Summary of Climate Change Policy

Please note: this is a summary only and does not contain the full details which are contained in the Rest Climate Change Policy.

Purpose

Retail Employees Superannuation Pty Limited (**Trustee**) is the trustee of the Retail Employees Superannuation Trust (**'Rest' or 'the Fund'**).

The purpose of the Fund is to provide superannuation benefits to or in respect of Fund members (including benefits to non-members in approved circumstances such as death benefits to dependants of members). In pursuing this purpose, the Trustee must act in the best interests of Fund beneficiaries, including promoting the financial interest of beneficiaries.

Rest must formulate, review regularly and give effect to an investment strategy for the Fund and a risk management strategy relating to its activities. Rest must also have a risk management framework for identifying, assessing, managing, mitigating and monitoring material risks.

Climate change could lead to catastrophic economic and social consequences.

Climate change is an important concern of Rest's members.

Climate change is a material, direct and current financial risk to the Fund.

The Climate Change Policy (**Policy**) is made by the Board and deals with addressing, assessing, managing, mitigating and monitoring the material risk of climate change.

Scope

The Policy applies to the Trustee and employees of the Rest Group. Rest also seeks to require that its Investment Managers (appointed under mandate to invest funds on behalf of Rest) and Investment Consultants comply with the Policy.

The Policy applies to all of the Fund's investments.

Climate change considerations are integrated into the investment assessment and decision-making process. Rest's approach is tailored depending on the nature of the investment and the materiality of climate change risks to the investment thesis.

The key climate change investment risks that may affect Rest's investments include:

- exposure to policy action such as carbon-pricing mechanisms or shifting energy use toward lower emissions sources;
- exposure to technologies that become obsolete / redundant (decline in value) due to new, more efficient, less carbon intensive technologies;
- exposure to new, emerging technologies, services and products that meet consumer demand for products and services that address climate change;
- exposure to physical risks resulting from climate change (e.g. sea level rise, cyclones, floods);
- exposure to climate-related risks and opportunities which are not appropriately assessed and priced.

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Certain sectors and assets are exposed to climate change in different ways – some positively and some negatively.

Climate change risks are material risks across many Fund risk categories including investment risk, market risk, reputational risks, strategic risks, governance risks and third party risks. Rest will continue to develop appropriate risk controls to manage and monitor all relevant climate-related risks.

Definitions

The following terms are defined within the context of this policy to assist with its interpretation:

- **Climate change** refers to a change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and is in addition to natural climate variability observed over comparable time periods;

- **Climate change risks**, refer to (a) risks that need to be considered as part of investment management related to the transition to a lower carbon economy, for example because of regulatory change and the emergence of new technologies, and (b) the need to evaluate the risks related to the physical impacts of climate change and its effects that may impact asset values;

- **Climate change opportunities** refer to the investment opportunities that may emerge from a changing climate to mitigate and adapt, for example through resource efficiency, renewable energy, low carbon products and services, access to new markets and solutions to build resilience to physical impacts.

Statement of Rest's Beliefs in respect of Climate Change

Rest's investment beliefs with respect to climate change are:

- climate change is an issue that affects economies, investment markets and investing for financial return, over the short, medium and long term;

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

- Rest advocates for the goals of the Paris Agreement which seek to keep global temperature rise this century well below 2 degrees Celsius. Rest recognises that meeting this goal requires government action supported by investors, industries and a range of stakeholders across the globe.

- Rest recognises engagement can be an effective tool to decrease climate risks in its investments and, when its ownership stake gives it material influence will actively engage with companies and governments to encourage both business plans and government policies to be effective and reflect the climate goals of the Paris Agreement;

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

- Rest has a long-term objective to achieve a net zero carbon footprint of the Fund by 2050.
- to satisfy its risk management obligations in relation to climate risk, Rest will request Investment Managers to manage investments in accordance with this policy;
- Rest will actively consider all climate change related shareholder resolutions of investee companies;
- Rest encourages all its investee companies to report against the TCFD Recommendations.

Integrating Climate Change into the Investment Process

Rest integrates climate change risks and opportunities throughout the investment process, as described below.

Risk management processes: climate change risks and opportunities are incorporated into the Fund's risk management processes.

Investment strategy and asset allocation: climate change risks and opportunities are considered when determining the Fund's investment strategy and asset allocation positions. This includes undertaking climate-related scenario analysis to inform investment decision making. This analysis must take into account at least one scenario which is consistent with a lower-carbon economy well below 2^{o}C this century.

Engagement with Investment Consultant: Rest ensures that its Investment Adviser integrates climate change risks and opportunities in its due diligence processes regarding external Investment Managers,consistent with this policy.

Selection and oversight of Investment Managers: Rest applies specific criteria regarding climate change risks and ESG risks in the selection, appointment and monitoring of Investment Managers. This includes evaluating and, if necessary, seeking to improve the Investment Managers' policies in relation to ESG and climate change, as well as how they measure and manage the impact of climate change risks and opportunities in their decision making processes and ongoing management of investments on behalf of Rest consistent with this policy.

Investment assessment and performance monitoring: Investment Managers will be required to:

- measure, monitor and review risks and opportunities, including climate change risk and opportunities (as described in this Policy) for all relevant investment decisions and when monitoring investment performance. This includes undertaking analysis of transition and physical climate scenarios, where applicable, and provide information on risks to the trustee; and
- obtain approval from Rest for any investment in a non-publicly traded investment, if the investment is equal to or greater than 1% of Rest's funds under management (FUM) and the investment:
    - derives 25% or more of its income from carbon related assets; or
    - has reputational risk that is tied to member and societal perceptions of Rest and its contribution to climate change.

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Collaboration and Joint Industry Initiatives

Rest considers that membership of, participation and collaboration with climate change related organisations has the potential to improve the transparency of Rest's climate change efforts and bolster its effectiveness as a responsible investor. Rest's decision to participate or continue to participate in these organisations will be based on an assessment as to whether there are tangible benefits to Fund members.

Measure, Monitor and Report Outcomes

Rest will measure, monitor and report outcomes on its climate related progress and actions in line with the Recommendations of the TCFD.

Rest Investments will monitor and review the implementation of the Policy and report on a regular basis to the Board and Investment Committee on the implementation of the Policy.

Rest will report on the progress and outcomes of its climate change related activities to its members periodically. This includes:

- Rest will disclose the carbon footprint of its Listed Equities portfolio as part of its annual report. This will include, at a minimum, the weighted average carbon intensity (WACI) of the portfolio;
- Rest will disclose the carbon footprint for the Fund's material asset classes i.e. equities, property and infrastructure, where data is available or can be reasonably estimated.

Rest will refine and improve what it measures, monitors and reports in relation to climate change related risks and opportunities as the industry's tools and capabilities improve, and meet any disclosure requirements.

Review of the Policy

The Policy will be reviewed on an annual basis in the context of internal and external factors and in accordance with Rest's compliance requirements. These factors may include but are not limited to:

- legal or regulatory requirements;
- members or community expectations on climate change;
- the asset classes that Rest invests; and
- changes to the assessment and monitoring of climate related risks and opportunities.

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