Sustainability, Responsible Investment and Climate Change Supplement

1 July 2022 to 30 June 2023

24 November 2023

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We acknowledge the Traditional Owners of Country throughout Australia.
We also pay our respects to Elders past and present.

We acknowledge the ongoing connection that Aboriginal and Torres Strait Islander peoples have to this land and recognise them as the original custodians of this land.

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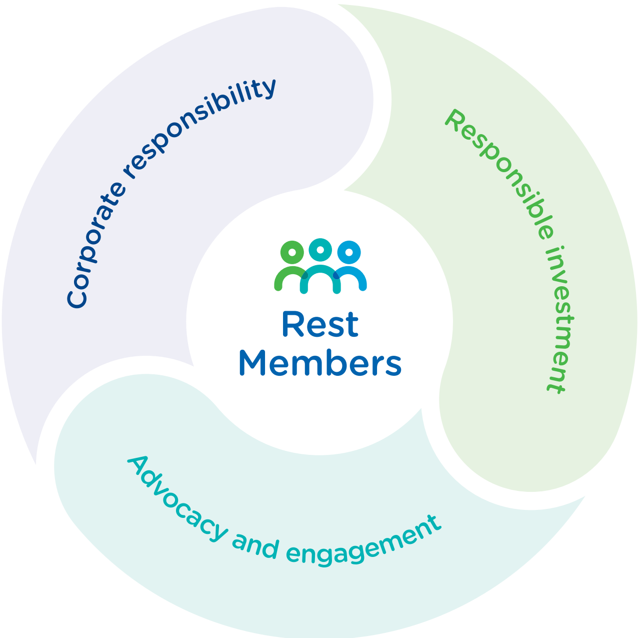
01
Sustainability at Rest

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



To help our members achieve the best-possible retirement outcomes, 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 a super fund for people who believe in fairness and equality for all – we're committed to delivering value to all our members through low fees, competitive performance and profits to members. We offer a range of super products, working with employers and industry associations to advocate and collaborate for the benefit of our members.

Responsible investment

Our focus is to grow our members' super savings in a responsible way. We do this through four investment beliefs:

- Serve our members: we work only for members, investing their money with the same care and respect we'd give our own.
- Keep a long-term focus: super is for life. So, while we seek out opportunities to grow your savings today, we stay focused on delivering long-term results.
- Be responsible investors: we support actions for a more sustainable future. We consider climate change and other environmental, social and governance (ESG) factors in our investment decisions.
- Maximise returns while keeping costs low: we aim to maximise returns after carefully considering risks and costs. Being efficient helps us keep costs low.

We consider and integrate ESG factors to:

- better manage risks,
- improve returns, and
- maximise investment opportunities.

Refer to Section 2 Responsible investment and to the Rest Responsible Investment Policy to find out more.

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 aim to promote good ESG practices across our industry and in the entities we invest in. This also means engaging with companies we invest in, with the goal of positively influencing their ESG performance, and with other stakeholders to drive positive change.

UN Sustainable Development Goals

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

So, we believe 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 on 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, for the 2022/23 period.

UN Sustainable Development Goals

Gender equality

- Gender diversity metrics reported for 30 June 2023:
  - Rest Board: 44.5 per cent female, 55.5 per cent male (target is for at least 33 per cent of each gender; female representation doubled since 2019)
  - Executive Leadership roles (ELT): 37.5 per cent female, 62.5 per cent male (target is for 50 per cent of each)
  - All employees: 47.6 per cent female, 52.4 per cent male (target is for 50 per cent of each)
- Over the course of 2022/23, Rest has consulted with the Diversity Council Australia and other thought leaders to refresh its Diversity, Equity and Inclusion strategy.
- Rest has implemented gender recruitment practices in key business functions where women are under-represented, including developing positive gender bias recruitment plans.
- Rest supports developing early career awareness of the investment industry through a gender-focused intern program with UNSW and partnership with Future IM/Pact (an Australian industry initiative to attract diverse talent into front-office investment teams).
- Rest continues to offer a paid 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 May 2023, women now hold almost 36 per cent of all ASX200 directorships (compared to just 19.7 per cent in 2015).

Affordable and clean energy

- Rest Sydney offices switched to GreenPower, procuring 100 per cent of its electricity from renewable sources.
- Collgar Renewables, the operator of Collgar Wind Farm continues to be wholly owned by Rest. Collgar Wind Farm consists of 111 wind turbines and is a 222 Megawatts (MW) renewable energy project located south-east of Merredin in Western Australia.
- $1 billion invested in physical renewable energy and low-carbon solution assets.
- $317 million invested in green bonds, which aim to contribute to positive environmental outcomes, for example, green bonds issued in accordance with International Capital Market Association Green Bond Principles.
- $2.4 billion invested in listed companies which contribute to the transition to a low carbon economy, as defined by MSCI.
- The Weighted Average Carbon Intensity (WACI) of the combined listed Australian equities and international equities portfolio fell by 53 per cent relative to 2019 baseline year. WACI measures for our listed shares portfolios in 30 June 2020, 2021 and 2022 were all lower relative to the 2019 baseline year, in the range of -19 to -24 per cent and the overall progress of the reduction was relatively stable. For more information see page 44.
- For more information on our Affordable and clean energy progress, see Section 2 Responsible investment.

Decent work and economic growth

Human rights | modern slavery

- We reviewed the modern slavery risk exposures across Rest's investment portfolio, focussing on 'high-risk' investment managers and the strategies they manage on Rest's behalf.
- Rest provided an individual submission to the Federal Government's consultation and review of the *Modern Slavery Act 2018 (Cth)*. We also were represented at a roundtable discussion with Professor John McMillan AO who led the review.
- We continued moving suppliers to our new contract templates which contain specific anti-slavery provisions.

Our People

- Rest achieved a strong (80 per cent) response rate to its organisational engagement survey in June 2023, with a 73 per cent engagement score, up from 68 per cent in 2021/22.
- Wellbeing continues to be a focus with a range of initiatives to support people including 'Mindful May'. This saw the provision of flu shots, psychosocial hazard and risk awareness coaching and partnering with our Employee Assistance Program (EAP) provider to create greater awareness of support channels available to employees. Rest is also reviewing its Work Health & Safety strategy and management framework to further increase physical and psychological safety of its people with implementation planned for 2023/24.
- Rest continues to support a hybrid workforce with all staff participating in flexible work practices. Flexibility was Rest's highest scoring topic in the June 2023 annual engagement survey. Rest has also invested significantly in providing flexible access to learning and development for all staff through a virtual offering with LinkedIn Learning.

Reduced inequalities

A Fair Super System

- We continue to undertake direct advocacy, as well as involvement in industry advocacy through ASFA and AIST (via the Super Members Council of Australia going forward) for improvements to superannuation.
- Focus areas include low income-workers (particularly women), with initiatives for improving compliance with Superannuation Guarantee obligations, consideration of superannuation for 'gig' workers and independent contractors addressing thresholds for the Low Income Superannuation Tax Offset (LISTO), and extending Superannuation Guarantee (SG) for workers under 18.
- We continue to advocate for measures to reduce the gender superannuation gap, in particular for the inclusion of superannuation guarantee entitlements on paid parental leave.
- To support the objectives of improving affordability of housing for low-income earners, Rest supported the Federal Government's Housing Accord initiative, and was a participant in the Treasurers' Investor Roundtable on Housing Affordability.
- We continue to implement the Vulnerable Consumers Policy in line with our commitments under the Insurance in Superannuation Voluntary Code of Practice. Vulnerable Consumer Training is now mandatory for all new employees.

Reconciliation Action Plan

- We launched our first Reflect Reconciliation Action Plan (RAP) during National Reconciliation Week in May 2023. Gaining a better understanding of the needs of our First Nations members is central to our RAP, as is using our voice to work for a more equitable future. The RAP is sponsored by the Board Chair and CEO.
- Rest stated its support for constitutional recognition and a Voice to Parliament and shared this view internally and externally.
- As part of the development of the Reflect RAP, Rest engaged First Nations Foundation to provide advisory services to the RAP Working Group and First Nations Foundation CEO, Phil Usher, regularly participates in working group meetings.
- During the year, the Executive Leadership Team and the RAP working group members attended Cultural Awareness Training. Rest participated in three Sydney-based events for Financial Wellness week in April 2023, these events were organised by First Nations Foundation and aimed to connect local financial service providers with First Nations community members.
  For more information about Rest's Reflect RAP see page 11.

Reduced inequalities (continued)

Our people

- ✓ Rest continues to consider new ways of breaking down unconscious bias and promoting inclusion and belonging for its people. All leadership teams have participated in a behavioural-focused development program, aimed at supporting better communication, constructive working relationships and harnessing the cognitive diversity of their teams. The program will be extended to all staff over 2023/24, including new starters.
- ✓ A number of enterprise-wide events have been held to raise awareness of equality and diversity in all its forms including Pride Month and International Women's Day. Rest continues its partnership with Diversity Council Australia, providing thought leadership, insights and support to target specific areas of inequity.
- ✓ Rest continues to strive for gender pay equity and to reduce the gender pay gap. Rest formally reviews pay equity every six months and reports on it quarterly to the relevant Board Committee to enable adjustments to be made where required.

Climate action

- ✓ Rest continued to implement the initiatives outlined in our roadmap to net zero emissions by 2050. The substantive sections of this roadmap cover the period 2018/19 to 2022/23, for more information see Appendix page 52. A new net zero transition plan for the period 2023/24 to 2025/26 was approved in June 2023.
- ✓ 27 per cent of funds under management have an investment strategy-level (rather than a firmwide level) net zero commitment, an increase from 23 per cent in 2021/22.
- ✓ Climate-related scenario analysis and stress testing of the Core Strategy investment option and Sustainable Growth investment option asset allocation was undertaken in line with three International Energy Agency scenarios. This modelling found that unmitigated climate change, which does not support the aims of the Paris Agreement, is expected to negatively impact future investment returns. Further information can be found in the case study on page 25.
- ✓ Rest formalised an active ownership engagement plan, identifying priority companies for climate change engagement, and/or supported a number of industry papers, submissions and roundtables/roadshows relating to climate change, including:
  - contributing to setting Investor Group on Climate Change (IGCC) Policy Priorities and contributing to the IGCC publication, 'Making the Transition Happen' (Sept 2022)
  - contributing to Australian Council of Superannuation Investors (ACSI), Association of Superannuation Funds of Australia (ASFA), Principles of Responsible Investment (PRI), IGCC submissions and Rest's direct submission to Treasury's Consultations on mandatory climate-related financial disclosures
  - contributing to ACSI's research report, 'A just transition to a clean economy: investor expectations and policy recommendations' (Dec 2022)
  - contributing to ACSI, Australian Sustainable Finance Institute (ASFI), and IGCC submissions to the Climate Change Authority's issues paper on 'Setting, tracking and achieving Australia's emissions reduction targets' (May 2023)
  - participating in ASFI's consultation on Australian Framing Paper, 'Designing Australia's Sustainable Finance Taxonomy' (Jan 2023)

Materiality Assessment

Rest undertook our first materiality assessment, which was designed to help identify and understand the relative importance of specific environmental, social and governance (ESG) topics to our key stakeholders.

The results help to inform Rest's approach to sustainability and responsible investment, taking into account the potential impact of these factors on Rest, and the potential impact of the organisation on the external environment.

The development of the materiality assessment was informed by identifying global and local trends. These trends were identified by undertaking desktop research on current trends and their potential impacts relevant to Rest as an organisation. These influential forces present both pressures and opportunities for Rest and shape how we interact with our members, regulators and broader value chain.

Superannuation industry relevant trends

A range of local and global trends were identified as relevant for consideration in the development of Rest's materiality assessment. These are outlined below:

Climate change disrupting lives and livelihoods	**Technology is changing how we access information**	**Younger generations lack financial literacy**	**Emerging super reforms**
Ageing population and changing demographics	**Increasing casualisation of the workforce**	**Society lacks optimism and trust in institutions**	**Resource scarcity and exploitation**
Greenwashing and misleading sustainability information	**Housing is increasingly unaffordable and inaccessible**	**Global pandemics and economic instability**	**Supply chain instability and building economic resilience**
The changing nature of work and the great resignation	**Gender inequality and closing the gap**	**Rising expectations around ESG reporting**	**Economic instability and growing inequality**
Rising inflation and energy prices	**Shifting consumer expectations**	**Changing government policy**	

Materiality Assessment Key Stakeholders

Members

Employers

Service providers

Unions

Industry associations

Board

Employees

Investment managers and consultants

Government and regulators

Community organisations

As part of the development of the materiality assessment we engaged with a number of these key stakeholder groups, with the aim to better understand their expectations and interests, in relation to sustainability.

Key stakeholder engagement involved workshops, interviews, surveys and desktop research.

The stakeholder feedback was analysed and topics were assigned weightings based on how relevant they were to Rest. Identified topics were then combined, scored and prioritised according to how prominent they were. The result of this materiality assessment is a list of prioritised topics of importance to Rest and its key stakeholders.

Material ESG Topics

Nine material ESG topics to Rest were prioritised according to the importance of topics to Rest and its stakeholders. The nine material topics include:

01 Simple access to super

Support members to meet their financial and retirement needs by creating accessible, digitally enabled and inclusive products and education services for all members.

02 A fairer super system

Act as a voice for members and advocate for better retirement outcomes across funding, housing and superannuation.

03 Climate change and biodiversity

Drive positive industry change on climate and biodiversity via advocacy and engagement activities and consider climate and biodiversity impacts in investment decisions.

04 Trust and accountability

Maintain ethical, strong and reliable governance to ensure accountability and transparency in everything we do.

05 Be a responsible investor

Consider and integrate environmental, social and governance (ESG) factors to better manage risks, improve returns and maximise investment opportunities to support investment outcomes for members' retirement savings.

06 The best team to support our members

Serve Rest members better by promoting a positive culture, flexibility and wellbeing for Rest employees, that builds capability and retains talent.

07 Sustainable value chain

Influence business partners across our value chain to ensure the best social and environmental practices throughout our supply chain, investments and in the industries where our members work.

08 Decent jobs for everyone

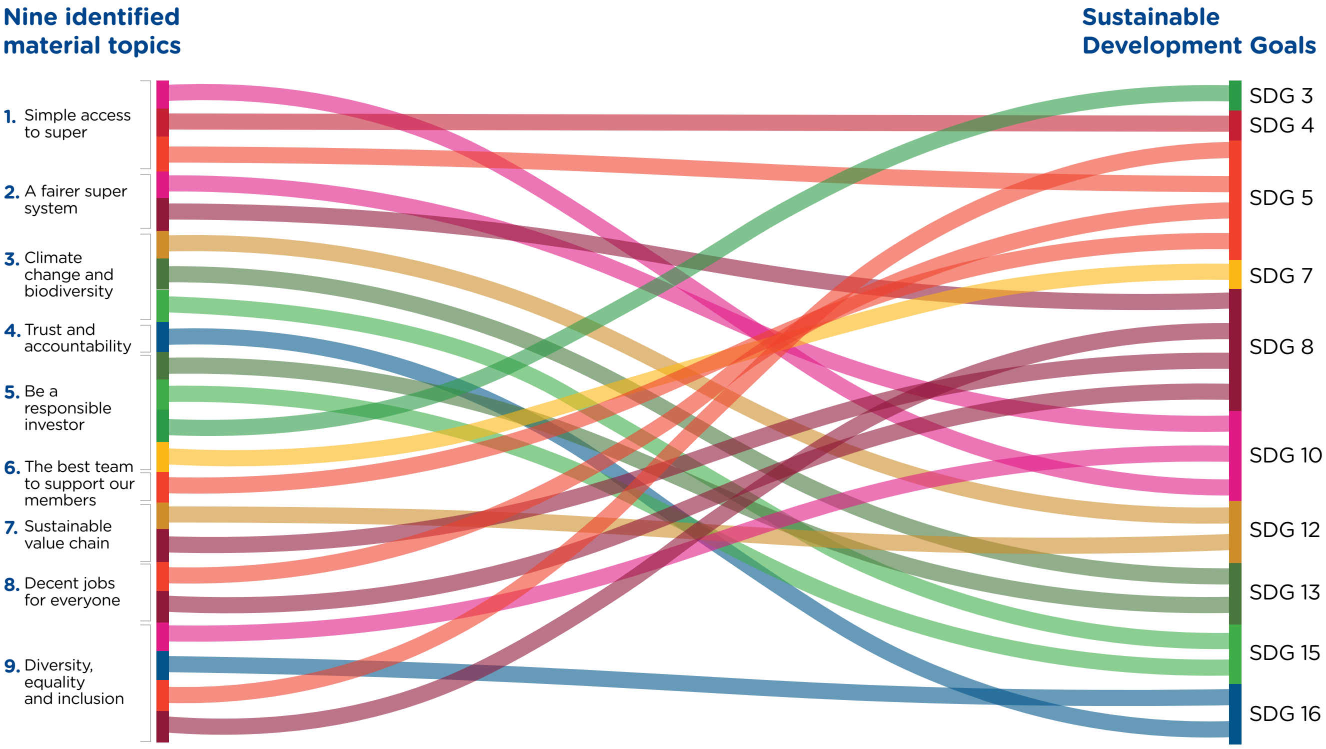
Advocate for good employment that delivers secure work, superannuation, physical and mental wellbeing with a focus on worker rights and casualisation of the workforce.

09 Diversity, equality and inclusion

Consider diversity, equality and inclusion across our value chain and reflect Rest's diverse member base within our workforce.

Mapping Materiality Assessment to UN Sustainable Development Goals (SDGs)

The nine identified material topics were mapped to the relevant UN SDGs. This mapping supported Rest's five prioritised SDGs, Gender Equality (SDG 5), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13), alongside a number of other SDGs. For more information of reporting of actions related to the five prioritised SDGs that Rest believes it can most contribute to, see the UN SDG section on page 4.



The materiality assessment helps to inform future developments of Rest's approach to sustainability and responsible investment, disclosures, engagement and advocacy activity.

Reconciliation Action Plan

Rest launched its first Reflect Reconciliation Action Plan (RAP) in May 2023 as part of National Reconciliation Week.

As one of Australia's largest profit-to-member super funds, we recognise the role we can play in achieving reconciliation and addressing inequalities that exist for First Nation peoples. We estimate tens of thousands of our members identify as Aboriginal or Torres Strait Islander peoples.

Our RAP outlines how Rest aims to work with Aboriginal and Torres Strait Islander peoples to promote reconciliation through our sphere of influence and formalises our commitment to addressing the inequalities that exist for First Nations peoples.

We recognise there are unique challenges facing our First Nations members that can affect their access to and experience of the superannuation system.

Aboriginal and Torres Strait Islander peoples are three times more likely to experience financial stress in retirement than other Australians. Due to lower life expectancy, Aboriginal and Torres Strait Islander people are also less likely to reach preservation age to access their retirement savings.[1] First Nations kinship structures are also not reflected in laws applying to superannuation death benefits.

Our RAP formalises our commitment to addressing the inequalities that exist for Aboriginal and Torres Strait Islander peoples. It outlines how we are seeking to embed the principles and purpose of reconciliation across our organisation and the actions we are taking to help support First Nations members, businesses and communities.

Rest's RAP is in line with our advocacy for a fairer and more equitable superannuation system that enhances the financial interests of our members, and the fund's alignment to the prioritised UN Sustainable Development Goal 10: 'Reduced inequalities'.

Our RAP Working Group is sponsored by the Board Chair and the CEO is Executive Sponsor. We are privileged to have First Nations Foundation, led by the CEO Phil Usher, provide advisory services to our RAP Working Group as we develop and implement our Reflect Reconciliation Action Plan.

During 2022/23, the Executive Leadership Team and the RAP working group members attended Cultural Awareness Training.

Rest also participated in three Sydney-based events for Financial Wellness week in April 2023; these events were organised by First Nations Foundation and aimed to connect local financial service providers with First Nations community members.

The key focus areas Rest's RAP include:

- Investigating opportunities to increase the cultural appropriateness of our products and services for First Nations members.
- Building respectful relationships and mutually beneficial partnerships with Aboriginal and Torres Strait Islander peoples including individuals, organisations and communities.
- Through company engagement, seek to understand and, where necessary, advocate for improvements in how companies manage relationships with Traditional Owners and communicate our expectations.
- Taking steps to bring First Nations cultures into our organisation and demonstrate respect to Aboriginal and Torres Strait Islander peoples.

During 2023, Rest stated its public support for constitutional recognition of First Nations peoples through a Voice to Parliament.

We remain committed to reconciliation and advocating for a fairer and more equitable super system for First Nations peoples and all Rest members.

We are focused on delivering our RAP and will continue to advocate for improvements that help achieve better retirement outcomes for our members.

[1] Dockery, A. M. (2020) Aboriginal and Torres Strait Islander Australians and the Superannuation System. Bankwest Curtin Economics Centre and UniSuper.

Our RAP artwork

We commissioned artwork created for Rest by Maggie-Jean Douglas. Maggie-Jean is a young artist living in Canberra, originally from Bundaberg. She is a Gubbi Gubbi woman who grew up on Goreng Goreng land and five years ago began creating Aboriginal artworks and found it was something she loved to share with those around her to give them the opportunity to understand the history and meaning.

"The piece has a main theme of people, focusing on the services they provide to their members as a community; which includes a large number of First Nations people. It was important to capture the way Rest values their members and gives back to their First Nations community as well as their members as a whole. The piece includes the brand colours to accompany the meaning and show their pride in what they're able to achieve even further." Maggie-Jean Douglas

Organisational carbon emissions

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

For our operations, our goal is to create and maintain sustainable workplaces and Rest is progressing actions to be carbon neutral in its operations. Rest has calculated its organisational greenhouse gas (GHG) emissions footprint for 2021/22 to align with Climate Active[1] certification requirements. In 2023/24 we plan to calculate and verify 2022/23 operational emissions. Emissions sources are defined in line with the GHG Protocol, Corporate Standard,[2] and categorised into Scope 1, 2 and 3 emissions.

Definitions

Greenhouse gases (GHGs) are gases that trap heat in the Earth's atmosphere and contribute to global warming. The GHG Protocol identifies six main greenhouse gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6).

Carbon emissions refer to the release of carbon dioxide (CO_2) into the atmosphere. CO_2e stands for carbon dioxide equivalent, and it is a way of expressing the total impact of all greenhouse gases (GHGs) in terms of the amount of CO_2 that would have an equivalent warming effect.

Scope 1: Direct GHG emissions are direct GHG emissions (including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3)) that occur from sources owned or controlled by the reporting company, eg emissions from combustion in owned or controlled boilers, furnaces, vehicles.

Scope 2: Electricity indirect GHG emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated.

Scope 3: Other indirect GHG emissions are all other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organisation's products or services. As defined by the GHG Protocol.

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

- Sydney Offices:
  - Level 5 and 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

Scope 3 financed emissions associated with Rest's investment portfolio are excluded from this section. Refer to Section 2 Responsible investment more information on our approach to investment-related portfolio emissions.

Organisational Emissions Reduction: Sustainability Action Plan

Rest's Sustainability Action Plan has been developed to reduce organisational emissions, and includes:

Actions taken, to 30 June 2023

- 100 per cent renewable energy for Sydney operations
- Calculated organisational emissions footprint 2021/22
- Engage with staff on sustainability through the workplace sustainability program known as Planet Rest

Actions planned, to 30 June 2024

- 100 per cent renewable energy for Melbourne operations
- Calculate organisational emissions footprint 2022/23, and Climate Active Certification
- Continue to engage in the CitySwitch program opportunities and reporting
- Continue to implement workplace waste management strategies
- Re-evaluate employee work from home and travel emissions
- Continue to engage staff on sustainability through Planet Rest
- Commence engagement with corporate suppliers on emissions reduction activities.

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

Emissions boundary

Key: Scope 1 · Scope 2 · Scope 3

Quantified

- Electricity: Offices under Rest's operational control
- Employee commute
- Employees work from home emissions
- Base building: water consumption
- Base building: waste to landfill
- ICT Equipment
- 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
- Professional Services

Summary of GHG emissions for 2021/22

Operational Boundary	Description	(tCO_2e/yr)
Scope 1		0
Scope 2	Electricity	116
Scope 1 & 2		116
Scope 3	Employee commute and work from home emissions, Base building services, Telecommunications, Office Paper, ICT equipment, Business Travel	2,508
Scope 1, 2 & 3 (Total)		2,624

Carbon Offsets

As outlined in the 2021/22 Sustainability, Responsible Investment and Climate Change Supplement we pre-purchased a portion of carbon credits to be allocated to operational emissions as part of the action plan to become carbon neutral in operations. These carbon credits are yet to be banked and will be allocated to operational emissions once verified.

Rest adopts a tiered approach to the reduction of operational emissions. The priority is to reduce emissions, followed by procuring renewable electricity, with any existing and unabated emissions to be offset. Rest has a program in place to source operational electricity from 100 per cent renewable energy.

Rest's Sustainability Action Plan identifies programs to reduce organisational emissions, with the aim to minimise the use of carbon offsets.

CitySwitch and Planet Rest

Rest is a member of the CitySwitch program, a network of more than 700 forward-thinking business leaders.

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

Rest has established an internal 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. Activities included establishment of a working group for sharing opportunities and ideas, waste audit undertaken in the Sydney offices, coordination of events for staff and regular all-staff updates "Waste Day Wednesday".

Sustainability, responsible investment and climate change 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.

For responsible investment three-lenses are considered by the Rest Board to evaluate how environmental, social and governance investment decisions may be assessed in the context of achieving members' best financial interests. These 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. The diagram on page 16 of this document sets out the governance structure in place during 2022/23.

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 (BIC), with material items presented at the Board. Sustainability strategy, and climate change matters related to the Rest Risk Management Strategy (RMS), 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

Chief Risk Officer (CRO)

The CRO 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.

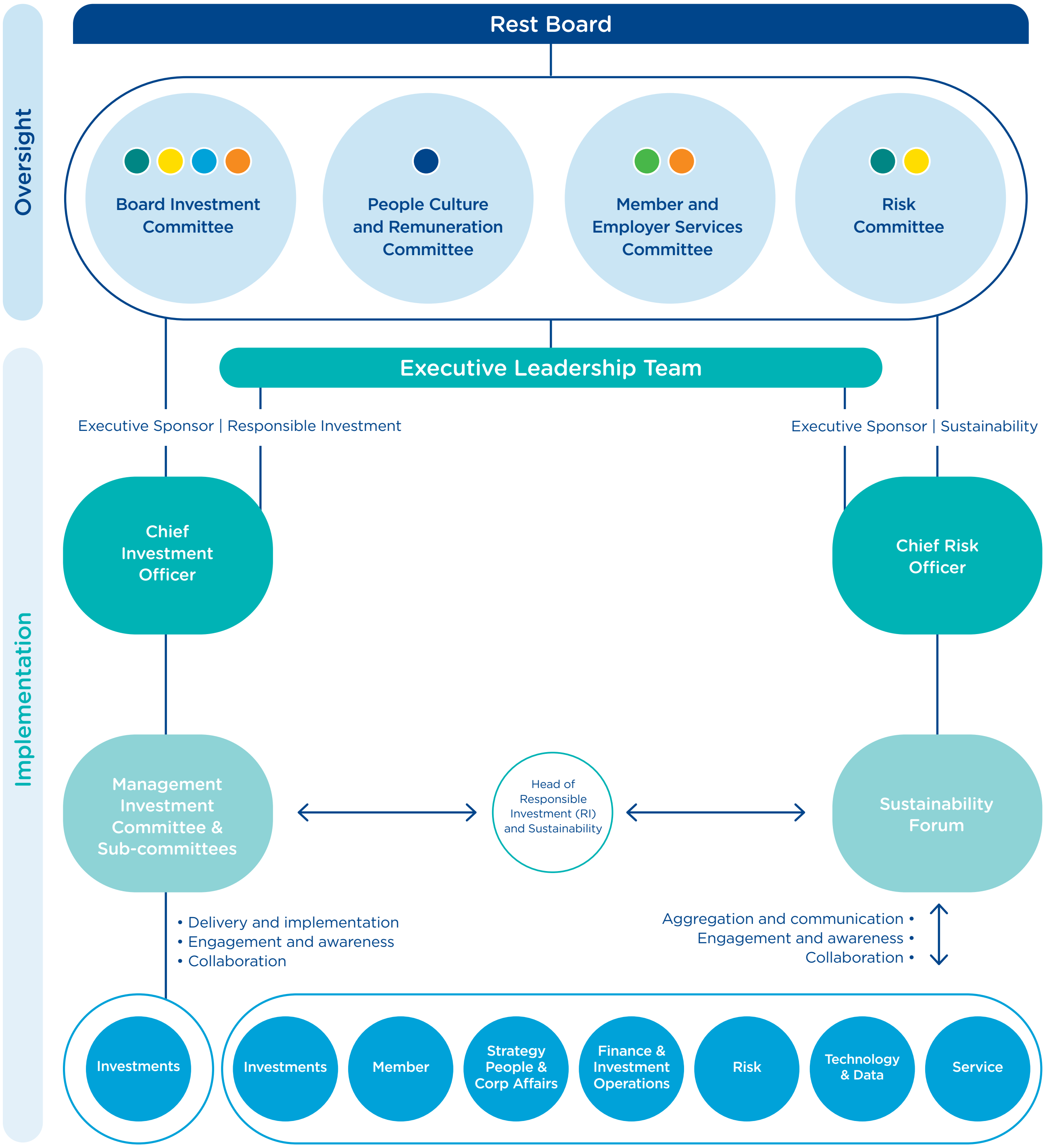
Chief Investment Officer (CIO)

The CIO is accountable to the 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 2 Responsible investment, 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/annualreport which complement and/or extend on this supplement include:

- Modern Slavery Statement
- 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 2022 to 30 June 2023, 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 2 Responsible investment, for more information.

The evolving sustainability reporting landscape

Sustainability reporting frameworks are evolving as stakeholder interests in sustainability continue to expand and mature. New regulations and standards are being developed internationally to streamline and standardise the reporting of sustainability-related information.

These new and emerging regulations and standards aim to cover a range of sustainability topics including climate-related risks and opportunities, impacts and dependencies on nature and biodiversity, human capital (including human rights and forced labour) and supply chains, and how businesses encourage diversity and inclusion in workplaces. Rest continues to keep abreast of these developments.

In June 2023, the US-based International Sustainability Standards Board (ISSB) issued its first two Sustainability Disclosure Standards:

1) General Requirements for Sustainability Disclosures; and

2) Climate-Related Disclosures.

This potentially signals the start of the consolidation of sustainability reporting. The requirements of the ISSB climate-related disclosures are largely consistent with TCFD, with some additional disclosure requirements, eg industry-based metrics, the use of carbon credits to achieve net zero emissions targets, and requirements around information on financed emissions.

As a result of these standards, Rest has commenced developing a Sustainability Reporting Roadmap. This project aims to support the year on year uplift of Rest's sustainability-related disclosures and alignment with emerging Australian and international sustainability disclosure standards and expectations.

02

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, modern slavery, human rights, corporate governance and Board diversity.

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

Responsible investment context

Responsible investment involves a consideration of environmental, social and governance (ESG) factors in investment decisions to better manage risk, improve returns and maximise investment opportunities which supports investment outcomes for members retirement savings.

The ESG factors we consider include those stated in the Rest Responsible Investment Policy, the Investment Guide (effective 30 September 2023), and the Rest Pensions Product Disclosure Statement and forms, (30 September 2023). These factors cover environmental (eg climate change and biodiversity), social (eg modern slavery and human rights), and governance (eg corporate governance and Board diversity) considerations.

There are a number of different approaches to responsible investment, and typically a combination of approaches are implemented depending on the investment options offered by Rest. The responsible investment approaches implemented by Rest include:

- ESG integration: the consideration of material ESG factors in investment decisions and when we engage investment managers to invest for us. Refer to Strategy section page 24 and Risk section page 30.
- Active ownership: communicating members' long-term investment interests to companies in which the fund invests, and to investment managers who invest on Rest's behalf, using Rest's ownership rights to influence activities or behaviours to seek to improve investment performance. Refer to page 32.
- General screening, otherwise known as negative screens: the exclusion of companies from our investment portfolio that are directly involved in certain industries or activities, subject to particular conditions. Refer to page 31.

Additional ESG considerations apply to the listed Australian and overseas shares portfolio of the Sustainable Growth investment option, which includes additional and more specific exclusions, otherwise known as negative screens. Refer to page 46 for further details on the Sustainable Growth investment options.

Rest's six pillars of responsible investment are summarised:

1. Governance: Board oversight, management role and risk management. See Governance section page 22.
2. ESG integration: Aims to better manage risks, improve returns and maximise investment opportunities. Refer to Strategy section page 24 and Risk section page 30.
3. Active ownership: Using our rights and positions of ownership to protect and enhance long-term returns. Refer to Active Ownership page 32.
4. Screening, thematic and impact investment: Implementing a range of responsible investment approaches. Refer to pages 28 and 31.
5. Collective responsibility and advocacy: Part of a common voice on ESG factors. Refer to pages 20 and 40.
6. Disclosure and transparency: Informing you about what matters. Refer to pages 17 and 41.

To understand the main responsible investment approaches that apply to Rest's investment options, please refer to Section 7 of the Investment Guide (effective 30 September 2023) or Section 10 of the Rest Pensions Product Disclosure Statement and forms, 30 September 2023.

You can also find out more about which investment holdings your Super or Pension option holds on our 'How we invest' website.

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 and develop a shared understanding of the issue or issues. During the reporting period, we were or became members or associated with these organisations and initiatives to help 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. Being a signatory informs Rest's responsible investment approach.
ACSI	Australian Council of Superannuation Investors (ACSI) exists to provide a strong voice on financially material ESG issues, particularly covering Australian shares. As a member of ACSI, Rest receives support in exercising active ownership, through ACSI's ongoing research, engagement, advocacy and voting recommendations in relation to ASX 300 companies. For details on Rest's active ownership refer to page 32. Rest sits on both the ACSI Board and the Member Advisory Council and as part of that role, contribute to ACSI's program of work.
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. During 2022/23, Rest was represented on the Transparency & Thought Leadership, Physical Risk & Resilience, Corporate Engagement and Policy and Advocacy working groups. This membership informs Rest's responsible investment approach.
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. This membership informs Rest's responsible investment approach, particularly across our Sustainable Growth option.
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 help manage ESG risks, capitalise on opportunities and engage with investment managers. During 2022/23, the GRESB Infrastructure Net Zero Working Group was established to research and review existing Net Zero frameworks to begin summarising common practices and divergences. Rest was represented on the working group. The output of this work will inform the GRESB Infrastructure Standards Committee in defining aspects of the scope of Net Zero frameworks and how to demonstrate a credible journey towards Net Zero in the GRESB Standards.
Green Building Council Australia Member 2021-2022	Green Building Council of Australia (GBCA) is an authority on sustainable buildings and communities, accelerating the transformation of Australia's built environment. As a member of GBCA, we have access to resources, tools, and networks that provides guidance on green building certifications and enhanced environmental performance.

[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.

The World Green Building Council (WorldGBC) catalyses the uptake of sustainable and decarbonised built environment (ie Property asset class) for everyone, everywhere.

As a signatory to WorldGBC, all buildings within the direct control of Rest's property portfolio are required to be net zero carbon in operation by 2030 through energy efficiency, purchasing renewable power and carbon offsets.

We are a member of the FAIRR Initiative's investor network, which aims to help to build a more sustainable food system by raising awareness of the material risks and opportunities present in global protein supply chains. As a member of FAIRR, we have access to resources to help inform identification of these specific ESG-related risks and opportunities relevant to Australian and overseas shares.

Climate Action 100+ is an investor-led initiative involving 700 investors, responsible for over $68 trillion USD in assets under management, engaging the world's largest listed greenhouse gas emitting companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures. Rest is an investor signatory to this initiative, which helps to inform us about climate-related risks relevant to Australian and overseas shares.

The Australian Sustainable Finance Institute (ASFI) is committed to realigning the finance sector in Australia to create a more sustainable and resilient financial system. ASFI operates across the whole financial system in Australia to address systemic challenges across climate, environment and social aspects of the sustainable finance agenda. ASFI informs Rest's approach to responsible investment, and input into sustainable finance policy and advocacy.

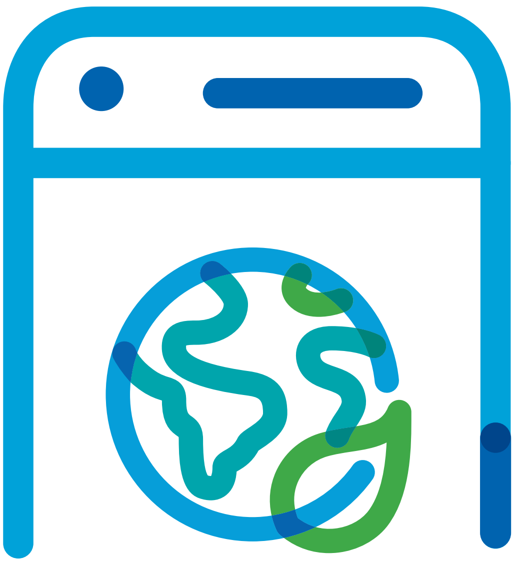
Through our membership of ASFI, we are supporting the development and implementation of an Australian Sustainable Finance Strategy.

We are a partner fund in the Australian Council of Trade Unions (ACTU) Centre for Workers' Capital which was established as a resource for investors to better understand social-related factors including labour rights, health and safety, and to more deeply understand the issues faced by workers in the supply chain. As a partner fund, we have access to resources to help inform identification of these specific ESG-related risks and opportunities relevant to Australian and overseas shares.

Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative is an investor-led, multistakeholder project of which Rest is a member. As part of the initiative, investors engage with companies they hold shares in across 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/

Governance | Responsible investment and climate change

Rest's investment beliefs guide and shape how we manage our members' retirement savings in a responsible way. Over 2022/2023 we reviewed our investment beliefs, including our responsible investment-related belief: 'we support actions for a more sustainable future, and we consider climate change and other ESG factors in our investment decisions.'



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), as the accountable executive for the implementation of the Board approved policies.

The Board Investment Committee (BIC) role is to recommend to the Board the investment strategy for approval and to oversee the implementation of the investment strategy.

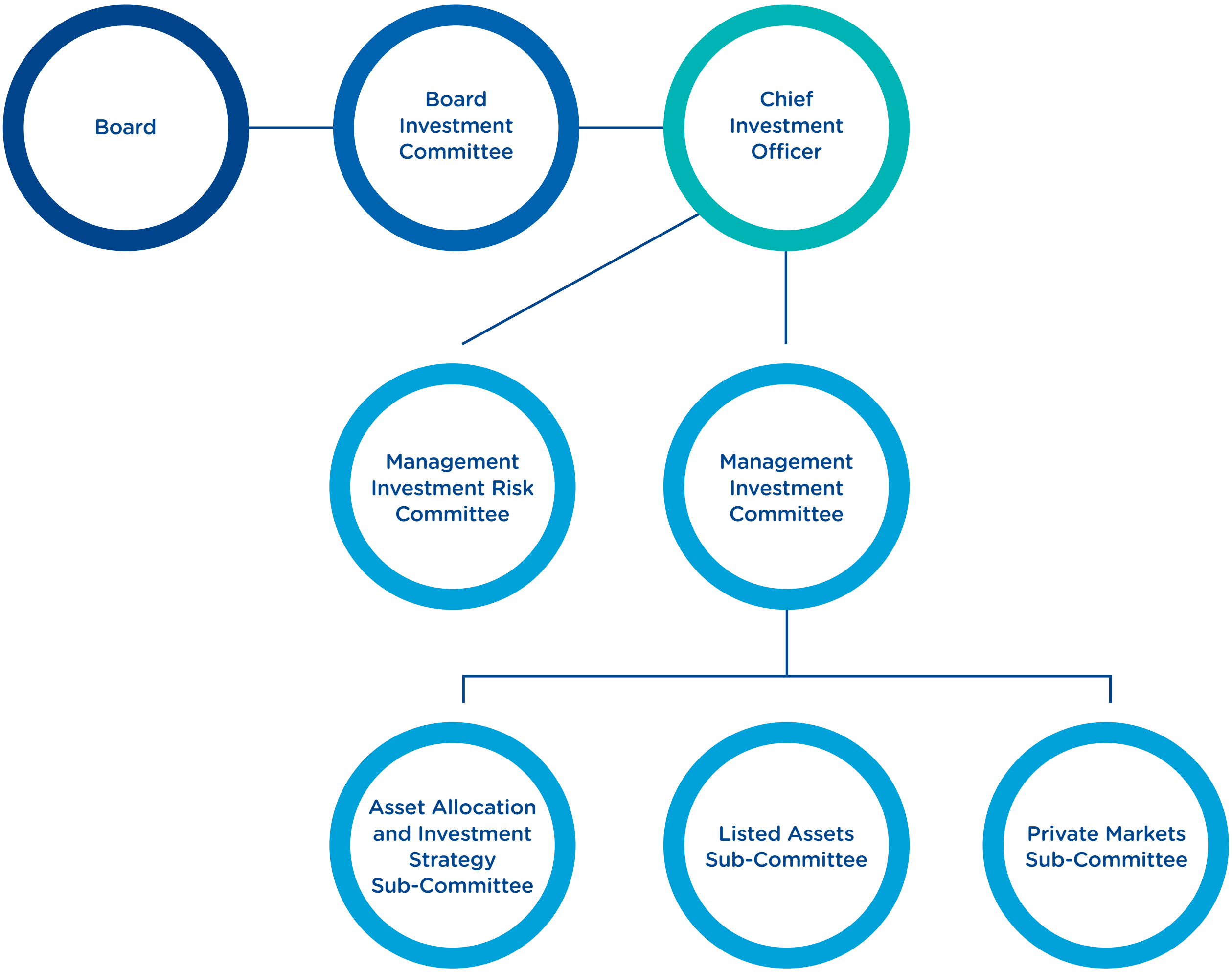
The Management Investment Committee (MIC) and its sub-committees continued to integrate ESG factors and considerations throughout the investment decision making process.

The Management Investment Risk Committee (MIRC), which reports to the BIC, continued to uplift risk management processes.

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

Investment governance

The Board's role is to provide leadership, strategic guidance and oversight that supports the sound and prudent management of Rest. This includes the Board being satisfied that Rest has in place an appropriate governance framework for the Board to monitor and review the activities of Rest management.



Responsible Investment and Climate Change Policies

The Responsible Investment Policy has been in place since June 2021. It underwent an annual review in May 2023 to ensure ongoing appropriateness.

Rest established an annually reviewed Climate Change Policy in 2018.

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).

Our six pillars of responsible investment are:

1. 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 informed by:

- The Principles for Responsible Investment (PRI) framework
- The Responsible Investment Association Australasia (RIAA)
- Member surveys and sustainability materiality analysis
- Sustainable finance initiatives globally
- Industry best practice of domestic and global superannuation funds and investment managers.

We consider these against our own ambition, mission, fund structure and member preferences. Our Rest Responsible Investment Policy explains our approach.

Six pillars of responsible investment

Governance

Board oversight, management's role and risk management.

Refer to Governance on page 22.

ESG Integration

Aims to better manage risks, improve returns and maximise investment opportunities.

Refer to Strategy and Risk pages 24 and 30.

Active Ownership

Using our rights and positions of ownership to protect and enhance long-term returns.

Refer to page 32.

Screening Thematic and Impact Investing

Implementing a range of responsible investment approaches.

Refer to pages 28 and 31.

Collective Responsibility and Advocacy

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

Refer to pages 20 and 40.

Disclosure and Transparency

Informing you about what matters.

Refer to page 17.

Investment Strategy – Climate-related scenario analysis

Scenario analysis is commonly used in investment portfolios to help estimate what future potential returns might be over different time frames. This normally involves an assessment of future possible events and predicting the possible outcomes of those events. This helps us better understand investment performance over time. Scenario analysis normally includes macroeconomic predictions, including, Gross Domestic Product (the value created by goods and services in a country), inflation and also factors such as interest rates. The inclusion of climate-related scenario analysis means we consider a changing climate, and include how this could impact macroeconomic factors, including commodity and carbon prices.

The insights from our climate-related scenario analysis is one of the things considered when setting our strategic asset allocations in Core Strategy and Sustainable Growth investment option. We also apply scenario analysis at the asset class level to our Property and Infrastructure asset classes.

Climate-related scenario analysis for the Core Strategy's asset allocation has been performed since June 2020. For June 2023 strategy setting, this climate-related scenario analysis was extended to the Sustainable Growth investment option asset allocation. The climate-related scenarios used, which inform the change in macroeconomic factors, are based on the International Energy Agency's (IEA) Global Energy and Climate Models, and reflect a long-term outlook. Please refer to the Case Study: Climate-related scenario analysis of the Core Strategy and Sustainable Growth investment options on page 46 for more information on each of the scenarios used in our climate-related scenario analysis.

Asset allocation and investment strategy

The BIC and Board review the asset allocation and investment strategy each year, in the context of these investment timeframes:

- Short-term: 0 – 3 years
- Medium-term: 3 – 12 years
- Long-term: 12+ years

During the June 2023 Investment Strategy review, five megatrends were identified which are expected to shape the investment outlook. These were considered in the context of the global and local themes identified during the organisation-wide materiality analysis. These were:

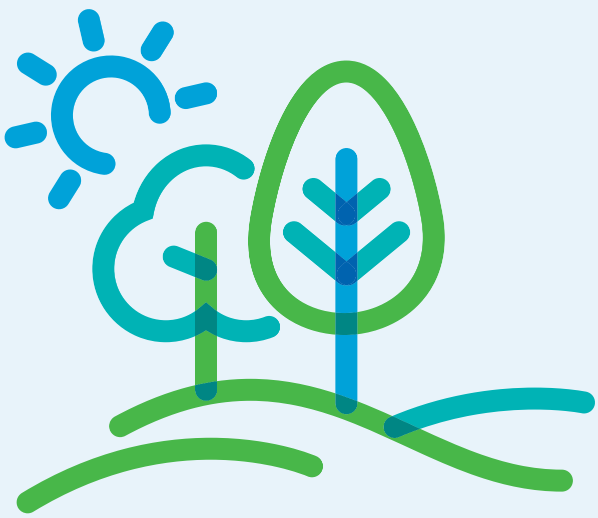
1. Decarbonisation and Climate Change: the transition to a net zero economy requires significant change to the way energy is generated, consumed and transported.
2. Deglobalisation and Geopolitics: deglobalisation is likely a headwind for growth, and increasing geopolitical tensions could lead to lower growth and higher pricing pressures.
3. Demographics and Social Change: an aging population in the developed world, alongside rapid urbanisation is likely to have implications for lower GDP outcomes.
4. Debt and Central Bank Policy: a reversal of the low inflation, low rates and central bank liquidity regime indicates a return to 'real' cycle.
5. Digitisation and Technological Change: technology drives innovation, and with research and development spending increasing innovation can spur growth.

The risks and opportunities were subsequently identified for each of these megatrends. These are factored into investment strategy setting.

Case study:
Climate scenario analysis of the Core Strategy and Sustainable Growth investment options

We considered the potential impacts of climate change on the asset allocation of the Core Strategy and Sustainable Growth investment options during the 2023 review of investment strategy and asset allocation, to help us understand how these investment options might perform under different future scenarios. This 'top down' analysis, which takes into account a range of hypothetical scenarios, is based on the strategic asset allocation of the Core Strategy and Sustainable Growth investment options, rather than all the individual assets of these investment options aggregated together. It is performed with assistance from our investment consultant, is indicative, rather than exact, and aligned with current analysis practices within the investment industry.

The three different scenarios assessed potential impacts on asset risks and returns for the Core Strategy and Sustainable Growth investment options over the intermediate-term (to 2030) and longer term (to 2040). The scenarios used in setting the 2023 investment strategy and asset allocation were 'Current Path', 'Sustained Action' and 'Net Zero by 2050', and these are primarily based on the widely applied IEA's Global Energy and Climate Models scenarios. For more information see IEA website.



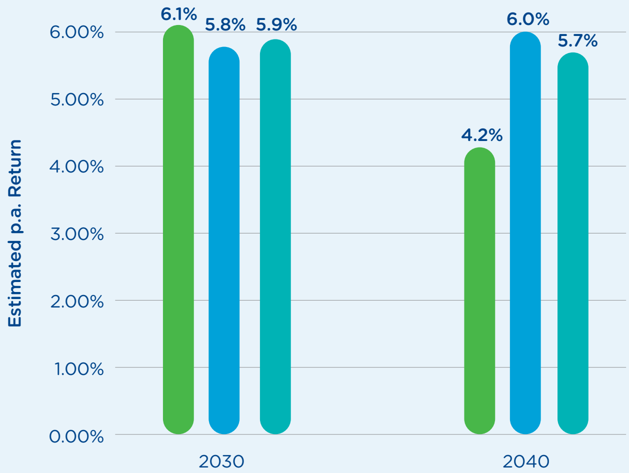
Here's what is predicted in each scenario:

1. **Current Path**
   - 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 reach 3 degrees Celsius by 2100, relative to pre-industrial levels.
   - This scenario does not reflect alignment with the Paris Agreement.

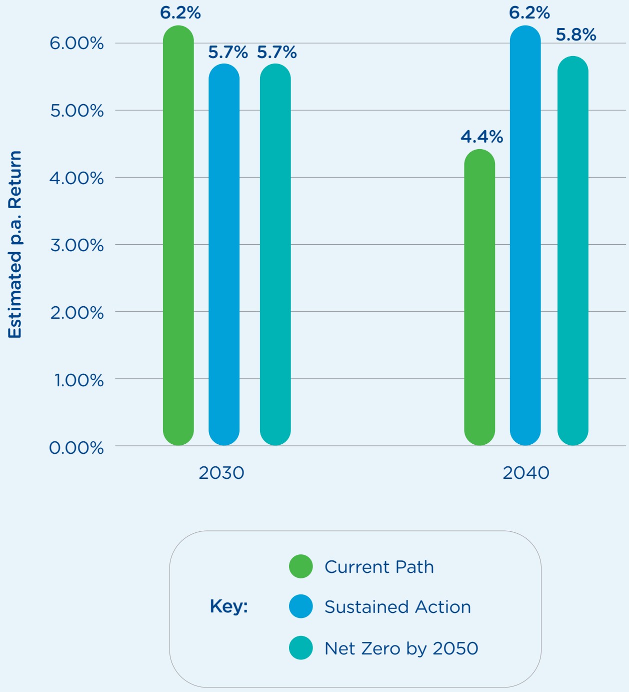
2. **Sustained Action**
   - This scenario assumes that all aspirational targets announced by governments are met, and predicts demand for fossils fuels decline by 2030.
   - Under this scenario, carbon dioxide emissions would peak in the mid-2020s and fall to 12 gigatons by 2050 resulting in a projected global median temperate rise of 1.7 degrees Celsius by 2100, relative to pre-industrial levels.
   - This scenario aligns with the Paris Agreement's goal to limit global warming to well below 2 degrees Celsius above pre-industrial levels.

3. **Net Zero by 2050**
   - This scenario assumes a roadmap which achieves 1.5 degrees Celsius stablisation in the rise in global average temperatures, alongside universal access to modern energy by 2030.
   - In this scenario, carbon dioxide emissions fall to 23 gigatonnes in 2030 and to net zero in 2050, and limits global average temperature increase to 1.5 degrees Celsius by 2050, relative to pre-industrial levels.
   - This scenario aligns with the goals of the Paris Agreement to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.
   - For an ambitious path like this to occur all countries would need to co-operate towards achieving net zero emissions worldwide.

Core Strategy asset allocation expected returns for 2023/24 under three climate-related scenarios*.



Sustainable Growth Option expected returns for 2023/24 under three climate-related scenarios.



Key observations from this scenario analysis were:

- Compared to the 2022/23 asset allocations the analysis showed that changes we planned to make to the asset allocations for 2023/24 were not, in aggregate, any more negatively impacted by climate-related risks, with respect to expected returns.
- 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 energy transition costs for the Sustained Action and Net Zero by 2050 scenarios, mitigating physical climate risks is expected to deliver better economic outcomes ie Gross Domestic Product, inflation and interest rates, than the Current Path scenario over the long term.

Considerable uncertainties, including those related to future policy, technology developments and physical impacts, challenge any analysis of climate related financial impacts. This includes even the most sophisticated economic and climate models. As new information is released, we expect to continue to update our analysis on an annual basis.

There are limitations to this analysis including that 'green' assets (assets with lower carbon dioxide emissions) are expected to outperform 'brown' assets (more carbon dioxide 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.

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.

* As the information is forward-looking, it is based on assumptions and has limits. There can be materially different results if those assumptions are not correct or other risks and uncertainties arise.

Our investment process and ESG factors

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 the unique context, including factors such as the materiality of a particular issue, whether the assets are in public or private markets, the asset class, and whether the investment is managed by Rest, through an investment manager or is held through a collective investment vehicle.

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. 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. Based on our internal assessment 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 updated the assessment criteria we use when we select and appoint investment managers to reflect evolving 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.

Impact Investing

Impact investments are investments made, in members' best financial interests, to provide a financial return and a social and/or environmental return, as indicated by our proprietary impact due diligence framework. Rest has set a target to achieve a one per cent allocation to impact investments by 2026. Depending on the asset class, impact investments may be included in Rest investment options, with the exception of Balanced – Indexed, Australian Shares – Indexed, Overseas Shares – Indexed and Cash options.

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 our assessment of ESG-related investment risks.

Our assessment of impact investments takes into account the positive and negative effects an investment has on people and the planet. Whereas our assessment of ESG-related investments risks focuses on how ESG factors can affect an investment's long-term risk-adjusted returns.

To assess the degree to which an investment strategy intentionally generates positive measurable social and/or environmental outcomes, Rest has developed an impact due diligence and ongoing monitoring framework. This framework has been informed by evolving best practices such as the Operating Principles for Impact Management and resources developed by the Impact Management Project's community of practitioners.

Rest's impact due diligence and ongoing monitoring framework considers the intended change in real-world social and/or environmental outcomes resulting from each impact-related investment strategy. The intended change in real-world outcomes is referred to as *intentionality* while the level of change resulting from an investment is referred to as *investor contribution*. The consideration of these two features distinguish impact investing from other responsible investment approaches.

Another key distinguishing feature is *impact measurement*, which is necessary to demonstrate that investment activities are having their intended effect on real-world outcomes. Rest's impact due diligence and ongoing monitoring framework therefore also assesses an investment manager's capability, aptitude, and impact measurement and management systems.

By applying our impact due diligence framework we determine those investments that we consider may provide the most credible and therefore compelling impact investment opportunities, in our opinion. These we call 'Impact-generating'. These are investment strategies that not only act to benefit stakeholders and deliver competitive risk-adjusted returns through consideration and management of financially material ESG-related investment risks. These are investment strategies that must also actively contribute to one or more positive social and/or environmental outcomes, beyond what would have otherwise occurred, through the development of an impact thesis or theory of change.

Only impact-related investment strategies which are assessed as 'Impact-generating' will contribute towards Rest's target to achieve one per cent allocation to impact investments by 2026.

Rest's first impact investments

In 2022/23 Rest made its first impact investment in Palisade Impact Fund. Palisade Impact Fund supports the development and expansion of next generation infrastructure assets, which include for example organic waste to energy conversion, distributed energy, recycling and last mile telecommunications.

A second impact investment was made through an investment with specialist private equity firm ARCHIMED. European based ARCHIMED invests exclusively in healthcare industries to drive sustainable development and improve people's health and economic status.

Taskforce for Nature-related Financial Disclosure (TNFD) pilot study

Over the last two years the Taskforce on Nature-related Financial Disclosures (TNFD) has been developing recommendations and guidance for companies and financial institutions. These are aimed to help with risk management and disclosure and to lead organisations through how to best identify, assess, respond to and disclose their nature-related issues. The ultimate aim is to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Rest participated in a pilot study to provide feedback towards the final release of the TNFD and to improve our understanding of nature-related risks. We provided feedback on the learnings and existing barriers to adopting and implementing the TNFD LEAP (Locate, Evaluate, Assess, Prepare) framework for financial institutions in the Australian context.

We acknowledge the Department of Climate Change, Energy, the Environment and Water for sponsoring the pilot study and Australian Case Study Report, which was facilitated by Ernst & Young Global Ltd.

Taskforce for Nature-related Financial Disclosure (TNFD)

TNFD is a global initiative that aims to enhance transparency and accountability in the financial sector regarding the impact of economic activities on nature. Some of the nature-related issues that TNFD aims to address include climate change, biodiversity loss, land degradation, water scarcity, and pollution.

Nature-related risks are the potential threats posed to an organisation linked to its and other organisations' dependencies on nature and nature impacts.

Nature-positive is a high-level goal and concept describing a future state of nature (eg biodiversity, ecosystem services and natural capital) that is greater than the current state.

Risk management | Responsible investment and climate change

Rest Enterprise Risk Management Framework

To protect and promote the best financial interests of our members, we actively seek to identify, quantify, and manage ESG-related risks through our systems, policies, and processes.

Our Risk Management Framework defines how we identify, assess, manage, and monitor risk, taking into account the size and nature of our business.

Rest recognises that climate change poses significant risks to our investments, reputation, and supply chains and the market we operate in.

We integrate two ESG-related factors into our risk assessments, and measure their materiality through Key Risk Indicators (KRIs).

This approach ensures that we manage risks related to ESG, including climate change, on an ongoing basis, in accordance with our Risk Appetite Statement.

We monitor two KRIs:

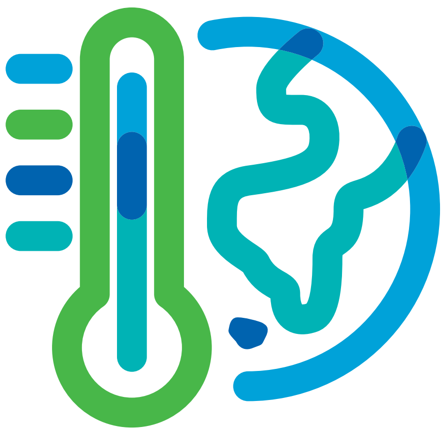
- The Weighted Average Carbon Intensity (WACI) (refer to page 44 of this document for further information)
- How our investment managers approach ESG integration and active ownership, including climate change factors.

Internal Audit

Following the voluntary ESG Compliance Health Check in mid-2021, a further check was undertaken in 2022/23 given the significant developments in the industry. These developments included the finalisation of CPG 229 Climate Change Financial Risks in November 2021, and the second edition of the UN-convened Net Zero Asset Owner Alliance Target Setting Protocol in January 2022.

Subsequently, Rest conducted a second internal review in 2022, including reviewing the steps Rest is taking to implement its roadmap to net zero emissions by 2050.

The outcomes of this audit were provided to the Board Risk Committee in May 2023, which included three performance improvement opportunities (PIO) for CPG 229 alignment and four for alignment to the Net Zero Asset Owner Alliance Target Setting Protocol. In a review like this, a PIO does not indicate a control weakness, rather it's a recommendation to management to consider enhancing current processes. Rest is reviewing the PIOs as part of our ongoing continuous improvement pipeline.



Negative screening

Subject to limitations set out in Section 7 of the Investment Guide (effective 30 September 2023) and Section 10 of the Rest Pensions Product Disclosure Statement (effective 30 September 2023). For the investment options to which this section applies (refer to the exclusions following), our approach to general exclusions, otherwise known as negative screens, involves the exclusion of companies from our investment portfolio that are directly involved in certain industries, subject to the 'Exceptions and limitations' following. This is outlined below:

Tobacco manufacturers

A company directly involved (ie 0 per cent revenue threshold) in the production of tobacco and nicotine alternatives.

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, uranium weapons and chemical and biological weapons or their key parts.

Thermal coal mining

Rest does not invest in or hold shares in listed companies that derive 10 per cent or more of total annual revenues from thermal coal mining, unless certain climate-related criteria can be met. To meet the climate-related criteria, the company must have a credible net zero emissions 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.

Additional ESG considerations

Rest applies additional ESG related considerations including additional exclusions, otherwise known as negative screens, to the Sustainable Growth option.

Exceptions and limitations

The exclusions do not apply to Rest's investment derivatives and may not apply to investments in certain investment structures or instruments (such as financial products that give the holder exposure to a pool of loans, bond or other debt products) or collective investment vehicles (including private funds and exchange-trade funds) where Rest is unable to require and ensure such exclusions are applied by the manager of the vehicle. In respect of Rest's investments in private funds, Rest may have the power to opt out of certain investments which do not comply with the general exclusions or dispose of its interests in private fund if the manager of the private fund acquires investments which do not comply with general exclusions.

Rest monitors its general exclusions, otherwise known as negative screens, on investments on a periodic basis. Third party research is generally used when determining and applying screens and exclusions. This includes information on a company's revenue which is generally based on total or gross annual revenue. However, in the absence of such, net sales or operating revenue as reported by the company in its financial statements may be used.

Rest's ESG analysis, including determining and applying general exclusions, otherwise known as negative screens, on investments may be impacted by limitations in research of third party data providers. Temporary data quality issues (eg delays or inaccuracy) may arise from 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. If an existing investment is identified as not subsequently meeting the criteria of an applicable exclusion, Rest will seek to dispose or manage that investment in the best financial interests of its members taking into consideration relevant factors such as liquidity, market conditions and investment structure.

Additional exclusions, otherwise known as negative screens, apply in respect of the Sustainable Growth investment option. Please refer to Section 8 of the Investment Guide (effective 30 September 2023) and Section 11 of the Rest Pensions Product Disclosure Statement (effective 30 September 2023) for more information.

* In assessing the credibility of a company's net zero emissions by 2050 target, third-party research is only available for certain industries. The credibility of a company's net zero emissions by 2050 target may be assessed by Rest internally (based on industry recognised frameworks) where third-party research is limited or not available.

Modern slavery

Modern slavery covers a set of specific legal concepts including forced labour, debt bondage, forced marriage, slavery and slavery-like practices, and human trafficking. Although modern slavery is not defined in law, it is used as an umbrella term that focuses attention on commonalities across these legal concepts. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power.[1]

We continued to implement modern slavery related initiatives into our investment portfolio and approach to ESG integration over the reporting period to:

- Focus on and engage with, including through IAST APAC, selected investment managers and/or asset owners, with engagement prioritised based on factors such as geography and sector whose investments may be subject to higher risks of modern slavery.
- Expand the modern slavery assessment to include our transition managers, these are investment managers that help manage a sub-set of the total investment portfolio in periods when assets are reallocated.
- Require modern slavery obligations into all new investment mandates.

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

Active ownership

Active ownership is an important part of our responsible investment approach.

Our approach to active ownership involves communicating members' long-term investment interests to companies in which the fund invests, and to investment managers who invest on Rest's behalf, appropriately using Rest's ownership rights to influence activities or behaviours to seek to improve investment performance. Our approach to company engagement and voting is more active in Australia given our larger holdings and better company access.

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

Voting at company meetings, either directly or through our investment managers, 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 we consider it appropriate to do so, having regard to our duties, including the duty to act in the best financial interests of members, Rest may advocate for change.

We seek to engage with 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.

We take a three-pronged approach to company engagement:

- **Service provider** engagement through the Australian Council of Superannuation Investors (ACSI) with respect to ASX300 companies
- **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 share portfolios on a range of ESG factors, including climate change, modern slavery, decent work and corporate governance.

Our preference is to work collaboratively with other like-minded investors wherever possible to share knowledge, pool resources and influence investee companies and other stakeholders on areas of common concern.

[1] Definition of modern slavery published by Walk free. For more information see https://www.walkfree.org

Over the last 12 months, we have increased engagement with a select number of companies on climate change, modern slavery, good governance, decent work and cultural heritage issues. A range of factors are considered in identifying companies for targeted engagement and monitoring, including materiality of our holdings, members' preferences, systemic nature of ESG risks/opportunities as well as the work of ACSI and other collaborative engagement initiatives in which we are involved.

During the year, we engaged 36 companies on 97 occasions (generally alongside ACSI) on issues including climate change, modern slavery, cultural heritage, decent work, company culture, remuneration, corporate strategy and business performance.

We engaged several companies alongside our external managers on company responses to climate change and also engaged select companies alongside our internal Australian equities team on climate change, cultural heritage, modern slavery and decent work issues.

We engaged 22 companies on climate change, including 10 of the largest greenhouse gas emitting companies in our Australian shares portfolio (this will be expanded to 15 companies in 2023/24), eight companies on cultural heritage protection practices, six 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.

During the year, our fixed income team conducted 17 engagements with eight issuers on green, social and sustainability bond frameworks, climate change, human capital and affordable housing issues.

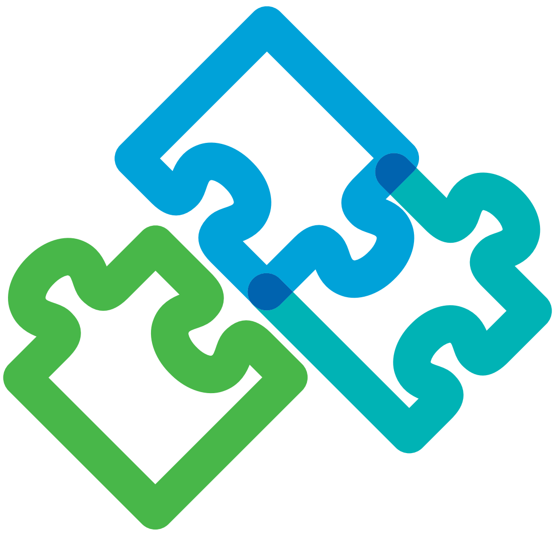
We also met, generally alongside ACSI, with seven NGOs or other stakeholders on a range of issues, including climate change, cultural heritage protection and biodiversity issues which helped inform our voting decisions and approach to relevant company engagements.

Service Provider Engagement

Rest is represented on both the ACSI Board and the Member Advisory Council and actively contributes to ACSI's program of work.

As part of developing its work program 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 306 engagement meetings with 194 companies in the ASX300, of which 185 companies are held by Rest.



Key outcomes from ACSI-led company engagement meetings:

Climate change	ACSI engaged with a range of companies on climate change. We believe this type of investor engagement has contributed to more companies publicly disclosing various net zero targets, with 121 companies in the ASX200 adopting some form of net zero commitments (being 80 per cent of the ASX200 by market capitalisation) as of March 2023. Rest joined ACSI for these engagements where there is a material reason to do so in the context of our engagement approach. By the end of financial year 2022/23, all 30 of ACSI's climate priority companies have also now either committed to or are already publicly reporting their climate risks and opportunities using the TCFD guidelines. Among the 30 priority companies, 29 have also set long-term targets related to climate change.
Just transition	ACSI has been publicly advocating for policy action to support a just transition to a low carbon economy. To help address this, Rest has been part of ACSI's Just Transition working group. Rest contributed to an ACSI report on just transitions (released in December 2022) which outlines a detailed set of investor expectations of listed companies and the policies that it recommended governments put in place to support a just transition. In May 2023, the Australian Government announced the establishment of the Net Zero Authority to oversee and drive the transition.
Board gender diversity	ACSI's long-running engagement program to improve board gender diversity supported progress across the ASX300, with 16 priority companies that previously had either a zero-woman or one-woman board appointing at least one female director during the period. As at 30 June 2023, only 11 companies in the ASX300 had zero-women boards, with the average representation of women directors at above 35 per cent.
Executive pay	ACSI engages with companies with problematic remuneration practices or a lack of remuneration-related disclosures. These may include engaging with boards to improve pay-for-performance alignment, use of challenging long-term performance hurdles, and to encourage the transparent disclosure of remuneration structures and outcomes. As at 30 June 2023, ACSI assessed that 23 priority companies had implemented positive changes to its remuneration framework or remuneration disclosures.
Corporate culture and sexual harassment	ACSI continued to engage with companies (with a focus on mining companies employing remote workforces) on how they are monitoring and managing their corporate culture to eliminate sexual harassment, bullying, racism and other objectionable behaviours. ACSI also identified three priority companies for targeted engagement to encourage more comprehensive assessment and disclosure of how the company is monitoring and managing its corporate culture, including sexual harassment and safety.
Responsible gaming	Responsible gaming continues to be a priority area for ACSI following on from the public inquiries into Australia's two largest casino groups and ACSI's own research into the issues of transparency and governance in the sector. As at 30 June 2023, ACSI assessed three priority companies that were part of its target engagement program which had demonstrated partial improvements in the management of responsible gaming. This included priority companies putting in place initiatives to address gaming-related risks and developing organisation-wide frameworks that embed responsible gaming as a pillar of its corporate strategy. ACSI will continue to engage with priority companies to seek greater disclosure in the efficacy of their initiatives.

Key outcomes from ACSI-led company engagement meetings:

Cultural heritage	On cultural heritage, one of ACSI's key priorities is on the ability of companies to establish and maintain constructive, fair and long-term relationships with First Nations people. For 2022/2023, ACSI identified 11 priority companies to proceed with its multi-year engagement and to assess companies across areas such as progress in building relationships, reviewing and rewriting land use agreements, and improving quality and transparency of disclosures.
Modern slavery	A common and material ESG risk for companies relates to modern slavery and supply-chain management. In 2023, ACSI commissioned Pillar Two to undertake detailed analysis of the third year of reporting of Modern Slavery Statements by ASX200 companies. The research identified an improvement in companies' modern slavery reporting since the first year Modern Slavery Statements were prepared, although there remain gaps in disclosure. ACSI aims to leverage the research findings to continue engagement with these companies on their approach to, and reporting of, modern slavery risks.
Safety	Alongside ACSI, we engaged with companies involved in workplace-related fatalities to understand the nature of the incidents, status of investigations, changes to practices to address findings, and the board's oversight of the matters. ACSI's engagements have also focused on the board's treatment of safety incidents in executive remuneration and whether safety is sufficiently escalated in incentive outcomes. During the period, 14 of ACSI's priority companies improved its safety reporting practices, including disclosures relating to lagging and leading measures of safety performance.

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) aligned reporting.
- Net zero by 2050 commitments, including credible Paris Agreement aligned short, medium and long-term targets, including for Scope 1 (ie emissions generated as a direct result of a business activity), Scope 2 (ie emissions generated from indirect consumption of energy), and Scope 3 emissions (ie 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 (ie a Just Transition, refer to page 44)
- Alignment of a company's policy and advocacy activity with a net zero by 2050 aligned world.

Australian shares are responsible for 63 per cent of Rest's total listed Australian and overseas shares portfolio for Scope 1 and 2 Weighted Average Carbon Intensity (WACI) as at 30 June 2023. Approximately 74 per cent of this exposure is concentrated in the 15 companies listed below (the priority companies).

We have prioritised climate engagement with the priority companies, with a particular focus on those companies where there has been limited or slow progress. Priority companies are the focus of direct, collaborative and service provider engagement.

Targeted company engagement

Company	Sector	Engagement target
Santos	Energy	Yes
BHP	Materials	Yes
Origin Energy	Utilities	Yes
South32	Materials	Yes
Woodside Energy	Energy	Yes
Rio Tinto	Materials	Yes
Alumina	Materials	Yes
Northern Star	Materials	Yes
Newcrest	Materials	Yes
Orica	Materials	Yes
Qantas	Industrials	Yes
Incitec Pivot	Materials	Yes
Aurizon Holdings	Industrials	Yes
James Hardie Industries	Materials	Yes
Telstra Group	Communication services	Yes

[1] Refer to ACSI report: Promises, Pathways & Performance – Climate Change Disclosure in the ASX200.

Climate Action 100+

Climate Action 100+ (CA100+) is an investor initiative which aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Over 700 investors, responsible for $68 trillion USD in assets under management, are engaging companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures.

The three goals of the initiative is to ask focus companies to:

- Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk.
- Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees Celsius above pre-industrial levels.
- Provide enhanced corporate disclosure on climate change risk and implement transition plans to deliver on robust targets in line with the final recommendations of the TCFD and other relevant sector and regional guidance, to enable investors to assess the robustness of companies' business plans and improve investment decision-making.

In March 2023, CA100+ launched its net zero company benchmark 2.0 to evaluate the world's largest corporate greenhouse gas emitters on the progress of their net zero transition. Company assessments against the benchmark were released in October 2023 and the findings will help inform our engagements with the priority companies where relevant.

Modern Slavery

We engage with both external investment managers and the relevant companies we invest in directly 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, like Rest, engage with a company and/or 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/

Through our involvement in IAST APAC we participate in two work streams. The first work stream is focused on contributing advocacy and sharing information for improved modern slavery risk management and modern slavery incident response. The second work stream focuses on engagement with companies in the Asia-Pacific region selected from consumer discretionary, consumer staples, technology and healthcare sectors. The IAST APAC Annual Report for 2022/23 is available here.

Australian share voting

Voting at company meetings is an important part of active ownership.

Rest takes an active approach to voting its Australian shares, sourcing advice from proxy voting advisors subject to certain exceptions.[1] 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 and NGOs.

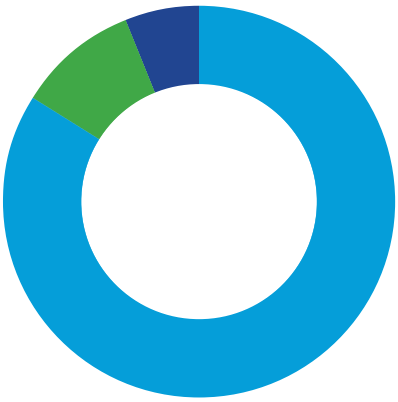
In protecting the long-term best financial interests of our members, Rest supports resolutions that seek to enhance value, promote or require adequate disclosure, encourage appropriate pay-for-performance remuneration outcomes and support effective Board composition and governance.

Currently, our overseas shareholdings are voted on by our investment managers, however we have plans to introduce an active approach to voting overseas shares in 2023/24.

Rest's Proxy voting behaviours report is available at: rest.com.au/why-rest/about-rest/corporate-governance

Australian share voting

Australian share voting



Number of resolutions voted: 2107

Key:
- For: 1778 (84.4%)
- Against: 211 (10%)
- Abstain: 118 (5.6%)

Voting by theme

Key:
- Audit/financials (2.3%)
- Director elections (41.4%)
- Capital management (6.5%)
- Executive remuneration (42.2%)
- Shareholder proposals (1.2%)
- Other (6.4%)

Issues Rest voted Against

Key:
- Audit/financials (0%)
- Director elections (27%)
- Capital management (4.7%)
- Executive remuneration (48.3%)
- Shareholder proposals (9.5%)
- Other (10.5%)

[1] While it is Rest's intention that all shares be voted, there will be instances where Rest choses not to exercise or 'abstain' from exercising their voting rights. This includes where the Responsible Investment Policy restricts Rest from voting. Rest does not take an active approach to voting for any shares held in the Balanced – Indexed, Australian Shares – Indexed and Overseas Shares – Indexed investment options.

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
- Sets 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.

Rest has been an advocate of companies providing shareholders with an advisory vote on their climate transition plans at their Annual General Meetings (AGMs). These are known as a 'Say on Climate' resolutions.

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

In determining how we vote on specific climate-related resolutions, we consider 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, as well as disclosure on industry association climate policy alignment with the Paris Agreement.

A 'Say on Climate'

We analysed 'Say on Climate' proposals at six ASX-listed companies during 2022/23 (being AGL Energy, APA Group, Incitec Pivot, Origin Energy, Sims, and South32).

The level of investor support for these proposals ranged from 69 per cent to 94 per cent, reflecting varying levels of maturity of each company's climate strategy. In considering the range of factors outlined above, we did not support 'Say on Climate' resolutions at AGL and Sims.

We wrote to all six companies outlining our voting rationale and will continue to engage with each on progress against their climate strategies.

Shareholder proposals

Rest's approach is to consider shareholder resolutions at ASX-listed companies on a case-by-case basis and support those we believe protect and/or enhance long-term shareholder value and/or will result in improved disclosures and/or enhance company performance.

During the reporting period, we voted in favour of a range of shareholder proposals to signal that company policies or procedures needed to be enhanced or disclosures improved.

During 2022/23, Rest voted on 27 shareholder proposals put forward at ASX300 company annual shareholder meetings. Of these:

- Three were social-related resolutions
- 14 were governance-related shareholder resolutions, and
- 10 were climate-related resolutions. We generally do not support climate-related shareholder proposals where we have an opportunity to vote on a Say on Climate resolution. However, where we have not supported a Say on Climate vote in the prior year(s) and there are shareholder proposals for consideration we assess on case by case basis for ASX-listed companies. We potentially support them where we feel the company has not adequately responded to our concerns through the Say on Climate resolution. In this context, we supported shareholder proposals at both Santos and Woodside AGMs in 2023.

In 2022/23, our voting positions at Australian company meetings also supported:

- Improved board gender diversity, with only 11 companies in the ASX300 having zero-women boards and the average representation of women directors at above 35 per cent. In line with ACSI's gender diversity policy.
- Eight companies withdrawing amendments to their constitution aimed at facilitating virtual only shareholder meetings which would have reduced shareholders ability to participate in meetings.
- 25 companies in the ASX300 receiving a 'strike' against their remuneration report (≥25% of votes against from shareholders). Common themes include instances where company boards applied discretion to allow vesting of executive bonuses despite performance hurdles not being met, the issuing of large one-off payments to executives, and broader misalignment between remuneration outcomes and shareholder experience. These companies have been identified by ACSI to be priority companies for targeted engagement.
- Ongoing focus on climate change as evidenced by the introduction of shareholder advisory Say on Climate votes as well as increasing investor focus on board effectiveness in overseeing climate-change strategy and associated risks and opportunities. In this context, we did not support the re-election of a director at each of Woodside's and Santos's AGMs on accountability grounds for each company's respective climate strategy.

Advocacy

We engage and collaborate with industry associations and investor groups on responsible investment issues, many of which are outlined above under Responsible Investment Collaborations on page 20.

This collaborative approach aims to promote 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.

In 2022/23, we made direct submissions to government consultations on mandatory climate-related disclosure and modern slavery-related issues and contributed to a number of industry papers, submissions and roundtables on climate change and energy transition matters.

Rest contributes to and monitors the advocacy activities of our member organisations by participating in working groups, committees, and through board representation. For further information refer to Collaborations page 20.

In 2022/23, we became a member of the Australian Sustainable Finance Institute (ASFI). ASFI's mission is to realign Australia's financial system so that it supports a more sustainable, resilient and inclusive Australia.

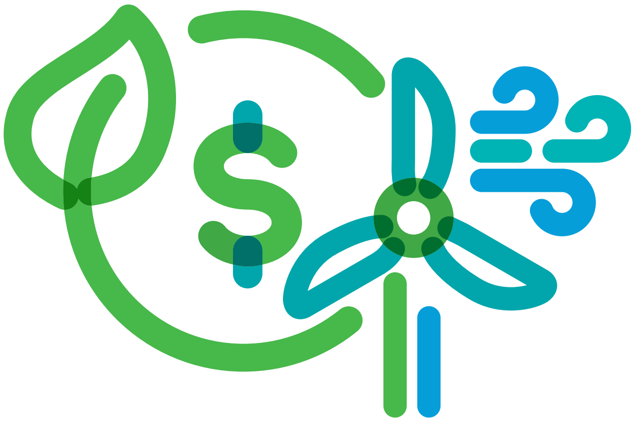
Through our membership of ASFI, we are supporting the development and implementation of an Australian Sustainable Finance Strategy.

Metrics and targets | Responsible investment and climate change

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

The Paris 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 maturing. To help us monitor the progress of our roadmap to net zero emissions by 2050, we've developed a set of metrics and targets, informed by the TCFD, the UN-convened Net-Zero Asset Owner Alliance Target Setting Protocol, The Investor Agenda's Investor Climate Action Plans Expectations Ladder, and the Partnership for Carbon Accounting Financials.

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

Six key measures

Our roadmap to net zero emissions by 2050 was published in 2021 and outlined six key measures for tracking progress alongside 41 other initiatives across Rest's six responsible investment pillars. This roadmap primarily covered initiatives for the period 2018/19 to 2022/23. Our progress on the six key measures is summarised here. Refer to Appendix 2 on page 52 for further details.

One

Action: From 31 December 2021, listed companies with more than 10 per cent of revenues derived from thermal coal mining have been excluded, unless the company has a credible net zero by 2050 target or is signed up to the Science-Based Targets.[1]

Progress: During the reporting period, we continued to exclude these investments from our portfolio.

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 continued with our contributions to the Just Transition working group facilitated by ACSI. We also participated in a range of company engagements alongside ACSI on Just Transition considerations with select companies in the extractives, energy and materials sectors.

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 listed equities[3] portfolio year on year.

Progress: In 2022/23, the Australian Government legislated Australia's updated Nationally Determined Contribution (NDC) which commits Australia to a more ambitious emissions reduction target of 43 per cent by 2030, on 2005 levels.

Rest supports the Australian Government's updated target and actively contributed to a number of industry papers, submissions and roundtables on climate change in 2022/23, including direct submissions to the Australian government on mandatory climate-related disclosures as well as contributions to submissions from a number of our member organisations, including ACSI, IGCC, ASFI, ASFA and PRI.

Our baseline year for measuring WACI in Rest's listed shares portfolio is the financial year ended 30 June 2019. As at 30 June 2023, the Weighted Average Carbon Intensity (WACI) of our combined total listed shares portfolio fell by 53 per cent, relative to WACI in the 2018/2019 base year. For more information, please see page 44.

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 2023, Rest had:

- $1 billion invested in physical renewable energy and low-carbon solution assets.
- $2.4 billion invested in listed companies which contribute to the transition to a low carbon economy, as defined by MSCI, and
- $317 million invested in green bonds, which aim to contribute to positive environmental outcomes, for example, green bonds issued in accordance with the International Capital Market Association Green Bond Principles.

[1] Science-Based Targets https://sciencebasedtargets.org/

[2] Just Transition refers to 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 which are the most affected by the transition to a lower-carbon economy.

[3] We measure the Weighted Average Carbon Intensity (WACI) of the listed equity (otherwise known as shares) exposure as a proxy for the whole of fund exposure, this includes listed Australian and Overseas shares, and excludes listed infrastructure, listed property portfolios, derivates and collective investment vehicles (including exchange-traded funds).

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. For more information refer to page 47.

During 2022/23, we progressed actions to reduce the energy demand of our direct property portfolio, updated lease agreements to enable energy data collection and improved waste stream management.

Planned future actions include continuing to implement emission reduction programs, plan for transition to fully electrified assets powered by renewable energy and offset residual emissions.

In addition to this measure, as at 30 June 2023, 70 per cent of our total property portfolio,[1] including our directly owned assets, had a net zero commitment.

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 made, in members' best financial interests, to provide a financial return and a social and/or environmental return, as indicated by our proprietary impact due diligence framework. For more information refer to page 28.

In 2022/23 Rest made its first impact investment in Palisade Impact Fund. Palisade Impact Fund supports the development and expansion of next generation infrastructure assets, which include for example organic waste to energy conversion, distributed energy, recycling and last mile telecommunications.

A second impact investment was made in specialist private equity firm ARCHIMED. European based ARCHIMED invests exclusively in healthcare industries to drive sustainable development and improve people's health and economic status.

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 stress tested the Core Strategy and Sustainable Growth investment options asset allocations against the impact of climate change in line with three possible climate scenarios. The three scenarios are described in the Case Study on page 26.

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.

[1] This includes office buildings directly owned by Rest and buildings owned through Rest's investment in other unlisted entities and funds, and it is measured as a proportion of the total funds under management of the property portfolio.

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 industries which are the most affected by the transition to a lower carbon economy.

In December 2022, ACSI released a report: A just transition to a clean energy economy – investor expectations and policy recommendations. The report outlines investor expectations of listed companies as they transition away from emissions intensive operations to ensure a just and equitable transition for impacted workforces and communities.

Carbon metrics for listed Australian and overseas share portfolio[1]

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

The WACI measures the portfolio's exposure to carbon-intensive companies. This involves calculating how many tonnes of carbon emissions equivalent (CO_2e) a company generates per million US dollars in sales. For further information see the table below and for definitions refer to page 13.

With Rest's net zero by 2050 commitment we are active in the industry in contributing to consistent, comparable metrics; we currently use WACI as a metric for measuring the carbon intensity of our listed share portfolio.

Our baseline year for measuring WACI in Rest's listed shares portfolio is the financial year ended 30 June 2019. Relative to the financial year ended 30 June 2019, as at 30 June 2023, the WACI of our combined total listed shares portfolio fell by 53 per cent.

The transition to a net zero emissions portfolio by 2050 is not expected to be linear. As a result, WACI metrics are expected to reflect some level of volatility over the short term, i.e. WACI in the listed shares portfolio could be higher one year and lower another. In addition, the composition of listed shares in our portfolio will vary over time, within certain parameters, and this will impact portfolio WACI measurements, as will changes to carbon emissions from the companies within the portfolio.

In 2022/23, changes in WACI were driven by a combination of factors, including carbon emission reduction achieved as the portfolio shifted away from higher carbon-emitting energy stocks (post an energy stocks rally which was caused in part due to Russia's invasion of Ukraine), and lower carbon tech stocks becoming a greater proportion of the portfolio, as tech stocks rallied strongly.

In the context of the investment industry, WACI is relatively new, and Rest has a short track record in its use. WACI measures for our listed shares portfolios as at 30 June 2020, 2021 and 2022 were all lower relative to the 2019 baseline year, in the range of -19 to -24 per cent and the overall progress of the reduction was relatively stable.

In addition to the WACI, the table below outlines other industry recommended carbon-related metrics, including the total carbon emissions, carbon footprint of the Rest's listed Australian and overseas shares portfolio.

Total carbon emissions, also known as financed emissions, provides the absolute carbon emissions associated with the companies in our listed shares portfolio,[2] and is expressed in tonnes of carbon dioxide (CO_2e). While it tracks changes in carbon emissions in our listed shares portfolio, the data is not normalised, so it is less useful for comparing portfolios of different sizes and the progress of a portfolio over time where the amount invested in listed shares changes over time. However, total carbon emissions is the key metric for tracking Rest's progress to net zero emissions by 2050.

The carbon footprint is the total carbon emissions for a listed share 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 of different sizes and the progress of a portfolio over time.

The carbon metrics outlined above take into consideration only Scope 1 and 2 emissions related to a company's operations. See page 13 for an explanation of scope 1 and 2 emissions.

[1] We report carbon emissions for the listed Australian and Overseas Shares, this excludes listed infrastructure, listed property portfolios, derivates and collective investment vehicles (including exchange-traded funds). Where actual data is not available estimates may be used to fill gaps. All metrics measure scope 1 and 2 carbon emissions.

[2] Following the Partnership for Carbon Accounting Financials (PCAF) methodology, Total carbon emissions are calculated as a company's annual emissions multiplied by the amount invested in a company over the company's enterprise value including cash (EVIC).

Listed Australian Shares[1]

	Data coverage	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
29 June 2018	93%	433	1,320,016	121
28 June 2019	94%	312	1,124,703	97
30 June 2020	93%	257	1,074,432	104
30 June 2021	94%	246	1,202,826	80
30 June 2022	98%	272	978,469	74
30 June 2023	98%	155	791,232	48

Listed Overseas Shares[1]

	Data coverage	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
29 June 2018	91%	175	732,024	54
28 June 2019	93%	151	772,890	53
30 June 2020	95%	126	570,998	40
30 June 2021	97%	119	661,955	33
30 June 2022	99%	94	394,441	23
30 June 2023	98%	70	406,083	19

Carbon metrics – Weighted Average Carbon Intensity (WACI) (tCO_2e/$M sales USD)[1]

Restatement of historical data

We have restated certain previously reported emissions data in the tables above due to:

- greater availability of more accurate and up to date data in respect of Total Carbon Emissions and Carbon Footprint for Australian and Overseas Shares in 2022; and
- the inclusion of additional underlying investments from a legacy part of the portfolio that was closed in 2021

and had previously been excluded in our figures for the 2018 to 2021 financial years. This has resulted in changes to the previously reported WACI (tCO_2e/$M sales USD), Total Carbon Emissions (tCO_2e)2 and Carbon Footprint (tCO_2e/$M invested in AUD) for the 2018 to 2021 financial years. Details of the previous figures can be found in the 2021/22 Sustainability, Responsible Investment and Climate Change Supplement.

[1] Third-party research is used to calculate the carbon metrics outlined in this section. Temporary data quality issues, availability and subsequent data updates may occur from time to time resulting in these carbon metrics fluctuating. As a result, these figures may change and be restated in future periods. All metrics measure scope 1 and 2 carbon emissions. Not all companies disclose their emissions data. Where actual emissions data is not available, third-party research providers may use an estimate as part of their methodology however this is not always possible. Data coverage reflects the available actual and estimated data (if used) to calculate these metrics in respect of the portfolio. The actual metrics calculated may be different if complete data was available.

[2] Following the PCAF methodology, Total carbon emissions are calculated as a company's annual emissions multiplied by the amount invested in a company over the company's enterprise value including cash (EVIC). Carbon footprint is calculated as total carbon emissions over the market value of the portfolio in millions (AUD).

Sustainable Growth investment option – Providing member choice

Rest offers members the choice of a Sustainable Growth investment option designed to meet traditional risk return objectives along with additional and more specific ESG considerations. The Sustainable Growth option was created having regard to members' communicated values and preferences.

To find out more about the Sustainable Growth option, see Section 8 of the Investment Guide (effective 30 September 2023) or Section 11 of the Pension Product Disclosure Statement (effective 30 September 2023).

Sustainable Growth climate-related metrics

The WACI of the Sustainable Growth option's listed shares component is 67 per cent lower than its benchmark[2]. This is assisted by the option's exclusion in relation to fossil fuels.[3]

As of 30 June 2023, 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 as outlined in the International Capital Market Association principles
- companies that provide products and solutions to support the transition to a low carbon world[4]
- green buildings[5]
- impact investments.[6]

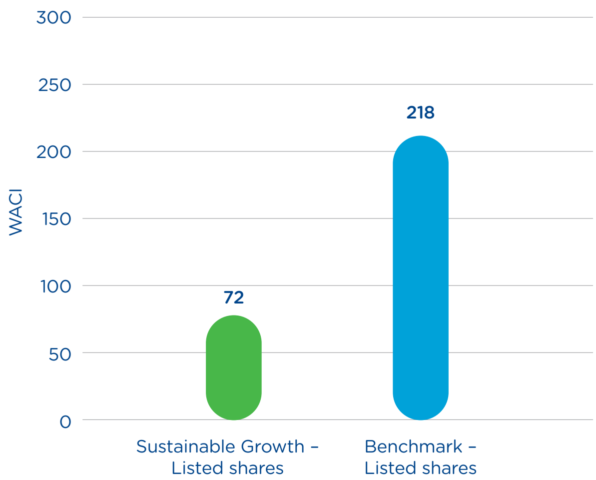
CERTIFIED BY RIAA

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.[1]

Weighted Average Carbon Intensity (WACI)[2]



[1] 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.

[2] We measured the Weighted Average Carbon Intensity of the Sustainable Growth option's listed shares portfolio as there is carbon data available for these assets, 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] The exclusion, otherwise known as a negative screen, in relation to fossil fuel is one of a number of exclusions applied to Sustainable Growth, to find out more see Rest's Investment Guide. Details of the fossil fuel exclusion – A company which:
- Owns fossil fuel (thermal coal, metallurgical coal, oil and gas^) reserves.
- Derives any of its revenue (ie 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.

[4] Companies that have the potential to benefit through the growth of low-carbon products and services as the global economy transitions from carbon-intensive to zero or low-carbon operations and energy sources, as assessed by a third-party research provider. Examples of these industries include renewable electricity, energy efficient equipment, electric vehicles, and solar cell manufacturers.

[5] Buildings which have obtained a green building certification that is administered by a World Green Building Council (WGBC) member and/or the percentage of revenue, or maximum estimated percent, a company has derived from design, construction, redevelopment, retrofitting, or acquisition of 'green' certified properties – subject to local green building criteria.

[6] Impact Investments are investment strategies assessed as "Impact-generating" under Rest's impact due diligence framework as described on page 28.

Rest invests directly in sustainable office buildings

We're aiming to achieve net zero carbon emissions in operation for our direct property portfolio by 2030, through reducing energy and water consumption, operational improvements and plant upgrades, a shift to renewable power and carbon offsetting.

Rest Direct Property Portfolio

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

52 Martin Place, Sydney

140 William Street, Melbourne

717 Bourke Street, Docklands, Melbourne

Rest's direct property sustainability-related performance ratings

Property address	Green Star Performance[1]	Green Star Design[2]	NABERS[3] Energy 2016	NABERS Energy 30 June 2023	NABERS Water 2016	NABERS Water 30 June 2023	NABERS Waste	NABERS Indoor Environment
Quay Quarter Tower (QQT), 50 Bridge St, Sydney		6		Target[4] 5.5		Target 4[4]	Target 4[4]	
52 Martin Place, Sydney	4		4.5	5	3.5	4.5	4	4.5
140 William St, Melbourne	3		3.5	4	3	5	3.5	4.5
717 Bourke St, Docklands, Melbourne[5]								
1. 717 Bourke St entrance tower	3	5	4.5	4.5	3.5	5 (Combined score)	5 (Combined score)	5
2. Mayfield St entrance tower				4				5

[1] 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). For more information see https://new.gbca.org.au/green-star/rating-system/performance/

[2] Green Star Design ratings ranging from 4-6 Star Green Star, for more information see https://new.gbca.org.au/green-star/rating-system/

[3] NABERS provides ratings for building efficiency across: Energy, Water and Waste, for more information see https://www.nabers.gov.au/

[4] NABERS target ratings, following the building being tenanted for a 12-month period.

[5] 717 Bourke St, Docklands is divided into two separate towers separated by a carpark. The main tower, with an entrance at 717 Bourke St, is owned and operated by Rest. The Mayfield Place entrance is a smaller tower (four floors) and positioned on top of the car park. The total complex can be described in four parts – main tower, car park, Mayfield tower and hotel. Everything is owned and operated by Rest, excluding the hotel. The car park runs through both towers. The separate towers results in two ratings for the building, as they typically have separate mechanical services. The rating for waste and water is combined for the entire block.

Rest Direct Property Portfolio (continued)

Sustainability actions progressed 2022/23

- Continuing to collaborate with occupants to progress our respective sustainability goals.
- Progressed updates to lease documents to enable energy data collection, the banning of single use plastics and the phase out of gas equipment within tenancies.
- Increased waste stream varieties, including dry waste and organics, in conjunction with education to reduce waste to landfill.
- Progressed planning on building electrification, including within tenanted areas.
- At 140 William Street, Melbourne, upgrades of electrical infrastructure resulted in a safer working environment and reduced energy losses.
- At 140 William Street, Melbourne refurbishments continue a program of refurbishing and recycling furniture and materials.
- At 52 Martin Place, Sydney works included a major upgrade of the Building Maintenance Unit and recycled 6.5 tonnes of metal from the outdated unit.

Additional programs:

- Tenant engagement is an important aspect of developing sustainability initiatives and activities included National Reconciliation Week, World Pride 2023 and Mindful May.
- Strategic review of consumption and targets in a post Covid and hybrid working environment.

Planned actions to target net zero in operations by 2030 for the Rest direct property portfolio with operational control.[1]

- Upgrading lighting, cooling towers, lift controls, chillers and domestic hot water, and transitioning to electrified assets where possible.
- Continue to engage with tenants to support a transition to electrified assets.
- Installing new metering to enable superior monitoring of equipment and identification of unnecessary energy and water 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. Recycling of office furniture where possible.
- Evaluating additional solar opportunities as part of identifying efficiency opportunities.
- Continuing to review and strengthen green leases and service contracts, when the opportunity arises through renewal and change of lease.
- Maintaining renewable energy contracts across the portfolio.

[1] Buildings which Rest has operational control of include 52 Martin Place, Sydney, 140 William Street, Melbourne and 717 Bourke Street, Docklands.

2023 GRESB Rating for the Rest Direct Office Portfolio

The 2023 GRESB Standing Investments Benchmark Report for Rest Direct Office Portfolio was 4 Star. The Direct Office Portfolio includes Quay Quarter Tower, 50 Bridge Street, Sydney, 52 Martin Place, Sydney, 140 William Street, Melbourne and 717 Bourke Street, Docklands. The period for reporting was Calender Year 2022.

GRESB ★★★★☆ 2023

What is GRESB?

The Global Real Estate Sustainability Benchmark (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. For more information see https://www.gresb.com/nl-en/

03
Appendix

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 15-16 and Pages 24-29: Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 15-16 Pages 22-23: Governance
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 24-29: Strategy | Responsible investment
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 degrees Celsius 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 30-40: Risk management | Responsible investment
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 organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 41-49: Metrics and targets | Responsible investment Pages 13-14: 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
Net Zero Roadmap Phase 1 progress for the period 2018/19 to 2022/23

In 2020/21 Rest publicly shared our Next Zero Roadmap for the period 2018/19 to 2022/23.

The column 'Progress Update' provides an update on the progress against each roadmap initiative. The completion of initiatives, where relevant, generally means they are now part of our day-to-day activities.

Rest has commenced development of a new net zero transition plan for the period 2024/25 to 2025/26, which carries over many of the ongoing initiatives below. The development of this plan is consistent with growing global momentum surrounding net zero transition plans and the vital role they plan in supporting the global shift to net zero. Transition planning and the disclosure of transition plans are core to this transformation.

Net Zero Roadmap FY19-23

Governance

- ● Action completed
- ○ Commencement
- ••• Ongoing
- ⊙ Measure

Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
1. Quarterly climate-related reporting to Management Investment Committee (MIC), Board Investment Committee (BIC) and Board Risk Committee (RC)*	○	•••	•••	•••	•••	BAU[1]
2. Climate-related risk included in risk appetite statement	●					Complete
3. Sustainability forum established		○	•••	•••	•••	BAU[1]
4. Net zero working group established			●			Complete[2]
5. Material enhancements to climate change policy			●			Complete
6. Set objective to achieve net zero carbon emissions for the fund by 2050			⊙	•••	•••	BAU[1]
7. Remuneration structures aligned to include responsible investment principles				●		Complete
8. Conduct gap analysis on APRA** draft guidance on climate change financial risks				●		Complete

* Updated from the Audit, Risk and Compliance Committee (ARCC) over the course of the roadmap and to reflect governance changes at Rest.
** Australian Prudential Regulation Authority
^ FY23 End of Plan Progress Update
1 Business as Usual (BAU). The process is part of ongoing business activities.
2 Established in 2021 to develop this action plan.

Net Zero Roadmap FY19-23

Integrating ESG into our investment decisions

● Action completed
○ Commencement
··· Ongoing
⊙ Measure

Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
9. Commence inhouse ESG and climate related investment manager assessments	○	···	···	···	···	BAU[1]
10. Use climate-related tools to monitor listed assets		○	···	···	···	BAU[1]
11. Climate change as a structural theme included in Rest investment strategy and annual asset allocation		○	···	···	···	BAU[1]
12. Investment team climate-related capability development underway	○	···	···	···	···	BAU[1]
13. Whole-of-fund analysis conducted for a well below 2°C by 2100 scenario (IEA SDS)*		⊙	···	···	···	BAU[1]
14. Whole-of-fund analysis conducted for a 3-4°C by 2100 scenario (IEA STEPS)**		⊙	···	···	···	BAU[1]
15. Whole-of-fund scenario analysis conducted for a net zero by 2050 scenario (IEA NZE 2050)				⊙	···	BAU[1]
16. Climate-related physical risk analysis for current infrastructure and property investments			○	···	···	BAU[1]
17. Climate-related risk analysis for all new infrastructure and property investments		○	···	···	···	BAU[1]
18. Commence to collate and quantify the carbon footprint for infrastructure and property		○	···	···	···	In progress
19. Collaborate with stakeholders to resolve gaps and inconsistencies in carbon metrics in remaining asset classes			○	···	···	BAU[1]

* Sustainable Development Scenario
** Stated Policies Scenario
^ FY23 End of Plan Progress Update
[1] Business as Usual (BAU). The process is part of ongoing business activities.

Net Zero Roadmap FY19-23

Actively managing our investments

- ● Action completed
- ○ Commencement
- ••• Ongoing
- ◎ Measure

Active Ownership – Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
20. Contribute to collective engagement influencing listed companies to adopt TCFD* reporting		Commencement	Ongoing	Ongoing	Ongoing	BAU[1]
21. Contribute to influencing investee companies to commit to net zero			Commencement	Ongoing	Ongoing	BAU[1]
22. Climate-related risks and opportunities included in all investment manager mandates			Commencement	Ongoing	Ongoing	BAU[1]
23. Promote the goals of the Paris Agreement			Commencement	Ongoing	Ongoing	BAU[1]
24. Monitor investment managers who support and disclose TCFD* and net zero			Commencement	Ongoing	Ongoing	BAU[1]
25. Consider all climate-related shareholder resolutions of Australian investee companies			Commencement	Ongoing	Ongoing	BAU[1]
26. Consider all climate-related shareholder resolutions of Australian and international investee companies				Commencement	Ongoing	In progress[2]
27. Develop engagement strategy as relevant to listed equity exposures				Action completed		BAU[1]

Net Zero Roadmap FY19-23

Screening, thematic and impact investing

- ● Action completed
- ○ Commencement
- ••• Ongoing
- ◎ Measure

Investments Approach – Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
28. Monitor exposures to high-carbon assets		Commencement	Ongoing	Ongoing	Ongoing	BAU[1]
29. Monitor exposures to renewables, low-carbon solutions and impact investments		Commencement	Ongoing	Ongoing	Ongoing	BAU[1]
30. Launch of Sustainable Growth – Rest's socially responsible investment option			Action completed			Complete
31. Target $2 billion AUD in renewable energy and low carbon solutions assets by 2050			Measure	Ongoing	Ongoing	Target achieved
32. Increase impact investment exposures to 1 per cent of Rest FUM** by 2026			Measure	Ongoing	Ongoing	In progress
33. Exclude listed equities which derive greater than 10 per cent of revenues from thermal coal mining (unless the company has a credible net zero by 2050 objective or has signed up to science-based targets)				Action completed		Complete
34. Achieve net zero in operation for the directly owned property portfolio by 2030				Measure	Ongoing	In progress

* Task Force on Climate-related Financial Disclosures
** Funds under management
^ FY23 End of Plan Progress Update
1 Business as Usual (BAU). The process is part of ongoing business activities.
2 Carrying over into future climate change plans.

Net Zero Roadmap FY19-23

Advocating for positive change

● Action completed
○ Commencement
··· Ongoing
◎ Measure

Collective Responsibility – Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
35. Signatory to the UN Principles of Responsible Investment	●					Complete
36. Full membership of ACSI with seats on the board and member council	●					Complete
37. Identification of relevant collective advocacy opportunities		○	···	···	···	BAU[1]
38. Encourage government policies and investment practices that address climate change risks through the IGCC*		○	···	···	···	BAU[1]
39. Advocate for economy-wide reduction of emissions of 45 per cent by 2030 on 2005 levels			○	···	···	BAU[1]
40. Advocate for a 'just transition' for Australian communities affected by the shift to a lower-carbon economy			○	···	···	BAU[1]

* Investor Group on Climate Change
^ FY23 End of Plan Progress Update
1 Business as Usual (BAU). The process is part of ongoing business activities.

Net Zero Roadmap FY19-23

Sharing our progress

● Action completed
○ Commencement
··· Ongoing
◎ Measure

Disclosure & Transparency – Initiatives	FY19	FY20	FY21	FY22	FY23	Progress Update^
41. Rest participates in its first UN PRI disclosure		●				Complete
42. Rest publishes full portfolio holdings for all investment options			○	···	···	BAU[1]
43. Uplift in online climate disclosure, including three-year trend analysis of Rest's weighted average carbon intensity for Australian and International equities			●			Complete
44. Report in line with the recommendations of the TCFD* (for FY21 reporting year)				○	···	BAU[1]
45. Rest publishes first UN PRI public disclosure				○	···	BAU[1]
46. Quantification and disclosure of Rest's operational carbon footprint				○	···	BAU[1]
47. Explore Climate Active certification, or equivalent, for Rest carbon-neutral operations				○	···	In progress

* Task Force on Climate-related Financial Disclosures
^ FY23 End of Plan Progress Update
1 Business as Usual (BAU). The process is part of ongoing business activities.

Appendix 3 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 for the fund.
Investment Guide	The Investment Guide covers the basics of investing in super including asset classes, understanding risk and the Rest investment options (effective 30 September 2023)
Reflect Reconciliation Action Plan (RAP)	Our RAP formalises our commitment to addressing the inequalities that exist for Aboriginal and Torres Strait Islander peoples. It outlines how we're embedding the principles and purpose of reconciliation across our organisation and the actions we're taking to support First Nations members, businesses and communities.

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.
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 4 Glossary

ACSI	Australian Council of Superannuation Investors
ACTU	Australian Council of Trade Unions
AGM	Annual General Meeting
AIST	Australian Institute of Superannuation Trustees
APAC	Asia-Pacific
APRA	Australian Prudential Regulation Authority
ASFA	Association of Superannuation Funds of Australia
ASX	Australian Stock Exchange
ASFI	Australian Sustainable Finance Initiative
BIC	Board Investment Committee
CA100+	Climate Action 100+
CIO	Chief Investment Officer
CO2	Carbon dioxide
ELT	Executive Leadership Team
ESG	Environmental, social and governance
FAIRR	FAIRR Initiative
GBCA	Green Building Council Australia
GHG	Greenhouse Gas
GRESB	Global ESG Benchmark for Real Assets
IAST	Investors Against Slavery and Trafficking
ICMA	The International Capital Market Association principles
IEA	International Energy Agency
IGCC	Investor Group on Climate Change
ISSB	International Sustainability Standards Board
MIC	Management Investment Committee
MIRC	Management Investment Risk Committee
MSCI*	Morgan Stanley Capital International
NGO	Non-governmental organisation
PARIS AGREEMENT	United Nations Paris Agreement
PCAF	Partnership for Carbon Accounting Financials
PRI	Principles for Responsible Investment
QQT	Quay Quarter Tower
RAP	Reconciliation Action Plan
RC	Risk Committee
RI	Responsible Investment
RIAA	Responsible Investment Association Australasia
SG	Superannuation Guarantee
SMC	Super Members Council of Australia
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Taskforce for Nature-Related Financial Disclosures
UN SDGs	United Nations Sustainable Development Goals
WACI	Weighted Average Carbon Intensity
WorldGBC	World Green Building Council

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

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