Sustainability, Responsible Investment and Climate Change Supplement

As at 30 June 2022

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Introduction

Message from the CEO

Vicki Doyle
Chief Executive Officer

I'm delighted Rest is continuing to make meaningful strides against its Sustainability, Responsible Investment and Climate Change ambition. As a global investor, investing responsibly is core to delivering real value for our members.

Welcome to our Sustainability, Responsible Investment and Climate Change Supplement for 2021/2022. Rest's mission is to help our members achieve their personal best retirement outcome. We believe that growing your super savings in a responsible way is one of the most effective ways to do this.

We have one of the largest membership bases among superannuation funds in Australia, and our members come from all corners of the country and all walks of life. While most are in the early stages of their working lives, many are approaching retirement. More than one million of our members are women, many working in part-time, casual, and lower-income jobs. All our members matter equally.

Our 2022 supplement comes at a difficult time for financial markets and for many members who are facing higher prices and higher interest rates. As we lean into managing these challenging issues for the near-term, we remain committed to our Sustainability, Responsible Investment and Climate Change ambition. It continues to inform us how to better shape our responsibilities, how to invest responsibly and how we advocate for change on issues that matter to our members.

The latest climate change report from the Intergovernmental Panel on Climate Change (IPCC) confirms that, "Climate change is affecting nature, people's lives and infrastructure everywhere. It's dangerous and pervasive impacts are increasingly evident in every region of our world. These impacts are hindering efforts to meet basic human needs and they threaten sustainable development across the globe."[1]

Reflecting on another year as custodians of our members' super savings, we are pleased to share numerous highlights as we seek to address these challenges to help protect our members' interests. In November last year, we were proud to be acknowledged by the Responsible Investment Association Australasia (RIAA) as a Responsible Investment Super fund leader for 2021. In September this year, we were once again recognised as a Responsible Investment Leader in RIAA's Responsible Investment Benchmark Report Australia 2022.

Rest also received Rainmaker Information's ESG Leader Rating for 2022, awarded for the first time to Australia's best super funds implementing environmental, social and governance (ESG) principles to a high level alongside a track record of strong investment performance. After the launch of Rest's Sustainable Growth option (in March 2021), in November 2021 Rest received the CX Media Award:[2] Best CX (Customer Experience) Initiative for the development of a best-in-class socially responsible investment option through 'co-design at scale' with members.[3]

By integrating ESG principles, we aim to play our part, including managing the risks of climate change. This involves taking positions in the face of an uncertain future, strengthening governance practices, engaging with the companies we invest in, and evolving how we interpret long-run risks, both investment and otherwise.

1 'Overarching Frequently Asked Questions and Answers', Working Group II Sixth Assessment Report, IPCC, 28 February 2022.
2 For more information on the CX Media Award, visit ashtonmedia.com.au/symposiums/cx-awards-2021/2021-winners/
3 Awards and ratings are only one factor to consider when deciding how to invest your super. Further information regarding Rest's awards can be found at rest.com.au/about-rest/awards Past performance is not an indicator of future performance.

This year, Rest signed up to City Switch — Australia's flagship sustainability program helping office-based businesses become more waste and energy efficient. We continue to prioritise five United Nations Sustainable Development Goals (SDGs): 5 – Gender equality; 7 – Affordable and clean energy; 8 – Decent work and economic growth; 10 – Reduced inequalities; and 13 – Climate action. Guided by these, we support actions that should build a better, fairer, and more sustainable future for members.

We continue to implement our net zero roadmap to 2050 for the fund. We've delivered on our commitment to exclude listed companies that derive 10 per cent or more of total annual revenue from thermal coal mining unless the company has a credible net zero by 2050 goal or has signed up to the Science-Based Targets initiative. We are also measuring, checking and reporting outcomes on our climate-related progress and actions in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our Core Strategy asset allocation continues to be stress-tested against the impact of climate change. Acquiring a one-third stake in the recently completed Quay Quarter Tower (QQT) in Sydney's CBD in May this year aligned with our net zero carbon emissions goals for our directly owned property assets. QQT is targeting a 5.5 Star NABERS Energy Rating and a 6 Star Green Star Design and As Built rating from the Green Building Council of Australia.

It was also pleasing to see the financial year conclude with the removal of the $450 monthly income threshold for Superannuation Guarantee (SG) contributions. Treasury's 2020 Retirement Income Review Final Report notes that around 300,000 people, or three per cent of the workforce were affected by this exception from SG contributions. They were mainly young, lower-income and part-time workers, and almost two-thirds of them were women. We see this as an important step in improving retirement outcomes for many members and making the superannuation system fairer and more equitable.

This Sustainability, Responsible Investment and Climate Change Supplement explores our achievements in greater detail, including how we are tracking against each of our six key net zero by 2050 roadmap measures. It also highlights how we will contribute to sustainability outcomes and be a responsible fund on behalf of our members.

We remain committed to advocating for our members' best financial interests and working with the industry and government to help ensure the super system evolves to reflect the changing demographic and economic environment. This includes advocating for Superannuation Guarantee payments to be included with parental leave and improving access to quality financial advice for all Australians.

Awards and ratings are only one factor to consider when deciding how to invest your super. Further information regarding Rest's awards can be found at rest.com.au/about-rest/awards Past performance is not an indicator of future performance.

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.

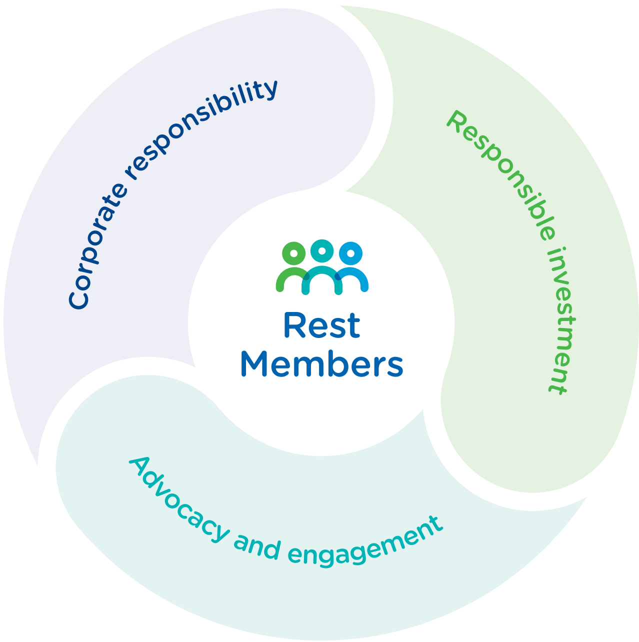
Our mission

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. Focused on their financial future, we support actions that build a better, fairer and more sustainable world – from investing in clean energy, to advocating for a fairer super system.

Rest members

We're committed to giving all Australians a fair go, for a better future, with a commitment to delivering low fees, long term performance and profit to members. We offer a range of super products for everyone in all industries, working with employers and industry associations to advocate and collaborate for the benefit of our members.

Responsible investment

We believe responsible investment adds value. As a long-term global investor, Rest considers and integrates environmental, social and governance (ESG) strategies to reduce risks, improve returns and maximise investment opportunities for our members.

Corporate responsibility

Rest strives to be a responsible organisation building stronger foundations through Board and management governance structures, and our people, operations and suppliers.

Advocacy and engagement

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

Stakeholder engagement and inclusiveness

As an industry superannuation fund, we've identified key stakeholders who may be significantly affected by our products, services or actions. We're committed to engaging constructively with these key stakeholder groups, with the aim to understand their expectations and interests, as well as the broader expectations of Australians.

We are committed to engaging with our key stakeholders.

Members

Employers

Service providers

Unions

Associations

Board

Employees

Investment managers 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.

So, it's in the financial interests of our members that we contribute to the United Nations Sustainable Development Goals (SDGs).

Endorsed by all 193 UN Member States in 2015, the 17 SDGs focus global efforts in a universal call to action to end poverty, protect the planet and ensure 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 of every one of us, including the business and finance community. When reviewing all 17 SDGs in 2020, we prioritised five SDGs to align with as part of our contribution to sustainability.

We present our progress against the five SDGs, as at 30 June 2022.

Gender equality

Rest continued to advocate for gender equality across Rest and in our investments. Our Diversity, Equity and Inclusion strategy includes new focus pillars for diversity data, hybrid working and inclusivity, gender equality and unconscious bias.

Affordable and clean energy

We're investing in clean energy for a greener future – including $1.1 billion invested in physical renewable energy and low-carbon solution assets, and $169 million invested in green bonds. Collgar Wind Farm generated enough electricity to power approximately 150,000 average Western Australian households a year.

SUSTAINABLE DEVELOPMENT GOALS

The actions we took this year to align with the Goals.

Decent work and economic growth

Rest continued to engage with our top-50 suppliers on potential exposure to modern slavery risks. Our wellbeing initiatives reconnected teammates and supported flexible working.

Reduced inequalities

To support our members to reach their best possible retirement outcome, Rest advocated to remove the $450 Superannuation Guarantee monthly income threshold. We also updated our Vulnerable Consumer Policy, ran Human-Centred Design workshops and trained our team in supporting vulnerable members, and connected those in need with translation services.

Climate action

We support actions to achieve the Paris Agreement, and have set a net zero by 2050 objective. Rest launched our net zero roadmap, stress-tested our Core Strategy investment option against climate change scenarios, and joined CitySwitch to make our offices more efficient.

UN Sustainable Development Goals

Gender equality

- We maintained or continued to make progress on gender diversity and the following has been achieved:
  - Rest Board: 44 per cent female, 56 per cent male (target is for at least 33 per cent of each gender and female representation has doubled since 2019)
  - Executive Leadership roles (ELT): 37 per cent female, 63 per cent male (target is for 50 per cent of each)[1]
  - Senior Leadership roles (SLT): 49 per cent female, 51 per cent male (target is 50 per cent of each)
  - All employees: 48 per cent female, 52 per cent male (target is for 50 per cent of each).
- Our Diversity, Equity and Inclusion strategy includes new focus pillars for diversity data, hybrid working and inclusivity, gender equality and unconscious bias.
- We continued to advocate for Superannuation Guarantee payments to be included in the Commonwealth Parental Leave Pay, and Dad and Partner Pay schemes.
- We continue to provide an industry-leading Parental Leave policy that is inclusive for all employees.
- As members of the Australian Council of Superannuation Investors (ACSI), we supported engagement with companies on board diversity, including higher representation of women on Boards. As at 30 June 2022, eight companies in the ASX300 had zero-women boards, with the average representation of women directors at almost 34 per cent. Of 291 director appointments across ASX300 companies in the year, 126 (43 per cent) were women.

Affordable and clean energy

- Collgar Wind Farm is wholly owned by Rest and located in Western Australia. It generates between 630 GWh to 750 GWh per year, providing enough electricity to power approximately 150,000 average Western Australian households per year.
- Rest's investments included:
  - $1.1 billion in physical renewable energy and low-carbon solution assets
  - $1.3 billion in listed companies which contribute to the transition to a low carbon economy as defined by MSCI
  - $169 million in green bonds, which aim to contribute to positive environmental outcomes, for example, as outlined in the International Capital Market Association Green Bond Principles.

Decent work and economic growth

- Rest continues to engage with our top-50 suppliers to work through action planning as a result of a deep dive into their potential exposures to modern slavery risks.
- We updated our supplier contract templates with the requirement to comply with our Supplier Code of Conduct, including explicit anti-slavery clauses.
- As a member of Australian Institute of Superannuation Trustees (AIST) and Association of Superannuation Funds of Australia (ASFA) we advocated for increasing the Superannuation Guarantee to 12 per cent according to the legislated timeframe.
- We achieved a strong 78 per cent response rate to our organisational engagement survey, with a 68 per cent engagement score (78 per cent target), up from 64 per cent in 2020/21.
- We introduced wellbeing initiatives to reconnect employees within our Sydney and Melbourne offices, and support a hybrid workforce.
- We delivered organisation-wide Growth Mindset courses for leaders and staff.

Reduced inequalities

- Rest advocated for removing the $450 monthly income threshold for payment of the Superannuation Guarantee.
- We implemented the Vulnerable Consumers Policy in line with our commitments under the Insurance in Superannuation Voluntary Code of Practice. Focus areas included:
  - Establishing a partnership to give members access to Translating Interpreting Services
  - Running Human-Centred Design workshops to help us identify potential initiatives for supporting vulnerable members
  - Training our staff in strategies to best support vulnerable members.
- We continued training our teams in unconscious bias and ran additional initiatives around raising awareness of gender and diversity inclusion in the workplace.

Climate action

- Rest continued to implement our roadmap to net zero emissions by 2050. We wound down exposure to listed companies that derive 10 per cent or more of total annual revenue from thermal coal mining unless the company has a credible net zero by 2050 target or is committed to setting targets for greenhouse gas (GHG) emission reduction grounded in climate science as assessed by the Science-Based Targets initiative.
- We stress-tested our Core Strategy asset allocation against the impact of climate change in line with three International Energy Agency scenarios. The three scenarios include Current Path (long term global average temperature increases exceed 2.7 degrees Celsius by 2100 relative to pre-industrial levels), Sustained Action (aims to achieve net zero by 2070 and limit global average temperature increases to well below 2 degrees Celsius relative to pre-industrial levels) and Net Zero by 2050 (aims to limit the increase in global average temperature increase to 1.5 degrees Celsius by 2100 relative to pre-industrial levels)
- We joined Climate Action 100+ (CA100+), the world's largest investor-led initiative on climate change. CA100+ aims to improve climate change governance, reduce emissions and strengthen climate-related financial disclosures.
- We joined FAIRR, a collaborative investor network with 300 members that raises awareness of the material ESG risks and opportunities of intensive animal agriculture. Through the initiative, we have access to data, thematic research and engagements focusing on material investment risks across the protein value chain, including greenhouse gases (GHGs), deforestation, waste, health, labour rights and animal welfare.
- We engaged alongside ACSI with a range of companies on climate change. This type of investor engagement has contributed to more companies setting net zero targets, with 95 companies in the ASX200 adopting net zero commitments.
- We continue to monitor our investment managers for their management of climate change financial risk.
- We signed up to CitySwitch, which helps office-based businesses reduce waste and become more energy efficient.

[1] In the 2021 Rest Sustainability, Responsible Investment and Climate Change Supplement the Executive and Senior Leadership roles were combined under "Leadership roles". This year, these distinct roles have been separated to improve transparency.

Governance

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

The Board provides leadership, strategic guidance and oversight that supports the sound and prudent management of Rest.

The Board is informed about progress on sustainability, responsible investment and climate change matters, to support strategic planning. It takes a 'three lenses' approach to decision-making for sustainability-related initiatives and to achieve results that are in members' best financial interests. Each lens provides insight into the financial impact of certain environmental, social and governance (ESG) risks on member outcomes.

The three lenses are:

- Member preferences: reflecting members' expectations on ESG topics
- Risk, return and opportunity: managing investment risks and leveraging opportunities
- Community expectations: reflecting the acceptance and/or approval that stakeholders and communities extend to Rest.

The Board exercises its right to delegate certain aspects of sustainability, responsible investment and climate change-related matters to the relevant committees, and the diagram on page 13 of this document sets out the governance structure in place during 2021/22.

The Board receives a formal sustainability update annually. This includes climate change progress related to Rest's operations and supply chain, and the five prioritised SDGs. Other material updates are provided throughout the year.

Responsible investment and climate change-related investment matters are reported to the Board Investment Committee, with material items presented at the Board. Climate matters related to the Rest Risk Management Strategy, including for investments, operations and supply chains, are reported to the Risk Committee (RC) each quarter.

Management responsibility for sustainability, responsible investment, and climate change

Group Executive, Risk and Governance

The Group Executive, Risk and Governance is the executive sponsor for Rest's approach to sustainability and Chair of our cross-functional Sustainability Forum. The Forum meets monthly to advocate for sustainability across the organisation, share progress on Rest's prioritised SDGs, and collaborate on specific initiatives.

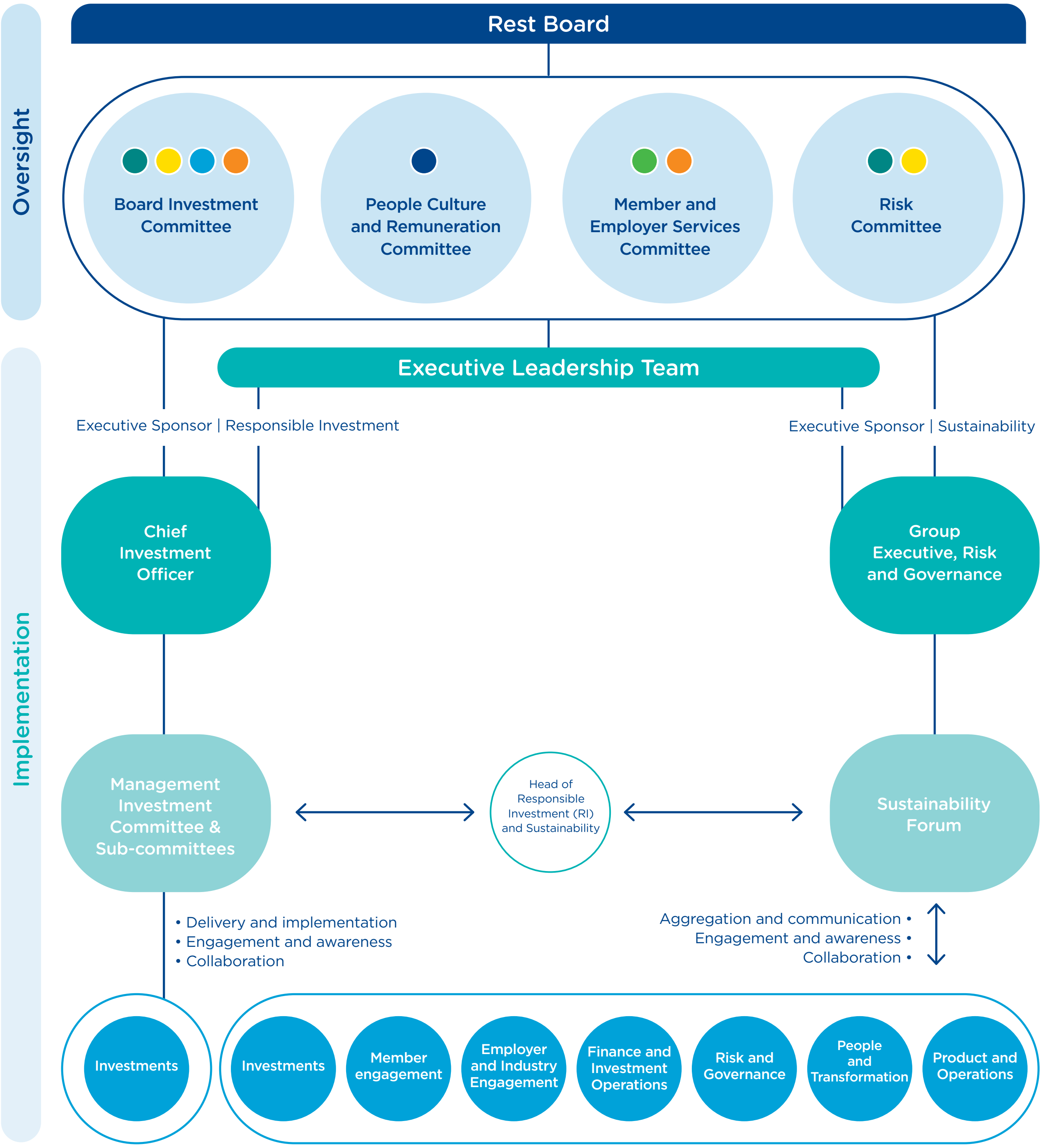
Chief Investment Officer (CIO)

The CIO is accountable to the Board Investment Committee (BIC) for the performance of the functions and roles, as sub-delegated. The CIO chairs the Management Investment Committee (MIC). Under Rest Investments' delegation framework, the CIO is accountable for responsible investment matters in the MIC. See Section 4 of this document for more information on investment governance.

Head of Responsible Investment and Sustainability

This MIC member leads the strategic direction and execution of Rest's practices across sustainability, responsible investment, and climate change matters.

Sustainability, responsible investment and climate change governance



Legend

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

RC:	Risk 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 sustainability, responsible investment, and climate change disclosure, extending beyond what's available at **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).

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

- Modern Slavery Statement
- Proxy voting behaviours report
- Rest's roadmap to net zero emissions by 2050
- 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 2021 to 30 June 2022, unless otherwise stated.

What is the TCFD?

The Task Force on Climate-Related Financial Disclosures (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 of this document for more information.

03
Our members

Member choice: Sustainable Growth option

How Rest helps our members save our planet and their pockets.

The choices you make about your super can have an impact on your financial future, and the future of the planet. Rest designed the Sustainable Growth option in 2021 informed by member feedback.

The Sustainable Growth investment option is designed to meet its return objective based on traditional risk and return investment analysis, along with additional ESG-related considerations.

This type of investment option is often called 'ethical' or 'socially responsible'. It means that investments in companies like fossil fuel producers are excluded. But, it also means we choose to invest in companies that benefit the environment and society, like renewable energy generation.^

The following provides an excerpt from the Rest Investment Guide. For further information, see Investment Guide.

Sustainable Growth - Australian Shares and Overseas Shares

Sustainable Growth's investment in Australian and Overseas Shares excludes companies that do not meet certain negative ESG screens and is positively weighted towards companies that are considered to have strong practices in or to be positive contributors towards:

- environmental sustainability and resource efficiency;
- equitable societies and respect for human rights;
- accountable governance and transparency.

We may engage investment managers or use information or methodologies sourced from service providers to help identify investments that are suitable for Sustainable Growth.

The table on page 17 outlines the exclusions applied to both Sustainable Growth's Australian and Overseas Shares' allocation.

Sustainable Growth may still invest in companies (typically with diverse revenue streams) that invest in, lend money to, buy from or sell products or services to excluded companies. These might include:

- banks who lend money to an excluded company
- companies that sell technology systems to an excluded company, or
- companies that sell equipment and services to an excluded company, for example, companies that sell equipment and services for power generation from fossil fuels.

Further discretionary screens may be applied in certain circumstances, for example when the activities of the company are identified as being so intolerable that exclusion is justified.

Sustainable Growth's investment in Australian and Overseas Shares also aims to have a lower weighted average carbon intensity (WACI) (measured in tonnes of carbon emissions (scope 1 and 2) per million dollars in sales in US dollars) compared to their benchmarks, ASX300 and MSCI World ex Australia respectively.

Sustainable Growth - Debt

The debt allocation is positively weighted towards green, social and sustainability bonds (where the proceeds from the bonds contribute to positive environmental or social outcomes as outlined in International Capital Market Association (ICMA) principles).

Sustainable Growth - Property

Sustainable Growth invests in property investments which have demonstrated a score of average or above in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment, a global ESG benchmark and reporting framework for investments in real estate.

Where GRESB is not applicable, Sustainable Growth's property investments are required to achieve a high environmental rating from a recognised green building rating tool that is administered by a World Green Building Council (WGBC) member.

Sustainable Growth will favourably consider property investments that are signatories to the WGBC Net Zero Carbon Buildings Commitment.

The WGBC Commitment requires that all buildings within the direct control of a signatory's property portfolio be net zero carbon in operation by 2030 through energy efficiency, purchasing renewable power and carbon offsets.

Sustainable Growth - Infrastructure

Sustainable Growth invests in infrastructure assets which contribute to the transition to a low carbon economy, e.g. solar or wind power, or which have limited exposure to climate-related transition risks, being companies that can more easily adjust to a low carbon economy.

It will exclude infrastructure investments in accordance with the Fossil Fuels screen outlined on page 17 in respect to the Australian and Overseas Shares.

^ Third party research is used when determining and applying screens and exclusions. Rest's ESG analysis, including determining and applying exclusions and restrictions, on investments may be impacted by limitations in research of third-party data providers. Temporary data quality issues (e.g. delay or inaccuracy) may arise form time to time, and this may result in the portfolio holding investments that do not meet the above criteria, however this is typically short term. Please refer to the Investment Guide for more information on how we apply the screens and exclusions above, including how we determine a company's revenue.

Sustainable Growth - Australian Shares and Overseas Shares^

We avoid investments in	Details
Environmental damage	A company identified as materially contributing to serious environmental issues and environmental controversies.
Fossil fuels	A company which: • Owns fossil fuel (thermal coal, metallurgical coal, oil and gas*) reserves • Derives any revenue (i.e. 0% revenue threshold) from – oil and gas* exploration, production and related activities (pipeline transportation, refineries, and equipment and services for oil and gas exploration and production) – power generation from thermal coal, oil and gas* (however, Sustainable Growth may still invest in companies that sell equipment and services for power generation) – the leasing, mining and processing of coal and coke; and uranium, radium, and vanadium mining are also excluded. * includes oil sands and arctic oil and gas.
Unethical supply chain practices	A company identified as materially contributing to human rights and labour rights issues and controversies in their supply chain.
Animal cruelty	A company involved in commercial factory farming, live animal export (Australian shares only), raises animals for live export (Australian shares only) or conducts testing on animals for non-medical reasons, except when required by regulation.
Workplace & gender discrimination	A company identified as materially contributing to diversity and inclusion issues or controversies in the workplace, and/or inadequate responses to and prevention of workplace discrimination.
Excessive executive remuneration	A company identified as having poor practices in remuneration, such as excessive executive remuneration.
Gambling	A company that generates over 5% of annual revenue from gambling activities.
Controversial weapons, including nuclear	A company involved in developing, producing, and maintaining nuclear weapons, nuclear weapons components and nuclear weapons delivery platforms, including those designed for dual-uses. A company involved in the production of controversial weapons (cluster bombs, landmines, uranium weapons and chemical and biological weapons or their key parts) (this screen is also applied across Rest's other actively managed investment options).
Palm Oil	A company that produces palm oil or distributes palm oil products (but excluding the manufacture or sale of products that use palm oil as an ingredient).
Tobacco	A company that generates over 5% of annual revenue from the retail sale of tobacco and nicotine alternative (e.g. vaping devices and e-cigarettes) products. A company involved (i.e. 0% revenue threshold) in the production of tobacco and nicotine alternatives (this screen is also applied across Rest's other actively managed investment options).

^ Third party research is used when determining and applying screens and exclusions. Rest's ESG analysis, including determining and applying exclusions and restrictions, on investments may be impacted by limitations in research of third-party data providers. Temporary data quality issues (e.g. delay or inaccuracy) may arise form time to time, and this may result in the portfolio holding investments that do not meet the above criteria, however this is typically short term. Please refer to the Investment Guide for more information on how we apply the screens and exclusions above, including how we determine a company's revenue.

Taking a long-term view

The reporting period was the first full financial year of investment for the Sustainable Growth option which, as of 30 June 2022, had $112 million in funds being managed on behalf of our members.

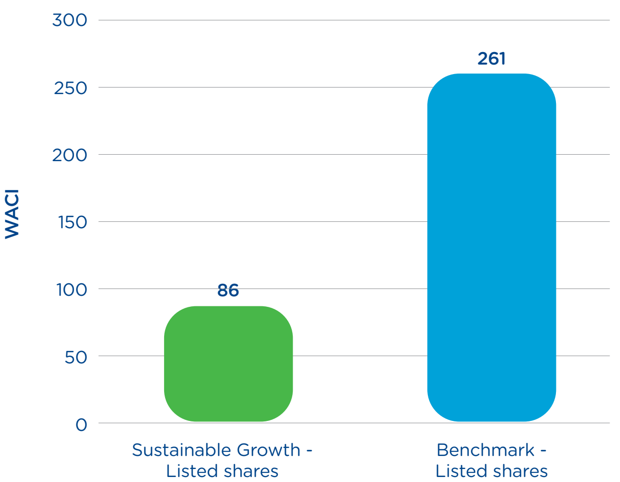
Given its long-term investment time horizon (rolling 12-year periods), a number of changes were made to the Sustainable Growth option in our members' best financial interests during the reporting period.

- From 30 September 2021, new Asset Allocation ranges better positioned Sustainable Growth for expected changes in markets and economic conditions.[1]
- Nuclear weapons were added to the Controversial Weapons exclusion.
- Sustainable Growth became RIAA Certified.

Sustainable Growth climate-related metrics

The Sustainable Growth option's exclusion of fossil fuels results in the carbon intensity of the listed shares component of this investment option being 67 per cent lower than its benchmark.[2]

Weighted Average Carbon Intensity (WACI)



CERTIFIED BY RIAA

What is RIAA certification?

RIAA's Responsible Investment Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations.

Rest's Sustainable Growth option has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See Responsible Returns for details.[3]

Investing for a lower carbon future

The Sustainable Growth option looks for investments which aim to support a lower carbon future.

As of 30 June 2022, at least 11 per cent of the Sustainable Growth Option was invested in:

- renewable energy assets
- bonds with proceeds contributing to positive environmental or social outcomes
- companies that provide products and solutions to support the transition to a low carbon world, and
- green buildings.

1 For more information visit https://rest.com.au/why-rest/about-rest/news/important-changes

2 We measured the Weighted Average Carbon Intensity of the listed shares component of the Sustainable Growth Option as there is carbon data available for these asset classes, including Australian Shares, Overseas Shares, Overseas Listed Infrastructure and Overseas and Australian Listed Property. We compare this against a blended benchmark of each of these asset classes (including S&P ASX300, MSCI World ex-Australia, FTSE Developed Core Infrastructure, FTSE EPRA/NAREIT Developed ex Australia Rental, and S&P/ASX 300 A-REIT respectively).

3 RIAA's Responsible Investment Certification Program details are available at www.responsiblereturns.com.au Neither the Symbol, nor the Program constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence. Ratings/awards are only one factor to consider when deciding how to invest your super.

Member engagement

Rest was awarded Best CX (Customer Experience) Initiative in the Ashton Media CX Awards 2021, for the way we engaged members to develop the Sustainable Growth Option.

We're thrilled to have been awarded Best CX Initiative in the Ashton Media CX Awards 2021[1], for the way we engaged members to develop the Rest Sustainable Growth Option — our ethical and sustainable investment option launched in March 2021.

We consulted with a wide range of members to build our ethical and sustainable investment option.

They told us they felt strongly about sustainability and responsible investment.

In fact **75%** of Rest members expect their super fund to invest responsibly without impacting their returns.[2]

This member engagement initiative breaks new ground in the super industry. We used a fresh 'co-design at scale' approach with members, including close collaboration between different departments at Rest. The result is the best-in-class Rest Sustainable Growth option, which is truly aligned to members' needs and values, and offers even more choice in how they invest their super.

We asked our members what they wanted.

- Inclusions: which industries members would like us to invest in.
- Exclusions: which industries members would like us to avoid investing in – in addition to our existing exclusions for tobacco and controversial weapons.
- Their preferred investment option name, which they told us was 'Sustainable Growth'.

Based on member responses, our member research team gave our investment and product teams a list of our members' critical inclusions and exclusions.

The Ashton Media CX Award judges called our co-design approach a "wonderful example of actually listening to customer feedback, recognising a growing problem and actively collaborating both internally and externally to address the gap".

Leilani Weier and Carolyn Northcott accepting the CX Media award.

[1] Awards are only one factor to consider when deciding how to invest your super. For more information on the CX Media Award, visit ashtonmedia.com.au/symposiums/cx-awards-2021/2021-winners/

[2] 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+

Employers

Rest is committed to working with employers and engaging industry associations to champion sustainability and promote environmental, social and governance (ESG) considerations.

Supporting better retirement outcomes

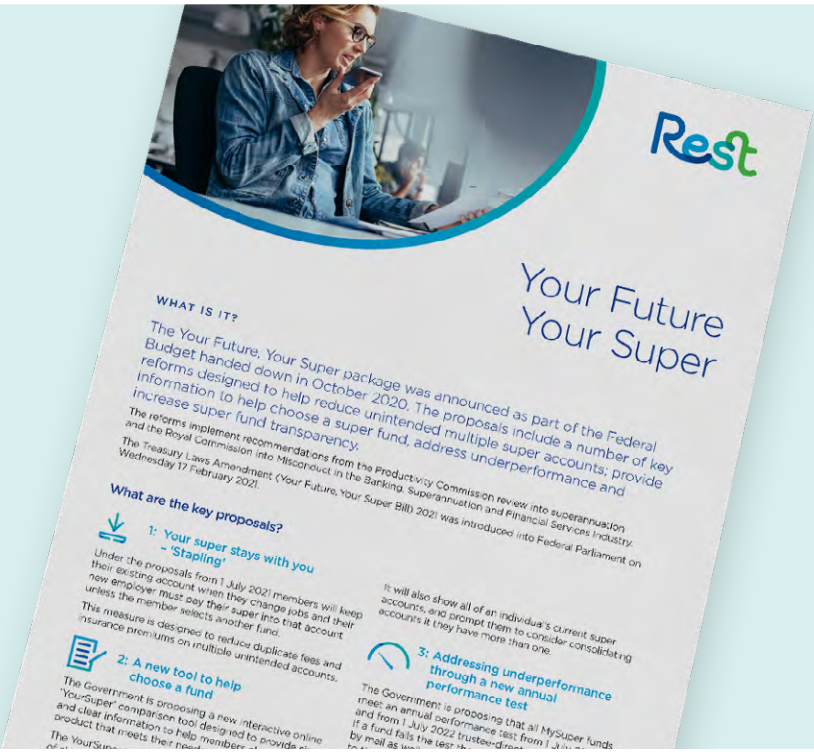
Rest has supported employers to understand two important pieces of legislative change aimed at improving their employees' retirement outcomes: the introduction of super stapling, and the removal of the $450 monthly income threshold for Super Guarantee contributions.

Introduction of super stapling

As part of the Your Future, Your Super legislation, stapling was introduced on 1 November 2021 to limit unintended super accounts being opened for workers every time they changed jobs. We support stapling, because it's in the best financial interest of workers not to have their super balance eroded by paying unnecessary fees and insurance premiums.

Rest ran a series of webinars to help employers understand their obligations regarding stapling. We also invited the broader business community, through partnerships with the Australian Retailers Association, Franchise Council Australia and Retail Drinks Australia. A panel of representatives from Rest discussed the intent of the legislation, explained employer obligations, and answered questions. More than 2,500 employers registered for the webinar and 1,683 attended.

We supplemented the webinars with employer resources, and website articles promoted via e-newsletters and social media.

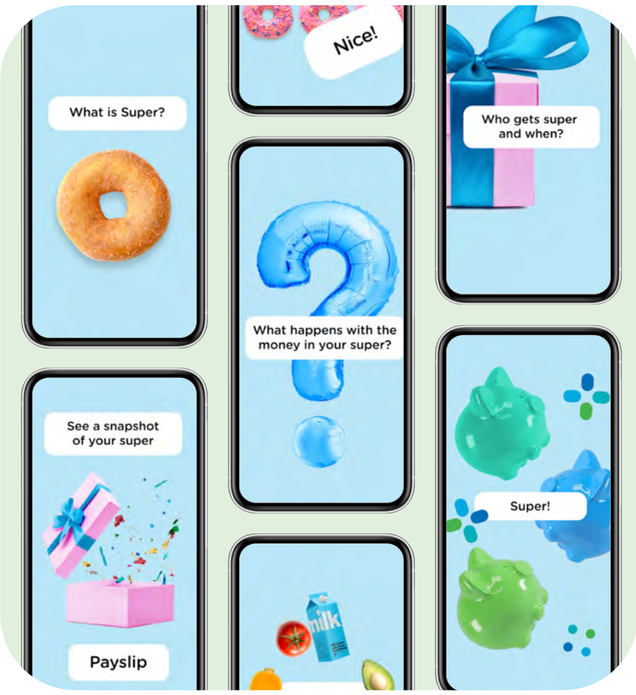


Removal of the $450 super threshold

On 1 July 2022, the $450 monthly income threshold for Superannuation Guarantee (SG) contributions was removed. Rest has long advocated for this change because many of our members are part-time workers or lower income earners who, we believe, deserve to receive super contributions regardless of their income.

To prepare employers for this change and help ensure all newly eligible workers receive SG contributions, we ran a series of webinars to explain the legislation and answer questions. More than 1,400 employers registered for the webinars and 913 attended.

Alongside the webinars we summarised and shared the changes via an employer fact sheet, articles on rest.com.au and content in social media and employer e-newsletters.



Supporting better financial education and gender diversity for Rest members

Financial literacy – engaging younger workers

Rest has a high proportion (50 per cent) of members who are younger than 30. For many, it's their first job, and they have limited understanding of super. Yet it's vital for people to be able to make informed decisions about their superannuation earlier in life, because of the difference this can make to their retirement.

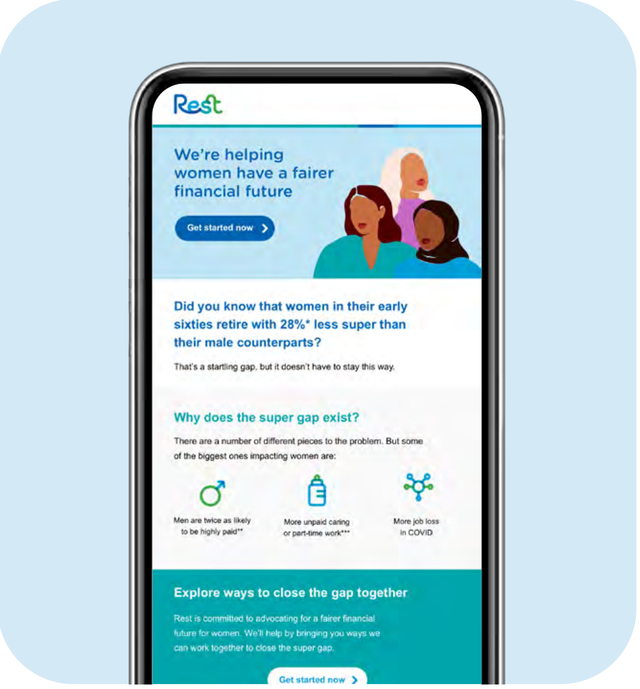
To connect with younger workers where they are, Rest created TikTok style videos covering the basics of super and financial literacy. These videos have been viewed more than 41,000 times with more than 850 click-throughs to rest.com.au for members to engage with their super.

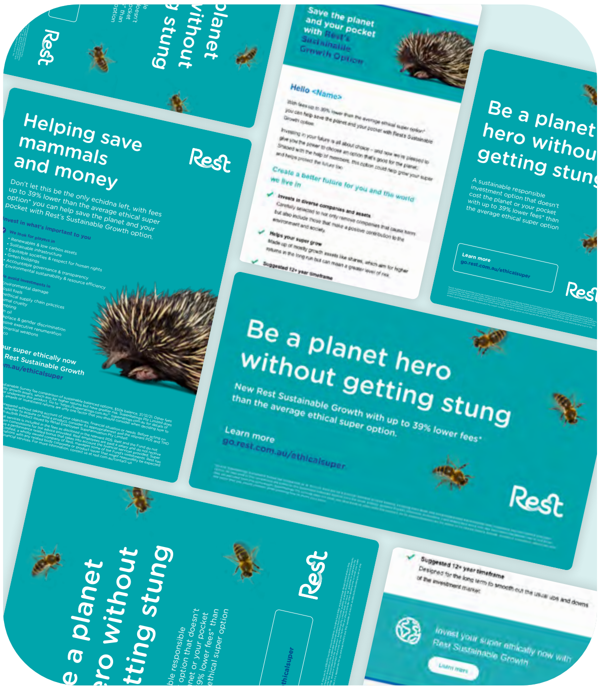
Gender equality in superannuation

We take the issue of gender equality in superannuation very seriously. For International Women's Day 2022, our online seminar gave women practical tips on taking control of their super for a better retirement outcome. The presentation was structured according to life-stage – from their first job through to retirement. 1,419 people registered for the online seminar and 715 attended.

In partnership with the Australian Retailers Association, Rest CEO Vicki Doyle took part in an International Women's Day panel discussion to shine the light on gender equality in the retail sector. As an advocate for gender equality, Vicki shared her insights into addressing pay equity and ensuring financial security for women in retirement.

Rest also regularly shared articles and toolkits with employers to help them engage their female workers with their super.





Supporting continued awareness of responsible investing

Rest keeps employers informed of our progress on responsible investing via quarterly e-newsletters, educational webinars and digital toolkits.

Sustainable Growth Option

Our Sustainable Growth Option awareness campaign targeted small to medium-sized businesses with material to help explain the option internally via office posters, digital assets for intranets and social media channels, and screen images for lunchroom TVs.

04

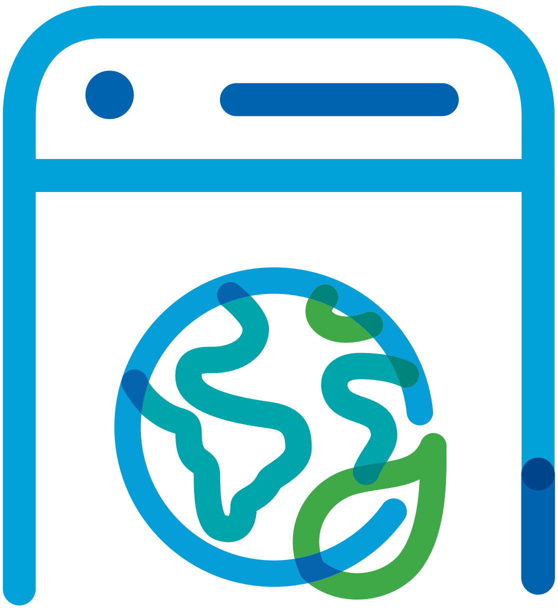
Responsible investment

Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors into investment decisions and active ownership. These factors include climate change, greenhouse gas emissions, modern slavery, human rights and corporate governance.

This section is an overview of Rest's approach to responsible investment, including our approach to climate change.

Governance | Responsible investment and climate change

Rest's investment beliefs guide and shape how we manage our members' retirement savings. One of these beliefs is 'Responsible investment adds value'. As a long-term global investor, we consider and integrate ESG factors to reduce risks, improve returns and maximise investment opportunities in the best financial interests of our members.



Fully integrating responsible investment and climate change into governance structures

During the reporting period, ESG integration continued under the leadership of our Chief Investment Officer (CIO).

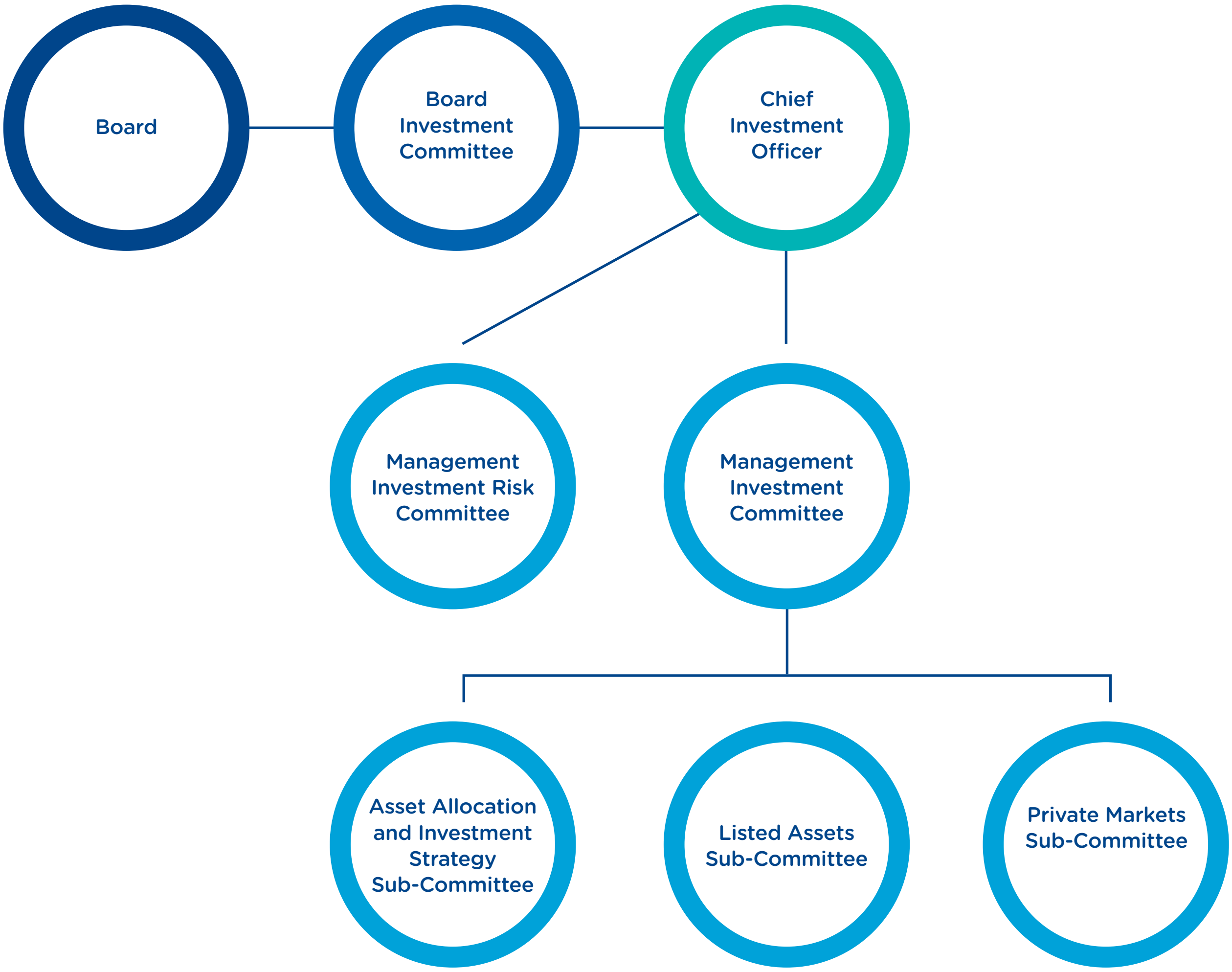
The Management Investment Committee (MIC) and its sub-committees were established in 2020/21 to ensure the right focus and expertise were harnessed to make key investment decisions. The sub-committees have continued to evolve, and charters have been amended across the following sub-committees:

- Asset Allocation and Investment Strategy
- Listed Assets (previously named Investment Selection)
- Private Markets (previously named Portfolio Construction).

The Management Investment Risk Committee (MIRC), which provides reporting to the Board Investment Committee (BIC), was also established in 2020/21.

The sub-committees all contribute towards strengthening the implementation of responsible investment matters and initiatives.

Investment governance



Responsible Investment and Climate Change Policies

The updated Responsible Investment Policy (previously launched as the Sustainability Policy in May 2013) has been in place since June 2021. It underwent Board review in March 2022 following an uplift in in our approach to voting Australian shares.

Rest established an annually reviewed Climate Change Policy in 2018, and developed Climate Change Principles in 2020.

Strategy | Responsible investment and climate change

The Rest Board-approved responsible investment pillars guide our Responsible Investment (RI) Strategy. We publicly endorse actions that support the Paris Agreement and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The six pillars of responsible investment are:

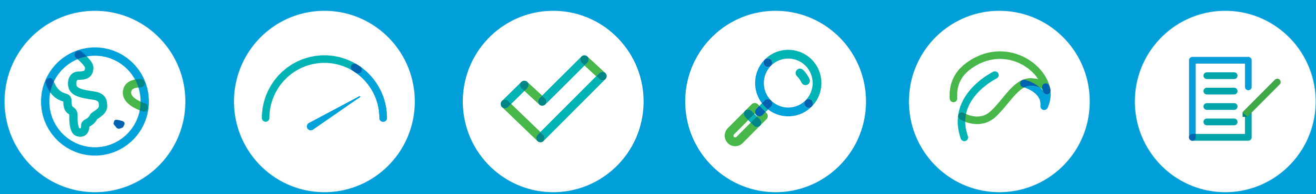
1. Responsible investment governance
2. ESG integration
3. Active ownership
4. Screening, thematic and impact investing
5. Collective responsibility and advocacy
6. Disclosure and transparency.

Our approach to responsible investment is guided by:

- The Principles for Responsible Investment (PRI) framework
- The Responsible Investment Association Australasia (RIAA)
- Results of the 2019 responsible investment member survey, and ongoing member surveys
- The Australian Sustainable Finance Roadmap
- Industry best practice of domestic and global superannuation funds and investment managers.

Each component is then considered against our own ambition, mission, fund structure and member preferences. The Rest Responsible Investment Policy explains in detail how these are applied to 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 asset owners disclose how they approach climate change, including how climate change is factored into investment strategy, for example, during asset class reviews, and/or during scenario analysis.

During the reporting period, we continued to address climate change impacts at the whole of fund, asset class and asset levels, as guided by the Rest roadmap to net zero emissions by 2050.

The Intergovernmental Panel on Climate Change (IPCC) reported in August 2021 that it expects the world to reach 1.5 degrees Celsius above pre-industrial levels within the next two decades and only drastic cuts in carbon dioxide emissions and other greenhouse gases would limit the adverse effects of climate change.[1]

Climate-related scenario analysis

The TCFD recommends asset owners – like Rest – perform scenario analysis. Scenarios consider how the future might look if certain trends continue. A climate change scenario helps us explore and understand how various climate-related risks may affect investment performance over time.

Asset allocation and investment strategy

The Rest BIC and Board review the Asset Allocation and Investment Strategy each year, in the context of these investment timeframes:

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

Through these reviews, we identify key structural themes, such as major economic and/or social changes or trends likely to significantly influence long-term global economy and investment outcomes.

In 2019, climate change was identified as a long-term structural theme. In the 2020 and 2021 investment strategy reviews, we applied scenario analysis. Our 2021/22 analysis stress-tested the strategic asset allocation of the Core Strategy investment option under three possible climate change scenarios, reflecting the long-term outlook (10+ years).

Case study: Investment strategy climate scenario analysis of the Core Strategy

Engaging with Rest's investment consultant, we considered the potential impacts of climate change during the 2022 review of investment strategy and asset allocation. This 'top down' analysis is based on our strategic asset allocation, rather than all our individual assets aggregated together. It is indicative, rather than exact, and aligned with current analysis practices within the investment industry.

Three different scenarios assessed potential impacts on asset risks and returns over the intermediate-term (to 2030) and longer term (to 2040). The scenarios used in 2021/22 were 'Sustained Action', 'Current Path', and 'Net Zero by 2050'. These were chosen based on the widely recognised International Energy Agency (IEA[2]) scenarios and Rest's investment consultant built them into usable investment portfolio stress tests. Rest's roadmap to net zero emissions by 2050 has been informed by the following analysis.
Here's how these three scenarios played out:

1. **Current Path (previously 'Stated Policies Scenario' or 'STEPS')**
   - This scenario explores the implications of the currently enacted, agreed or announced governmental policies based on today's energy settings.
   - Under this scenario, long-term global average temperature rises are estimated to exceed 2.7 degrees Celsius by 2100, relative to pre-industrial levels. This IEA scenario does not reflect alignment with the Paris Agreement.

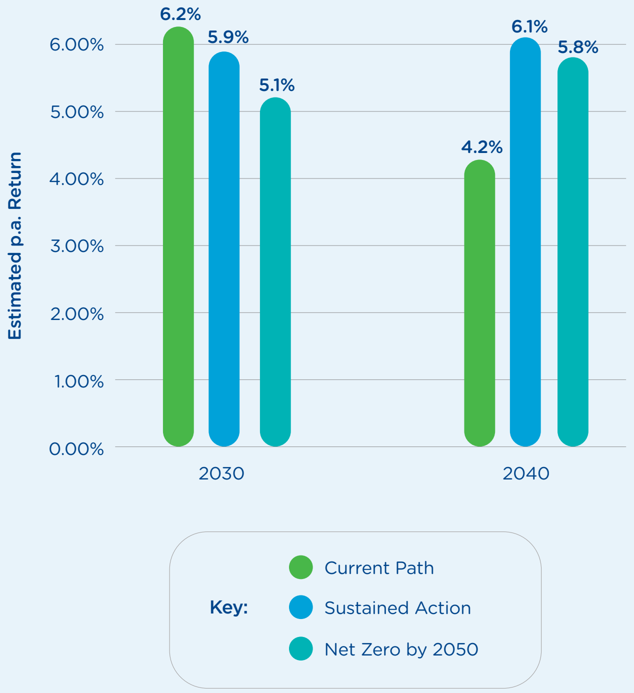
2. **Sustained Action (previously 'Sustainable Development Scenario' or 'SDS')**
   - This Paris Agreement-aligned IEA scenario reflects energy-related UN SDGs being achieved, and assumes a relative increase in clean energy policies and investment.
   - It aims to achieve net zero emissions by 2070, and limits temperature increases to well below 2 degrees Celsius by 2100, relative to pre-industrial levels.
   - Under this scenario, and alongside other assumed macro-economic factors (e.g. GDP, inflation, interest rate, return on invested capital), there would need to be a material increase in global carbon prices, which assumes approximately $USD88 per tonne of carbon dioxide (CO_2) to 2030 and $USD140 per tonne of CO_2 to 2040.

[1] https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/
[2] For more information see IEA website: https://www.iea.org/

3 Net Zero by 2050

- In May 2021, the IEA released a net zero emissions by 2050 scenario, reflecting more countries announcing pledges to achieve net zero emissions, aiming to limit temperature increases to 1.5 degrees Celsius by 2100, relative to pre-industrial levels.
- This scenario extends the Sustained Action scenario by analysing the impact of more countries and companies targeting net-zero emissions by 2050.
- Under this scenario, and alongside other assumed macro-economic factors (e.g. GDP, inflation, interest rate, return on invested capital), there would need to be an even higher material increase in global carbon prices, which assumes approximately $USD130 per tonne of CO_2 to 2030 and $USD250 per tonne of CO_2 to 2040.
- It includes a huge clean energy investment boom (i.e. growing to $USD5 trillion by 2030) to put global greenhouse gas emissions on track for net zero by 2050, 20 years earlier than the Sustained Action scenario.

Core Strategy's estimated average annualised returns

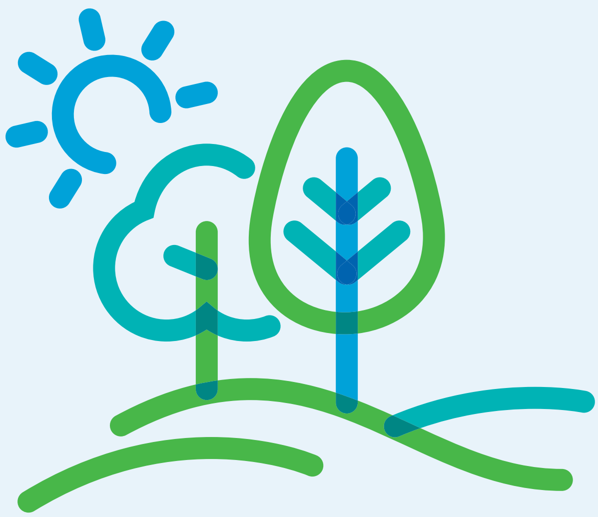


Key observations from this scenario analysis were:

- We expect climate change and climate-related policy and technology developments to impact on future investment returns. These scenarios help us assess climate-related risks and opportunities, given its complexity, and the significant uncertainty as to how it will shape investment outcomes.
- The analysis suggests a Current Path scenario is likely to be the most damaging for both the climate and also global economic growth and investment returns, over the long term.
- Despite greater near-term transition costs for the Sustained Action and Net Zero by 2050 scenarios, mitigating physical climate risks is expected to deliver better economic outcomes than the Current Path scenario over the long term.
- Central to these assumptions is that 'green' assets (lower emissions) are expected to outperform 'brown' (emissions-intensive) assets. But not all 'green' assets will outperform, nor will all 'brown' assets underperform, and significant differences in outcomes are possible even in the same sector.

Considerable uncertainties challenge any analysis of climate related financial impacts, which could significantly impact outcomes. This includes 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, we'll keep updating this analysis.

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.



Investment process

Rest invests in a range of asset classes worldwide, using both internal capability and external investment managers.

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

Investment approvals depend on identifying, assessing and managing material ESG risks, and how they relate to the sector and geography. Rest believes investment managers that identify and effectively manage material ESG and climate-related risks and opportunities enhance long-term financial performance. We therefore expect investment managers to understand ESG and climate-related risks and opportunities and how they can best be integrated into investment decisions.

Rest conducts ESG due diligence, assessing ESG factors in an asset class context, both when we select and appoint investment managers, and during ongoing monitoring. We give each investment manager and the investment strategy an overall rating of 'developing', 'improving' or 'leading'. This is based on their responsible investment commitment including through governance, policies, collaboration, reporting and active ownership. Over the course of the financial year, we commenced updating the assessment criteria as we progressed through asset classes to reflect increased ESG-related developments. We aim to appoint 'improving' or 'leading' investment managers, and assess how ESG is integrated into their investment strategy, including climate change risks and opportunities, and modern slavery.

Our appointed investment managers must monitor risks and leverage opportunities that relate to Rest's investments. Rest encourages investment managers to align their remuneration and culture with the thinking needed to generate long-term returns. Once an investment manager is appointed, Rest undertakes ongoing monitoring, with progress assessed during annual asset class reviews, and extra engagement with 'developing' managers to improve ESG-related performance. Investment managers under mandate have formal climate change-related clauses aligned with Rest's Climate Change Policy.

Our BIC, MIC and MIRC sub-committees review asset classes each year. ESG and climate-related considerations are included in every review, as per our Responsible Investment Policy and Climate Change Policy.

Shares

For Rest's listed shares portfolio, we trialled a Climate Value-at-Risk tool, which provides a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in a portfolio. Given this tool's early application, we haven't yet applied the results to our investment decision making, and are instead considering new assessment tools as they become available.

Rainmaker award

In June 2022, Rainmaker awarded Rest an ESG Leader Rating.*

This award is Rainmaker Information's ESG Leader Rating for 2022, awarded for the first time to Australia's best super funds implementing environment, social and governance (ESG) principles to a high level alongside a track record of strong investment performance.

* Awards and ratings are only one factor to consider when deciding how to invest your super. Past performance is not an indicator of future performance. For more information about awards, see: https://rest.com.au/why-rest/awards

Risk management | Responsible investment and climate change

Rest Enterprise Risk Management Framework

To Rest, climate change presents significant risks to our investments, the markets we operate in, our reputation, and supply chains.

So, it's important to us to actively identify, quantify (if possible), and manage these risks, through our systems, policies and processes for both individual assets and the fund's portfolio as a whole.

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

Rest's Risk Management Framework (RMF) defines how we identify, assess, manage and monitor risk – taking into account the size and nature of our business. The RMF explicitly identifies the risks which can arise in certain business activities and at a granular level. ESG factors, including climate change are part of these risk assessments, and therefore integrated into Rest's internal audit schedule. The RMF includes the Risk Appetite Statement (RAS). We manage risks on an ongoing basis that link back to the RAS Investment/Market Risk Category, where climate change risks are included. The materiality of these risks are measured through a number of Key Risk Indicators (KRIs) which are monitored at least quarterly.

We monitor two climate-related KRIs:

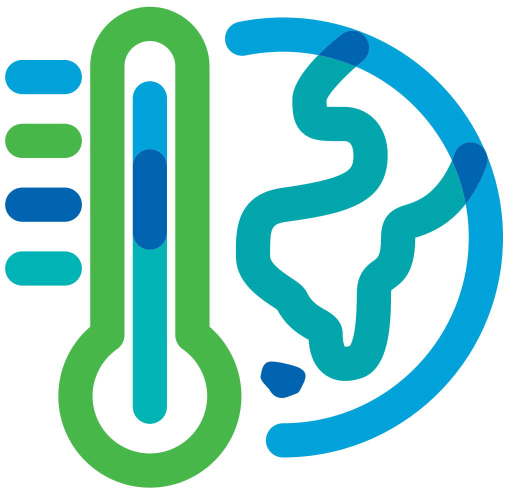
- The carbon emissions weighted average carbon intensity (refer to page 37 of this document for further information)
- How our investment managers approach ESG integration and active ownership, including climate change factors.

A climate-related risk assessment at the asset class level is available in the Rest 2021 Sustainability, Responsible Investment and Climate Change Supplement to the Annual Report.

Internal Audit

A 2021 'ESG Compliance Health Check' with our internal auditor was conducted in accordance with the Rest Internal Audit Plan, as approved by the Board Risk Committee. Its objective was to assess at a high level the progress Rest has made in considering climate change risk within investment decision making and governance. In developing the framework for this internal review, Rest followed the draft guide provided by the Australian Prudential Regulation Authority (APRA), applicable at that time. APRA refers to this guide as the Prudential Practice Guide, CPG229, 'Climate Change Financial Risks'.

Out of this audit, six positive observations and four performance improvement opportunities supported the continued evolution of our climate change approach. Since the audit, APRA finalised its guidance on managing the financial risks of climate change.



Negative screening

We use negative screening to exclude certain industry sectors or companies from our investment portfolios, (however exclusions do not apply to indexed investment options).[1] The negative screening we applied across our investments in 2021/22 included:

Tobacco product manufacture

Investing in companies that manufacture tobacco or nicotine alternatives (such as vaping devices and e-cigarettes) presents both investment and reputational risk. According to International Labour Organisation research, child labour is widespread in tobacco growing communities. So we choose to screen out tobacco and nicotine alternatives manufacturers.

Controversial weapons

We 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

Thermal coal mining – Listed Companies

Our roadmap to net zero emissions by 2050 led our process to wind down our exposures to investing in listed companies with more than 10% of revenues derived from thermal coal mining unless they have a credible net zero by 2050 target or are committed to setting Science-Based Targets.[2]

As of the first business day of 2022, Rest no longer invests in nor holds shares in such listed companies.

Climate-related risk at the asset class level

In 2020/21 we assessed climate change-related risks across asset classes, guided by the risk likelihood and consequences matrix in the Rest RMS. See a top-down view of climate-related risks in our 2020/21 Sustainability, Responsible Investment and Climate Change Supplement.

From 30 September 2021, we simplified the way we classify asset classes within our investment options. While the climate-related risks identified in 2020/21 continue to apply, an update to this top-down view will need to be applied.

[1] Rest's indexed investment options are Australian Shares - Indexed, Overseas Shares - Indexed and Balances - Indexed.

[2] Organisations who have committed to setting emission reduction targets grounded in climate science as assessed by the Science-Based Targets initiative (SBTi).

Modern slavery

We continued to implement our Modern Slavery approach over the reporting period to:

- Focus on and engage with investment managers and/or asset owners whose investments may be subject to higher risks of modern slavery
- Expand the modern slavery assessment to include our transition managers
- Mandate modern slavery process and reporting requirements into all new service provider appointments.

For more information, see Rest's Modern Slavery Statement.

Active ownership

Active ownership is a key pillar of our responsible investment approach.

This means we exercise our voting rights and position of ownership in companies to maximise returns, which can also have a positive impact on society and the environment.

Engaging with companies also helps us assess how they manage ESG factors and gives us an opportunity to encourage better disclosure and practices that maximise long-term value for our members.

Voting at company meetings also lets us communicate our view on company performance.

Engagement

Through engagement, we seek to build knowledge in a company to better understand its approach and priorities related to ESG factors, including climate change. Where necessary, we advocate for change.

We seek to engage our most significant company holdings as well as with companies where we believe performance could be improved with respect to industry standards, community expectations or where there may be reputational issues that could adversely affect value.

Our three-pronged approach to company engagement (see Section 6 of this report):

- **Service provider** engagement through the Australian Council of Superannuation Investors (ACSI)
- **Collaborative** engagement with industry partners and like-minded investors, including Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) and Climate Action 100+
- **Direct** engagement with Australian companies.

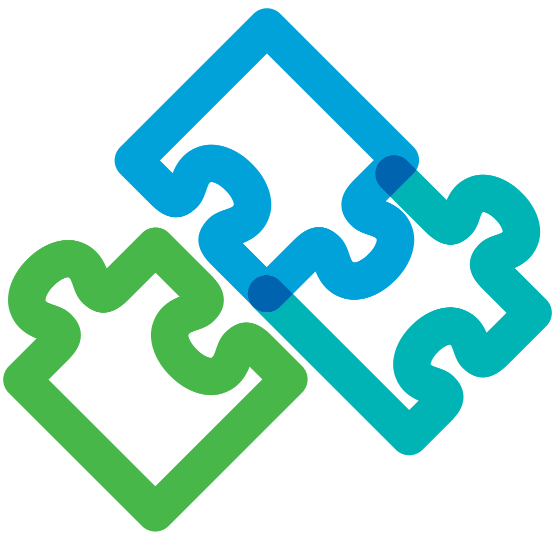
Our external managers also engage companies in our Australian and international equities portfolios on a range of ESG factors, including climate change, modern slavery, decent work and corporate governance.

Service Provider Engagement

Each year, ACSI sets priority themes for engagement based on the materiality of an issue to the company and investors.

During the reporting period, ACSI conducted 301 engagement meetings with 193 companies in the ASX300, of which more than 170 companies are held by Rest. ACSI also held 13 meetings with non-government organisations (NGOs) to better understand their concerns about Australian company activities, including on climate change, company culture and cultural heritage.

During the reporting period, Rest engaged, alongside ACSI, with 18 companies on climate change, including ten of the largest greenhouse gas emitting companies in our Australian equities portfolio, five companies on cultural heritage protection practices, five companies on corporate culture and sexual harassment as well as a range of companies on corporate governance issues, including board composition and executive pay. We also participated in 11 of the 13 ACSI-led NGO engagement meetings.



Key outcomes from ACSI's engagement include:

Climate change	By the end of 2021, more than 70% of ACSI's 30 member-agreed climate priority companies had improved their climate-related practices – adopting credible short-term and medium-term targets and pathways to achieve net zero and Paris Agreement-aligned goals, producing detailed scenario analysis and adopting Science-Based targets. 15 of ACSI's priority companies integrated climate change considerations into executive remuneration to help ensure targets are met.
Corporate culture and sexual harassment	Western Australia's parliamentary inquiry into sexual harassment[1] among fly-in fly-out work crews, and Rio Tinto's report into its own workplace culture[2], identified key issues for the mining industry. Given the sector-wide findings on culture, the issue is now part of every ACSI engagement with mining and energy companies.
Responsible gaming	ACSI added responsible gaming as a focus theme in 2022. This followed the public inquiries[3] into Australia's two largest casino groups regarding serious issues of transparency and governance. These represent material risk to investors and the wider community.[3] More broadly, by July 2022, ACSI had assessed five companies as having made improvements and a further 16 with partial improvements.
Board diversity	ACSI's long-running engagement and strategic voting recommendations to improve board gender diversity drove progress across the ASX300, with 15 appointments of women at priority companies during the reporting period. Only eight companies in the ASX300 had zero-women boards at the end of June 2022, with the average representation of women at almost 34%. Of 291 director appointments across ASX300 companies in 2021/22, 43 per cent were women.
Executive pay	ACSI engages with companies where problematic incentive structures, retention payments or misaligned outcomes for senior executives, cause ACSI to recommend that investors vote against supporting their remuneration reports. ACSI also engages with every ASX300 company that receives a 'strike' vote (>25% of votes against those remuneration reports), and recorded positive changes – such as raising performance hurdles – for more than 30 companies during 2021/22.
Cultural heritage	Following the tragic detonation of the Juukan Gorge rock shelters by miner Rio Tinto in 2020, ACSI engaged extensively with boards and indigenous groups. ACSI also worked with stakeholders to develop a framework for assessing companies' agreement-making and cultural heritage protection practices when negotiating access to the lands of Traditional Owners and Custodians. For 2021/22, ACSI identified 11 companies to evaluate their progress in renewing relationships, reviewing and rewriting agreements (and appropriately resourcing and empowering their heritage teams to manage critically important relationships with Traditional Owners and Custodians).
Modern slavery	ACSI commissioned and published research to critically analyse the practices and reporting by ASX200 companies under the new Modern Slavery legislation. Companies were scored against the mandatory reporting requirements, then ACSI engaged with each company on how they could improve disclosure. In 2022/23, ACSI aims to produce a second round of analysis to gauge company progress.

[1] Report 2 "Enough is Enough" For more information see https://www.parliament.wa.gov.au/Parliament/commit.nsf/(Report+Lookup+by+Com+ID)/EF1DF1A3F5DF74A848258869000E6B32/$file/20220621%20-Report%20No%202.pdf

[2] Report into Workplace Culture at Rio Tinto. For more information see https://www.riotinto.com/-/media/Content/Documents/Sustainability/People/RT-Everyday-respect-report.pdf

[3] Casino Reviews and Investigations. For more information see https://www.liquorandgaming.nsw.gov.au/independent-liquor-and-gaming-authority/casino-reviews-and-investigations

External manager – engagement case studies

Calvert - Tesla:

The Australian Shares and Overseas Shares asset classes of Rest's Sustainable Growth option are externally managed by Parametric and its delegate Calvert.

Calvert engages with companies where they can create meaningful progress to improve portfolio performance. Shareholder resolutions allow investors to submit issues important to them onto the proxy ballot and signal to companies investor interest in specific issues.

At Tesla's Annual General Meeting in October 2021, more than 54 per cent of shareholders supported a Calvert resolution requesting more quantitative data about diversity, equity, and inclusion. The resolution received majority support despite board opposition. Calvert is engaging with company management on their response to this vote result.

For more information on Rest's Sustainable Growth Option, see Section 2 of this document.

Paradice – Sexual harassment:

One of Rest's Australian equities managers, Paradice Investment Management, formally engages with companies it invests in. During the reporting period, a focus area for engagement has been safe and inclusive workplaces for women in the resources sector.

A 2021 Western Australian parliamentary inquiry into sexual harassment against women in the fly-in fly-out mining industry highlighted poor workplace practices across the sector which had led to widespread sexual harassment.

Following the inquiry, Paradice began an engagement program targeting 23 Australian resource sector companies, encouraging management to prioritise efforts to foster safer, more inclusive workplaces for women. Paradice also sought enhanced disclosures to help investors understand how companies are addressing these serious issues, and managing associated business risks, including talent attraction and staff retention.

Engagement themes

Climate engagement

When engaging with our Australian listed holdings on climate change, our objectives include seeing:

- Enhanced disclosure, including Task Force on Climate-Related Financial Disclosures (TCFD) reporting
- Net zero by 2050 commitments, including credible Paris aligned short, medium and long-term targets, including for Scope 1 (i.e. emissions generated as a direct result of a business activity), Scope 2 (i.e. emissions generated from indirect consumption of energy), and Scope 3 emissions (i.e. emissions generated by consumers using their products)
- Corporate strategy alignment with net zero commitments
- Stress testing against a range of plausible climate scenarios
- Physical and transition climate-related risk assessment and disclosure
- Plans for managing potential impacts of climate change on its workforces and communities in which it operates (i.e. a Just Transition, refer to page 40)
- Alignment of a company's policy and advocacy activity with a net zero by 2050 aligned world.

Modern Slavery

We engage with both external investment managers and directly held assets to gauge their progress in reporting against Australia's Modern Slavery Act. This includes their approach to identifying modern slavery risks in supply chains, how they would remediate their identified risks, and how these risks are reported at the investment portfolio level.

Rest is a member of the Investors Against Slavery and Trafficking Asia Pacific (IAST APAC). As part of the initiative, investors engage with companies in the Asia Pacific region to promote effective action to find, fix and prevent modern slavery, labour exploitation and human trafficking. Further information on the initiative can be found at iastapac.org/about/

Australian share voting

From April 2022, Rest internalised its approach to voting Australian shares to ensure a consistent whole-of-fund voting position which aims to create sustainable, long-term value for our members. To determine our voting positions, we're guided by our voting principles and consider:

- Engagement with the company
- Proxy voting advice from our two service providers, Australian Council of Superannuation Investors (ACSI) and CGI Glass Lewis
- Company disclosures
- Views of investment managers (internal and external)
- Other stakeholders where relevant.

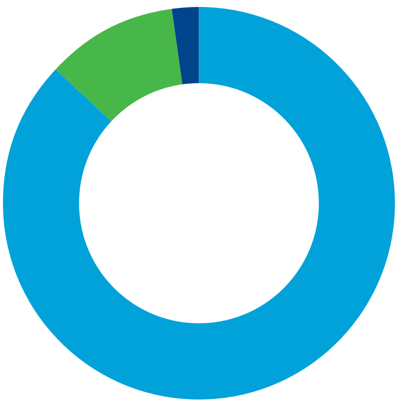
In protecting the long-term best financial interests of our members, Rest supports resolutions that enhance value, promote or require adequate disclosure, encourage appropriate pay-for-performance remuneration outcomes and support effective board composition and governance.

Our overseas shareholdings are generally voted on by our investment managers, who are expected to actively exercise their voting responsibilities.

Rest's Proxy voting behaviours report is available at rest.com.au

Rest's Australian share voting summary, April 2022 to June 2022

Australian share voting



Number of resolutions voted: 338

Key:
- For (87%)
- Against (11%)
- Abstain[1] (2%)

Voting by theme

Key:
- Audit/financials (3.5%)
- Director elections (40.5%)
- Capital management (6.8%)
- Executive remuneration (36.9%)
- Shareholder proposals (2.9%)
- Other (9.4%)

Issues Rest voted Against

Key:
- Audit/financials (0%)
- Director elections (20%)
- Capital management (0%)
- Executive remuneration (44%)
- Shareholder proposals (21%)
- Other (15%)

[1] While it is Rest's intention that all shares be voted, there will be instances where Rest chose not to exercise or 'abstain' from exercising their voting rights. This includes where the Responsible Investment Policy restricts Rest from voting.

Climate change-related resolutions

To determine our voting position, we consider a range of factors when assessing Australian companies' disclosure and management of climate change risks and opportunities, including whether the company:

- Has adopted the TCFD reporting framework
- Set a net zero by 2050 target, including credible short-term and medium-term targets
- Discloses stress testing against a range of plausible climate change scenarios
- Demonstrates corporate strategy alignment with the Paris Agreement
- Provides disclosures of policy and advocacy activity alignment with a net zero by 2050 aligned world
- Discloses plans for the potential impacts of climate change on its workforces and the communities in which it operates.

A 'Say on Climate'

During the reporting period, four Australian listed companies (BHP, Rio Tinto, Santos, and Woodside) provided shareholders with an advisory vote on their climate transition plans at their Annual General Meetings (AGMs). These are known as a 'Say on Climate' resolution.

Rest supports the introduction of these resolutions as they facilitate important engagement between companies and investors on short, medium, and long-term climate strategies.

While we did not support the 'Say on Climate' resolutions at these companies, we recognise their commitment to engage investors on climate-related risks and opportunities.

In determining our voting position on a case-by-case basis, we considered the range of factors outlined above, including frequency of the 'Say on Climate' vote, emission reduction targets and plans to address Scope 3 emissions, capital allocation and Just Transition considerations (refer to page 40 of this document for further information), as well as disclosure on industry association climate policy alignment with the Paris Agreement.

Rest wrote to the Chairs of each of the four companies outlining our voting rationale, encouraging clearer disclosures, more frequent opportunity to vote on transition plan progress, and more ambitious targets for reduction in Scope 3 emissions.

Shareholder proposals

We consider shareholder resolutions on a case-by-case basis and support those we believe protect and/or increase long-term shareholder value and will result in improved disclosures and enhance company performance. During the reporting period, we supported numerous shareholder proposals to signal that policies or procedures needed to be enhanced or disclosures improved.

- This included Incitec Pivot's (IPL) December 2021 AGM. IPL is a chemical, fertiliser and explosives firm which operates in a 'hard to abate' sector. We supported a shareholder proposal to signal to the company that investors would benefit from greater clarity on how it will set Paris aligned targets in the short to medium term, and provide further disclosure on how capital expenditure decisions are considered in the context of its decarbonisation strategy. We wrote to the company to explain our vote rationale and noted these would be important factors in our consideration of any future "Say on Climate" resolution.

Rest's Proxy voting behaviours report is available at rest.com.au

Advocacy

We engage and collaborate with industry associations and investor groups on responsible investment issues. This collaborative approach promotes good ESG practices by increasing awareness and education. It's also a chance to engage with a range of stakeholders – including companies and governments – on ESG practices and policies.

Rest contributes to and monitors the advocacy activities of our member organisations by participating in working groups, committees, and through board representation. For more details see Section 6 of this document.

Metrics and targets | Responsible investment and climate change

Rest's long-term goal is a net zero carbon footprint by 2050 – consistent with the goals of the United Nations Paris Agreement.

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

We've committed to measure, monitor, and disclose, in line with the Task Force on Climate-Related Financial Disclosures (TFCD) recommendations, and encourage the entities we invest in to do the same.

Using Globally Relevant Guidance

The measurement and disclosure of climate-related risks by financial organisations is still evolving. To help us monitor the progress of our roadmap to net zero emissions by 2050, we've developed a set of metrics and targets, guided by the TCFD, the U.N.-convened Net-Zero Asset Owner Alliance (NZAOA Protocol), and The Investor Agenda's Guidance on Using the Expectations Ladder.

This industry guidance helps investors build frameworks and processes to understand climate-related risks and opportunities in a clear, consistent, and comparable manner.

In October 2021, the TCFD updated its guidance on setting metrics, targets, and transition plans. While the key carbon footprinting and exposures metric for asset owners stayed largely the same, e.g., using the Weighted Average Carbon Intensity (WACI), we've been assessing the addition of other metrics within industry guidance.

NZAOA Protocol

The NZAOA Protocol was updated in January 2022 following the IPCC pathways update aimed at limiting the temperature increase to 1.5 degrees Celsius above pre-industrial levels and net zero emissions by 2050. The Protocol encourages asset owners like Rest to set interim 2025 targets against four areas: engagement, sectors, sub-portfolio, and financing the transition. We are currently undertaking a review of our current approach against the NZAOA Protocol (as updated in January 2022). This review is conducted by an external party and should help us update our roadmap to net zero emissions in due course.

Six key measures

One

Action: By 31 December 2021, exclude listed companies with more than 10 per cent of revenues derived from thermal coal mining, unless the company has a credible net zero by 2050 target or is signed up to the Science-Based Targets.

Progress: Rest delivered on its commitment to wind down exposure to listed companies that derive 10 per cent or more of total annual revenues from thermal coal mining, unless certain climate-related criteria could be met.[1] Ongoing exclusion is maintained through compliance reviews.

The Just Transition[2] considerations within company decarbonisation plans are increasingly relevant for asset owners. The risk to companies to ensure a just and equitable transition for workers is accelerating with announced early closure dates for thermal coal-related assets across a number of companies. To help address this, we have joined the ACSI facilitated Just Transition member working group to support effective company engagement and continue the progress of working with industry and companies. ACSI has a number of upcoming engagements with companies and broader stakeholders to continue progress on this important thematic.

Two

Action: Advocate for economy-wide reduction of emissions of 45 per cent by 2030, on 2005 levels, aiming to reduce the Weighted Average Carbon Intensity of the equities portfolio year on year.

Progress: 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 TCFD.

The WACI for Rest's Shares portfolios has been declining over recent years. Relative to the financial year ended 30 June 2019, our base year, the WACI for our total shares portfolio has fallen by 24 per cent.

We are active members of the Investor Group on Climate Change (IGCC) which advocates on behalf of its members in relation to a range of climate related issues, including for the Australian government to increase its 2030 emission reduction targets to align more closely with the objectives of the Paris Agreement.

Three

Action: Rest has a target to increase investment in renewable energy and low-carbon solutions assets to $2 billion at whole-of-portfolio level by 2025.

Progress: As at 30 June 2022, Rest had:

- $1.1 billion invested in physical renewable energy and low-carbon solution assets
- $1.3 billion invested in listed companies which contribute to the transition to a low carbon economy, as defined by MSCI, and
- $169 million invested in green bonds, which aim to contribute to positive environmental outcomes, for example, issued in accordance with the International Capital Market Association Green Bond Principles.

[1] To meet the climate-related criteria, the company must have a credible net zero by 2050 target or be committed to setting targets for greenhouse gas emission reduction grounded in climate science as assessed by the Science-Based Targets initiative.

[2] Just Transition means 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.

Four

Action: Rest has set a target to achieve net zero carbon emissions in operation by 2030 for the direct property portfolio.

Progress: In line with the World Green Building Council's Net Zero Carbon Buildings Commitment, we aim to have our directly owned property assets achieve net zero carbon emissions in operation by 2030.

During 2021/22, we completed the development of an action plan to reduce the energy demand of our direct property portfolio, seek to transition to fully electrified assets powered by renewable energy, and offset residual emissions. Implementation has commenced.

In addition to this measure, as at 30 June 2022, 70 per cent of our total property portfolio, including our directly owned assets, had a net zero commitment.[3]

This figure has varied over the last few years, it was 76 per cent in 2021 and 24 per cent in 2020. This variation is due to the changes in the assets that sit within the property asset class (e.g. stages of development), and it is the medium to longer-term trend leading up to 2030 which is most important.

Five

Action: Rest has set a five-year target to introduce impact investment with a view to allocating one per cent of funds under management (aggregated across each of the asset classes).

Progress: Impact investments are investments into assets that generate strong financial returns while also providing a positive and measurable impact to society and the environment.

Investing with the intention to generate positive, measurable social and/or environmental impacts provides a second aim for our investment process. It is in addition to ensuring these investments are in members' best financial interests and our assessment of ESG-related investment risks.

Rest has developed an impact due diligence framework which sits alongside our standard ESG integration approach. The impact due diligence framework assesses an investment's impact strategy in terms of its potential to advance sustainability outcomes and actively contribute towards relevant environmental or social solutions and transformations. It also assesses the ability of the investment manager that manages the investment to implement and execute on the impact strategy. We have used this framework on a number of potential investments we are currently considering.

Rest continues to engage with entities that we have invested in and the broader community to raise industry standards with respect to impact investing and continue to search for suitable impact investment strategies. Rest supported the progress of impact investing through our participation in the Global Impact Investing Network (GIIN) Asset Owner Roundtable for Asia Pacific.

Six

Action: Scenario analysis and stress-testing of the Rest strategic asset allocation, including using a net zero emissions by 2050 climate scenario.

Progress: Rest has stress tested the Core Strategy asset allocation against the impact of climate change in line with three International Energy Agency possible futures. The three scenarios include current path (long-term global average temperature rises exceed 2.7 degrees Celsius by 2100 relative to pre-industrial levels), sustained action (aims to achieve net zero by 2070 and limits global average temperature rises to well below 2 degrees Celsius relative to pre-industrial levels) and net zero by 2050 (aims to limit the increase in global average temperature increase by 1.5 degrees Celsius by 2100 relative to pre-industrial levels).

While this is modelling only, and of only three possible future pathways, it can help to build a resilient investment portfolio having regard to our members' future retirement outcomes in 2030 and 2040.

[3] This includes office buildings directly owned by Rest and buildings owned through Rest's investment in other unlisted entities and funds.

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 Australian Council of Trade Unions (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.

TCFD carbon metrics for listed Australian and overseas share investments[1]

The Weighted Average Carbon Intensity (WACI) is a key metric recommended by the TCFD that asset owners can use to disclose when reporting a portfolio's exposure to carbon emissions. We calculate it for our listed Australian and overseas share investments.

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 US dollars in sales.

In addition to the WACI, the table below outlines the total carbon emissions and the carbon footprint of Rest's listed Australian and overseas shares portfolios.

Total carbon emissions, also known as financed emissions, provides the absolute greenhouse gas (GHG) emissions associated with the companies in each portfolio[2], and is expressed in tonnes of CO_2e. While it tracks changes in GHG emissions in the portfolios, the data is not normalised, so it can't be used for comparison purposes.

The carbon footprint is the total carbon emissions for a portfolio, normalised by the market value of the portfolio and expressed in tonnes CO_2e per million invested in AUD. This metric can be used to compare portfolios and compare a portfolio over time.

Australian Shares

	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
29 June 2018	433	1,320,016	121
28 June 2019	312	1,124,703	97
30 June 2020	257	1,074,432	104
30 June 2021	246	1,202,826	80
30 June 2022	272	1,168,909	87

Overseas Shares

	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
29 June 2018	183	698,446	57
28 June 2019	172	757,590	57
30 June 2020	135	544,261	42
30 June 2021	128	625,483	35
30 June 2022	97	404,334	23

[1] Actual data is not always available so estimates may be used. All metrics measure scope 1 and 2 carbon emissions.

[2] To calculate the emissions associated with a portfolio, a company's annual emissions are multiplied by the amount invested in a company over the company's enterprise value including cash (EVIC).

Carbon footprinting metrics - Weighted Average Carbon Intensity (WACI)

Rest invests directly in sustainable office buildings

We're aiming for net zero carbon emissions from operating our offices, by 2030 – including reducing energy and water consumption through operational improvements and plant upgrades, a shift to renewable power and carbon offsetting.

Rest Direct Property Portfolio

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[1] 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 that encourage walking and cycling, and a 5-star NABERS Energy rating.[2]

140 William Street, Melbourne

This A-grade office building sets the highest benchmark for office accommodation. Located in the true heart of the Melbourne CBD, this building encompasses 42,700 sqm of commercial space across 41 levels, with floor to ceiling windows, modern end-of-trip facilities that encourage walking and cycling, a lobby café, staffed concierge, multi-deck carpark and a 4.5-star NABERS Energy rating.[2]

717 Bourke Street, Docklands, Melbourne

This is an iconic A-grade landmark office tower adjacent to Southern Cross Railway station and Marvel Stadium. The property's 42,900 sqm of commercial space boasts a 'fractured' floor architecture and large open floor plans with natural light designed to improve employee morale and collaboration. Its newly constructed end-of-trip facilities include: 200 bike racks, 400 lockers, workout areas, a 5-star Green Star Design Rating[3], a 5-star NABERS Energy rating.[2]

Quay Quarter Tower (QQT), 50 Bridge Street, Sydney

Rest diversified its investment portfolio by finalising the acquisition of a one-third stake in Quay Quarter Tower (QQT) shortly after construction was completed in April 2022. Rather than demolish the old building at 50 Bridge Street, the building has been completely transformed into a contemporary and sustainable development. The redevelopment retained approximately two thirds of the old building's core structure, saving around 8,000 tonnes of embodied carbon - this amount is equivalent to 35,000 flights between Melbourne and Sydney.

The tower is also targeting strong environmental credentials, including a 5.5-star NABERS energy rating[2] and a 6-Star Green Star Design Rating[3] from the Green Building Council Australia.

This premium and contemporary office space is expected to deliver a reliable income stream contributing to long-term investment returns.

[1] Property Council Australia https://research.propertycouncil.com.au/research-and-data/a-guide-to-office-building-quality?hsCtaTracking=16c14f93-04a0-45bb-8d41-2f90ec9a2780%7C18d28844-de83-4165-8711-607735fc7a45

[2] NABERS Energy Rating https://www.nabers.gov.au/ratings/our-ratings/nabers-energy

[3] Green Star Design ratings https://new.gbca.org.au/green-star/rating-system/

Rest’s direct property sustainability-related performance ratings

Property address	Green Star Performance	Green Star Design	NABERs Energy 2016	NABERs Energy 30 June 2022	NABERs Water 2016	NABERs Water 30 June 2022	NABERs Waste
Quay Quarter Tower 50 Bridge St, Sydney		Target 6*		Target 5*		Target 4*	Target 4*
52 Martin Place, Sydney	4		4.5	5	3.5	4.5	2
140 William St, Melbourne	3		3.5	4.5	3	5.5	2.5
717 Bourke St, Docklands	3	5	4.5	5	3.5	5	4.5

Green Star Performance ratings range from 1 Star (Minimum Practice) to 6 Star (World Leadership), with Green Star Design ratings ranging from 4-6 Star Green Star. NABERs building efficiency ratings range from 1 star (Making a Start) to 6 stars (Market Leading).

What is GRESB?

The Global ESG Benchmark for Real Assets (GRESB) provides a consistent benchmarking framework to collect and compare key ESG indicators and related performance metrics across global real estate and infrastructure portfolios.

We encourage investment and asset managers in the relevant asset classes to conduct GRESB assessments, to give asset owners access to asset-level or fund-level ESG data, which in turn gives us a clearer view of the risk-return profile of these asset classes.

* NABERS are target ratings, following the building being tenanted for a 12-month period.

Actions we are taking to target net zero in operation by 2030 for the directly managed property portfolio.[1]

- Upgrading lighting, cooling towers, lift controls, chillers and domestic hot water, and transitioning to electrified assets where possible.
- Installing new metering to enable superior monitoring of equipment and identification of unnecessary energy losses.
- Reviewing controls and programming of building operational equipment to maximise efficiency including afterhours programming review.
- Incorporating sustainable procurement requirements in contract and in reviews with suppliers including sourcing more sustainable products when replacing plant and equipment.
- Installing carbon-negative carpet tiles whenever portfolio assets need to be refurbished.
- Implementing new waste stream recycling programs. Including a waste tenant portal at 52 Martin Place that displays live collection data for accurate tracking and setting improvement goals. Recycling of office furniture where possible.
- Evaluating additional solar opportunities as part of identifying efficiency opportunities.
- 52 Martin Place participated in a pilot program for a new indicator from NABERS that recognises the generation and purchase of renewable energy by building owners.
- Continuing to review and strengthen green leases and service contracts, when the opportunity arises through renewal and change of lease.
- Implementing renewable energy contracts across the portfolio.

[1] 52 Martin Place, Sydney, 140 William Street. Melbourne and 717 Bourke Street, Docklands are directly managed by Rest.

05
Corporate responsibility

Our supply chain

Supplier Code of Conduct

Our suppliers, as key strategic service providers, contribute to the effective operation of Rest.

Our suppliers are an extension to our business, so we're interested in how they operate and manage their organisation.

Our Supplier Code of Conduct sets out our expectations of behaviours and ethical business practices for our suppliers and across their own supply chains.

The Code outlines our expectations of suppliers in the following categories:

- 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, and
- quality and joint value creation.

For more information see the Supplier Code of Conduct.

The Rest Effect

We value suppliers who align with the Rest Effect — our five core values that define who we are and how we act — with each other, our service partners, and external stakeholders.

Living these values helps us deliver the best outcomes for our members.

- We seek excellence in everything we do.
- We succeed together.
- We are dynamic and innovative.
- We are champions of our members.
- We are accountable and therefore we act.

Modern slavery

Rest has more than 580 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 key to reducing the estimated 50 million victims[1] of modern slavery around the world.[2]

Modern slavery is a term used to describe severe human rights abuses including human trafficking, forced labour, the worst forms of child labour and debt bondage. It's often hidden in vast, complex supply chains, so identifying victims can be very difficult. Although modern slavery is a risk in every country and industry, it's more likely to be an issue in certain business models, corporate structures, employment schemes and production models.[3]

[1] International Labour Organization press release (12 September 2022): ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm

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

[3] 'Global Estimates of Modern Slavery: Forced Labour and Forced Marriage' , International Labour Office (ILP), Geneva September 2017.

What has Rest done so far?

Rest has adopted a phased approach to assessing the risk of exposure to modern slavery.

2019/20:

- Focused on our investment portfolio. We conducted assessments with all our investment managers to identify human rights exposures in the supply chains of organisations we invest in.
- Established a cross functional working group to review actions.
- Aligned our modern slavery approach with our risk management strategy.
- Shared our modern slavery questionnaires with investment managers and key suppliers.

2020/21:

- Published our Modern Slavery Statement and developed a Modern Slavery Action Plan.
- Reviewed our entire supplier list to identify further exposure to modern slavery risks.
- Participated in the RIAA human rights modern slavery working group that supports investor action.
- Participated in IAST APAC to stay up to date on emerging developments and advocating for investee organisations to manage modern slavery exposures.

2021/22:

- Focused on supplier governance and assigning different resource to technology and non-technology suppliers.
- Started a program to support improvements to existing supplier governance frameworks, tools and templates, and controls.
- Updated our supplier contract templates so they specifically address modern slavery and comply with our Supplier Code of Conduct.
- Reviewed our facilities management providers to understand their process, to reduce the risk of modern slavery across their operations.

What do we plan to do next?

Continue to implement the Supplier Code of Conduct, as this best reflects our stance on modern slavery, and is key to achieving our sustainability goals. Further implement our rolling three-year Action Plan to manage modern slavery risk exposure.

For more information, please refer to Rest's Modern Slavery Statement

Sustainable operations

Rest strives to be a responsible organisation, and to build stronger sustainability foundations through our Board and management governance structures, people, operations and suppliers.

For our operations, our goal is to create and maintain sustainable workplaces. We've developed an Action Plan to reduce emissions impacts in our operations by focusing on areas we can control. This includes: ongoing measurement and monitoring of our carbon footprint; taking steps to reduce our carbon footprint, and engaging with Rest team members across the organisation on sustainability topics.

Organisational emissions

We restated Rest's organisational emissions for 2020/21 to align with Climate Active[1] certification requirements. Emissions sources are defined in line with the GHG Protocols Corporate Standard[2], and categorised into scope 1, 2 and 3 emissions. The following additional sources were included in the organisational scope 2 emissions:

- utilities: telecommunications
- employees: commute to work
- employees: work from home, and
- third-party services: professional services.

Rest's organisational emissions boundary includes the following locations and facilities:

- Sydney Head Office:
  - Level 5 & 6, 321 Kent St Sydney 2000 NSW
  - Level 12, 309 Kent St Sydney 2000 NSW
- Melbourne Office:
  - Level 31, 140 William St Melbourne 3000 VIC

Emissions associated with Rest's investment portfolio are excluded. Refer to Responsible Investment in section 4 of this Supplement for more information on our approach to investment portfolio emissions.

Emissions boundary

Key: Scope 1 Scope 2 Scope 3

Quantified

- Electricity: Offices under Rest's operational control
- Employee commute
- Employees work from home emissions
- Professional Services
- Base building: water consumption
- Base building: waste to landfill
- Upstream emissions: electricity and fuels
- Base building: electricity (inc. renewables)
- Telecommunications
- Base building: natural gas
- Office paper
- Business travel

Excluded

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

[1] Climate Active is an Australian Government program https://www.climateactive.org.au/what-climate-active
[2] GHG Protocol, Corporate Standard, 2004, https://ghgprotocol.org/corporate-standard

Summary of GHG emissions for 2020/21

Operational Boundary	Description	(tCO_2e/yr)
Scope 1	Transport fuels, Stationary fuels, Refrigerants	40.2
Scope 2	Purchased Electricity	132.6
Scope 1 & 2		172.8
Scope 3	Equipment, Employee commute, Flights, Third party services, Off-site waste disposal, Transmission and distribution losses, Fuel extraction, Production and distribution losses, Other utilities, Base building services	1,000.5
Scope 1, 2 & 3 (Total)		1,173.3

Organisational Emissions Reduction: Sustainability Action Plan

A Sustainability Action Plan has been developed to reduce organisational emissions, and includes:

Actions Taken, up to 30 June 2022

No.	Action	Status	
1	Measure organisational footprint	✓	Commenced 2020/21
2	Investigate Climate Active Certification	✓	Completed 2021/22
3	Purchased Carbon Offsets	✓	Completed 2021/22
4	Sign up to CitySwitch commitment	✓	May 2022
5	Launched workplace sustainability program including presentations to staff by Dress for Success	✓	Launched May 2022
6	Implemented workplace waste programs	✓	Commenced 2021/22
7	Evaluated employee work from home and travel emissions	✓	Completed 2021/22
8	Restated organisational emissions scope	✓	Completed 2021/22

Planned Actions for 2022/23

No.	Action	Status	
1	100 per cent renewable energy for operations	◐	To be commenced
2	Emission Footprint 2021/22	◐	To be commenced
3	Climate Active Certification	◐	To be commenced
4	CitySwitch program opportunities and reporting	◐	To be commenced

Emissions footprint for 2021/22

Calculation of Rest's organisational emissions footprint for 2021/22 was commenced and footprinting and re-baselining to be completed in 2022/23.

Carbon Offsets

Led by the requirements of Climate Active, we purchased carbon credits for emissions related to the period 2021/22. We estimated that emissions for the period would be 1,200 tCO2-e, this is based on the previous year's operational emissions. Carbon offsets are one of the tools applied to reduce overall emissions, The Sustainability Action Plan identifies programs to reduce organisational emissions, with the aim to minimise carbon offsets.

We have selected carbon offsets from deforestation and forest degradation (REDD) verified projects:

- **NIHT Topaiyo REDD+ Project, Papua New Guinea**
  Papua New Guinea loses an estimated 1.4 per cent of its forested land each year. NIHT Topaiyo REDD+ works to mitigate the effects of climate change and protect Papua New Guinea's rich and increasingly threatened biodiversity. The project combats deforestation from unsustainable logging practices in the island province of New Ireland.
- **Florestal Santa Maria (FSM) REDD Project, Brazil**
  The FSM-REDD Project, is located in Colniza Municipality, Mato Grosso, Brazil – part of the Brazilian Amazon known as Deforestation Arch, due to intense deforestation pressure on the region. This is a 30-year native forest protection project comprising 71,714 hectares of native forest.

City Switch signatory

CITY SWITCH

In May 2022, Rest signed up to City Switch - a growing network of more than 700 forward-thinking business leaders.

City Switch is Australia's flagship sustainability program helping office-based businesses become more waste-efficient and energy-efficient.

Staff Engagement: Planet Rest

Planet Rest

In 2021/22, staff at Rest launched our workplace sustainability program, called Planet Rest. Our green champions meet regularly to build knowledge of sustainability issues and advocate for improvements in Rest's environmental performance.

The launch included a professional clothing recycling drive and a presentation by CEO Leisa Sadler from Dress for Success. Dress for Success is a charity that seeks to empower vulnerable and disadvantaged people to achieve economic independence by providing a network of support, professional attire, and the development tools to help them thrive in work and life.

Our people

We're always striving to make Rest an even better place to work. To support our people to do their best work post lockdowns, we've implemented a range of programs to support diversity, equity and inclusion, employee wellbeing, and mental health. At the same time, it's important to us to nurture a culture of recognition and fair and equal reward, build a strong hybrid working environment for our people, and empower leaders in these areas.

Our approach to Diversity, Equity and Inclusion (DEI)

Our DEI strategy aims to support our employees by making them feel respected and valued as part of a team, able to be themselves, feel safe to contribute their ideas, and progress in their career with us. We want them to love their work!

- We understand that diversity of thought is imperative for our business strategy and understand that different attributes, bring different qualities to the table.
- We want to ensure our leaders have the capability to support a diverse workforce and drive inclusion at the core.
- We want to be able to report on our diversity metrics and always look to improve.
- We want to be leading in the superannuation space when it comes to our DEI initiatives.
- We want to set up the foundations for great DEI work in the future relating to other focus areas — LGBTQIA, Disability Advocacy, Cultural Competence and beyond.
- We want to drive a culture that embraces diversity and inclusion, and values and behaviours that inspire purposeful work that positively impacts members lives.

Our DEI achievements, so far

Policy and practices

- **Board Diversity Policy** — exceeded and maintained female representation target (44 per cent Female - up from 25 per cent in 2019)
- **Parental Leave Policy** of 16 weeks paid parental leave in addition to government entitlements
- **Strategic DEI talent acquisition processes** — gender shortlist targets, inclusive recruitment and onboarding artefacts
- **Annual events calendar** to promote, celebrate and educate on diversity.

Learning, development and embedment

- **Leadership capability** — focus on uplifting leadership capability in psychological safety
- **Unconscious Bias** — leaders and those involved in recruitment decisions, trained in unconscious bias
- **Embedment of Unconscious Bias** in the recruitment and performance and remuneration review processes to remove unconscious gender-bias.

Gender Diversity

- **General manager roles** — achieved and maintained 49 per cent representation of women in general management roles (i.e. Group Executive direct reports)
- **Investments gender diversity focus** — achieved 36 per cent female representation, an increase of 5 per cent compared to 12 months ago[1]
- **Information Technology gender diversity focus** — achieved 51 per cent representation compared to 18 per cent female representation two years ago
- **Women in senior leadership roles** — achieved higher than average women in senior leadership roles for Finance and Insurance industry (49 per cent v 31.9 per cent), and board composition (44 per cent v 32.1 per cent).

Partnerships and networks

- **Membership with Diversity Council Australia (DCA)** who we have consulted with on our DEI strategy to ensure alignment with competitors and overall employment market and best practice
- **Setting up strong foundations for our future DEI work** through a revised action plan that is best practice according to DCA
- **Networking for women** — all our female staff have access to Women in Super membership, providing access to their training, events and advocacy work.

[1] As at 30 June 2022.

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Advocacy and engagement

Rest advocacy

Rest strongly advocates for improvements to the super system that lead to more equitable retirement outcomes for members.

Advocacy 2021/22

- 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 access to affordable, targeted, simple advice and education, by making it easier for superannuation funds to provide them

Progress this year

We welcomed the removal of the $450 monthly income threshold for Superannuation Guarantee contributions.

In February 2022, the Australian Government passed a law to remove the $450 per month threshold, expanding coverage of the super guarantee to eligible employees, regardless of their monthly pay.

As of 1 July 2022, employers must now make super guarantee contributions to their eligible employee's super fund, regardless of how much that employee is paid. Employees must still satisfy other super guarantee eligibility requirements. This outcome contributes to significant progress in making the super system work more fairly.

> “
> The $450 income threshold is an inequitable measure that has disadvantaged thousands of low-income workers for far too long. Removal of this threshold is a welcome step towards improving the retirement outcomes and financial security for so many people with low incomes, especially women. Rest has been advocating for this for many years, and we're pleased this has finally been achieved. We congratulate the Government and Parliament for addressing this.
>
> **Vicki Doyle, Rest CEO**

In addition to the removal of the $450 monthly threshold, Rest also welcomed the commencement of the Retirement Income Covenant, a new obligation on superannuation trustees that requires funds to have a retirement income strategy designed for their members.

Rest continues to advocate for the inclusion of superannuation contributions as part of the Parental Leave Pay and Dad and Partner Pay schemes in the 2023/24 Federal Budget.

WOMEN IN SUPER

Rest is a member of Women in Super. This not-for-profit organisation works to improve women's retirement outcomes. With 59 per cent of our members being women, we stand with them as advocates for a gender equal and equitable super system.

Responsible investment collaborations

Joining industry associations and collaborations is an important mechanism in addressing ESG-related systemic risks, such as climate change, which can affect investment portfolios. These initiatives help to draw on a range of perspectives and expertise across the industry, develop a shared understanding of the issue or issues, and help form clear responses. During the reporting period, we were members of, and/or collaborated with these organisations and initiatives to drive positive change.

PRI Principles for Responsible Investment	The PRI[1] works to understand the investment implications of ESG factors and helps investors incorporate them into investment and ownership decisions.
ACSI	Being a member 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 Investor Group on Climate Change (IGCC[2]) supports investment beneficiaries by encouraging government policies and investment practices that address the risks and opportunities of climate change. Rest is represented on the Transparency & Thought Leadership, Physical Risk & Resilience and Policy and Advocacy working groups.
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 RIAA First Nations Peoples' Rights, Human Rights, and Nature working groups.
GRESB®	The Global Real Estate Sustainability Benchmark (GRESB[3]) is the leading global ESG benchmark for real estate and infrastructure investments. Rest uses GRESB data and analytical tools to manage ESG risks, capitalise on opportunities and engage with investment managers.
Green Building Council Australia Member 2021–2022	As a member of the Green Building Council Australia, we're demonstrating our commitment to the sustainable transformation of the built environment.
World Green Building Council	Being a signatory to the World Green Building Council further demonstrates our commitment to the sustainable transformation of the built environment.
FAIRR A Coller Initiative	We are a member of the FAIRR Initiative's investor network, helping to build a more sustainable food system by raising awareness of the material risks and opportunities present in global protein supply chains.
A proud supporter of: Climate Action 100+	Climate Action 100+ is an investor-led initiative involving 700 investors, responsible for over $68 trillion in assets under management, engaging the world's largest greenhouse gas emitting companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures.

[1] Principles for 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.

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	Pages 12-13 and Pages 24-25: Strategy and Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 12-13: Strategy and Governance Pages 24-25: 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	Pages 26-29: 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	Pages 30-36: 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	Pages 37-41: Metrics and targets | Responsible investment and climate change Pages 48-51: 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

Rest Strategy Documents	Purpose
Investment Beliefs	We have four 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.

Rest Policies	Purpose
Responsible Investment Policy	The purpose of this Policy is to outline the Trustee's approach to Responsible Investment and how ESG risks and opportunities are appropriately considered and managed. The Policy was updated in FY2022 to incorporate Rest's position on Proxy Voting.
Climate Change Policy (summary)	The Climate Change 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.

Rest Codes, Statements, Reports	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 supply chain.
Modern Slavery Statement	Our Modern Slavery Statement describes how we identify and assess modern slavery risks in our operations and supply chain.
Tax Transparency Report	The way we manage tax and continue on to disclose this information to our members and the public is important. Rest is committed to transparency, the Tax Transparency report is available at rest.com.au/annualreport
Other Rest Policies	A list of governance documents and policies is available at rest.com.au/governance

Appendix 3
Glossary

ACSI	Australian Council of Superannuation Investors
ACTU	Australian Council of Trade Unions
AGM	Annual General Meeting
AHPRA	Australian Health Practitioners Regulatory Agency
AIST	Australian Institute of Superannuation Trustees
APAC	Asia-Pacific
APRA	Australian Prudential Regulation Authority
ASFA	Association of Superannuation Funds of Australia
BIC	Board Investment Committee
CA100+	Climate Action 100+
CIO	Chief Investment Officer
CO2	Carbon dioxide
ELT	Executive Leadership Team
ESG	Environmental, social and governance
GHG	Greenhouse Gas
GIIN	Global Impact Investing Alliance
GRESB	Global ESG Benchmark for Real Assets
IAST	Investors Against Slavery and Trafficking
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
MIC	Management Investment Committee
MIRC	Management Investment Risk Committee
MSCI*	Morgan Stanley Capital International
NGO	Non-governmental organisation
NZAOA	Net-Zero Asset Owner Alliance
PRI	Principles for Responsible Investment
QQT	Quay Quarter Tower
RAS	Risk Appetite Statement
RC	Risk Committee
REDD	Reduced emission from deforestation and forest degradation
RI	Responsible Investment
RIAA	Responsible Investment Association Australasia
RMF	Risk Management Framework
RMS	Risk Management Strategy
SBTi	Science-Based Targets initiative
SDG	Sustainable Development Goals
SDS	Sustainable Development Scenario
SG	Superannuation Guarantee
SLT	Senior Leadership Team
STEPS	Stated Policies Scenario
TCFD	Task Force on Climate-Related Financial Disclosures
WACI	Weighted Average Carbon Intensity

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1300 300 778

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