women In Super is a registered trademark of Women In Super.

Responsible investment

Our responsible investment collaborations help promote good ESG practices by increasing awareness and education on ESG issues. They also help us engage with companies and government so that we can have a positive influence on policies that relate to ESG, as well as the ESG practice of companies. We were members of, and/or collaborators in the following, over the course of 2020/21.

PRI Principles for Responsible Investment

The PRI[1] works to understand the investment implications of ESG factors and supports investors in incorporating them into investment and ownership decisions.

ACSI

Our membership of the Australian Council of Superannuation Investors (ACSI) helps Rest manage ESG issues to protect our members' investments. We sit on both the ACSI Board and the Member Council.

Investor Group on Climate Change

The IGCC[2] aims to encourage government policies and investment practices that address the risks and opportunities of climate change for the ultimate benefit of investment beneficiaries. Rest is represented on both the Transparency & Thought Leadership working group, and the Physical Risk & Resilience working group.

riaa Responsible Investment Association Australasia

RIAA provides a strong voice on ESG issues for members and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. Rest is represented on the Human Rights working group.

Australian Sustainable Finance Initiative

Rest was a collaborator in ASFI. This initiative brought together over 130 individuals from more than 80 organisations across all parts of financial services (as well as academia, civil society and government) to create a sustainable finance roadmap for Australia.

GRESB

Global Real Estate Sustainability Benchmark (GRESB[3]) is the leading ESG benchmark for real estate and infrastructure investments across the world. Rest uses GRESB data and analytical tools to manage ESG risks, capitalise on opportunities and engage with investment managers.

Supporter 2019

The Tobacco Free Portfolios[4] badge reflects our commitment to exclude investment in companies that are directly involved in the manufacture of tobacco.

Green Building Council Australia Member 2021–2022

The Green Building Council Australia membership demonstrates our commitment to the sustainable transformation of the built environment.

WORLD GREEN BUILDING COUNCIL

Signatory to the World Green Building Council further demonstrates commitment to the sustainable transformation of the built environment.

[1] Principles of Responsible Investment is a registered trademark of the PRI Association
[2] Investor Group On Climate Change is a registered trademark of Investor Group On Climate Change Australia/New Zealand Inc.
[3] GRESB® is a registered trademark of GRESB BV.
[4] Tobacco Free Portfolios is a registered trademark of Tobacco Free Portfolios Limited.
[5] Green Building Council Australia is commitment to the sustainable transformation of the built environment.

Appendix 1
TCFD Checklist

The Task Force on Climate-related Financial Disclosures (TCFD) is structured around four thematic areas for how organisations operate. These support climate-related financial disclosures.

Governance: Disclose the organisation's governance around climate-related risks and opportunities	**Relevant section/Page**
a) Describe the board's oversight of climate-related risks and opportunities	Page 11: Strategy Goals and Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 11: Strategy Goals and Governance Page 25: Governance | Responsible investment and climate change

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 27: Strategy | Responsible investment and climate change
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	

Risk management: Disclose how the organisation identifies, assesses, and manages climate-related risk	
a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 32: Risk Management | Responsible investment and climate change
b) Describe the organisation's processes for managing climate-related risks	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	

Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 36: Metrics and Targets | Responsible investment and climate change Page 46: Organisational Emissions
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management framework	
b) Disclose Scope 1, 2 and if appropriate scope 3 greenhouse gas (GHG) emissions and related risks	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	

Appendix 2
Relevant policies, and other helpful materials

Strategy	Purpose
Investment Beliefs	We have eight core investment beliefs that guide and shape how we manage your retirement savings.
Sustainability Strategy	Sustainability at Rest includes how we invest responsibly, our corporate responsibilities as an organisation, and how we advocate for change on matters that are important to our members, and broader stakeholders.
Roadmap to net zero	Rest's roadmap to net zero emissions by 2050.
Climate Change Principles	Seven principles guide how Rest aims to assess and disclose climate-related risks and opportunities.
Policy	**Purpose**
Responsible investment policy	The purpose of this Policy is to outline the Trustee's approach to RI and how ESG risks and opportunities are appropriately considered and managed.
Climate change policy (summary)	The Climate Change Policy (Policy) is made by the Board and deals with addressing, assessing, managing, mitigating and monitoring the material risk of climate change.
Staff diversity and inclusion policy	Rest recognises that people from different backgrounds bring different skills, knowledge and experiences that assist in acting in the best interests of our members. Accordingly, Rest is committed to promoting a culture that actively values those differences and believes that diversity is an important part of promoting that culture.
Voting and Proxy Policy	The purpose of this document is to set out the policy adopted by the Trustee in relation to the exercise of voting and proxy rights with respect to the Fund's investments.
Codes/Statements	**Purpose**
Rest Code of Conduct	The Code of Conduct sets out standards of conduct and personal behaviour required and any departure from the provisions of the Code may result in disciplinary action being taken.
Supplier Code of Conduct	The intent of this code is to set out our expectations of behaviours and ethical business practices across our suppliers and our suppliers' entire supply chain.
Modern slavery statement	Our modern slavery statement describes how we identify and assess modern slavery risks in our operations and supply chain.
Other Rest Policies	Full list of Governance documents and policies – links on website rest.com.au
Other relevant	**Description**
United Nations Sustainable Development Goals	Endorsed by all 193 United Nations Member States in 2015, the SDGs focus global efforts in a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. They provide a blueprint to achieve a better and more sustainable future for all.
Tax Transparency Report	The way we manage tax and disclose this information to our members and the public are important aspects of this. Rest is committed to transparency, the Tax Transparency report is available on our website
Weighted Average Carbon Intensity (WACI)	WACI is a key metric, recommended by the TCFD, for asset owners to disclose in the reporting of equity portfolio carbon emissions. The WACI measures a portfolio's exposure to carbon intensive companies. It involves calculating how many tonnes of carbon emissions a company generates per million dollars in sales.

Appendix 3 Glossary

ARCC	Audit Risk and Compliance Committee
APAC	Asia-Pacific
ACSI	Australian Council of Superannuation Investors
ASFI	Australian Sustainable Finance Initiative
BIC	Board Investment Committee
IAST	Investors Against Slavery and Trafficking
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
PRI	Principles of Responsible Investment
RAS	Risk Appetite Statement
RIAA	Responsible Investment Association Australasia
RMS	Risk Management Strategy
RMF	Risk Management Framework
RCP	Representative Concentration Pathway
SDS	Sustainable Development Scenario
STEPS	Stated Policies Scenario
TCFD	Task Force on Climate-Related Financial Disclosures
MSCI*	https://www.msci.com/
XDI	https://xdi.systems/

*Although Rest's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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