

Annual Report

For the financial year ending 30 June 2015



Issued 30 September 2015



'MySuper of the Year'



Angela Emslie
Independent Chair

Debby Blakey
CEO

Welcome

We are pleased that members in Core Pool, HESTA's top-performing *MySuper*-authorised default investment option, enjoyed a third consecutive year of double-digit returns. More than 80% of HESTA members have their super invested in Core Pool, which achieved a 10.03% return in 2014/15.

While good performance in any one year is noteworthy, we focus on achieving strong, competitive long-term returns for members, as this will make the biggest difference to growing HESTA members' balances over time. Since inception in 1987, Core Pool has achieved an 8.90% p.a. return, strongly outperforming its CPI+4.0% investment objective (7.04% p.a.).

Core Pool's strong long-term returns saw it achieve top quartile performance in independent ratings agency SelectingSuper's workplace survey of Balanced investment options over, not only one year, but also over five and 10 year timeframes.*

Core Pool named '*MySuper* of the Year'

This industry-leading performance was recognised in 2014/15, with Core Pool named SelectingSuper's *MySuper* of the Year. HESTA is the first super fund to win this award and Core Pool was selected from the industry's best default options.

According to SelectingSuper, Core Pool was chosen based on consistency of performance, price and insurance value, features and overall quality, as assessed by Rainmaker's research team.*

Drivers of performance

Solid international and Australian share markets were again the main contributors to the good performance of investment options with an exposure to shares. Strong returns from Australian property also underpinned performance, while credit performed in line with our expectations. The fall in the Australian dollar also supported the valuations of overseas assets.

Our innovative Income Stream Ready-Made default strategy consists of the Balanced and Defensive investment options. These options comfortably outperformed their investment objectives over one, three and five-year time periods.

Medium-term expectations

While strong returns delight members, we've previously cautioned that it's unrealistic to expect this level of performance to continue over a number of years. The current sustained period of abnormally loose monetary policy around the globe and the eventual return of the world economy to more normal settings is likely to result in a re-adjustment of asset prices. Our expectations are therefore, for lower single-digit returns over the medium-term (five years).

Achieving strong growth — now and into the future

In 2014/15, the Fund achieved steady growth, with membership increasing by 2.7% to more than 800,000. Our members benefit from the combined strength of a fund that has more than \$32 billion in assets. This scale allows us to invest in a diverse range of global assets, provide great value on fees, comprehensive insurance cover and high-quality education and advice services.

Building on this strong track record underpinned the Board and Executive Management's strategic planning for the future.

As we embark on our new three-year strategic plan, we build upon strong foundations based on continuing to foster our deep connections to the sector we are dedicated to — health and community services.

Building capacity

Our strategic plan includes a range of initiatives, including building on our technological and analytic capacity, to drive efficiencies throughout the organisation with the aim of finding innovative ways to deliver great outcomes for members, and seamless super administration for HESTA employers.

In December 2014, we announced that we would transition to a new administration provider, Australian Administration Services Pty Limited (AAS), which is part of LINK Group. This change will provide more opportunities for us to better tailor products and services to the needs of our members.

Industry-leading innovation

We continue to lead the super industry in delivering outstanding benefits to members and are always looking for ways to make super easier. During the year, we delivered

award-winning super solutions, including a *SuperStream* solution that enables employers to meet their super obligations with a single file upload, and a one-click rollover tool for members.

Leadership in the community

HESTA has a unique role to play as a national organisation, a leader in the provision of super and as a fund dedicated to health and community services.

In May, we were the first industry super fund to launch a Reconciliation Action Plan (RAP). The first step in a long journey, our RAP demonstrates our strong commitment to reconciliation with Aboriginal and Torres Strait Islander peoples and organisations. Read more on page 44.

We are driven to help our members — many of whom are women working in part-time or casual roles across health and community services — achieve the retirement they want. So, we will continue to advocate on behalf of women as part of our efforts to secure a better financial future for all members.

"In 2014/15, Debby was appointed HESTA CEO. This comes after more than seven years at HESTA, initially as head of member advice before becoming Deputy CEO. As we embark on the next chapter of the Fund's growth, the Board looks forward to working with Debby to build on HESTA's history of delivering the best possible retirement outcomes for members."

Angela Emslie, Independent Chair

*Rainmaker's SelectingSuper Workplace Balanced Survey (as at 30 June 2015). Product ratings are only one factor to be considered when making a decision. See hesta.com.au for more information. Investments may go up or down. Past performance is not a reliable indicator of future performance. The returns shown are net of indirect costs and taxes.

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Our Board

Who runs the Fund

The Fund is run by H.E.S.T. Australia Limited, an APRA and ASIC licensed trustee company with Guarantors (who don't receive dividends). Guarantors represent employee and employer organisations and some are eligible to nominate Directors to the Board.

There are 13 Trustee Directors on the Board, with an independent Chair and equal appointments from employee and employer organisations in the health and community services sector. This ensures the voices of both employers and members are heard and that their views are taken into account when decisions are made.

The Board meets up to eight times a year, overseeing every aspect of the Fund including investments, administration, communications and service delivery. The role of the Board is to determine the strategic direction of the Fund and to monitor operations, ensuring the Fund is administered in accordance with the Trust Deed, relevant legislation and regulations.

The Trustee holds professional indemnity insurance to protect both itself and the Directors from claims against them and there has never been a claim under the insurance policy and no penalties have been imposed under the Superannuation Industry (Supervision) Act 1993, which covers the regulation, responsibilities and activities of super funds.

If you would like to know more about the governing rules of the Fund, you can obtain a full copy of the Fund's Trust Deed or the rules governing the appointment of Trustee Directors by contacting us on 1800 813 327.

If you have any feedback on this Annual Report you can write to:

Debby Blakey
Chief Executive Officer
HESTA
PO Box 615, Carlton South VIC 3053

More information on individual Directors is available on pages 7-9 and at hesta.com.au/disclosure where you may also obtain copies of the *H.E.S.T. Australia Limited Constitution and Governance Disclosures*.

Our Board

Trustee Directors as at 30 June 2015

Independent Chair



Angela Emslie

Appointed 1/1/2013
(first appointed
15/12/1994)

Employer organisation appointed

(nominated by their organisations)

Deputy Chair



Richard Royle

Australian Private
Hospitals Association
Appointed 1/1/2011



Dr Deborah Cole

Australian
Healthcare and
Hospitals Association
Appointed 1/1/2015



Gary Humphrys

Catholic Health
Australia
Appointed 18/5/2015



Valerie Lyons

Leading Age Services
Australia
Appointed 1/1/2013



Maree O'Halloran AM

Australian Council
of Social Service
Appointed 18/1/2010



Klaus Zimmermann

Aged & Community
Services Australia
Appointed 1/1/2012

Employee organisation appointed

(nominated by their organisations)

Deputy Chair



Brett Holmes

Australian Nursing &
Midwifery Federation
Appointed 28/9/2000



Michael Borowick JP

Australian Council
of Trade Unions
Appointed 26/6/2015



Paula (Pip) Carew

Australian Nursing &
Midwifery Federation
Appointed 1/5/2014



Lisa Darmanin

Australian Services
Union
Appointed 14/3/2013



Kelly Shay

United Voice
Appointed 1/9/2009



Lloyd Williams

Health Services
Union
Appointed 1/1/2012

Directors who ceased between 1 July 2014 and 30 June 2015:

Prudence (Prue) Power — resigned 31/12/2014

Jay Bonnington — resigned 28/2/2015

Tim Lyons — resigned 30/3/2015

Maree O'Halloran AM — resigned 30/6/2015

Kelly Shay — resigned 30/6/2015

The Board Committees (as at 30 June 2015)

Specialised responsibilities are delegated to Board-appointed committees consisting of Directors who report to the full Board meeting.

Audit and Risk Committee	
Chair	Valerie Lyons
Members	Lisa Darmanin, Richard Royle, Lloyd Williams, Klaus Zimmermann
Role	Responsible for ensuring the Fund observes high standards of business behaviour and ethics, complies with all legal and regulatory requirements, manages risk effectively, and provides assurance regarding the quality and reliability of financial information.

Governance and Remuneration Committee	
Chair	Angela Emslie
Members	Paula (Pip) Carew, Dr Deborah Cole, Brett Holmes, Valerie Lyons, Maree O’Halloran AM, Kelly Shay
Role	Responsible for all governance and remuneration matters including the maintenance of the appropriate balance of skills and expertise of Directors, reviewing and recommending Director training and education, Director and Executive Management remuneration, and Board performance and processes.

Directors' attendance at meetings

Directors During the period 1 July 2014 to 30 June 2015	Board meetings attended	Audit and Risk Committee meetings attended	Governance and Remuneration Committee meetings attended
Jay Bonnington Resigned 28/2/2015	4/5	3/3	
Michael Borowick JP (appointed 26/6/2015)	0/0		
Paula (Pip) Carew	7/8		5/6
Dr Deborah Cole (appointed 1/1/2015)	4/4		4/4
Lisa Darmanin	6/8	4/4	
Angela Emslie	8/8		6/6
Brett Holmes	7/8		5/6
Gary Humphrys (appointed 18/5/2015)	1/1		
Tim Lyons (resigned 30/3/2015)	5/6	4/4	
Valerie Lyons	7/8	1/1	6/6
Maree O'Halloran AM (resigned 30/6/2015)	7/8		6/6
Prudence (Prue) Power (resigned 31/12/2014)	4/4		2/2
Richard Royle	7/8	2/4	
Kelly Shay (resigned 30/6/2015)	7/8		5/6
Lloyd Williams	7/8	4/4	
Klaus Zimmermann	8/8	4/4	

Key achievements

HESTA is proud of the following key achievements from the 2014/15 financial year:

- HESTA is the first industry fund to develop a Reconciliation Action Plan (RAP), endorsed by Reconciliation Australia. The RAP sets out the steps we will take to demonstrate our commitment to reconciliation with Aboriginal and Torres Strait Islander peoples and organisations
- HESTA's Company Secretary Jorden Lam is named among Australia's top young executives in the 2015 AFR BOSS Young Executives of the Year Awards
- HESTA wins the Australian Institute of Superannuation Trustees (AIST) Super Business Development Award for Excellence for our SuperStream implementation strategy
- HESTA is a founding investor in Australia's largest life sciences venture capital fund, which aims to foster innovative small biotech companies to create the important new drugs and medical technologies of the future
- HESTA announces the appointment of a new administration service provider — LINK Group — who will help us to provide more opportunities to tailor products for our members
- HESTA's default investment option Core Pool is named 2014 SelectingSuper's *MySuper of the Year*. HESTA is the first super fund to receive this award
- For the fifth time in a row, HESTA's Income Stream has been awarded its Platinum Rating from SuperRatings
- HESTA is again a proud supporter of the annual Mother's Day Classic. The 2015 event raised \$3.1 million for breast cancer research
- HESTA recognises the health and community services industry by awarding prize money at various awards throughout the year
- HESTA announces a new three-year strategic plan which includes a range of initiatives to deliver great outcomes for our members.



Investments

at 30 June 2015



Rob Fowler
Chief Investment Officer

Investor update

As a long-term patient investor, HESTA is focused on achieving strong, competitive long-term returns, as that will make the biggest difference to growing HESTA members' balances over time.

HESTA has a history of achieving strong long-term returns. You can find out more about the 2014/15 investment performance via our Investor Update videos at hesta.com.au/2015performance

How returns are applied to HESTA accounts

Each week interest rates are declared that reflect HESTA's net investment results, which may be positive or negative.

Interest is applied to members' accounts upon exiting the Fund or at 30 June each year, based on the member's daily balance and investment choice.

Indirect costs (available at hesta.com.au/fees) are deducted from investment earnings **before** returns are declared.

Significant holdings with investment managers

The following investment managers manage more than 5% of the Fund's total assets:

- Industry Funds Management Pty Ltd (15.06%)
- BlackRock Asset Management (Australia) Limited (10.53%)

HESTA investment performance

for year ending 30 June 2015

Investment Option	Since inception (% p.a.)**	10-year (% p.a.)**	7-year (% p.a.)**	5-year (% p.a.)**	3-year (% p.a.)**	1-year return (%)
Ready-Made Investment Pools						
Conservative Pool (1/7/95*)	6.61	5.73	5.53	7.08	8.12	6.94
Core Pool (1/8/87*)	8.90	6.88	6.36	9.78	12.67	10.03
Shares Plus (1/7/95*)	8.61	7.33	7.11	10.74	15.03	11.25
Eco Pool (1/2/00*)	5.89	7.62	8.45	10.82	16.18	14.11
Your Choice Asset Classes						
Cash (1/7/01*)	3.80	3.69	3.31	3.35	2.75	2.48
Global Bonds (1/7/01*)	5.86	5.46	6.37	5.88	4.66	4.66
Property (1/7/01*)	6.26	4.89	2.52	8.10	8.67	11.35
Infrastructure (1/7/01*)	7.79	7.61	6.07	9.27	8.79	8.34
Australian Shares (1/7/01*)	9.14	8.34	7.15	10.31	14.25	5.36
International Shares (1/7/01*)	4.23	6.21	7.46	12.09	20.03	16.95
Private Equity (1/7/01*)	7.75	10.19	9.14	13.54	15.01	18.23

Investments may rise or fall. Past performance is not a reliable indicator of future performance.

*Refers to date of inception for the investment option. Returns shown are net of indirect costs and taxes.

**Annualised return for the period.

HESTA investment options

at 30 June 2015, in detail

Ready-Made Investment Pools

	Objective	Strategy ^
Conservative Pool	<p>Medium-term (5 years) CPI + 2.5% Long-term (10 years) CPI + 3.0%</p> <p>Aims for the lowest year-to-year variation in returns of all HESTA's Ready-Made Investment Pools, although with lower expected rates of return than Core Pool over the long term.</p> <p>It is designed to:</p> <ul style="list-style-type: none"> • be the most conservative of HESTA's Pools • offer members a low-risk investment • seek greater returns than Cash alone. <p>Probable number of negative annual returns over 20 years: 0.5 to less than 1 *</p>	<p>Conservative Pool's asset allocation includes:</p> <ul style="list-style-type: none"> • more exposure to cash and credit markets than other Ready-Made Pools • approximately 25% of investments in shares. <p>Shares tend to have a low correlation, or relationship, with cash and bonds and as one rises in value, the other may be expected to fall. Investing a proportion in shares helps reduce risk while enhancing the potential return over the longer term.</p>
Core Pool	<p>Medium-term (5 years) CPI + 3.5% Long-term (10 years) CPI + 4.0%</p> <p>Aims to optimise returns while only occasionally having a crediting rate less than zero.</p> <p>Probable number of negative annual returns over 20 years: 3 to less than 4 *</p>	<p>Core Pool invests in a diversified but balanced mix of assets and aims to provide a less volatile return than would otherwise be expected in an investment with Core Pool's investment objective.</p>

^ Changes may be made to investment options at any time. The investment options available may also change. For updated information, visit hesta.com.au

*Figures representing the long-term probability of negative returns have been determined by HESTA's investment consultant, Frontier Advisors Pty Ltd, based on capital market assumptions and actual outcomes may vary.

Ready-Made Investment Pools (continued)

	Objective	Strategy [^]
Shares Plus	<p>Medium-term (5 years) CPI+4.5% Long-term (10 years) CPI+4.5%</p> <p>Aims to provide higher long-term returns than Core Pool. Since there may be substantial year-to-year variation in returns, even in the longer term, Shares Plus may not outperform other pools. It has a diversified portfolio that includes assets other than shares.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>Shares Plus has a mixed asset allocation, with more exposure to the share market than Core Pool. However, its diversification means that it has a lower risk profile than an investment in shares alone.</p>
Eco Pool	<p>Medium-term (5 years) CPI+3.5% Long-term (10 years) CPI+4.0%</p> <p>Aims to optimise long-term returns while investing in companies that demonstrate best practice sustainability performance within their industry sector, relative to their peers.</p> <p>Its high allocation to shares means there is likely to be significant year-to-year variation in returns. Although we expect long-term returns similar to Core Pool, Eco Pool may not outperform other pools, even in the long term.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>Eco Pool invests in companies with the best combination of financial, environmental, social and governance performance as assessed by our managers. Companies specifically excluded from the Eco Pool's investments are those with uranium mining operations, those that manufacture tobacco products and certain companies with exposure to thermal coal. The property investment is appropriately green rated. The private equity investments are in Cleantech.</p>

For more information go to hesta.com.au/pds and read *Investment Choices*.

[^] Changes may be made to investment options at any time. The investment options available may also change. For updated information, visit hesta.com.au

*Figures representing the long-term probability of negative returns have been determined by HESTA's investment consultant, Frontier Advisors Pty Ltd, based on capital market assumptions and actual outcomes may vary.

Your Choice Asset Classes

	Objective	Strategy ^
Cash	<p>Equivalent or more than the RBA Cash Rate.</p> <p>Is the most conservative of the Your Choice options. It aims to achieve its investment objective each year.</p> <p>Probable number of negative annual returns over 20 years: Less than 0.5*</p>	<p>Your Choice Cash is primarily invested in short-term bank deposits, and may include a small allocation to other cash investments. Its investment earnings are primarily from income but may include some movement in values.</p>
Global Bonds	<p>0.5% or more above its benchmark of:</p> <ul style="list-style-type: none"> • 50% UBS Composite All Maturities Bond Index • 50% Barclays Capital Global Aggregate Hedged to \$A. <p>Aims to achieve its investment objective over the long term (10 years).</p> <p>Global Bonds is:</p> <ul style="list-style-type: none"> • less conservative than Cash • may produce a negative return, but • is more conservative than other Your Choice options. <p>Probable number of negative annual returns over 20 years: 0.5 to less than 1*</p>	<p>Your Choice Global Bonds is 100% invested in bonds and other credit products.</p> <p>The underlying investments are similar for this asset class in Core Pool, being a range of global credit products, but excluding some unlisted debt that is considered higher risk. All currency exposures in international credit are fully hedged.</p>
Property	<p>Equivalent or more than its benchmark of:</p> <ul style="list-style-type: none"> • 72.5% Mercer/IPD Australian Property Pooled Fund Index • 17.5% US NCREIF National Fund Index • 10% RBA Cash Rate. <p>Aims to achieve its investment objective over the long term (10 years). It is less conservative than cash or bonds, as it has a higher chance of producing a negative return. However, it is more conservative than the remaining Your Choice options.</p> <p>Probable number of negative annual returns over 20 years: 3 to less than 4*</p>	<p>Your Choice Property is invested primarily in unlisted property products, and has a 10% holding in cash investments. Your Choice Property investments are managed in a similar style to that used by Core Pool for this asset class.</p>

Your Choice Asset Classes (continued)

	Objective	Strategy ^
Infrastructure	<p>2% or more above its benchmark of:</p> <ul style="list-style-type: none"> • 45% S&P/ASX 300 Accumulation Index • 45% UBS Composite All Maturities Bond Index • 10% RBA Cash Rate. <p>Aims to achieve its investment objective over the long term (10 years). It has holdings in unlisted infrastructure companies. Although these holdings are not considered speculative, they are likely to produce negative returns from time to time as their returns are expected to comprise of capital gains (or losses) and income. Returns should be less volatile than other equity investments as the earnings of these companies are expected to be relatively stable.</p> <p>Probable number of negative annual returns over 20 years: 3 to less than 4*</p>	<p>Your Choice Infrastructure is invested primarily in unlisted infrastructure products with a 10% holding in cash products. It will have investments in both Australian and international infrastructure. The underlying investments are similar to those for this asset class in Core Pool.</p>
International Shares	<p>1% or more above its benchmark of:</p> <ul style="list-style-type: none"> • 65% MSCI All Country World ex Australia Index in \$A Net Dividends Reinvested Unhedged • 35% MSCI All Country World ex Australia Index in \$A Net Dividends Reinvested Hedged. <p>Invests in international shares and aims to produce high long term returns primarily from capital gains. However, it is very likely to produce negative returns from time to time.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>The underlying investments in Your Choice International Shares are similar for this asset class in Core Pool. The currency exposures in international shares are managed under HESTA's active currency overlay program policy. It may include managers who also short sell shares.</p>

^ Changes may be made to investment options at any time. The investment options available may also change. For updated information, visit hesta.com.au

*Figures representing the long-term probability of negative returns have been determined by HESTA's investment consultant, Frontier Advisors Pty Ltd, based on capital market assumptions and actual outcomes may vary.

Your Choice Asset Classes (continued)

	Objective	Strategy [^]
Australian Shares	<p>1% or more above its benchmark of S&P/ASX 300 Accumulation Index.</p> <p>Aims to achieve its investment objective over the long term (10 years). It aims to produce long term returns primarily from capital gains, however, it is very likely to produce negative returns from time to time.</p> <p>Probable number of negative annual returns over 20 years: 6 or greater*</p>	<p>The underlying investments in Your Choice Australian Shares are similar for this asset class in Core Pool. Your Choice Australian Shares investments are managed in a style similar to that used by Core Pool for this asset class. It can hold a small percentage of its assets in shares of companies not listed on the Australian Stock Exchange. It may include managers who also short sell shares.</p>
Private Equity	<p>3% or more above its benchmark of:</p> <ul style="list-style-type: none"> • 22.5% S&P/ASX 300 Accumulation Index • 7.5% MSCI World ex Australia in \$A Net Dividends Reinvested Unhedged • 60% MSCI World ex Australia in \$A Net Dividends Reinvested Hedged • 10% RBA Cash Rate. <p>Aims to achieve its investment objective over the long term (10 years). It targets high long-term returns, primarily from capital gains, however, it is very likely to produce negative returns from time to time.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>Your Choice Private Equity invests primarily in Australian and international private equity and also has a 10% holding in cash products. The underlying investments are similar to those for this asset class in Core Pool.</p>

HESTA strategic asset allocations

at 30 June 2015*

	Ready-Made Investment Pools				Your Choice Asset Classes						
	Conservative Pool (%)	Core Pool (%)	Shares Plus (%)	Eco Pool (%)	Cash (%)	Global Bonds (%)	Property (%)	Infrastructure (%)	International Shares (%)	Australian Shares (%)	Private Equity (%)
Cash	30.0	3.0	2.0	10.0	100.0	n.a.	10.0	10.0	0.0	0.0	10.0
Global Credit	25.0	13.0	3.0	14.0	n.a.	100.0	n.a.	n.a.	n.a.	n.a.	n.a.
Alternative Defensives	0.0	0.0	0.0	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Opportunistic Growth	n.a.	3.0	5.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Property	8.0	10.0	6.0	8.0	n.a.	n.a.	90.0	n.a.	n.a.	n.a.	n.a.
Infrastructure	11.0	13.0	9.0	0.0	n.a.	n.a.	n.a.	90.0	n.a.	n.a.	n.a.
Australian Shares	13.0	27.0	36.0	33.0	n.a.	n.a.	n.a.	n.a.	n.a.	100.0	n.a.
International Shares	12.0	26.0	34.0	31.0	n.a.	n.a.	n.a.	n.a.	100.0	n.a.	n.a.
Private Equity	n.a.	4.0	4.0	4.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	90.0
Other assets	1.0	1.0	1.0	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Where n.a. appears above, strategic asset allocations are not applicable.

*Strategic asset allocations may change during the year within their bands without prior notice. Go to hesta.com.au/pds and read *Investment Choices* for more information.

HESTA investment managers

at 30 June 2015

Asset class	Investment manager	
Cash	<p>Australia and New Zealand Banking Group</p> <p>Bendigo and Adelaide Bank Limited</p> <p>Bank Of Queensland Limited</p> <p>Commonwealth Bank of Australia</p> <p>IMB Ltd</p> <p>JP Morgan Chase Bank, N.A.</p> <p>Members Equity Bank Pty Limited</p>	<p>National Australia Bank Limited</p> <p>Rabobank Australia Limited</p> <p>Rural Bank Limited</p> <p>State Street Global Advisors, Australia, Limited</p> <p>St George Bank - A Division of Westpac Banking Corporation</p> <p>Westpac Banking Corporation</p>
Global Credit	<p>Babson Capital Management, LLC and Babson Capital Europe Ltd</p> <p>BlackRock Asset Management (Australia) Limited</p> <p>Challenger Management Services Limited</p> <p>Industry Funds Management Pty Ltd</p>	<p>Members Equity Bank Pty Limited</p> <p>ME Portfolio Management Limited</p> <p>PIMCO Australia Pty Limited</p> <p>Shenkman Capital Management, Inc.</p> <p>Westbourne Credit Management Limited</p>
Property	<p>AEW Capital Management, L.P.</p> <p>BT Investment Management Limited</p> <p>Charter Hall Holdings Pty Limited</p> <p>DNZ Property Fund Limited</p> <p>EG Funds Management Pty Ltd</p> <p>Eureka Funds Management Limited</p> <p>Fortius Funds Management Pty Limited</p>	<p>Franklin Templeton Investments Australia Limited</p> <p>Investa Wholesale Funds Management Limited</p> <p>ISPT Pty Ltd</p> <p>IGIPT Pty Ltd</p> <p>MSREF V International-GP, L.L.C.</p> <p>QIC Property Management Pty Ltd</p> <p>Scarborough Pacific Group Pty Limited</p>
International Shares	<p>Altrinsic Global Advisors, LLC</p> <p>Artisan Partners Limited Partnership</p> <p>Baillie Gifford Overseas Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>Citigroup Global Markets Australia Pty Limited</p> <p>Copper Rock Capital Partners LLC</p> <p>First State Investments (Hong Kong) Limited</p> <p>Generation Investment Management LLP</p>	<p>Hexavest Inc</p> <p>Lazard Asset Management Pacific Co</p> <p>Martin Currie Investment Management Limited</p> <p>Mondrian Investment Partners Limited</p> <p>PM Capital Limited</p> <p>Sanders Capital LLC</p> <p>Somerset Capital Management</p> <p>Taube Hodson Stonex Partners LLP</p> <p>Tradewinds Global Investors, LLC</p>
Australian Shares	<p>Airlie Funds Management Limited</p> <p>Allan Gray Australia Pty Limited (formerly Orbis)</p> <p>Antares Capital Partners Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management Limited</p> <p>Citigroup Global Markets Australia Pty Limited</p> <p>Cooper Investors Pty Limited</p> <p>Ellerston Capital Limited</p> <p>Goldman Sachs Asset Management Australia Pty Ltd</p>	<p>Greencape Capital Pty Ltd</p> <p>Industry Funds Management Pty Ltd</p> <p>Invesco Australia Limited</p> <p>Maple-Brown Abbott Limited</p> <p>Northcape Capital Pty Ltd</p> <p>Perpetual Investment Management Limited</p> <p>PM Capital Limited</p> <p>Renaissance Smaller Companies Pty Ltd</p> <p>Schroders Investment Management Australia Limited</p> <p>Solaris Investment Management Limited</p>

Asset class	Investment manager	
Infrastructure	Hastings Funds Management Limited Industry Funds Management Pty Ltd	Palisade Investment Partners Limited Stafford Timberland Limited
Private Equity	Adveq Management AG Allegro Funds Pty Ltd Brandon Capital Partners Pty Ltd Collier Investment Management Limited FSN Capital Partners AS FTV Management Company, L.P. Generation Investment Management LLP Grey Mountain Partners LLC Industry Funds Management Pty Ltd JMI Management Inc Leapfrog Investments Group Ltd Lexington Advisors Inc Littlejohn & Co., LLC Newbury Associates LLC	Oaktree Capital Management, L.P. Olympus Advisors LLC Performance Equity Management, LLC Platinum Equity Advisors LLC Providence Equity Partners LLC Rio Energy Investment Holdings LLC Roark Capital Management LLC Siguler Guff Advisers, LLC Stafford Fund Nominees Pty Ltd Stafford Private Equity Pty Ltd Stone Point Capital LLC TDR Capital, LLP Vencap Limited
Opportunistic Growth	BlackRock Financial Management, Inc Bridgewater Associates, Inc Healthcare Royalty Management, LLC	Industry Funds Management Pty Ltd Oaktree Capital Management, L.P.
Currency Management	Lee Overlay Partners Limited ME Portfolio Management Limited	Mesirow Financial Investment Management, Inc Pareto Investment Management Limited

The Trustee retains a discretion to change the HESTA investment managers used.
Go to hesta.com.au for updated information.

HESTA Income Stream investments

at 30 June 2015

HESTA Income Stream investment options are designed for members who are either approaching or in retirement.

In addition to the 10 investment options we offer members, we also provide an innovative HESTA Income Stream Ready-Made Strategy (default). This strategy, which combines HESTA Income Stream Defensive and Balanced investment options, offers a simple solution to pre-retirees and retirees, gradually reducing their investment risk over time.

You can find out more about the performance of our HESTA Income stream investment options at hesta.com.au/2015isperformance

How returns are applied to HESTA Income Stream accounts

Investment returns are applied to your account by determining the value of your chosen option, less its liabilities, each week.

The latest and historical returns are available at hesta.com.au/isperformance

HESTA Income Stream investment performance

for year ending 30 June 2015

Investment Option	Since inception (% p.a.)	5-year (% p.a.)	3-year (% p.a.)	1-year return (%)
Balanced (12/12/07*)	3.77	9.68	13.38	8.84
Defensive (12/12/07*)	5.20	6.17	6.60	4.91
Conservative (12/12/07*)	5.37	7.73	9.17	6.73
Eco (1/7/12*)	17.88	n.a.	17.88	15.44
Active (12/12/07*)	3.35	11.68	17.83	11.91
Cash (1/7/08*)	4.09	3.86	3.24	2.90
Term Deposits (1/7/12*)	3.85	n.a.	3.85	3.17
Property (12/12/07*)	-1.57	7.87	8.55	9.06
Australian Shares (1/7/08*)	6.38	10.08	15.49	6.31
International Shares (1/7/08*)	6.78	13.97	21.41	18.74

*Refers to date of inception for the investment option

Note: Performance figures for financial years prior to 2011/12 include figures for the Super Members Pooled Super Trust (SMPST) through which the HESTA Income Stream invested until 30 November 2010. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period, and who did not have any transactions during the period. Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted net of indirect costs for the period indicated.

HESTA Income Stream investment options

at 30 June 2015, in detail

	Objective	Strategy [^]
Balanced	<p>Medium-term (5 years) CPI+3.5% Long-term (10 years) CPI+4.0%</p> <p>Aims to produce a return of 4.0% above CPI over the long term. Returns may vary substantially from year-to-year and this option may occasionally produce a negative return.</p> <p>Probable number of negative annual returns over 20 years: 2 to less than 3[*]</p>	<p>Balanced invests in a diversified mix of asset classes, with approximately 61.8% invested in growth style assets, including listed shares and the remainder invested in defensive style assets, such as cash, defensive property and bonds. Infrastructure assets provide a mix of both growth and defensive characteristics. The inclusion of infrastructure should give Balanced a lower risk profile than if the growth assets were all listed shares.</p>
Defensive	<p>Medium-term (5 years) CPI+2.0% Long-term (10 years) CPI+2.0%</p> <p>Aims to produce a return of 2.0% above CPI over the medium to long term. Negative returns can occur, but generally occur very infrequently.</p> <p>Probable number of negative annual returns over 20 years: Less than 0.5[*]</p>	<p>Defensive invests in a diversified mix of asset classes, with 16.5% invested in growth style assets, like listed shares and 83.5% invested in defensive style assets, like cash, term deposits, defensive property and credit. Infrastructure assets provide a mix of both growth and defensive characteristics. The diversification and defensive asset bias of this option means that it has a lower risk profile than Conservative, while its exposure to some growth assets should provide a small amount of protection against inflation.</p>

[^] Changes may be made to investment options at any time. The investment options available may also change. For updated information, visit hesta.com.au/ispds

^{*}Figures representing the long-term probability of negative returns have been determined by HESTA Income Stream's investment consultant, Frontier Advisors Pty Ltd, based on capital market assumptions and actual outcomes may vary.

	Objective	Strategy ^
Conservative	<p>Medium-term (5 years) CPI+2.5% Long-term (10 years) CPI+2.5%</p> <p>Aims to produce a return of 2.5% above CPI over the medium to long term. There may be some year-to-year variation in returns, with negative returns occurring infrequently.</p> <p>Probable number of negative annual returns over 20 years: 0.5 to less than 1 *</p>	<p>Conservative invests in a diversified mix of asset classes, with 31.5% invested in growth style assets like listed shares, and approximately 68.5% invested in defensive style assets including cash, term deposits, defensive property and fixed interest. Infrastructure assets provide a mix of both growth and defensive characteristics. The diversification and defensive asset bias of this option means that it has a lower risk profile than either the Balanced or Active options, while its exposure to some growth assets should provide some protection against inflation.</p>
Eco	<p>Medium-term (5 years) CPI+3.5% Long-term (10 years) CPI+4.0%</p> <p>Aims to optimise long-term returns while investing in companies that demonstrate best practice sustainability performance within their industry sector, relative to their peers. This option may produce negative returns quite frequently due to its high allocation of listed shares.</p> <p>Probable number of negative annual returns over 20 years: 3 to less than 4 *</p>	<p>Eco invests in companies with the best combination of financial, environmental, social and governance performance as assessed by our managers. Companies which are specifically excluded from Eco are those with uranium mining operations, those that manufacture tobacco products and certain companies with exposure to thermal coal. The property investments are appropriately green rated. The private equity investments are in Cleantech.</p>
Active	<p>Medium-term (5 years) CPI+4.5% Long-term (10 years) CPI+4.5%</p> <p>Aims to produce a return of 4.5% above CPI over the medium to long term. This option may vary substantially year-to-year and produce a negative return quite frequently.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6 *</p>	<p>Active offers a diversified asset portfolio, investing predominantly in growth style assets like listed shares, while maintaining a balance of defensive assets like defensive property and cash. In addition, infrastructure assets are included, which provide a mix of both growth and defensive characteristics. The diversification of asset classes means this option has a lower risk profile than an investment in shares alone.</p>

	Objective	Strategy ^
Cash	<p>Return equivalent or higher than the Reserve Bank of Australia (RBA) Cash Rate.</p> <p>Is the most conservative of the HESTA Income Stream investment options.</p> <p>Probable number of negative annual returns over 20 years: Less than 0.5*</p>	<p>Cash is primarily invested in at-call bank deposits, along with an allocation to short-term (less than 12 months) term deposits with highly rated banks. It may include a small allocation to other cash investments.</p>
Term Deposits	<p>Return equivalent or higher than the UBS Bank Bill Index.</p> <p>It is more conservative than most other HESTA Income Stream investment options, with the exception of Cash.</p> <p>Probable number of negative annual returns over 20 years: Less than 0.5*</p>	<p>Term Deposits is 90% invested in Australian bank term deposits and 10% invested in cash. It is likely to invest in term deposits with terms of greater than one year (unlike the Cash investment option). The Trustee will seek to invest in a diversified range of term deposits to enable flexibility to achieve the highest rates possible while managing reinvestment risk.</p>
Property	<p>Equivalent or higher than its benchmark of:</p> <ul style="list-style-type: none"> • 85% Mercer/IPD Australian Property Pooled Fund Index • 15% RBA Cash Rate. <p>It is less conservative than Cash or Term Deposits because it has a higher possibility of producing a negative return from time to time.</p> <p>Probable number of negative annual returns over 20 years: 2 to less than 3*</p>	<p>Property is invested primarily in unlisted property and property debt with a 15% holding in cash products. The primary characteristic of the unlisted property will be that rental income is expected to generate the majority of the returns, not capital growth.</p>

^ Changes may be made to investment options at any time. The investment options available may also change. For updated information, visit hesta.com.au/ispds

*Figures representing the long-term probability of negative returns have been determined by HESTA Income Stream's investment consultant, Frontier Advisors Pty Ltd, based on capital market assumptions and actual outcomes may vary.

	Objective	Strategy ^
Australian Shares	<p>Equivalent or higher than its benchmark of:</p> <ul style="list-style-type: none"> 1% or more than the S&P/ASX 300 Accumulation Index. <p>Aims to produce long-term returns primarily from capital gains, but carries the risk of negative returns quite frequently.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>Australian Shares option is invested primarily in listed Australian shares. It will have a strategic overweighting to smaller companies, compared to its benchmark. It may at times hold a small percentage of its assets in shares of companies not listed on the Australian Stock Exchange. It may include managers who also short sell shares.</p>
International Shares	<p>1% or more than its benchmark of:</p> <ul style="list-style-type: none"> 65% MSCI All Countries World ex Aust Index in \$A Net Dividends Reinvested Unhedged 35% MSCI All Countries World ex Aust Index in \$A Net Dividends Reinvested Hedged. <p>Aims to produce a long-term return primarily from capital gains but carries the risk of producing negative returns quite frequently.</p> <p>Probable number of negative annual returns over 20 years: 4 to less than 6*</p>	<p>International Shares is invested primarily in listed international shares. It will have a strategic overweighting to emerging market companies. The currency exposures in International Shares are managed under HESTA's active currency overlay program policy. It may include managers who also short sell shares.</p>

HESTA Income Stream strategic asset allocations

at 30 June 2015

	Balanced %	Defensive %	Conservative %	Eco %	Active %	Cash %	Term Deposits %	Property %	Australian Shares %	International Shares %
Australian Shares	24.0	5.3	12.0	33.0	38.7	n.a.	n.a.	n.a.	95.0	n.a.
International Shares	30.0	6.7	15.0	31.0	48.3	n.a.	n.a.	n.a.	n.a.	95.0
International Private Equity (Cleantech)	0.0	n.a.	n.a.	4.0	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
Australian Property	9.0	6.0	6.0	8.0	4.0	n.a.	n.a.	85.0	n.a.	n.a.
Australian Infrastructure	9.0	6.0	6.0	0.0	4.0	n.a.	n.a.	n.a.	n.a.	n.a.
International Infrastructure	0.0	0.0	0.0	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
Alternative Defensives	0.0	0.0	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Australian Credit	11.7	22.2	33.6	8.0	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
International Credit	8.3	8.8	10.4	6.0	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
Cash	8.0	10.0	10.0	10.0	5.0	75.0	10.0	10.0	5.0	5.0
Term Deposits	0.0	35.0	7.0	0.0	n.a.	25.0	90.0	5.0	n.a.	n.a.

Where n.a. appears above, strategic asset allocations are not applicable.

The strategic asset allocations may change during the year within their bands without prior notice.

Current allocations, bands and any variations are available at hesta.com.au/ispbs

HESTA Income Stream investment managers

at 30 June 2015

Asset class	Investment manager	
Cash	AMP Bank Limited Bank Of Queensland Limited Bendigo and Adelaide Bank Limited Commonwealth Bank of Australia IMB Ltd JP Morgan Chase Bank, N.A. Members Equity Bank Pty Limited	National Australia Bank Limited Rabobank Australia Limited Rural Bank Limited State Street Global Advisors, Australia, Limited St George Bank - A Division of Westpac Banking Corporation Westpac Banking Corporation
Term Deposits	AMP Bank Limited Australia and New Zealand Banking Group Bank Of Queensland Limited Bendigo and Adelaide Bank Limited Commonwealth Bank of Australia	IMB Ltd Members Equity Bank Pty Limited Rabobank Australia Limited St George Bank - A Division of Westpac Banking Corporation
Global Credit	Babson Capital Management, LLC and Babson Capital Europe Ltd BlackRock Asset Management (Australia) Limited Challenger Management Services Limited	Industry Funds Management Pty Ltd PIMCO Australia Pty Limited Shenkman Capital Management, Inc. Westbourne Credit Management Limited
Property	Investa Wholesale Funds Management Limited	ISPT Pty Ltd
International Shares	Altrinsic Global Advisors, LLC Artisan Partners Limited Partnership Baillie Gifford Overseas Limited BlackRock Investment Management (Australia) Limited Citigroup Global Markets Australia Pty Limited Copper Rock Capital Partners LLC First State Investments (Hong Kong) Limited	Generation Investment Management LLP Hexavest Inc Lazard Asset Management Pacific Co Martin Currie Investment Management Limited Mondrian Investment Partners Limited Sanders Capital LLC Somerset Capital Management Taube Hodson Stonex Partners LLP Tradewinds Global Investors, LLC
Australian Shares	Antares Capital Partners Limited BT Investment Management Limited Citigroup Global Markets Australia Pty Limited Ellerston Capital Limited Goldman Sachs Asset Management Australia Pty Ltd	Industry Funds Management Pty Ltd Invesco Australia Limited Northcape Capital Pty Ltd Plato Investment Management Renaissance Smaller Companies Pty Ltd Warakirri Asset Management Pty Ltd
Private Equity	Generation Investment Management LLP	Stafford Fund Nominees Pty Ltd
Infrastructure	Industry Funds Management Pty Ltd	
Currency management	Lee Overlay Partners Limited ME Portfolio Management Limited	Mesirow Financial Investment Management, Inc Pareto Investment Management Limited

The Trustee retains a discretion to change the HESTA Income Stream investment managers used.
Go to hesta.com.au/ispbs for updated information.

Investment policies

Reserves

Operational Risk Reserve (ORR)

Following the introduction of Superannuation Prudential Standard SPS 114, the Trustee is required to maintain an Operational Risk Reserve (ORR).The ORR is required to have adequate financial resources to address losses arising from operational risks. The target amount of the ORR is 0.25% of net assets of the Fund. The ORR is maintained in a distinct segregated portfolio by our Custodian and is managed to the same strategic asset allocation as HESTA’s lower-risk diversified portfolio investment option, the Conservative Pool. The trustee maintains a policy to deal with the use of the ORR including management of any shortfalls or surpluses from the target amount. The balance of the ORR at the end of each financial year since the introduction of SPS 114 on 1 July 2013 is;

Operational Risk Reserve	
30 June 2015	\$75.13 million (audited)
30 June 2014	\$64.66 million (audited)

Fund Development Reserve (FDR)

The FDR is primarily used to fund the operations of the Fund, including planning for significant projects that are not business as usual or to respond to any initiatives that arise that will benefit the members of HESTA. The FDR is maintained in a distinct segregated portfolio by our Custodian and is largely managed to the same strategic asset allocation as HESTA’s lower-risk diversified portfolio investment option, the Conservative Pool. Analysis of revenue and expenditure of the Fund against budget is performed on a monthly basis, allowing the Trustee to manage any surplus or deficit to the FDR. The balance of the FDR at the end of the last three financial years was;

Fund Development Reserve	
30 June 2015	\$75.13 million (audited)
30 June 2014	\$64.66 million (audited)
30 June 2013*	\$27.65 million (audited)

* The Fund Development Reserve was named the Administration Reserve up to 30 June 2013.

Investment Clearing Account and Investment Reserve

Up to 30 June 2013, HESTA maintained an Investment Reserve which targeted a minimum of 0.2% of net assets of the Fund. On 1 July 2013, the Investment Reserve was used to fund the Operational Risk Reserve and HESTA ceased maintaining an Investment Reserve. From 1 July 2013, an Investment Clearing Account is maintained for the purpose of accumulating the investment earnings of the Fund’s assets prior to allocation to member accounts. The balance of the Investment Clearing Account and Investment Reserve at the end of the last three financial years was;

Investment Clearing Account	
30 June 2015	\$10.07 million (audited)
30 June 2014	\$40.37 million (audited)
30 June 2013	N/A

Investment Reserve	
30 June 2015	N/A
30 June 2014	N/A
30 June 2013	\$57.36 million (audited)

Derivatives policy

Derivatives are often purchased as a form of investment insurance, and include:

- futures and options: agreements to buy or sell an asset like gold, shares or bank bills in the future at a price set now
- forward rate agreements: agreements to borrow or lend money in the future at an interest rate set now
- swaps: an interest rate, currency or equity exchange between two parties
- warrants: certificates that enable a purchaser to buy stocks at a certain price within a set time frame.

Derivatives are financial instruments linked to the future purchase or sale of securities, such as shares or other assets. They are common risk management tools. The Fund has some investment in derivatives. Derivatives can be used to reduce portfolio risk, or increase it. Tight controls are used to reduce unintended risk.

Derivatives have a role to play as part of the Fund's overall investment strategy and aim to minimise investment risk in the portfolios while maximising investment returns. The Fund's policy on derivatives allows investment managers to use derivatives to pursue their investment objectives, particularly for controlling risk. Our policy allows the Trustee to use derivatives to implement strategies within the Fund.

Managers are not allowed to exceed specific asset sector investment guidelines, limiting the circumstances under which they may use derivatives. Derivatives may be used in the management of the portfolio but not used to gear the portfolio or create net short positions.



Sustainability

We strive to continuously improve our responsible investment practices and the sustainability of our business operations. Our approach is grounded in our key objective to maximise the returns for members while minimising risk.

Our approach to responsible investment

Environmental, social and governance considerations

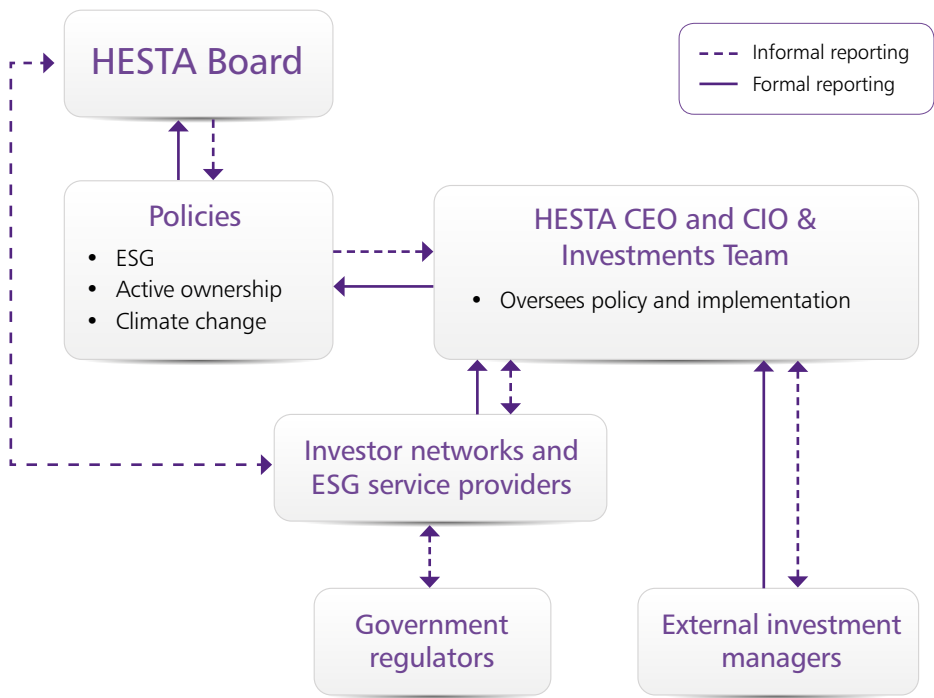
We’re committed to incorporating environmental, social and governance (ESG) considerations into all our investment processes.

At the highest level, our principles and commitment are outlined in our ESG, Active Ownership and Climate Change Policies.

Our Board is responsible for approving ESG-related policies and for overseeing their implementation. Annually, the Board monitors key ESG indicators and evaluates the implementation and performance of ESG-related policies. Every three years, the HESTA Board reviews these policies.

Our investment team is responsible for the implementation of our ESG-related policies and works with our external investment managers and other service providers to ensure that the incorporation of ESG factors enhances our investments over the long term. We collaborate with other investors, where it furthers our ESG program.

ESG governance structure



Principles for Responsible Investment

The United Nations-backed Principles for Responsible Investment (PRI) provide an overarching framework for our approach to responsible investment. As a signatory to the PRI, we're committed to the following six principles:

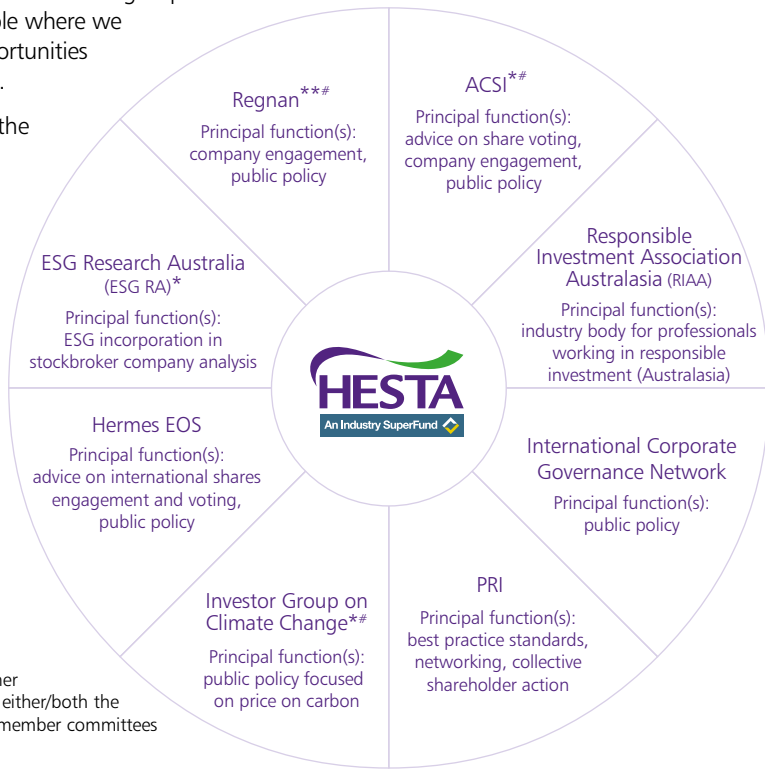
- 1. Incorporate ESG issues into investment analysis and decision-making processes.
- 2. Be active owners and incorporate ESG issues into our ownership policies and practices.
- 3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4. Promote acceptance and implementation of the Principles within the investment industry.
- 5. Work together to enhance our effectiveness in implementing the Principles.
- 6. Each report on our activities and progress towards implementing the Principles.

Collaboration

We know that to increase our influence and ability to improve the ESG performance of our investments, often it's better to work together with others in the investment community. That's why we're involved in a wide range of investor collaborations. These collaborations typically champion specific ESG issues, from climate change to corporate governance.

We are founding members of some groups and take a leadership role where we see that it provides opportunities to benefit our members.

And, we're involved in the following networks:



*Founding member
**Founding member and owner
#High level representation on either/both the board and management or member committees of this organisation

How we incorporate ESG factors

We consider ESG factors when making decisions about allocation to assets and the structure and diversification of its investment portfolio.

Our approach is to use external investment managers to invest on our behalf, so one of our key investment decisions is the selection of these managers. The managers' approach to ESG issues, and how they incorporate them within their investment processes and decision making, is assessed as part of our manager selection process. It's also assessed on an ongoing basis as part of our ongoing review of existing managers.

Over 70% of our total assets are managed by external investment managers that have made a formal commitment to ESG incorporation either through an ESG Policy or becoming a signatory to the PRI. ESG requirements are formalised through inclusion in our contractual arrangements with managers.

Managing significant ESG issues

We identify and manage ESG risks in our portfolio in a variety of ways, including through our managers or through the use of specialist ESG-engagement service providers (see the Company Engagement section on page 37).

However, from time-to-time we may identify a particular ESG risk that is sufficiently significant that HESTA needs to directly manage and oversee that risk. Climate change was an example of this and resulted in HESTA's Climate Change Policy being developed and a number of strategies implemented to address climate change risks across the portfolio. Another example is where — consistent with HESTA's long-standing ESG policy — a company is identified as not complying, directly or indirectly, with international treaties, conventions and laws, (such as those specified by the United Nations and the International Labour Organisation) or standards or guidelines for responsible corporate behaviour.

To ensure we assess and manage these significant ESG issues in a consistent manner, HESTA developed a formal ESG escalation process this year. This process outlines a series of risk management approaches aimed at addressing the ESG risk and, in the case that all the risk management approaches fail, provides HESTA the option to consider divestment as a final option.

Tackling climate change risks and opportunities

During the year we undertook a range of activities to minimise the risks and maximise the opportunities from climate change. In September last year, we presented the Investor Statement on Climate Change to the heads of government attending the UN Climate Summit in New York. The Statement — signed by HESTA alongside 347 other institutional investors worldwide, representing US\$24 trillion — calls for strong government action to reduce emissions and for carbon pricing to be at the centre of that action. At the Summit we also announced that HESTA had become the first major Australian superannuation fund to restrict thermal coal investments across all investment options. In line with HESTA's desire to promote renewable energy production globally, during the year HESTA invested in a Brazilian renewable power company that has 261 MW of greenfield wind power generation projects under development.

Improving integration of ESG in the selection of private equity managers

In 2014/15, we participated in a PRI Private Equity Working Group to develop a Private Equity Limited Partner Responsible Investment Due Diligence Questionnaire. The questionnaire will provide a baseline for investors like HESTA to use when seeking information from private equity managers on their ESG policies and practices when assessing whether to invest with them. The working group comprised close to 50 investors and private equity managers from around the world to ensure a consistent industry-wide approach to incorporating ESG into due diligence in the selection of private equity managers. Following the release of the questionnaire for a public consultation, HESTA engaged with the peak private equity industry body, AVCAL, to encourage the industry in Australia to contribute to this internationally significant exercise.

Investing with impact

Recently, HESTA announced a new partnership with Social Ventures Australia (SVA) to launch one of the country's biggest impact investment funds. We committed \$30 million — the largest single commitment to the local impact investment market made by an Australian superannuation fund — to create a dedicated fund managed by SVA. The fund will allow HESTA to make direct and indirect investments in a range of businesses, housing projects and social impact bonds delivering both financial returns and identifiable and quantifiable social impact. The fund will deliver a pipeline of investments and HESTA is strongly committed to growing the impact investing market in Australia. The relationship with SVA is a significant milestone in building this market. HESTA has a specific focus on impact investments in the health and community services sector, which represents the core of our membership base, and allows us to leverage our organisation's extensive knowledge of the sector. Earlier in the year, HESTA invested \$30 million with LeapFrog Investments (LeapFrog) which invests in companies delivering affordable financial instruments such as insurance and savings products to low-income individuals and families in Africa and South-east and South Asia. Through their investment companies, LeapFrog aims to reach 50 million people and provide direct social benefits such as increased access to financial services, job creation, and greater education on personal finance.

Active ownership

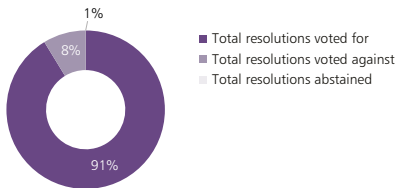
Active ownership, as outlined in our Active Ownership Policy, includes company engagement, share voting and broader advocacy on public policy and industry standards and practices. As a long-term institutional investor and a ‘universal’ owner*, we regard active ownership as being important in protecting or increasing the value of our investments.

Share voting

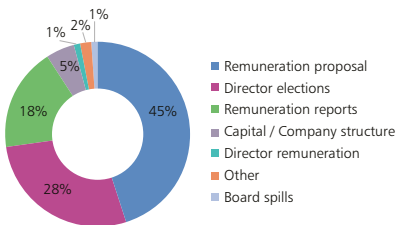
Australia

We seek to vote all the shares we own on behalf of members (in some instances this isn’t possible due to legal impediments). We vote the shares held by our Australian equities managers directly. When contentious issues arise, we decide how to vote, taking into account the advice of our investment managers and also our voting adviser. For larger Australian companies, our adviser is the Australian Council of Superannuation Investors (ACSI) and for smaller companies our adviser is International Shareholder Services (ISS).

During 2014/15, we voted on 1,977 resolutions at 381 meetings. We voted against approximately 8% of resolutions and abstained on one of these resolutions.

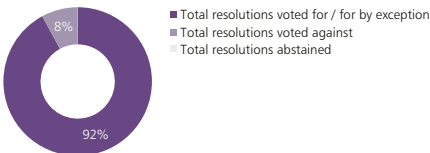


The 167 resolutions we voted against covered a range of issues, including the structure and quantum of executive remuneration, board composition and independence of directors and changes to the company’s capital structure.

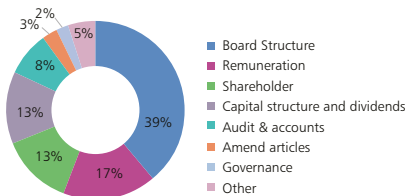


International

During 2014/15, Hermes EOS voted on our behalf on 28,661 resolutions at 2,228 meetings. Hermes EOS voted against approximately 8% of resolutions and abstained on less than 0.1% of these resolutions.



The 2,424 resolutions Hermes EOS voted against covered a range of issues, including board composition and independence of directors, executive remuneration, shareholder resolutions, capital structure and dividends, audit and accounts.



More detailed reports on our share voting is available at hesta.com.au/active-ownership

*Asset owners whose size and long-term investment horizon mean they’re constantly exposed to all facets of the global economy and financial markets.

Company engagement

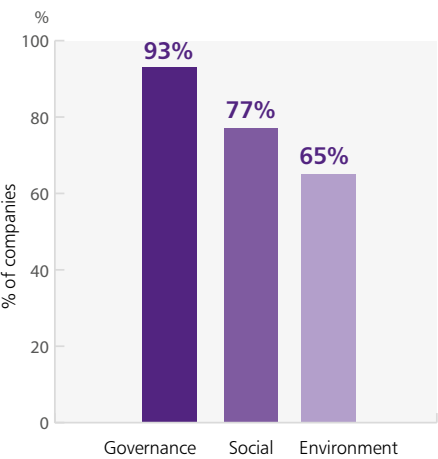
By engaging with companies we invest in we aim to improve their policies, practices, performance and/or disclosure in relation to material ESG issues.

Our engagement activities are through ACSI and Regnan Governance Research and Engagement (Regnan) for companies held by our Australian equities managers, and Hermes EOS for companies held by our international equities managers. These engagement specialists identify priority companies for engagement by focusing on specific ESG themes, or identifying where a company's ESG policies, practices, performance, and/or disclosure is deficient relative to established regulatory, industry or broader social standards, or where its conduct threatens its reputation or value.

Australia

During 2014/15, through ACSI and Regnan, we engaged with 124 Australian listed companies in which we were invested. For more than 90% of these companies, the engagement included one or more governance issues. For just over three quarters of companies, this engagement included one or more social issues, and for 65% it covered one or more environmental issues. Overall, for 80% of companies, the engagement covered a mix of environmental, social and/or governance issues. The companies engaged represented 66% of the total market value of our Australian Equities portfolio, as at 30 June 2015.

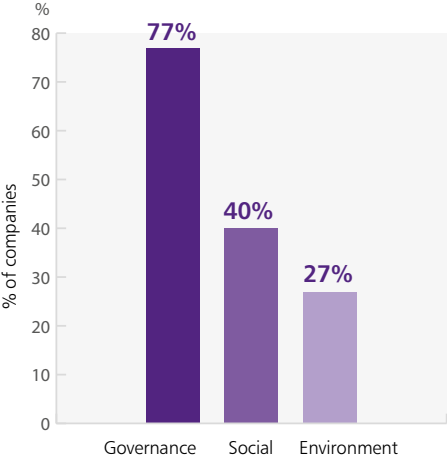
Company engagement by topic



International

During 2014/15, through Hermes EOS, we engaged with 337 internationally-listed companies we invest in. For just over three quarters of companies, the engagement included one or more governance issues, for 40% it included one or more social issues and for just over a quarter it covered one or more environmental issues. Overall, for 69% of companies, the engagement covered a mix of environmental, social and/or governance issues. The companies engaged represented 35% of the total market value of our International Equities portfolio, as at 30 June 2015.

Company engagement by topic



2014/15 key engagement topics

Engagement with companies undertaken on our behalf focused on:

- labour and human rights risks: focusing on services and consumer retail products where risks are associated with suppliers' poor labour and human rights practices
- board diversity: promoting the need for diversity of thought, culture and skill; targeting companies with poor female representation on their boards, with the aim of achieving at least 30% female board members by 2017
- climate change: focusing on large resource and energy companies and their management of climate change risks and opportunities (including regulatory, physical, technological impacts); big banks factoring climate change considerations into lending decisions; and other exposed stocks on building resilience to the anticipated effects of climate change
- social and community: access to medicines and stock-specific priorities, including human rights, indigenous and local community relations, and problem gambling
- strategic human capital and culture change: making the case for more active board oversight of the elements of corporate culture and human capital central to the delivery of business strategy and intangible value creation
- corporate governance practices: the independence of directors and improved board composition, succession planning, alignment of executive remuneration with company strategy and restraint in overall quantum, improved capital-raising practices, tax policies and governance of tax matters.

Government and industry advocacy

Advocacy seeks to influence laws, regulations, standards or guidelines established by government, regulators, industry or other rule-making bodies, with the aim of protecting or enhancing the long-term value of individual assets or the market as a whole. We undertake advocacy primarily through ACSI and Regnan in Australia, and through Hermes EOS internationally. However, other organisations of which we're a member, such as the Investor Group on Climate Change (IGCC), actively advocate on our behalf on specific ESG issues.

2014/15 key advocacy topics

Advocacy with government and industry undertaken on our behalf focused on:

- improving the stability and long-term focus of the global and Australian financial systems, including submissions to the Financial System Inquiry on the increasing importance of superannuation funds as 'universal investors' in public equity markets
- Corporate governance principles and guidelines, including providing input into the Australian Stock Exchange's Corporate Governance Principles and Recommendations (which for the first time include specific ESG-disclosure requirements for Australian companies), the Japanese and Hong Kong Stewardship Codes, and the European Union Shareholder Rights Directive
- International and Australian Government policy and regulation related to corporate governance, including minority investors' interests in capital-raising and merger transactions (proxy voting rules and administration), climate change and unconventional oil and gas (fracking and coal seam gas).

2014/15 key collaboration highlights

ESG Research Australia (ESG RA)

For the sixth consecutive year, HESTA's Chief Investment Officer was chair of ESG RA. The objective of ESG RA is to facilitate improved investment decision making by encouraging better investment-relevant ESG research by stock brokers. The annual ESG RA Awards held in May 2015 attracted more than 100 individuals from across the investment community. The Awards recognised the 'Best ESG Broking Firm' as voted by ESG RA members and the 'Best Piece' of ESG Research.

Investor Group on Climate Change (IGCC)

We continued to be represented on the IGCC's Management Committee and chaired the Low Carbon Finance (LCF) Working Group. In these roles we assisted the IGCC in a number of material activities, including:

- preparing submissions to the Renewable Energy Target ("RET") Review Panel, and meeting with the RET Review Panel during its consultation phase, and
- development of a Low Carbon Registry, which provides a framework for institutional investors to record their investments in areas covered under the Registry definition of 'low carbon'.

Further, through our IGCC network we continued to investigate opportunities to invest in assets focused on the transition to a low carbon economy, including alongside government-sponsored organisations such as the Clean Energy Finance Corporation (Australia) and the UK Green Investment Bank.

PRI – Private Equity Working Group

We participated in the PRI's Private Equity Working Group which developed the guide: *Integrating ESG In Private Equity – A Guide for General Partners*. Following its launch in April 2014, we encouraged promotion of the guide to the private equity industry through AVCAL in Australia and our private equity adviser StepStone, based in the United States.

ACSI – Collaborative Engagements

In collaboration with ACSI and other super funds, HESTA met with a range of companies on key corporate governance issues such as board composition including diversity and independence, executive remuneration, corporate and capital structures, and social and environmental issues such as climate change strategy, stranded assets and coal seam gas.

Our approach to sustainable business practices

Developing socially responsible business practices, positively impacts the wellbeing of our members, employees and the broader society, while enhancing the Fund operations.

Since 2007, HESTA has reported on the key environmental impacts of our operations and in the 2012/13 financial year, we approved a sustainability policy, which guides our continuous improvement in ESG performance.

HESTA's commitment to continually improving sustainability is underpinned by our focus on delivering excellent service to members. By using resources more efficiently, we reduce our environmental footprint and financial impact to members.

We have now implemented a sustainability committee with sustainability performance reported annually to the Board.

Environmental performance

We report on our environmental performance in the following areas:

- carbon footprint
- electricity
- natural gas
- diesel fuel
- unleaded petrol
- water
- paper (office and print)
- air and taxi travel
- waste to landfill
- recycling and organics

2014/15 environmental performance

Our operational environmental performance per employee declined slightly this year, with total greenhouse gas (GHG) emissions per person increasing by 6.04%, to 10.67 tCO₂-e in 2014/15. This was due to a number of factors, including improvements in data collection across all offices and the refurbishment of HESTA's national office in the second half of the year — resulting in an additional floor being occupied. The increase in electricity consumed at the national office accounted for 65.10% of our overall tenant light and power.

During 2014/15, total carbon emissions increased by 17.07%. Our carbon footprint was 1,200.63 tCO₂-e in 2014/15, compared to 1,025.57 in 2013/14. This increase comes in the context of the Fund's continuing strong growth in membership, funds under management and a 10.40% increase in our workforce from the previous year. Last year, HESTA underwent a restructure, creating a general manager layer across the organisation, to further drive efficiencies and productivity. As a result of the new positions created, there was an increase in travel costs to allow for the general managers to work closely with interstate team members.

2014/15 key achievements

- Improved data availability and accuracy, providing a baseline for further improvements
- 4.77% reduction in Scope 1 emissions (these are under the direct control of HESTA)
- Signatory to CitySwitch program
- 10% of Victorian and National offices' power now Green Power
- 59.85% increase in recycled paper used in external printing

Overall, improved environmental performance per employee* was primarily driven by continued efforts to reduce our electricity use (tenant light and power), non-recycled paper in external printing, fuel consumption, and waste. Increases in base building electricity use, air and taxi travel, as well as paper use resulted in a slight increase in our total GHG emissions in 2014/15.

In the 2014/15 financial year, we made significant improvements in our data collection and management systems, providing us with more accurate and reliable data to measure performance improvements in the coming years.

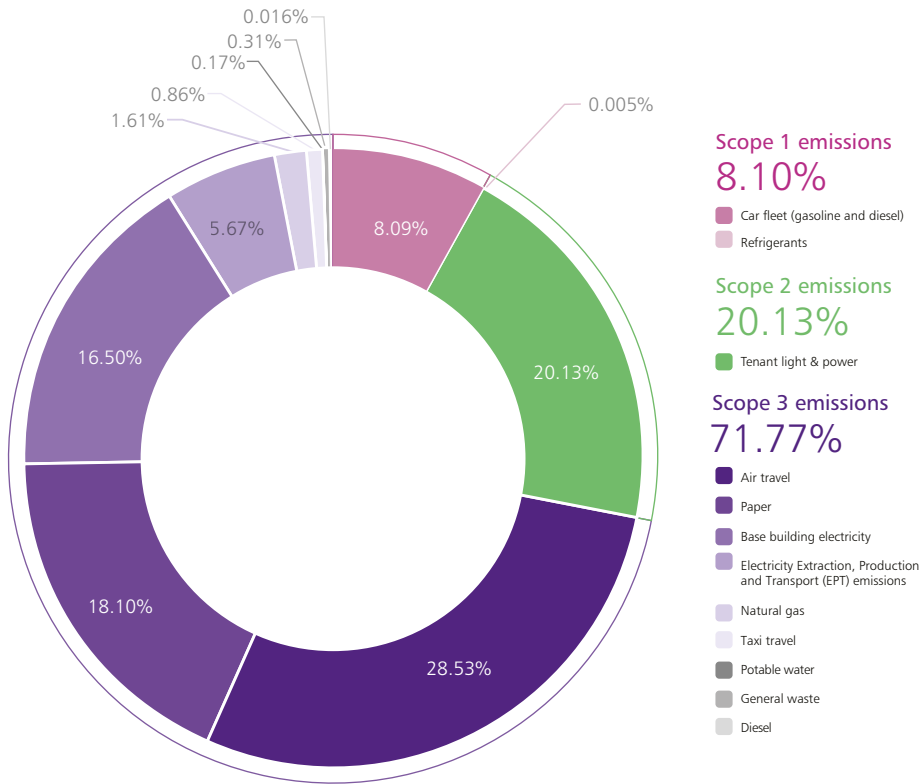
*Employees are measured per Full Time Equivalent (FTE)

Carbon footprint

GHG emissions are categorised as:

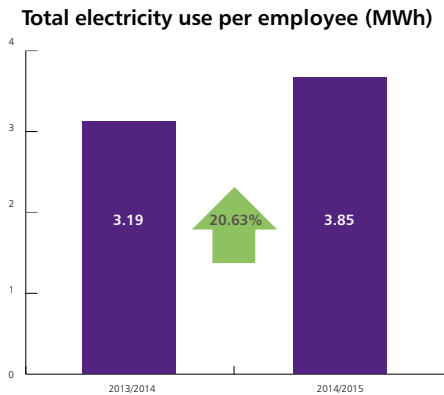
- **Scope 1:** direct emissions from sources we own and control
- **Scope 2:** indirect emissions associated with electricity use
- **Scope 3:** other indirect emissions from our activities that are not directly controlled by us, such as base building energy use, use of paper, travel, and waste disposal.

The graphic below shows the breakdown of emissions by type.



Electricity consumption

Electricity consumption constitutes the largest proportion of our carbon footprint, making up 36.63% of total emissions. In 2014/15, HESTA's total electricity consumption increased by 33.18% from 324.93 MWh in 2013/14 to 432.74 MWh in 2014/15. Electricity consumption per employee* also increased by 20.63% (see right). These increases were primarily due to the occupation of additional floorspace as our national office underwent refurbishment, with tenant light and power consumption increasing by 71.83%. We also became a signatory of CitySwitch — a no-cost service supporting office tenants to improve office energy and waste efficiency. HESTA utilised the CitySwitch program to negotiate the purchase of Green Power and as a result, 10% of the Victorian and National offices' power is now Green Power. Green Power was selected as it represented support for renewable energy, while also being financially beneficial to HESTA.



Paper use

After electricity consumption, paper use is one of the largest contributors to our carbon footprint, accounting for 18.10% of our carbon footprint in 2014/15. Total paper use increased only slightly (by 0.99%) in 2014/15, despite growth in HESTA members and employees. Printed paper used for communicating with our members and employers is the largest component of our paper consumption. We increased the proportion of recycled paper used in external printing by 59.85% from the previous year. By continuing our shift to electronic channels for communication, we've achieved a 20% decrease in print paper since 2011/12.

Air travel

Air travel remains one of the most significant sources of emissions, comprising 28.53% of our total carbon footprint. Reflecting the overall growth in our business and employees, air travel continued an upward trend, increasing by 16.73% from the previous year. Additional travel requirements for both employees and senior managers contributed to the increase. The introduction of the Microsoft Lync system for organisation-wide voice and video conferencing has assisted in limiting employee travel.

*Employees are measured per Full Time Equivalent (FTE)

People and culture

At HESTA, we provide a strong, mutually supportive workplace based on integrity, respect and fairness. Our forward-thinking culture fosters commitment and professionalism, encouraging our people to continually develop. At the end of 2014/15, we employed 112 employees, an increase of 10.40% from the previous year. This reflects a growth in our overall business.

Equal opportunity

HESTA is an equal opportunity employer at all levels of the organisation, and is a workplace free of discrimination, where the rights and diversity of all employees is respected. In 2014/15, 57.78% of our people were female, spread relatively evenly across all employment categories. In our leadership group, which includes Executives and General Managers, 54.39% were female.

Training and development

The ongoing development of our employees is a vital part of our commitment to continually improve the service we provide members. We support our employees with both in-house and external training and development opportunities.

All employees can apply for company-funded professional development leave. During 2014/15, we granted 2,370 mandatory training hours and 1,799 other professional development training hours. We also offer an annual scholarship to assist up to two employees to pursue their education and developmental goals.

Health and wellbeing

We aim to create a productive and healthy workplace by supporting the health and wellbeing of all employees. Each full-time employee can access up to 15 days of personal leave annually to be used as either sick leave or carer's leave.

Employees can also access an Employee Assistance Program that provides confidential counselling to assist with work-related or personal concerns. Where possible, HESTA accommodates flexible working arrangements and part-time work requests, encouraging work life balance.

We also maintain a comprehensive occupational health and safety policy, and a Workplace Health and Safety committee. During 2014/15, 18 minor incidents and two critical incidents were reported. Incidents included minor car accidents, slips and falls, sprains and building incidents (affecting the use of the building).

HESTA in the community

As a part of our commitment to corporate social responsibility (CSR), we provide up to six days a year of paid leave for our employees to engage in community activities. In 2014/15, our employees recorded 41 days of CSR leave, participating in a range of community service initiatives.

HESTA is a longstanding supporter of the Mother's Day Classic, a fun run/walk held across Australia raising funds and awareness for the National Breast Cancer Foundation. This year, around 60 HESTA employees and their families participated in the event and 31 employees volunteered their time. Overall, the event raised \$3.1 million for breast cancer research.

We also provide access to Blood Donors Leave and Workplace Giving.

Member advice and education sessions

We strive to make a real difference in the retirement outcomes of every member. Financial advice and education sessions are available to all members and employers. The objective of these sessions is to assist members to make timely and informed financial decisions that can help them achieve the best possible lifestyle in retirement. Increasing financial literacy and retirement readiness across our more than 800,000 members contributes to the betterment of society, and can reduce the strain on social services.

In 2014/15, HESTA's contact centre answered more than 300,000 calls from members. Over the last three financial years, there have been 8,243 sessions involving either a Superannuation Advisor or appointments for detailed financial advice with a HESTA Financial Planner. Over the same period, we have also also provided 3,249 workplace education sessions, visits or orientation programs.

Industry support

We are proud to support and recognise the health and community services industry. Our awards program provides national recognition for individual, team and organisational excellence across a range of disciplines.

Our awards program covers nursing, primary health care, aged care, early childhood education and care, and community services. The awards program is our major community contribution and an ongoing source of pride and satisfaction for everyone at HESTA.

Reconciliation Action Plan

In 2014/15, we worked towards a Reconciliation Action Plan (RAP) that was endorsed in August 2015 by Reconciliation Australia. The RAP sets out the steps we will take towards reconciliation with Aboriginal and Torres Strait Islander peoples and organisations. This includes building community partnerships, improving retirement choices and outcomes for Aboriginal and Torres Strait Islander peoples, and advocating for greater equity between Indigenous and non-Indigenous Australians.

We foster reconciliation through our support of the National Rural Health Alliance to promote good health and wellbeing in remote and regional locations and by supporting Indigenous Allied Health Australia to hold their national conference. We're also a member of Australian Institute of Superannuation Trustees's Indigenous Super Working Group, where we collaborate with other members to improve the gap between Indigenous and non-Indigenous Australians accessing and engaging with their super.

For more information, visit hesta.com.au/rap





Finances and other information

Financial Statements

The following Statement of Financial Position and Operating Statement are extracts of the audited financial statements of the Fund for the year ended 30 June 2015. Call 1800 813 327 to request a copy of the full financial statements.

Statement of Financial Position

as at 30 June 2015

	30 June 2015 \$'000	30 June 2014 \$'000
Assets		
Investments		
Cash and Short Term Deposits	2,523,904	2,771,966
Other Interest Bearing Securities	3,303,806	2,917,247
Australian Equities	8,835,278	8,269,557
International Equities	7,810,417	5,797,263
Unlisted Unit Trusts	7,042,513	5,595,613
Unlisted Pooled Funds	555,885	454,753
Pooled Superannuation Trusts	2,097,447	1,977,765
Private Equity	876,653	577,122
Derivative Assets	92,811	168,764
Total Investments	33,138,714	28,530,050
Other Assets		
Cash and Cash Equivalents	36,343	71,596
Fixed Assets	4,370	2,007
Other Assets	981	7,608
Deferred Tax Assets	13,894	53,686
Total Other Assets	55,588	134,897
Total Assets	33,194,302	28,664,947
Liabilities		
Payables	45,437	31,121
Provision for Employee Benefits	2,343	2,172
Income Tax Payable	20,594	71,593
Derivative Liabilities	160,912	18,080
Deferred Tax Liabilities	550,200	424,154
Total Liabilities	779,486	547,120
NET ASSETS AVAILABLE TO PAY BENEFITS	32,414,816	28,117,827
<i>Represented by:</i>		
Liability for Accrued Benefits		
Allocated to Members' Accounts	32,284,364	27,979,952
Not Yet Allocated to Members' Accounts	10,179	2,411
Reserves	120,273	135,464
Total Liability for Accrued Benefits	32,414,816	28,117,827

Operating Statement

for the year ended 30 June 2015

	30 June 2015 \$'000	30 June 2014 \$'000
Investment Revenue		
Dividends	496,930	425,300
Trust Distributions	690,727	591,609
Interest	139,404	125,722
Other Investment Income	11,915	6,787
Change in Net Market Value of Investments	1,696,179	2,348,386
Direct Investment Expenses	(95,876)	(98,474)
Total Net Investment Revenue	2,939,279	3,399,330
Contribution Revenue		
Employer Contributions	2,584,762	2,337,352
Member Contributions	565,251	420,049
Transfers from Other Superannuation Funds	755,128	590,882
Total Contribution Revenue	3,905,141	3,348,283
Other Revenue		
Group Life Insurance Proceeds	69,032	59,904
Other Income	132	27
Total Other Revenue	69,164	59,931
Total Revenue	6,913,584	6,807,544
General Administration Expenses		
Group Life Insurance Premiums	184,440	148,115
Administrator Expenses	46,407	45,786
Trustee Office Operating Costs	44,403	36,280
Total General Administration Expenses	275,250	230,181
Benefits Accrued as a result of Operations before Income Tax	6,638,334	6,577,363
Income Tax Expense	517,888	560,653
Benefits Accrued as a result of Operations after Income Tax	6,120,446	6,016,710

Related parties

Related party investments and transactions

At 30 June 2015 H.E.S.T. Australia Limited as Trustee of Health Employees Superannuation Trust Australia ('the Fund') had:

- A 31.0% (2014: 31.0%) shareholding of ordinary shares valued at \$1,265,400 (2014: \$1,380,100) in Frontier Advisors Pty Ltd.

Frontier receives fees from the Trustee for investment consulting services. These fees were \$2,737,150 (2014: \$2,113,486).

Ms A.C. Emslie (as nominee of the Trustee) is a Director of Frontier Advisors Pty Ltd and received fees of \$13,479 (2014: \$12,840).

All transactions were made on normal commercial terms, under normal conditions and at market rates. Transactions relating to dividends, investment income and subscription for new ordinary shares were on the same terms and conditions that applied to other shareholders.

There were no transactions between the Fund and the Trustee of the Fund (H.E.S.T. Australia Ltd) during the year (2014: \$nil).

Other shareholdings and transactions

As at 30 June 2015 the Trustee had:

- A nil% (2014: 16.57%) shareholding in Superpartners Pty Ltd (Superpartners), following the disposal of Superpartners during the year (2014 valued at: \$20,863,040). Superpartners provide member administration services to the Trustee.
- A 15.9% (2014: 15.9%) shareholding in Industry Super Holdings Pty Ltd (ISH) valued at \$70,369,092 (2014: \$60,671,585).

Industry Funds Management Pty Ltd (IFM) is a subsidiary of ISH and manages investments totalling \$4,972,340,059 (2014: \$4,463,143,275) on behalf of the Trustee.

ISH has other subsidiaries with which the Trustee transacts. Industry Fund Services Pty Ltd provides financial planning and debt collection services to the Trustee. IFS Insurance Solutions Pty Ltd provides insurance services to the Trustee. Industry Super Australia Pty Ltd (ISA) provides marketing, advocacy, policy development and research services to the Trustee.

Ms A.C. Emslie's partner, Mr G. Weaven, is a Director of ISA and Chair of Members Equity Bank Ltd (ME Bank) and IFM.

Ms D.J. Blakey, as a nominee of the Trustee, is a Director of ISA.

- A 15.9% (2014: 15.9%) shareholding in ME Bank valued at \$167,329,253 (2014: \$151,094,161). ME Bank is the manager of the Super Members Home Loan program and the Super Loans Trust. The investment in the Super Loans Trust was valued at \$71,592,472 (2014: \$93,642,816). The Fund also had \$476,087,426 (2014: \$375,675,756) invested in cash and term deposits with ME Bank at year end and investments in subordinated notes totalling \$15,408,512 (2014: \$15,000,000).

- A 3.8% (2014: 3.8%) shareholding in ISPT Pty Ltd valued at \$1 (2014: \$1). ISPT is the trustee and manager of four unlisted direct investment property trusts which the Fund invests in. In addition, ISPT Pty Ltd provides management services to IGPT Pty Ltd in its capacity as trustee of the ISPT Grosvenor International Property Trust on a cost recovery basis.

ISPT Pty Ltd in its capacity as trustee and manager, managed investments totalling \$1,404,587,904 (2014: \$1,301,601,125) on behalf of the Fund.

Mr K. Zimmermann, as a nominee of the Trustee, is a Director of ISPT Pty Ltd and IGPT Pty Ltd.

All transactions were made on normal commercial terms, under normal conditions and at market rates. Transactions relating to dividends, investment income and subscription for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Key advisers and service providers

We use a number of external service providers to help us administer your account and invest your money.

Frontier Advisors Pty Ltd provided the Board with advice on investing members' money and is paid a fee for this service. The Fund is a shareholder of Frontier Advisors.

Superpartners Pty Ltd provides administrative services for the Fund, including operating the Fund's service centre, insurance administration, contribution and benefit processing and other general Fund administration.

Other key advisers and providers as at 30 June 2015 include:

- Custodian: JP Morgan Chase Bank
- Insurer: CommInsure
- Solicitors: Dwyer Bruce Legal Pty Ltd, Holding Redlich, Mills Oakley Lawyers
- Auditors: PricewaterhouseCoopers
- Taxation advisers: PricewaterhouseCoopers

Investment managers

We use a range of professional fund managers to invest members' money according to specific objectives and strategies (including offering strategies to guard against excessive risk) set out by the Board with advice from our investment consultant, Frontier Advisors Pty Ltd.

By using investment managers, we can make use of their expertise in the investment of your retirement savings, while at the same time using our size to achieve economies of scale that keep costs low.

Superannuation surcharge




The Federal Government abolished the superannuation surcharge tax from 1 July 2005. However, surcharge for prior years may still appear on your statement as a deduction from your account.

How do I make a complaint?

We take complaints seriously.

If you're not satisfied with our products or services, we have a complaint resolution process to address your concerns fairly and efficiently.

Internal dispute resolution process

 Step 1	 Step 2	 Step 3
<p>Call to discuss your concerns.</p> <p>If your concern relates to you:</p> <ul style="list-style-type: none">• HESTA super account, call 1800 813 327• HESTA Income Stream account, call 1300 734 479.	<p>If your concerns can't be resolved immediately, you can provide more detailed information about your complaint to our Complaints Officer by:</p> <p>Mail: Complaints Officer HESTA PO Box 600 Carlton South VIC 3053</p> <p>Email: HESTA super accounts: hesta@hesta.com.au</p> <p>HESTA Income Stream accounts: hestasis@hesta.com.au</p>	<p>We'll investigate your complaint and make every effort to respond within 10 business days. If we can't fully respond in that time, we'll endeavour to keep you informed about the progress of your complaint.</p> <p>Our response will detail the outcome of the investigation and the reason for our decision. This process is free of charge.</p>

External dispute resolution process

There are independent organisations that consumers can access free of charge to resolve disputes with financial services providers.

These independent organisations are only able to consider your complaint if you have first used our internal dispute resolution process.*

Superannuation complaints, including income streams	Non-superannuation complaints (e.g. advice about banking or managed investment products)
<p>Superannuation Complaints Tribunal (SCT) Locked Mail Bag 3060 Melbourne VIC 3001 1300 884 114 sct.gov.au</p> <p>*You can also access the SCT if your complaint has not been resolved by the internal dispute resolution process within 90 days.</p>	<p>Financial Ombudsman Service (FOS) GPO Box 3 Melbourne VIC 3001 1300 780 808 fos.org.au</p> <p>*You can also access FOS if your non-superannuation complaint has not been resolved by the internal dispute resolution process within 45 days.</p>

What you need to know about this Annual Report

This Annual Report contains information about the Health Employees Superannuation Trust Australia (the Fund) ABN 64 971 749 321 and is produced by H.E.S.T. Australia Limited ABN 66 006 818 695, AFSL No. 235249, the Trustee of the Fund.

H.E.S.T. Australia Limited is the issuer of the products 'HESTA' (including 'HESTA Personal Super') and 'HESTA Income Stream'.

Care is taken to ensure that information is correct at the date of preparation, but neither the Trustee nor its advisers accept responsibility for any error or misprint, nor for anyone acting on this information, which is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this. The information also represents our interpretation of the law in some instances but should not be relied upon as legal advice. Product ratings are only one factor to be considered when making a decision. See hesta.com.au/ratings for more information.

Please note investments can go up and down. Past performance is not a reliable indicator of future performance. Consider a Product Disclosure Statement before making a decision about our products. Call HESTA super on 1800 813 327 or HESTA Income Stream on 1300 734 479 — or visit hesta.com.au — for copies.



Contact us

HESTA enquiries

1800 813 327

hesta@hesta.com.au

hesta.com.au

PO Box 600, Carlton South VIC 3053

HESTA Income Stream enquiries

1300 734 479

hestasis@hesta.com.au

hesta.com.au/incomestream

Locked Bag 200, Carlton South VIC 3053

There for you



Strength in numbers

HESTA has more than 800,000 members and \$32 billion in assets, and is the fund dedicated to health and community services. HESTA's size means we can keep fees low and provide education and advice to members about super — at no extra cost. Find out more at hesta.com.au



A truly national fund

Our team of Client Relationship Managers, Member Education Managers, Superannuation Advisers and Financial Planners support HESTA members and participating employers throughout Australia. Find out more at hesta.com.au/service



Strong long-term investment performance

Since its inception in 1987, HESTA's default investment option — Core Pool — has delivered well above its target return over the long term.* Visit hesta.com.au/returns for information on the current and historical performance of all HESTA investment options.



Low-cost comprehensive insurance cover

Members can access low-cost comprehensive insurance to protect them and their families, including Income Protection Cover and benefits to age 67. Find out more by reading *Insurance Options* at hesta.com.au/pds



24/7 access to your account

Update and check your HESTA account online 24/7. Register for online access today at hesta.com.au/mol



Added extras

Access valuable extra services like low-cost banking and discounted health insurance. Visit hesta.com.au/extras for more details.



The recognition you deserve

We work with key organisations to present awards to Australia's top nurses, early childhood educators and people working in aged care, the community sector and primary health care. Visit hestaawards.com for more information on the programs we run to support your industry.

*Past performance is not a reliable indicator of future performance.



HESTA is the fund dedicated to health and community services

Supports your industry | Low fees | A history of strong returns