

super with impact

| HESTA |

Annual Report

FY2021/22



about this report

At HESTA we aim to create value for our members. We use the International Integrated Reporting (<IR>) Framework as a guide to producing our Annual Report, to ensure the entire HESTA community can see how we're performing against that aim.

'Value' in the Framework is defined as a set of 'capitals' that increase, decrease or transform through the activities and outputs of an organisation. These include financial, intellectual, natural, human, and social and relationship capitals.

Because sustainability is essential to creating long-term value for our members, HESTA shares the global ambitions for the advancement of the 17 United Nations Sustainable Development Goals (SDGs). Throughout this report we reference the SDGs and specifically the seven SDGs we believe will have a positive impact for our members in Australia.

This report covers the operations of HESTA from 1 July 2021 to 30 June 2022. We also discuss risks, opportunities and outcomes of our partners and the companies we invest in, where they are relevant to members' long-term financial outcomes.

The world is changing, and so are our members. And we remain clear on how we create value for them.

Our purpose (why we exist)

At HESTA, we invest in and for people who make our world better.

Our three purpose pillars (how we work and where we focus)

Building financial confidence

We deliver information, tools and support how and when members need it, because our deep research and understanding of our members tells us that increasing financial confidence improves their retirement outcomes.

Advocating for change

We use our collective voice to advocate for better financial outcomes for our members and those we see falling behind.

Investing responsibly to deliver strong long-term returns

We consider environmental, social and governance risks and opportunities in investment decision making and active ownership to deliver strong long-term performance.

<IR> capital	Our purpose	What this looks like at HESTA
Financial	Building financial confidence	We are deliberate about where we invest members' money and strive to deliver financial returns with a positive impact. We are thoughtful about where we spend our time and resources.
Intellectual	Advocating for change	The humanity of the members we serve informs their work, while we believe our humanity informs our focus on improving their financial outcomes.
Natural		
Human	Investing responsibly to deliver strong long-term returns	We believe the way we invest our resources impacts the way the world is and can be. We strive to create a fairer, healthier, more sustainable world that will amplify our members' financial outcomes.
Social and relationship		

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FY2021/22 performance snapshot

900,000+
members

\$68,000
average account balance

90,000+ employers

Balanced Growth
8.48%* p.a.
average return since inception

57%/43%
female/male board
gender diversity



80%
female
members



+62
Net promoter score
for member
satisfaction with
advice services^



\$68b
funds under
management



+970

attendees and viewers of the
HESTA Awards program



+100K

members used Future Planner
to calculate their projected
retirement outcome

+62.7

Net promoter score
for annual statements



7 years

Top decile
employee satisfaction

HESTA



Industry award wins



* Annualised return for the period for Balanced Growth (MySuper) to 30 June 2022. Commenced 1 August 1987. Past performance is not a reliable indicator of future performance. Product ratings are only one factor to be considered when making a decision. See hesta.com.au/ratings for more information. The value of your investment may rise or fall. The return shown is net of investment fees and costs, transaction costs and taxes as at 30/6/2022.

^ Super Adviser survey via Qualtrics June 2022.

All data as at 30 June 2022.

welcome

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welcome



At HESTA, our members are core to everything we do. And we recognise the challenges they've faced this year as the pandemic continues to ripple throughout our community.

Its prolonged effects, compounded by devastating floods, have placed intense pressure on our members, many of whom are frontline workers. We're grateful for our members' and partners' continued commitment to their work during this time.

This year, we're proud to introduce Super with impact. At HESTA, we bring this to life by delivering strong long-term investment returns for our members by investing responsibly, while advocating for changes that can help build a financially confident future for them.

This expansive approach to delivering value, combined with our overarching purpose — to invest in and for people who make our world better — has underpinned our work and results over the past 12 months.

It's our members who inspire us every day at HESTA. And we're proud of the role we get to play in helping and supporting them. Our FY2021/22 Annual Report details how we've delivered value over the past year: through resilient long-term investment performance, outstanding member experiences and services and strong partnerships that help our members as individuals and positively impact the communities and society they live and work in. Ultimately, these results are fundamental to helping our members achieve good long-term financial outcomes.

Investment performance

Throughout 2022 investment markets locally and globally have experienced high levels of volatility, and markets have fallen sharply. Against this challenging backdrop, our *MySuper*-authorised investment option, Balanced Growth, generated a return of -1.79% for the financial year to 30 June 2022[^]. This is the first time Balanced Growth (super) has had a negative return since the 2009 global financial crisis 13 years ago.

While this is not the result HESTA seeks to achieve for our members, in the context of market turbulence, our performance is very strong against our peers. Balanced Growth achieved top quartile performance against a median super fund return of -3.44% for the financial year as measured by ratings agency SuperRatings, and has been a top ten balanced fund over 10 years up to 30 June 2022*. And Sustainable Growth continues to be ranked as the best performing sustainable fund in Australia over 5, 7 and 10 years up to 30 June 2022*. These long-term results underscore our investment team's expertise in managing our members' investments through peaks and, crucially, through troughs.

Super with impact

Launched earlier this year, our brand revitalisation, 'Super with impact,' strategically differentiates HESTA from other funds in a fiercely competitive market. It highlights how we are a leading super fund that invests responsibly while achieving strong long-term returns for our members. This emphasises our strong values and alignment with our members, and supports our ongoing success by helping us achieve continued growth, translating into enhanced member services and benefits.

Our position as a long-term investor and industry super fund includes advocating for reforms to the super system to make it more equitable for all our members.

*Source: SuperRatings ratings agency. SuperRatings Fund Crediting Rate Survey June 2022.

[^]Annualised returns to 30 June 2022 for *MySuper* Balanced Growth. The return shown is net of investment fees and costs, transaction costs and taxes as at 30/6/2022.

Following ten years of advocacy by HESTA and some of our industry partners, we were thrilled that in February this year the government scrapped the monthly \$450 Super Guarantee threshold for employees aged 18 and over. But our work isn't done, and HESTA has also called on the government to act on two important policy solutions to improve superannuation outcomes for women. This is critical, given it impacts thousands of our members and compounds issues like the gender super gap. At HESTA, we see ourselves helping to contribute to better financial futures for our members and we will continue to use our influence to call out inequalities that impact their financial wellbeing and advocate for real, long-lasting change.

See hesta.com.au/impact for more about how we do this.

Digital-first

A key aspect of helping our members to build their financial futures is supporting them throughout every step of their journey with us. And a strategic focus for HESTA is harnessing digital technology so our members have relevant, engaging, connected and interactive experiences from when they join, right through to when they retire.

In April, we were thrilled to launch our first interactive, on-demand member education experience: Super Questions Answered. This interactive video journey enables members to find answers to their most challenging questions. This complements our online advice tool, Future Planner, which leverages digital technology to help our members plan for the future. These digital tools mean more HESTA members have access to help and advice, empowering them to make informed financial decisions.

Valued partners

HESTA's partnerships with employer and member organisations are essential to our success and help drive member growth, satisfaction and retention. This year, we've combined human interaction with digital technology to implement initiatives to support our partners in making super more accessible and relevant to their employees and members.

This includes delivering customised website landing pages for our partners' employees, so they can conveniently access information about HESTA and quickly book workplace super information sessions and advice appointments. By facilitating easier access to our services we can enable more members to receive help and advice, which we know is crucial to helping them grow their super balance.

Thank you

As we look to the future, we're optimistic about what's to come. We see the opportunity to keep building on our success and supporting our members' financial futures.

Debby Blakey
Chief Executive Officer

Nicola Roxon
Chair

our values



we are people of purpose

we believe we can make a difference



we step up and do the work

we are accountable and responsible



difference is valued

everyone here feels safe and seen

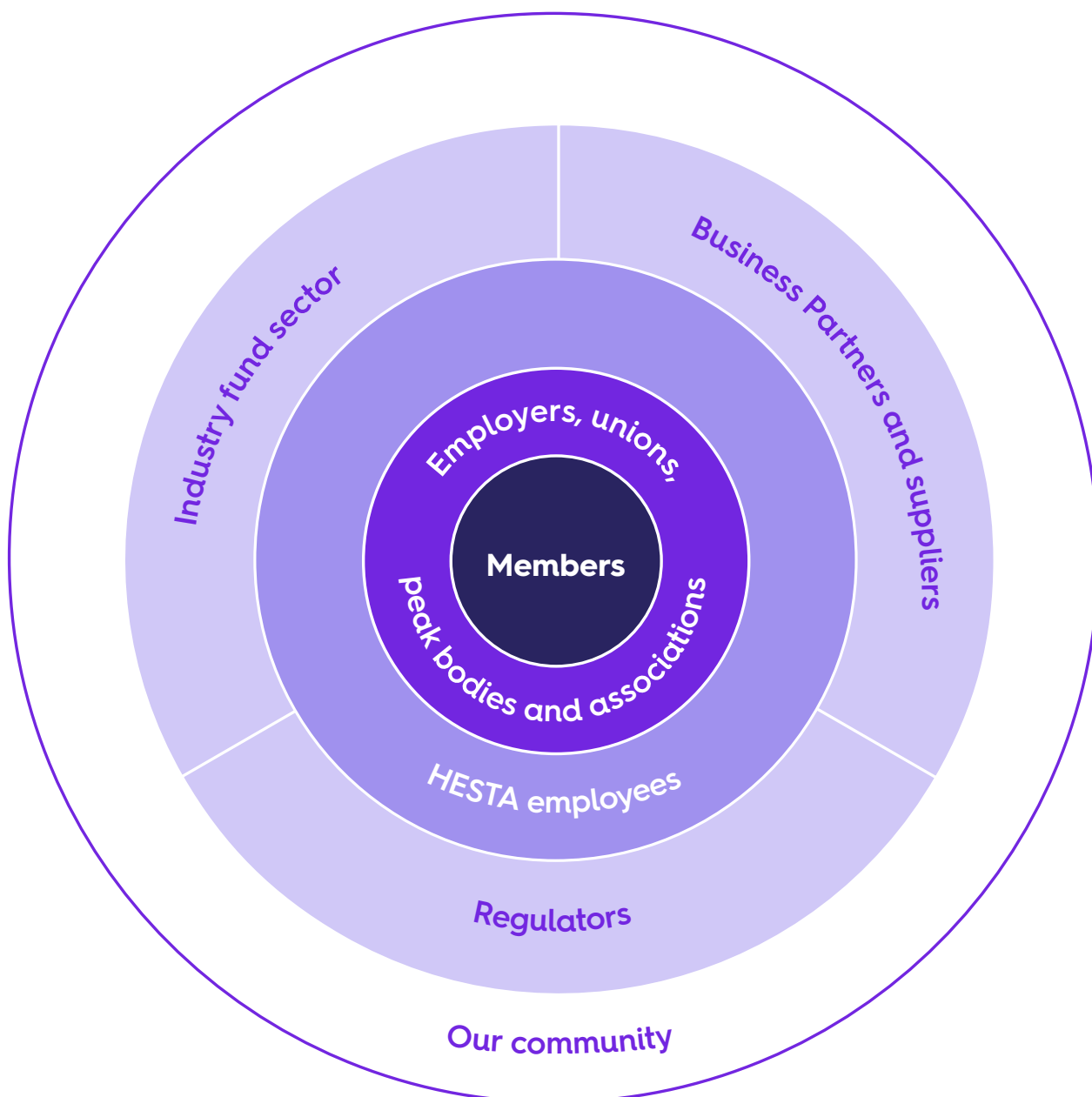


together is better

success is always achieved as a team

our context

we invest in and for people who make our world better. We tell the story of our purpose through Super with impact: the positive outcome we create by building the financial confidence of our members, advocating for change and investing responsibly to deliver strong long-term returns.



our stakeholders

Our members are at the centre of everything we do. And because approximately 80% of them are women, we have a special focus on issues that affect them.

our operating environment

> Economic environment

After years of economic stimulus and low interest rates, leading to strong economic growth and a strong labour market, we find ourselves in an economic environment with tightening monetary conditions. This is designed to curb the effects of inflation and encourage price stability. This change in direction of central bank activity, compounded by geopolitical uncertainty and the pace of inflation, has brought significant volatility to financial markets. In particular, listed equities and bonds have declined in response to persistent inflationary pressure. We are continuing to monitor the likely course of action from central banks and the impact this may have on growth.

> Strategic environment

The last few years of significant super policy intervention, a new government and balance of voices in parliament, have brought both opportunities and challenges as we advocate for policy settings that are in the best financial interests of our members. Our members continue to operate on the frontlines of the COVID-19 pandemic response across health, aged care, community services and early education.

The challenges they face individually and those of the organisations that employ them, will inform our thinking and priorities as we formulate our strategic response for FY2022/23 and beyond.

> Regulatory environment

Legislation passed in the past year included *Your Future Your Super* effective 1 July 2021, one measure coming from this legislation was to address underperformance in super. Also introduced was *Enhancing Super Outcomes*, passed in February 2022, which provided positive outcomes for members including the removal of the \$450 per month income threshold

our value creation story starts and ends with members; member contributions make HESTA possible, and member outcomes are our constant focus.

who we are & how we work...

what we do...

Our people and culture

We attract and keep the best people.
We up-skill and engage them.
We live our values and fulfil our brand promise.

Our governance, risk and compliance

We use a representative Trustee model.
We embed a focus on financial sustainability.

Our business partners

We select and work with our partners to build value for members.

Our research and insights

Our data-led decision making enables us to deliver increasingly personalised support for our members.

Our scale

The size of our membership and our fund gives us both power and responsibility.

We invest responsibly

We believe it's possible to achieve strong long-term investment returns and integrate environmental, social and governance considerations in our investment decision making.

We understand our members

We ask our members what they need.
We invest in technology that makes things easier. We design products and services that connect members to their super.

We stand up for what's right

We advocate for systems and structures that facilitate the fair and equitable participation of women in the economy, to help our members achieve a better retirement.

We partner with purpose

We choose to work with like-minded partners to help improve our members' financial outcomes and support the industry they work in.

what we strive to deliver...



A model of strong, long-term financial growth.

Strong long-term financial returns in line with members' best financial interests.



Meaningful, lasting change in opinion, policy and culture.



Positive financial and legislative outcomes for our members.



Superannuation services, help and advice for people who work in health and community services.

Strong partnerships aligned with our values and our members' best financial interests.



Highly skilled and engaged employees who strive to deliver for our members.

the value we help create...

**financial
confidence**

**advocating for
change**

**responsible
investment**



**We are an
industry super
fund. We work
only to benefit
our members.**

Find out more at
hesta.com.au/impact

3 year strategy 2022-24



strategic initiatives

1

Digitise and transform the way we work

6

Retain more members into retirement through market-leading product, service and engagement

2

Inspire a values-driven, high performance and accountable culture

7

Rapidly scale our investment data and systems management capabilities

3

Enhance and scale direct member acquisition

8

Optimise and future-proof integrated sourcing strategy and build internal capabilities where required

4

Design and embed a revised partner relationship model for growth

9

Enable sustained investment excellence through increasing internal capability

5

Ensure our sustainable growth option can match and capture market demand

10

Advocate and act to improve financial systems that deliver gender equal outcomes for our members

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our governance

> Why this matters to us

Good governance is the key to operating as a financially successful and sustainable fund for our members.

It lays the foundation of every aspect of our operations, ensuring we act prudently and in the best financial interests of our members.

Our governance framework ensures the responsibilities of both the Trustee Board and the Trustee Executive Team support fairness, transparency and accountability.

> How we create value

HESTA is managed by a corporate Trustee, H.E.S.T. Australia Limited, a not-for-profit public company limited by guarantee and regulated by legislative, regulatory and prudential obligations.

The Trustee is governed by a Board of Directors. The Board is made up of two independent Directors appointed by the Board and twelve Directors (six employee representatives and six employer representatives) who are appointed under the equal representation model and nominated by eligible guarantor organisations in health and community services.

The Board sets our strategic direction and monitors the implementation of our strategy by the Executive Team in accordance with our governance framework. The Fund is run in accordance with the Trust Deed and Constitution, relevant legislation and regulations. HESTA has adopted the Australian Institute of Superannuation Trustees' Governance Code to promote transparency and disclosure of our governance arrangements.

Identifying and managing risk is central to achieving our strategic objectives and purpose. Our risk management framework and internal controls identify, evaluate and manage risks in line with our risk appetite, which is reviewed and approved by the Board annually.

The HESTA Trustee holds professional indemnity insurance to protect both itself and the Directors from claims against them.

No claims have been made 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 during the year. HESTA does not make political donations.

14

trustee directors

6

employee
organisations

6

employer
organisations

1

independent
director
(chair of the
investment
committee)

1

independent
chair

4

board committees

**Like to know more about
the governing rules and
governance activities of
the Fund?**

You can access a full copy
of the HESTA Trust Deed,
the H.E.S.T. Australia Limited
Constitution and
Governance Disclosures at
hesta.com.au/disclosure

our board

Chairs



The Honorable Nicola Roxon
Independent Chair



Mark Burgess
Independent Director
and Chair of Investment Committee

Board changes in 2021/22

- Brett Holmes (nominating body: Australian Nursing and Midwifery Federation) joined the Board on 15 September 2021 following the resignation of Anna Claude on 16 July 2021.
- Benjamin Davison (nominating body: Australian Council of Trade Unions) joined the Board on 15 September 2021 following the resignation of Sophie Ismail on 23 August 2021.
- Kate Marshall (nominating body: Health Services Union) joined the Board on 1 January 2022 following Lloyd Williams' retirement on 31 December 2021.
- Stephen Cornelissen (nominating body: Aged & Community Services Australia) joined the Board on 14 February 2022 following Klaus Zimmermann's retirement on 31 December 2021.

Employer organisation appointed Directors



Dr Deborah Cole
Deputy Chair
Nominating body:
Australian Healthcare
and Hospitals Association



Stephen Cornelissen
Nominating body:
Aged & Community
Services Australia



Gary Humphrys
Nominating body:
Catholic Health
Australia



Catherine Smith
Nominating body:
Australian Council
of Social Service



Dr Saranne Cooke
Nominating body:
Leading Aged
Services Australia



Alan Morrison
Nominating body:
Australian Private
Hospitals Association

Employee organisation appointed Directors



Helen Gibbons
Deputy Chair
Nominating body:
United Workers Union



Lori-Anne Sharp
Nominating body:
Australian Nursing and
Midwifery Federation



Brett Holmes
Nominating body:
Australian Nursing
and Midwifery Federation



Emeline Gaske
Nominating body:
Australian Services
Union

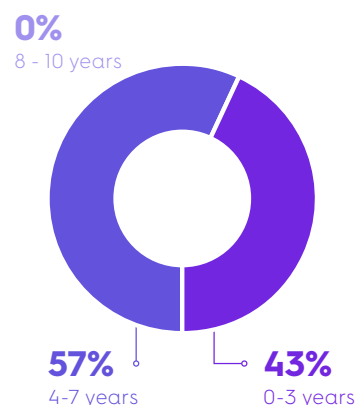


Benjamin Davison
Nominating body:
Australian Council
of Trade Unions

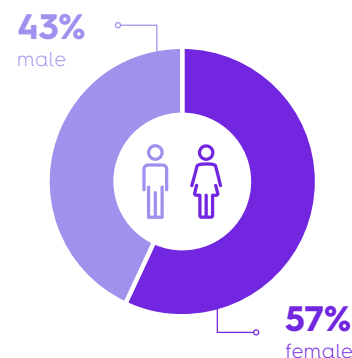


Kate Marshall
Nominating body:
Health Services
Union

Board tenure



Board diversity (gender)



Like to know more about our Board of Directors?

Visit our website for further details on our Board of Directors hesta.com.au/board including board and committee meeting attendances hesta.com.au/disclosure

board committees

Committee	Chair	Members
Finance Audit and Compliance Committee The Finance Audit and Compliance Committee is responsible for the oversight of financial and statutory reporting, trustee office, budget and insurance, internal and external audit programs, and the extensive range of compliance and regulatory obligations. In FY2021/22 the focus was defining and implementing the split of the previous standalone Audit and Risk Committee into the Finance Audit and Compliance Committee and the Risk Committee.	Gary Humphrys	Deborah Cole Alan Morrison Benjamin Davison Kate Marshall
Risk Committee The Risk Committee is responsible for the oversight of the effectiveness and operation of the Risk Management Framework and Strategy, including ongoing monitoring of the Enterprise Risk Environment, Information Security Strategy and Framework. In FY2021/22 the key area of focus was the review of the refreshed Risk Management Framework and Strategy.	Deborah Cole	Nicola Roxon Catherine Smith Emeline Gaske Brett Holmes
Governance and Remuneration Committee The Governance and Remuneration Committee is responsible for all governance and remuneration matters, including maintaining the appropriate balance of skills and expertise of Directors, reviewing Director training and education, Director and Executive Management remuneration and Board performance and processes. In FY2021/22 the key focus included the restructure of Board Committees and review of Board Committee structure.	Helen Gibbons	Nicola Roxon Catherine Smith Lori-Anne Sharp Alan Morrison
Investment Committee The Investment Committee is responsible for governing strategic investment decisions and providing strategic direction and oversight for HESTA's investment and responsible investment program. Its primary role is to assist the Board to set the Fund's investment objectives and ensuring adequate frameworks are in place to monitor and manage investment risks, including ESG risks and relevant impact considerations. In FY2021/22 it oversaw the launch of the Australian Equities internalisation project, which aims to improve net returns, capacity and investment opportunities for members. It also reviewed HESTA's investment objectives, strategy and governance framework to maintain alignment with evolving regulation, legislation (including Your Future, Your Super) and responsible investment ambitions.	Mark Burgess	Nicola Roxon Gary Humphrys Saranne Cooke Helen Gibbons Robert Mann <i>(External Adviser)</i>

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

> Our performance

Against a backdrop of significant regulatory change, strong governance remains a key focus for the Board. With a commitment to strong member outcomes, the Board approved the three year strategy that will become a key area of focus in the coming years. Managing risk has been a key focus of the Board. This year it undertook an enterprise risk review, which led to an uplift in HESTA's approach to risk management and the robustness of our Risk Management Framework and Strategy.

Despite the challenging investment environment, HESTA has continued to deliver strong financial outcomes for its members through competitive investment returns, enhancing our digital footprint and using our influence to call out inequalities that impact our members. We continue to advocate for real, long-lasting change through responsible investing with impact.

📍 Find out more at hesta.com.au/board

> Looking forward

The Board will continue to sharpen its focus for the coming year to ensure that it delivers outcomes through competitive long-term investment performance and high standards of governance to serve our members' interests and meet changing community expectations.

**11
August
2022**

On 11 August 2022 Trust Deed amendments were signed by directors of H.E.S.T. Australia Ltd (Trustee), which will only come into effect on the date the proposed successor fund transfer from Mercy Super to HESTA occurs.

Nature and effect of the Trust Deed amendments

The amendments allow the introduction of a separate Large Employer *MySuper* product including the rules applicable to such *MySuper* product, names a specified large employer, and makes consequential changes to the Trust Deed to better facilitate successor fund transfers into HESTA.

**20
September
2022**

On 20 September 2022 Trust Deed amendments were signed by directors of H.E.S.T. Australia Ltd (Trustee), which will only come into effect on the date the proposed successor fund transfer from Mercy Super to HESTA occurs.

Nature and effect of the Trust Deed amendments

The amendments update the Trust Deed amendments made on 11 August 2022 to clarify the categories of employers whose employees may be eligible to hold a Large Employer *MySuper* product in the Fund.

You do not need to do anything because of these changes, and an updated version of the Trust Deed will be made available on the website after the amendments become effective.

Other amendments made to the Trust Deed since the publication of the last Annual Report have been communicated by Significant Event notices - you can view these at hesta.com.au/sen

our executive

Purpose-led action is needed to help create the future our members want to see. Our leadership team remains focused on actions that support a better financial future for them.

📍 Find out more at hesta.com.au/whorunshesta



The HESTA Executive Leadership team:

Back row, left to right: Chief Investment Officer **Sonya Sawtell-Rickson**; Chief Operating Officer **Stephen Reilly**; Chief Growth Officer **Sam Harris**; Chief Financial Officer **Sally Collins**; Chief Advice Officer **Josh Parisotto**. Seated left to right: Chief Experience Officer **Lisa Samuels**; Chief Executive Officer **Debby Blakey**; Chief Risk and Compliance Officer **Andrew Major**.

our people and culture

> Why this matters to us

Our employees have always been driven by HESTA's strong purpose, putting members needs at the centre of every decision made. We focus on strong performance and create an engaging culture where people can do the best work of their careers.

Members' financial futures are impacted by our actions and decisions. This is why we're committed to growing our high-performing, future-focused and purpose-driven team.

More than ever, our people are focused on building high levels of capability, change agility and a growth mindset.

> How we create value

We attract innovative and transformation-ready people who deliver outstanding outcomes for HESTA members. Leadership and accountability are expectations for every person in every role, and this drives performance right across the Fund. Our people genuinely believe in making a difference, fuelling opportunities to make an impact for our members.

Even as we grow, our workforce maintains a lean and flexible operating model. This helps us control costs while maintaining the expertise to deliver our ambitious strategic goals.

We proactively shape the HESTA culture by recognising and reinforcing behaviour that aligns with our values, through our Cultural Framework – I Belong at HESTA. As we grow, our culture grows with us.

> Our performance

All data as at 30 June 2022



*wgea.gov.au

^employerofchoiceawards.com.au

New ways of working

In response to the new hybrid ways of working brought about by the pandemic, we developed a Future of Work vision that supports our employees to have a balanced world of work. We want to give our people the trust and autonomy to do their job in ways that suit their priorities while still delivering on our HESTA purpose. The results of implementing the Future of Work program have been outstanding. We have continued to attract quality talent in a contracted talent market, our engagement and employee retention rates are strong, and our teams are thriving and delivering incredible work.

> Corporate responsibility

Corporate responsibility is front-of-mind in everything we do to help create ongoing efficiencies that benefit members. We have transitioned the way we operate to reduce our impact on the environment.

In this reporting period we preserved our status as a certified Carbon Neutral Organisation under the Climate Active Standard for emissions produced from our business operations. Our operational emissions fell by 37% compared to the previous year. We attribute this to COVID lockdowns and aviation shutdowns. We have proposed a target to reduce our operational emissions by 45% from our 2018-19 baseline by 2030.

We have also bought certified offsets to offset business operation emissions, including savannah burning projects that support Aboriginal employment in the Northern Territory's Arnhem Land, tree planting initiatives in north-western NSW and windfarms in India.

OUR EMPLOYEE PHILOSOPHY

build & grow

Build our employees' capacity and capability so they can deliver on our strategic objectives



inspire

Discover, inspire, develop and retain purpose-driven employees who will continue to innovate and grow in capability, proficiency and confidence to continue to drive organisational performance



support

Support our employees' growth, wellbeing and work/life balance to retain skills and experience



engage

Actively engage with our community and the sector we serve through our corporate responsibility and awards programs, so our people are deeply connected to and inspired by members' work and needs



**Positive
member
outcomes**

our business partners

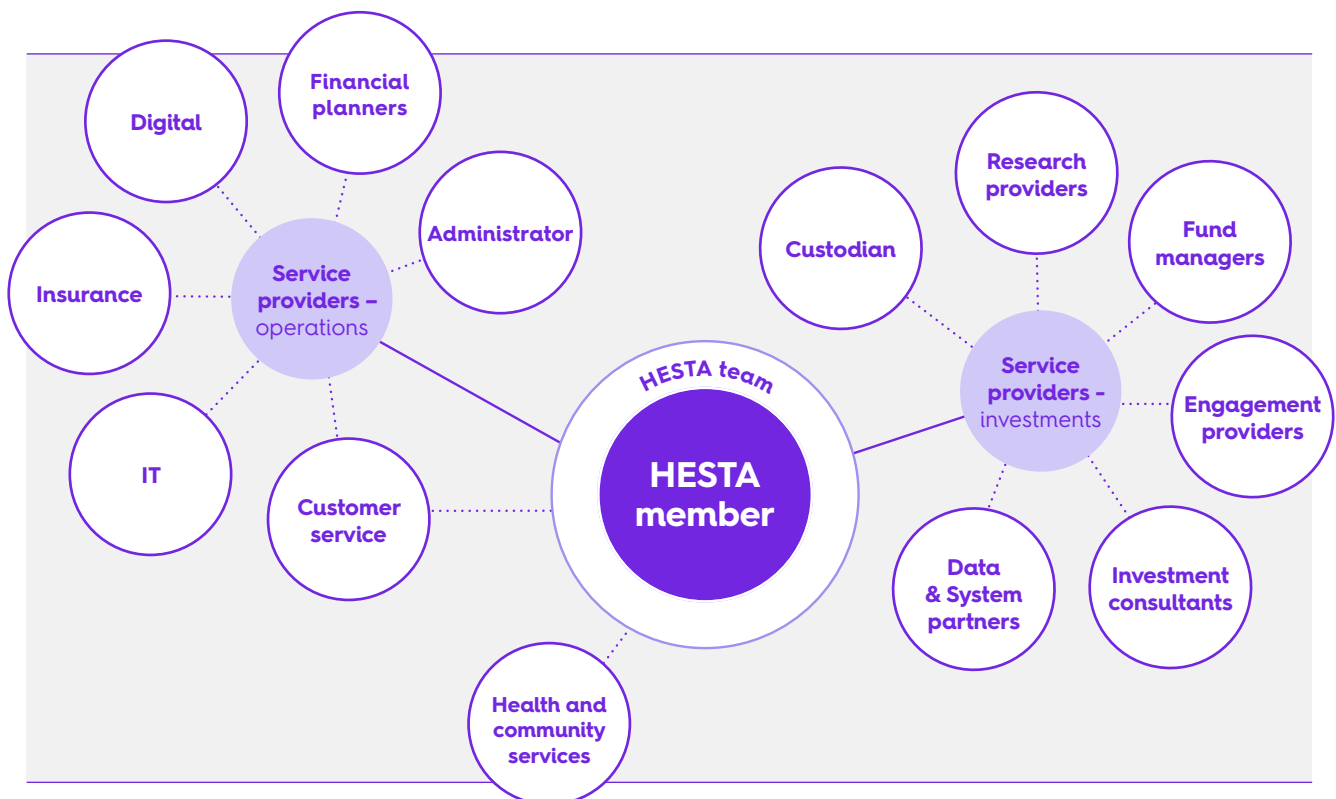
> Why this matters to us

Our partnerships are central to delivering real value to our members. We nurture strong relationships with business partners who we believe share our commitment to creating a better future for our members. By partnering with external providers and systems we can ensure HESTA stays lean and responsive, making good choices today while being flexible enough to respond to change.

> How we create value

We choose partners who:

- offer market-leading solutions for members
- share and support our purpose and member-focused approach
- increase our people's capacity and capability
- offer genuine value for money, to help us control costs
- ensure our strategy and execution are responsible and exemplify leading global practice
- support us to meet our regulatory obligations.



our member research and insights

> Why this matters to us

Our research and insights capability is the engine that drives our increasingly personalised support of our members' needs now, and throughout their journey with us.

> How we create value

We combine insights supported by leading research partners with our growing internal capability to inform the decisions we make on our members' behalf.

Voice of Member Interaction Program

This program is designed to help HESTA improve our members' experience across their journey with us. By continuously tracking 27 touchpoints, we're able to quickly identify problem areas and take action. In FY2021/22 we collected feedback from over 36,000 members and have contacted more than 3,000 members to provide further support.

Have a say

Our online insights panel has over 2,500 community members who provide timely member input on a range of subjects. In FY2021/22 we ran 10 surveys, bringing the member voice to initiatives including insurance, super on paid parental leave and testing for our brand campaigns.

Experience Design

Our human-centred design continues to play a key role in helping our employees deliver better outcomes for our members. This capability enables us to cultivate deep empathy for our members and design solutions that help them feel confident that we can support their needs.

We used human-centred design to develop Future Planner - a digital tool that aims to motivate and empower members with the education and advice they need to improve their financial wellbeing. We designed it with our members, for our members.

> Our performance

Ada data insights platform

During the year we introduced several new tools and insights to help our employees understand our members, employers and our own performance. We also made Ada's insights more available to other digital services provided by HESTA for members, enabling a consistent and seamless experience. Through Ada we drive interactions that are meaningful and powerful, that empower our members to take steps toward a better financial future.

Ada Says

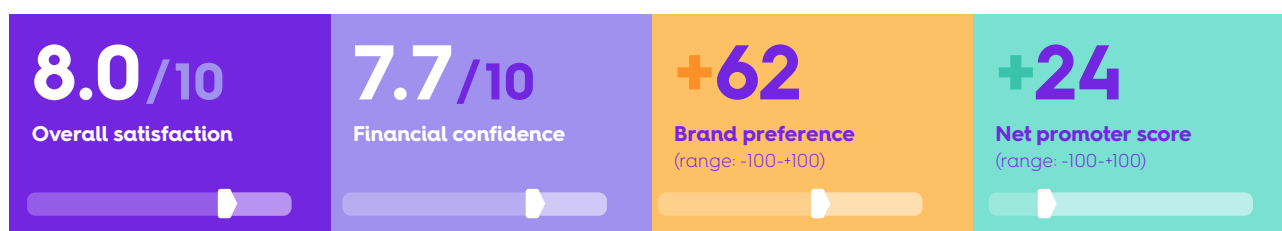
Ada Says is a tool developed to create a personalised list of suggested actions for every member, aimed at maximising their retirement readiness.

Adding to its sustained success in the call centre in the previous two years, we are in the process of integrating Ada Says with our HESTA public website, with the aim of driving greater levels of engagement.

Member satisfaction and brand research

Our Brand and Member Experience Programs provide critical strategic input informing initiative prioritisation and advertising in market.

This year we launched a new program that provides an always-on measure of our member experience and of how HESTA is perceived. It also helps us keep a pulse check on HESTA and our key competitors. The new program utilises market leading conversational artificial intelligence to provide a better survey experience, and capture and analyse open-ended feedback.



Source: Brand & Member Experience Tracker FY2021/22

Other research

This year we refreshed our member segmentation model to give us an even deeper understanding of our members, including their circumstances, needs, feelings and aspirations. Segmentation is now widely used to support key activities and initiatives across the Fund.

Understanding member experience and expectations was also pivotal to the development of our Retirement Income Strategy. Through focus groups and online research with pre and post retirees, we collected insights on how members feel about risk, income flexibility, living expenses and housing in retirement.

This year we also researched parental leave to build on our strong foundations of improving the financial circumstances of parents. Our research explored the impact of parental leave on members and their attitudes to super entitlements on this type of leave. There was strong support for superannuation to be paid on all parental leave.

We also continued research into our Sustainable Growth investment option which will be used to inform future developments. This gave us a real insight into what our members expect of this option, and their appetite for various themes around investment in sustainability.

> Looking forward

As we continue to build on our market leading insights, experience and analytics capabilities, we will provide our people the time, tools and information they need to create meaningful change for our members, community and society.

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we invest responsibly

> Why this matters to us

At HESTA, we invest in and for people who make our world better.

We want our members to face the future with confidence.

Preparing our members for the future means generating sustainable long-term investment performance. Achieving this requires us to take a long-term perspective on how investments improve the planet and society in which our members live, work and retire.

> What is responsible investment?

Responsible investment is the management of environmental, social and governance (ESG) risks and opportunities throughout our investment process to promote the best financial interests of our members. We believe members' best financial interests are served by having a deep commitment to responsible investing. We integrate responsible investment considerations across our investment processes and decision making and act as active stewards of members' retirement savings.

> How we create value

We use a total portfolio approach, which helps us develop a deep understanding of investment markets and enables us to assess the interconnected opportunities and risks across global asset classes. This gives our investment team the ability to invest with confidence and conviction as we strive to create better financial outcomes for members.

HESTA is what is referred to as a universal owner: a large, diversified asset owner, where the scale and breadth of our investment portfolio is invested in a slice of the global economy. We are therefore exposed to broader risks and opportunities that can impact the financial system, including companies in different locations around the world. These systemic risks and opportunities can impact markets and have the potential to drive investment returns, and ultimately the retirement savings of members.

Factors such as gender equality, decent work, and good health and wellbeing all support strong and stable economies, while issues like climate change and biodiversity loss have the potential to undermine market conditions. We strive to take action that protects our members' financial futures.

> Our performance

The latter half of 2021 saw growth assets perform strongly, but in 2022, markets became more risk averse. We witnessed sharp selling pressure as markets began to reconcile rising inflation, interest rate rises and growth concerns.

Against this challenging backdrop, HESTA's *MySuper* investment option, Balanced Growth, delivered -1.79%, performing in the top-10 relative to the peers over the year[^].

When we look at the long-term performance, our Ready-Made (Super and Income Stream) diversified options have generated sustained, strong performance over 10-years* and have outperformed their investment objectives over a 10-year timeframe*. Seven of our eight Ready-Made (Super and Income Stream) diversified options are ranked in the top-10 versus peers over five and 10 years to 30 June 2022*[^]. The remaining investment option has performed in the top-10 over 5 years, and is above median over 10 years.

*Excludes Indexed Balanced Growth, which commenced 1 October 2020.

[^]Source: SuperRatings ratings agency. SuperRatings Fund Crediting Rate Survey June 2022.

How we invest

Our members are invested for the long-term, and so are we. We invest with a long-term investment horizon, which allows us to benefit from more illiquid opportunities, and demand a higher return for being a liquidity provider to capital markets. Our investment horizon encourages us to focus and prepare for emerging trends, opportunities and risks, beyond the average investors' timeframe, which helps us to be positioned 'ahead of the herd' to generate value.

Each of our Ready-made diversified investment options starts with a strategic asset allocation based on expectations of how asset classes will perform and interact over the long term.

Because financial market conditions change over time, and likewise, our outlook on forward returns and risks evolve, we adopt a total portfolio approach and actively adjust asset allocations and positions to improve probabilities of achieving the investment objectives.

We invest both in strategies managed by our internal teams as well as by external managers, bringing together a broad range of investment capability and a breadth of market perspectives. We focus on building strong long-term partnerships with leading investment organisations, and working together to achieve strong outcomes for members.

Due to our size, we are able to use our economies of scale to keep costs competitive for our members.

Together, our investment processes and our people strive for investment excellence with impact to create better long-term financial outcomes for our members.

OUR BELIEFS

A strong set of beliefs guides the decisions we make on behalf of our members.



Clear objectives, and a long horizon mind-set, can deliver better financial futures for our members



A disciplined total portfolio approach, which actively balances forward returns and risks, leads to improved investment outcomes



Members' best interests are served by having a deep commitment to responsible investing



Aligned active approaches give us greater capacity to protect and grow returns for members



Strong partnerships can deliver better member outcomes

Our performance (continued)

Investing for outcomes

We recognise that our investment decisions can have an impact beyond the financial returns they generate for our members, by also impacting the world in which they live, work and retire. HESTA seeks to create positive outcomes by building the financial confidence of our members, advocating for change and investing responsibly to deliver strong long-term returns.

Being a long-term large global investor means we are exposed to global markets, and our long-term performance will be impacted by the health of the financial system in the long term. As such, we need to examine the factors that may pose a risk or opportunity to financial systems and our ability to deliver returns over the long-term for our members. Through capital allocation, active ownership, and advocacy we aim to contribute to positive investment outcomes aligned with the aims of the UN Sustainable Development Goals (SDGs).

UN Sustainable Development Goals (SDGs)

HESTA has selected eight priority SDGs for initial focus.



The SDGs are ambitious global goals established by the United Nations in 2015 to transform the world by 2030 and cover social and economic development issues such as health, education, gender equality and affordable and clean energy. As the focus of government policy, they can also indicate areas of investment opportunity.

Sustainable Development Goal		% of listed equity portfolio ^
3	Good Health & Wellbeing	10.06%
7	Affordable & Clean Energy	1.22%
9	Industry & Innovation	0.65%
6	Clean Water	0.25%
11	Sustainable Cities	0.19%
4	Education	0.18%
2	Zero Hunger	0.16%
12	Responsible Consumption	0.12%
14	Life Below Water	0.04%
15	Life On Land	0.03%
13	Climate Action	0.01%

^HESTA investment allocation as at 30 June 2022.

Measuring the impact

We recognise the need to understand, measure and manage our contribution to the SDGs.

As part of our impact measurement, we have subscribed to the Sustainable Development Investments Asset Owner Platform (SDI AOP). The platform identifies the percentage of a company's revenue aligned to underlying SDG targets, according to an agreed taxonomy¹.

SDI AOP data helps us measure the level of SDG alignment of our investment portfolios.

At 30 June 2022, based on the SDI AOP data, HESTA had \$4.1b² invested in sustainable development investments through its listed equities. This represented approximately 12.9% of HESTA's total listed equity portfolio. The listed equity portfolio's largest contribution is to SDG3 – Good Health and Wellbeing, contributing over 10%.



¹<https://www.sdi-aop.org/how-it-works/>

²Alignment is for listed equities only. For SDI Confidence levels 3 and above according to the SDI taxonomy. Inconsistency between separate and combined figures due to rounding. Aggregated figure computed using raw values. SDI Alignment data as of 30 June 2022.

Active ownership

Active ownership (incorporating company engagement, voting and advocacy) is an important part of how we manage environmental, social and governance risks. By engaging with our investment managers, portfolio companies, regulators and policy makers we are able to influence the management of material ESG issues that can impact long-term returns at company and market level. We do this as part of our responsibility to protect and enhance long-term investment value for HESTA members.

> Case studies

Engaging the issue	Climate change poses a material, direct and current financial risk. Climate risks include physical, transition and liability risks which can cause damage to assets, reduced revenue, increased costs, changes in asset viability, business disruption and penalties. We believe that members' best financial interests are served through a timely, equitable and orderly transition to a low carbon economy. We believe that acting early and managing effects on communities will help to minimise negative economic, social and environmental impacts in the future.	 
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ACTIVE OWNERSHIP IN ACTION – ENGAGE THE ISSUE


The issue	AGL, Australia's largest emitter of greenhouse gases, proposed to demerge its business into two, creating a separate business for its coal-fired power stations. This new entity, Accel, would run the coal-fired power stations with no commitment to close these plants in a timeframe aligned with the Paris Agreement goals ³ .
Initial engagement	HESTA has a history of engaging AGL regarding climate-related risk, both directly and through collaborative initiatives such as Climate Action 100+ and Australian Council of Superannuation Investors.
The impact	Our view was that the proposed demerger did not adequately support economy-wide decarbonisation which is in the best financial interest of HESTA members. The proposed model did not incentivise AGL Australia or Accel to invest in renewables and storage at the scale required or reduce emissions and close coal-fired power plants within a timeframe aligned with a <2 degree Celsius scenario. With consideration to the stranded asset risk for Accel, along with demerger costs, ongoing coal asset maintenance costs and long-term electricity price uncertainty, our research suggested a combined entity would give AGL the better opportunity for a Paris Agreement-aligned energy transition.
HESTA advocacy	HESTA supports the aim of the Paris Agreement to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels and has called on AGL to take advantage of opportunities for its business to transition to and support a low carbon economy. After meeting with AGL, we were unconvinced that its demerger strategy would help to accelerate the transition. As a result, we publicly indicated our intent to vote against the demerger. In light of rising resistance from shareholders, the AGL Board decided to withdraw the demerger proposal. We are continuing active engagement with AGL, including Board revitalisation and the redevelopment of the forward strategy.
Shared learnings to support long-term change	Building on our role through Climate Action 100+ as lead investor with South32 ⁵ , we have now become the lead investor in AGL. We will work with other investors, advocating to AGL on the need for a transparent Paris Agreement-aligned decarbonisation plan. If AGL commits to Paris Agreement-aligned emission reduction targets, this will have a significant positive impact on Australia's pathway to Net Zero ⁴ , lowering the overall systemic risk exposure of our members' investments.

It's important that investors like HESTA use our influence to challenge high emitting companies to act faster on climate change and by doing so help protect our members' investments.

³ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

⁴ <https://www.un.org/en/climatechange/net-zero-coalition>


⁵ See climateaction100.org and south32.net

Advocate for the issue	<p>Women in Australia are able to access greater opportunities when workplaces are fairer and more inclusive. Increased opportunity is also good for the economy - it's estimated that closing the gender gap in the labour market would grow Australia's gross domestic product (GDP) by 11%⁵.</p> <p>When economic systems and workplaces work for women, women are better able to participate and thrive, and in turn maximise their super contributions and retirement outcomes. This issue is especially relevant for HESTA given approximately 80% of our members are female.</p>	<p>5 GENDER EQUALITY</p> 
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ACTIVE OWNERSHIP ACTION – ADVOCATE FOR A MORE INCLUSIVE SOCIETY

The issue	The 2021 Chief Executive Women Census ⁶ reported that women held only 26% of ASX300 executive roles, well below their 40% target, and only 1 out of 23 Chief Executive Officers appointed, were women. In fact, research shows that at current progression rates, women will not achieve parity at CEO level until 2100 ⁷ .
Initial engagement	Board and Executive composition have been a long-standing engagement priority for HESTA. We were an early supporter of the 30% Club's push for more women on boards and executive leadership.
The impact	Findings from the Workplace Gender Equality Agency and the Bankwest Curtin Economics Centre show that in 2020, an increase in female 'top-tier' managers by 10 percentage points or more led to a 6.6% increase in the market value of Australian ASX-listed companies, worth the equivalent of AUD\$104.7 million ⁸ . In 2022 analysis by RealIndex reports how gender diversity in leadership has a positive correlation with return on assets, return on equity and profit margins, which enhances the value of our investment and the returns we can deliver to members.
HESTA advocacy	HESTA has led '40:40 Vision' ⁹ , an initiative which has set an ambitious target of achieving gender representation of 40% identifying as female, 40% identifying as male, and 20% identifying as any gender (40:40:20) within the Executive teams of ASX300 listed companies by 2030.
Shared learnings to support long-term change	40:40 Vision has been supported by industry partners and institutional investors, who understand gender diversity in leadership is an important means of boosting investment returns while supporting social equity. At June 2022, 40:40 Vision had 24 signatory companies (comprising 25% of ASX300 market capitalisation) committed to achieving 40:40:20 by 2030.

ACTIVE OWNERSHIP IN ACTION – WORKING TO GENERATE POSITIVE CHANGE

Using our vote for the issue	<p>The overuse of antibiotics in livestock is one of the key causes of antimicrobial resistance (AMR) and intensifies the ability of diseases to resist antibiotics, leading to loss of life and increased poverty. The World Health Organisation has named AMR as one of the top 10 global health threats and estimates that by 2050 around 10 million people will die every year due to AMR infections⁹.</p> <p>With many of HESTA's 930,000+ members working in the healthcare sector, our members see the increasing challenge and effects of antimicrobial resistance in their work every day, through an increase in hospital admissions and longer hospital stays as well as the resulting financial impact on patients and the healthcare system.</p>	<div>3GOOD HEALTH AND WELL-BEING</div> 
Case study	Hormel Foods, a company held in our international equities portfolio, has been found to use medically important antibiotics in livestock.	
Initial engagement	Engagement by multiple parties over a number of years has failed to result in significant changes in the behaviour of Hormel Foods.	
The impact	Research has found that AMR could cause \$100 trillion in lost global production by 2050 ¹⁰ as a result of antibiotics and other antimicrobial drugs no longer treating infections the way they're supposed to, which could affect our investment portfolio and member returns.	
HESTA advocacy	HESTA filed a shareholder resolution calling for a study on the public health costs from the use of antibiotics in Hormel Food's supply chain and how this affects diversified shareholders.	
Shared learnings to support long-term change	While the shareholder resolution wasn't passed, it helped raise awareness of the issue amongst shareholders. We expect to see support for similar issues increase as global investors and their proxy advisers recognise the impacts of systemic issues such as AMR on their portfolios.	

⁵<https://www.vic.gov.au/benefits-gender-equality>

⁶https://cew.org.au/wp-content/uploads/2021/09/CEWCENSUS21_ASX300Report_FINAL.pdf

⁷<https://bcec.edu.au/assets/2019/02/BCEC-WGEA-Gender-Equity-Insights-2019-Report.pdf>

⁸https://www.wgea.gov.au/sites/default/files/documents/BCEC%20WGEA%20Gender%20Equity%20Insights%202020%20Delivering%20the%20Business%20Outcomes_WEB_FINAL.pdf

⁹<https://www.lgimblog.com/categories/esg-and-long-term-themes/anti-microbial-resistance-why-should-investors-care/>

¹⁰<https://www.worldbank.org/en/news/press-release/2016/09/18/by-2050-drug-resistant-infections-could-cause-global-economic-damage-on-par-with-2008-financial-crisis>

¹¹hesta.com.au/4040vision

ACTIVE OWNERSHIP – MEASURING THE IMPACT

FY2022 engagement outcomes	FY2022 voting outcomes																						
<p>Engagement with companies is undertaken directly by HESTA and indirectly through our service providers and our external investment managers. Over FY2022, we attended 1,560 company meetings that involved a range of ESG-related themes.</p> <table> <tr> <th>Theme</th><th>% of meetings theme was discussed</th></tr> <tr> <td>Environmental</td><td>68%</td></tr> <tr> <td>Social</td><td>47%</td></tr> <tr> <td>Governance</td><td>78%</td></tr> <tr> <td>Strategy, Risk and Communication</td><td>26%</td></tr> </table> <p><small>*The table reflects aggregated data sourced from internal record keeping and external service providers. Excludes Investment Manager meetings. Data as at 30 June 2022.</small></p>	Theme	% of meetings theme was discussed	Environmental	68%	Social	47%	Governance	78%	Strategy, Risk and Communication	26%	<p>Voting decisions on our company holdings are made by HESTA based on what we believe is in the best financial interests of our members. We consider our active ownership priorities, along with company dialogue and consultation with our investment team, proxy advisers, engagement service providers and other relevant stakeholders.</p> <table> <tr> <th colspan="2">Australian equities</th></tr> <tr> <td>Resolutions voted on</td><td>1,787</td></tr> <tr> <td>Voting results</td><td>9% of votes were against management</td></tr> <tr> <th colspan="2">International equities</th></tr> <tr> <td>Resolutions voted on</td><td>46,057</td></tr> <tr> <td>Voting results</td><td>17% of votes were against management</td></tr> </table> <p><small>*The table reflects data provided by HESTA proxy advisers. Data as at 30 June 2022.</small></p>	Australian equities		Resolutions voted on	1,787	Voting results	9% of votes were against management	International equities		Resolutions voted on	46,057	Voting results	17% of votes were against management
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Climate Change Transition Plan

In FY2019/20, HESTA became the first major Australian super fund to commit to reduce absolute carbon emissions across the investment portfolio to Net Zero by 2050, with an interim target of 33% by 2030 as part of our Climate Change Transition Plan.

Although we are proud of the success of our strategy to date, our consideration of climate-related risk is not static. As our members would expect, our approach is regularly reviewed and enhanced to reflect developments in areas such as government regulation.

We know that climate change remains a significant challenge. Since HESTA set its Net Zero target two years ago, the Intergovernmental Panel on Climate Change has released updated science¹.

The science is now telling us this is a critical decade and that mitigating climate change-related risks requires an accelerated transition and a more rapid reduction in emissions.

HESTA recognises climate change requires a more ambitious interim target and we have now strengthened our 2030 target from a 33% to 50% reduction in normalised emissions², measured against a 2020 baseline.

Emissions reductions alone are insufficient to catalyse the transition to a low carbon world. As part of the announcement of a new interim emission reduction target, HESTA has committed to, by 2030, investing 10% of its portfolio in climate solutions, such as renewable energy and sustainable property³.

Climate change presents a complex systemic risk for investors to manage and there's no simple solution. To achieve our targets⁴ will require us to continue to adjust and advance our approach to management of climate-related risks as circumstances change. However, our analysis gives us confidence that our targets are practicable and achievable, appropriately manage risk, and are in the best financial interests of HESTA members over the long term.

More information about the progress made to deliver on our climate commitments is available at hesta.com.au/climate-action

¹<https://www.ipcc.ch/report/ar6/wg3/>

²Scope 1 and 2 emissions per dollar invested

³Identification of additional opportunities have been based upon the HYPERLINK "https://www.sdi-aop.org/how-it-works/" Sustainable Development Investment Asset Owner Platform (SDI AOP) Taxonomy. Investments aligned to SDG 7, 11.1 and 13 have been included in the baseline.

⁴More information about assumptions relied upon in setting the targets in our climate change statement at hesta.com.au/climate-action

investment managers

as at 30 June 2022



Asset Class	Investment manager
Cash	First Sentier Investors (Australia) IM Limited
	IFM Investors Pty Ltd
	JP Morgan Chase Bank, N.A.
	State Street Global Advisors, Australia, Limited
	H.E.S.T. Australia Ltd
Global debt	BlackRock Asset Management (Australia) Limited
	Challenger Investment Partners Limited
	Citigroup Global Markets Australia Pty Limited
	IFM Investors Pty Ltd
	Macquarie Investment Management Australia Limited
	Macquarie Securities (Australia) Limited
	Oaktree Capital Management, L.P.
	PIMCO Australia Pty Limited
	Schroders Investment Management Australia Limited
Property	Westbourne Credit Management Limited
	AEW Capital Management, L.P.
	Citigroup Global Markets Australia Pty Limited
	EG Funds Management Pty Ltd
	Eureka Funds Management Limited
	Franklin Templeton Investments Australia Limited
	Heitman Capital Management, LLC
	Investa Wholesale Funds Management Limited
	ISPT Operations Pty Ltd
	Kohlberg Kravis Roberts & Co. L.P.
	Macquarie Securities (Australia) Limited
	MSREF V International-GP, L.L.C.
	Nuveen Alternatives Europe S.à r.l.
	Nuveen Real Estate Management Limited
	QIC Property Management Pty Ltd
	Scarborough Pacific Group Pty Limited
	Stride Property Limited
International shares	Antipodes Partners Limited
	Baillie Gifford Overseas Limited
	BlackRock Investment Management (Australia) Limited
	Citigroup Global Markets Australia Pty Limited
	Generation Investment Management LLP
	Lazard Asset Management Pacific Co
	Martin Currie Investment Management Limited
	Mirova US LLC
	Robeco Hong Kong Limited
	Sanders Capital LLC
Australian shares	State Street Global Advisors, Australia, Limited
	Allan Gray Australia Pty Limited (formerly Orbis)
	Cooper Investors Pty Limited
	Citigroup Global Markets Australia Pty Limited
	Greencape Capital Pty Ltd
	IFM Investors Pty Ltd
	Macquarie Securities (Australia) Limited
	Magellan Asset Management Limited (novated from Airtie Funds Management Pty Limited)
	Pendal Group Limited
	State Street Global Advisors, Australia, Limited
	Touchstone Asset Management Pty Ltd
	Yarra Funds Management Limited
	H.E.S.T. Australia Ltd

as at 30 June 2022

Asset Class	Investment manager
Infrastructure	IFM Investors Pty Ltd
	Kohlberg Kravis Roberts & Co. L.P.
	Macquarie Fund Advisors Pty Limited
	Morrison & Co Utilities Management (Australia) Pty Ltd
	Pacific Equity Partners Pty Ltd
	Palisade Investment Partners Limited
	Stafford Timberland Limited
Private equity	Adveq Management AG
	Ascendent Capital Partners Limited
	Blackbird Ventures Pty Ltd
	Brandon Capital Partners Pty Ltd
	Castik Capital Partners GmbH
	Frontier Consulting Australia Pty Ltd
	FTV Management Company, L.P.
	Generation Investment Management LLP
	IFM Investors Pty Ltd
	Industry Super Holdings Pty Ltd
	Leapfrog Investments Group Ltd
	Lexington Advisors Inc
	Madison-India Management Advisors Private Limited
	Oaktree Capital Management, L.P.
	Rio Energy Management LLC
	Rockbridge Growth Equity Management, L.P.
	Stafford Fund Nominees Pty Ltd
	Stafford Private Equity Pty Ltd
	Stafford Private Equity Inc
	Stone Point Capital LLC
	TDR Capital, LLP
	Vencap Limited
Alternatives	AlphaCat Managers Limited
	BlackRock Financial Management, Inc
	Healthcare Royalty Management, LLC
	Integral ILS Ltd.
	Kohlberg Kravis Roberts & Co. L.P.
	Members Equity Bank Pty Limited
	Nephila Capital Limited
	Oaktree Capital Management, L.P.
Currency management	Social Ventures Australia
	Lee Overlay Partners Limited
	Insight Investment Management Limited
Risk management strategies	Russell Investment Management Limited
	QIC Limited
	Russell Investment Management Limited

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




super investment options

Ready-Made options*	Balanced Growth Our MySuper default option	Conservative																																																												
	Options in risk order																																																													
Description	<p>This is our default investment option where a majority of our members have their super invested.</p> <p>Invests in a wide range of mainly shares, property and infrastructure, with some private equity, alternatives, debt and cash investments. With a higher exposure to growth assets, this option may experience high volatility.</p>	<p>Invests in a range of mainly debt and cash, with some exposure to shares, alternatives, property and infrastructure. With less exposure to growth assets and more exposure to defensive assets, this option may experience low volatility.</p>																																																												
Investment objective (long-term)	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 1.5%																																																												
Probable number of negative annual returns over 20 years	4 to less than 6	2 to less than 3																																																												
Risk level	High	Medium																																																												
Suggested minimum investment timeframe	5 to 7 years	1 to 3 years																																																												
Type of investor this option may suit	Ambitious	Cautious																																																												
Strategic asset allocation	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>24%</td><td>15 - 40%</td></tr> <tr> <td>International shares</td><td>30%</td><td>15 - 45%</td></tr> <tr> <td>Private Equity</td><td>4%</td><td>0 - 15%</td></tr> <tr> <td>Alternatives</td><td>2%</td><td>0 - 15%</td></tr> <tr> <td>Infrastructure</td><td>10%</td><td>5 - 25%</td></tr> <tr> <td>Property</td><td>6%</td><td>0 - 20%</td></tr> <tr> <td>Global debt</td><td>19%</td><td>0 - 35%</td></tr> <tr> <td>Cash</td><td>5%</td><td>0 - 30%</td></tr> <tr> <td>Currency exposure*</td><td>20%</td><td>0 - 35%</td></tr> </tbody> </table> <p>Previously named Core Pool</p>	Asset class	Strategic allocation	Allocation range	Australian shares	24%	15 - 40%	International shares	30%	15 - 45%	Private Equity	4%	0 - 15%	Alternatives	2%	0 - 15%	Infrastructure	10%	5 - 25%	Property	6%	0 - 20%	Global debt	19%	0 - 35%	Cash	5%	0 - 30%	Currency exposure*	20%	0 - 35%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>11%</td><td>5 - 20%</td></tr> <tr> <td>International shares</td><td>11%</td><td>5 - 15%</td></tr> <tr> <td>Private Equity</td><td>-</td><td>-</td></tr> <tr> <td>Alternatives</td><td>1%</td><td>0 - 15%</td></tr> <tr> <td>Infrastructure</td><td>12.5%</td><td>0 - 25%</td></tr> <tr> <td>Property</td><td>8.5%</td><td>0 - 20%</td></tr> <tr> <td>Global debt</td><td>38%</td><td>25 - 55%</td></tr> <tr> <td>Cash</td><td>18%</td><td>10 - 30%</td></tr> <tr> <td>Currency exposure*</td><td>10%</td><td>0 - 25%</td></tr> </tbody> </table> <p>Previously named Conservative Pool</p>	Asset class	Strategic allocation	Allocation range	Australian shares	11%	5 - 20%	International shares	11%	5 - 15%	Private Equity	-	-	Alternatives	1%	0 - 15%	Infrastructure	12.5%	0 - 25%	Property	8.5%	0 - 20%	Global debt	38%	25 - 55%	Cash	18%	10 - 30%	Currency exposure*	10%	0 - 25%
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Past performance is not a reliable indicator of future performance and the value of your investment can rise or fall.

* Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

* To understand how we determine probable number of negative annual returns; risk level; and investor type, read *Investment choices* at hesta.com.au/pds

Indexed Balanced Growth	Sustainable Growth	High Growth																																																																																										
Invests in a mix of low-cost asset class strategies that aim to closely match index returns. With a high exposure to growth assets, this option may experience high volatility.	This is our sustainable investment option, designed for members seeking to avoid exposure to particular activities while contributing to sustainable outcomes. Invests in shares, debt and property, with some private equity and cash investments. With a higher exposure to growth assets, this option may experience high volatility.	Invests in a wide range of primarily Australian, international shares and private equity, along with some exposure to alternatives, property, infrastructure, debt and cash. With the highest allocation to growth assets across our Ready-made options, this option may experience very high volatility.																																																																																										
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* To understand how we determine probable number of negative annual returns; risk level; and investor type, read *Investment choices* at hesta.com.au/pds

super investment options

Your Choice options*	Cash and Term Deposits	Diversified Bonds																								
	Options in risk order																									
Description	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long term.	Invests in Australian and international government bonds and other debt. This option is expected to earn a higher return than cash and may experience low volatility.																								
Investment objective	Over the long term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the Bloomberg Ausbond Bank Bill Index.	Over the long term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the combination of: <ul style="list-style-type: none"> • 50% Bloomberg AusBond Composite 0+ Year Index • 50% Bloomberg Barclays Global Aggregate ex Australia Index Hedged to \$A 																								
Probable number of negative annual returns over 20 years	Less than 0.5	4 to less than 6																								
Risk level	Very low	High																								
Suggested minimum investment timeframe	Less than 1 year	1 to 3 years																								
Type of investor this option may suit	Very Cautious. Or an investor seeking to create their own portfolio, who would like to include cash, cash products and term deposits, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include debt and other fixed interest investments, or seeking exposure to this asset class.																								
Strategic asset allocation	<table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Term deposits</td><td>50%</td><td>0 - 60%</td></tr> <tr> <td>Cash</td><td>50%</td><td>40 - 100%</td></tr> <tr> <td>Currency exposure*</td><td>-</td><td>-</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Term deposits	50%	0 - 60%	Cash	50%	40 - 100%	Currency exposure*	-	-	<table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Global debt</td><td>100%</td><td>50 - 100%</td></tr> <tr> <td>Cash</td><td>0%</td><td>0 - 25%</td></tr> <tr> <td>Currency exposure*</td><td>-</td><td>-</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Global debt	100%	50 - 100%	Cash	0%	0 - 25%	Currency exposure*	-	-
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as at 30 June 2022

Property and Infrastructure	International Shares	Australian Shares																																							
Invests in Australian and global property and infrastructure, along with some cash. This option is expected to earn a higher return than cash and global debt and may experience moderate volatility.	Invests in a range of companies listed on stock exchanges around the world. With a full allocation to shares, this option may experience very high volatility.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. With a full allocation to shares, this option may experience very high volatility.																																							
Over the long term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%.	Over the long term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the combination of: <ul style="list-style-type: none"> · 77.5% MSCI World ex Australia Index in \$A Net Dividends Reinvested · 22.5% MSCI Emerging Markets Index in \$A Net Dividends Reinvested · 50/50 \$A Hedged/Unhedged 	Over the long term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the S&P/ASX 300 Accumulation Index.																																							
3 to less than 4	6 or greater	6 or greater																																							
Medium to High	Very high	Very high																																							
3 to 5 years	7 to 10 years	7 to 10 years																																							
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* To understand how we determine probable number of negative annual returns; risk level; and investor type, read *Investment choices* at hesta.com.au/pds



income stream investment options

Ready-Made options

as at 30 June 2022

Ready-Made options^		Balanced Growth				
Options in risk order						
Description	Invests in a wide range of mainly shares, property and infrastructure, with some private equity, alternatives, debt and cash investments. With a higher exposure to growth assets, this option may experience high volatility.					
Investment objective* (long-term)	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 3.5% TTR: CPI + 3.0%					
Probable number of negative annual returns over 20 years	4 to less than 6					
Risk level	High					
Suggested minimum investment timeframe	5 to 7 years					
Type of investor this option may suit	Ambitious					
	Retirement Income Stream (RIS)		Transition to Retirement (TTR)			
Strategic asset allocation						
	Asset class	Strategic allocation	Allocation range	Asset class	Strategic allocation	Allocation range
	Australian shares	28%	15- 40 %	Australian shares	24%	15 - 40%
	International shares	30%	15 - 45%	International shares	30%	15 - 45%
	Private Equity	0%	0 - 15%	Private Equity	4%	0 - 15%
	Alternatives	2%	0 - 15%	Alternatives	2%	0 - 15%
	Infrastructure	10%	5 - 25%	Infrastructure	10%	5 - 25%
	Property	6%	0 - 20%	Property	6%	0 - 20%
	Global debt	19%	0 - 35 %	Global debt	19%	0 - 35%
	Cash	5%	0 - 30%	Cash	5%	0 - 30%
	Currency exposure*	20%	0 - 35%	Currency exposure*	20%	0 - 35%
	Previously named Balanced		Previously named Balanced			

* The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

* Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^ To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

Ready-Made options^	Conservative
	Options in risk order
Description	Invests in a range of mainly debt and cash, with some exposure to shares, alternatives, property and infrastructure. With less exposure to growth assets and more exposure to defensive assets, this option may experience low volatility.
Investment objective* (long-term)	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 2.0% TTR: CPI + 1.5%
Probable number of negative annual returns over 20 years	2 to less than 3
Risk level	Medium
Suggested minimum investment timeframe	1 to 3 years
Type of investor this option may suit	Cautious

^ To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

Indexed Balanced Growth

Invests in a mix of low-cost asset class strategies that aims to closely match index returns. With a high exposure to growth assets, this option may experience high volatility.

To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:

RIS: CPI + 2.5%

TTR: CPI + 2.0%

4 to less than 6

High

5 to 7 years

Ambitious

Retirement Income Stream (RIS)



Asset class	Strategic allocation	Allocation range
Australian shares	33%	25 - 40%
International shares	42%	35 - 50%
Private Equity	-	-
Alternatives	-	-
Infrastructure	-	-
Property	-	-
Global debt	20%	15 - 25%
Cash	5%	0 - 10%
Currency exposure*	21%	0 - 35%

This return is a nine-month return for the period of 1 October 2020 to 30 June 2021

Transition to Retirement (TTR)



Asset class	Strategic allocation	Allocation range
Australian shares	33%	25 - 40%
International shares	42%	35 - 50%
Private Equity	-	-
Alternatives	-	-
Infrastructure	-	-
Property	-	-
Global debt	20%	15 - 25%
Cash	5%	0 - 10%
Currency exposure*	21%	0 - 35%

This return is a nine-month return for the period of 1 October 2020 to 30 June 2021



* The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

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income stream investment options

Ready-Made options (continued)

Ready-Made options [^]	Sustainable Growth																																																													
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Description	This is our sustainable investment option, designed for members seeking to avoid exposure to particular activities while contributing to sustainable outcomes. Invests in shares, debt and property, with some private equity and cash investments. With a higher exposure to growth assets, this option may experience high volatility.																																																													
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[^] To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

High Growth

Invests in a wide range of primarily Australian, international shares and private equity, along with some exposure to alternatives, property, infrastructure, debt and cash. With the highest allocation to growth assets across our Ready-made options, this option may experience very high volatility.

To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than long-term:

RIS: CPI + 4.5%

TTR: CPI + 4.0%

4 to less than 6

High

7 to 10 years

Very ambitious

Retirement Income Stream (RIS)



Asset class	Strategic allocation	Allocation range
Australian shares	39.5%	20 - 45%
International shares	39.5%	20 - 55%
Private Equity	0%	0 - 15%
Alternatives	2.5%	0 - 15%
Infrastructure	7.5%	0 - 15%
Property	4%	0 - 10%
Global debt	5%	0 - 15%
Cash	2%	0 - 15%
Currency exposure*	25%	0 - 50%

Previously named Active

Transition to Retirement (TTR)



Asset class	Strategic allocation	Allocation range
Australian shares	33%	20 - 45%
International shares	37.5%	25 - 55%
Private Equity	8%	0 - 15%
Alternatives	2%	0 - 15%
Infrastructure	7.5%	0 - 15%
Property	4%	0 - 10%
Global debt	6%	0 - 15%
Cash	2%	0 - 15%
Currency exposure*	25%	0 - 50%

Previously named Active



* The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

* Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^ To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

income stream investment options

Your choice options

Your Choice options [^]	Cash and Term Deposits	Diversified Bonds																								
Options in risk order																										
Description	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long term.	Invests in Australian and international government bonds and other debt. This option is expected to earn a higher return than cash and may experience low volatility.																								
Investment objective	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax ^{**} for TTR) of the Bloomberg Ausbond Bank Bill Index.	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax ^{**} for TTR) of the combination of: <ul style="list-style-type: none"> 50% Bloomberg AusBond Composite 0+ Year Index 50% Bloomberg Barclays Global Aggregate ex Australia Index Hedged to \$A 																								
Probable number of negative annual returns over 20 years	Less than 0.5	4 to less than 6																								
Risk level	Very low	High																								
Suggested minimum investment timeframe	Less than 1 year	1 to 3 years																								
Type of investor this option may suit	Very Cautious. Or an investor seeking to create their own portfolio, who would like to include cash, cash products and term deposits, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include debt and other fixed interest investments, or seeking exposure to this asset class.																								
Strategic asset allocation for Retirement Income Stream (RIS) and Transition to Retirement (TTR)	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Term deposits</td><td>50%</td><td>0 - 60%</td></tr> <tr> <td>Cash</td><td>50%</td><td>40 - 100%</td></tr> <tr> <td>Currency exposure⁺</td><td>-</td><td>-</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Term deposits	50%	0 - 60%	Cash	50%	40 - 100%	Currency exposure ⁺	-	-	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Global debt</td><td>100%</td><td>50 - 100%</td></tr> <tr> <td>Cash</td><td>-</td><td>0 - 25%</td></tr> <tr> <td>Currency exposure⁺</td><td>-</td><td>-</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Global debt	100%	50 - 100%	Cash	-	0 - 25%	Currency exposure ⁺	-	-
Asset class	Strategic allocation	Allocation range																								
Term deposits	50%	0 - 60%																								
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	Previously named Cash	Previously named Global Bonds																								




* The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

** Estimated tax rate provided by independent investment consultant.

⁺ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

[^] To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

as at 30 June 2022

Property and Infrastructure	International Shares	Australian Shares																																							
Invests in Australian and global property and infrastructure, along with some cash. This option is expected to earn a higher return than cash and global debt and may experience moderate volatility.	Invests in a range of companies listed on stock exchanges around the world. With a full allocation to shares, this option may experience very high volatility.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. With a full allocation to shares, this option may experience very high volatility.																																							
Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 3.5% TTR: CPI + 3.0%	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax** for TTR) of the combination of: <ul style="list-style-type: none"> 77.5% MSCI World ex Australia Index in \$A Net Dividends Reinvested 22.5% MSCI Emerging Markets Index in \$A Net Dividends Reinvested 50/50 \$A Hedged/Unhedged 	Over the long term, to earn a return (after-tax for TTR and adjusted for tax credits for RIS), after investment fees and indirect costs, equivalent to or higher than the return of the S&P/ASX 300 Accumulation Index (net of tax** for TTR and adjusted for tax credits for RIS)																																							
3 to less than 4	6 or greater	6 or greater																																							
Medium to High	Very high	Very high																																							
3 to 5 years	7 to 10 years	7 to 10 years																																							
An investor seeking to create their own portfolio, who would like to include property and infrastructure, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include international shares, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include Australian shares, or seeking exposure to this asset class.																																							
 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Infrastructure</td><td>45%</td><td>30 - 70%</td></tr> <tr> <td>Property</td><td>45%</td><td>30 - 70%</td></tr> <tr> <td>Cash</td><td>10%</td><td>0 - 30%</td></tr> <tr> <td>Currency exposure*</td><td>0%</td><td>0 - 100%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Infrastructure	45%	30 - 70%	Property	45%	30 - 70%	Cash	10%	0 - 30%	Currency exposure*	0%	0 - 100%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>International Shares</td><td>100%</td><td>90 - 100%</td></tr> <tr> <td>Cash</td><td>0%</td><td>0 - 10%</td></tr> <tr> <td>Currency exposure*</td><td>50%</td><td>0 - 100%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	International Shares	100%	90 - 100%	Cash	0%	0 - 10%	Currency exposure*	50%	0 - 100%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>100%</td><td>90 - 100%</td></tr> <tr> <td>Cash</td><td>0%</td><td>0 - 10%</td></tr> <tr> <td>Currency exposure*</td><td>-</td><td>-</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Australian shares	100%	90 - 100%	Cash	0%	0 - 10%	Currency exposure*	-	-
Asset class	Strategic allocation	Allocation range																																							
Infrastructure	45%	30 - 70%																																							
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* The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

** Estimated tax rate provided by independent investment consultant.

* Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^* To understand how we determine probable number of negative annual returns; risk level; and investor type, read the *HESTA Income Stream Product Disclosure Statement* at hesta.com.au/pds

HESTA Super and Transition to Retirement investment performance

Ready-Made options

Annualised average returns as at 30 June 2022 (% p.a.)

From 1 October 2020 Transition to Retirement investment options were replaced by the same investment options available to HESTA Super members. The performance shown on this page is for the corresponding HESTA Super investment options. Past performance is not a reliable indicator of future performance and the value of your investment can rise or fall. Please visit hesta.com.au/performance for Transition to Retirement performance before 1 October 2020.

Returns to 30 June 2022	Since inception (% p.a.)**	10 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (%)
Balanced Growth†	8.48	8.53	6.75	5.34	-1.79
Conservative‡	6.14	5.79	4.53	3.02	-1.40
Indexed Balanced Growth^	5.62	-	-	-	-6.08
Sustainable Growth§	6.55	10.39	7.03	5.20	-7.82
High Growth†	8.45	10.03	8.32	6.94	-2.03

* Refers to date of inception for the investment option. **Average annual return for the period. † Previously named Core Pool. Commenced 1 August 1987 |

‡ Previously named Conservative Pool. Commenced 1 July 1995 | ^ Commenced 1 October 2020 | § Previously named Eco Pool. Commenced 1 February 2000

* Previously named Shares Plus. Commenced 1 July 1995

Your Choice options

Average annualised annual returns as at 30 June 2022 (% p.a.)***

Returns to 30 June 2021	Since inception (% p.a.)**	10 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (%)
Cash and Term Deposits+	2.95	1.72	0.99	0.44	0.18
Property and Infrastructure®	6.68	7.86	6.73	5.84	12.86
Diversified Bonds±	4.46	2.60	0.88	-1.66	-8.59
International Shares#	5.17	10.80	7.18	5.53	-14.52
Australian Shares#	8.57	9.42	7.39	5.05	-3.67

* Refers to date of inception for the investment option. **Average annual return for the period. + Previously named Cash; changed to include Term Deposits on 1 Oct 2020.

Performance history before 1 October 2020 based on Cash. Commenced 1 July 2001 | ® Previously named Property; changed to include Infrastructure on 1 Oct 2020.

Performance history before 1 October 2020 based on Property. Commenced 1 July 2001 | ± Previously named Global bonds. Commenced 1 July 2001 | # Commenced 1 July 2001

***Returns shown are net of investment fees and costs, transactions costs and taxes as at 30 June 2022.

How returns are applied to HESTA accounts and HESTA Income Stream accounts

Unit prices are calculated at the close of business every business day which reflects the net movement in value of the underlying assets. The movement may be positive or negative. This unit price is applied to the number of units held by each member to calculate an account balance.

Annual investment returns reflect the change in the value of units between the unit price on 30 June and the unit price on 30 June the following year.

Investment fees and costs and transaction costs (available at hesta.com.au/pds) and taxes are deducted from investment earnings before the unit price is declared. Please note investment earnings in the HESTA Retirement Income Stream and Term Allocated Pension are untaxed.

The latest and historical returns are available for HESTA at hesta.com.au/performance HESTA Income Stream at hesta.com.au/isperformance and HESTA Transition to Retirement Income Stream at hesta.com.au/ttrperformance

Retirement income stream/ Term Allocated Pension (TAP) investment performance

Annualised average returns as at 30 June 2022 (% p.a.)

Returns to 30 June 2022	Since inception (%) p.a.**	10 year (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (%)
Balanced Growth ⁺	5.42	9.04	7.03	5.00	-4.09
Conservative ^Ø	5.32	6.38	4.88	3.18	-1.76
Indexed Balanced Growth [±]	6.20	-	-	-	-6.91
Sustainable Growth [#]	11.42	11.42	7.71	5.70	-8.78
High Growth [#]	5.64	10.99	8.28	5.97	-5.61

**Average annual return for the period.

⁺ Previously named Balanced. Commenced 12 December 2007 | ^{*} Commenced 12 December 2007 | [^] Commenced 1 October 2020 |

^Ø Previously named Eco. Commenced 1 July 2012 | [#] Previously named Active. Commenced 12 December 2007

Your Choice options

Annualised returns as at 30 June 2022 (% p.a.)

Returns to 30 June 2022	Since inception (%) p.a.**	10 year (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (%)
Cash and Term Deposits ⁺	2.76	1.98	1.12	0.50	0.22
Property and Infrastructure ^Ø	3.19	8.59	7.34	6.86	14.04
Diversified Bonds [±]	-5.99	-	-	-	-9.71
International Shares [#]	7.18	11.56	7.83	5.83	-15.52
Australian Shares [#]	7.11	10.07	7.94	4.85	-3.66

**Average annual return for the period.

⁺ Previously named Cash; Changed to include Term Deposits on 1 Oct 2020. Performance history before 1 October 2020 based on Cash. Commenced 1 July 2008 |

^Ø Previously named Property; Changed to include Infrastructure on 1 Oct 2020. Performance history before 1 October 2020 based on Property. Commenced 12 December 2007 |

[±] Commenced 1 October 2020 | [#] Commenced 1 July 2008

Past performance is not a reliable indicator of future performance and the value of your investment can rise or fall. Returns are annualised for the periods and net of investment fees and costs, transaction costs and taxes.

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.



Derivatives policy

A derivative is a financial instrument whose value depends on, or is derived from the value of some other underlying asset or index. Derivatives are generally used to improve the risk-adjusted returns of our options. They provide an efficient way to add or remove market risk and assist in liquidity, transition, cost and risk management.

Our derivative usage is governed by an internal policy, covering risk monitoring and controls. HESTA does not use derivatives speculatively to gear the portfolio or to create net short positions.

> Our investment outlook

As we look forward, there are a number of important themes that are likely to impact financial markets.

The first theme is *ongoing elevated inflation*. In response to high inflation, central banks are likely to continue to raise interest rates to curb demand and avoid the anticipation of high inflation becoming entrenched in the economic decision-making of households and businesses¹. Supply shocks, such as COVID-induced supply chain disruptions and the Russian invasion of Ukraine, have accelerated the pace of inflation, whilst also generating public cautiousness around the potential for geopolitical issues to further constrain supply. Equally, strong demand, in the form of targeted consumer demand, strong household budgets and emerging wage growth, has kept inflation above targeted levels. In these environments we look to assets with inflation hedging characteristics - such as real assets and inflation-linked bonds - to provide diversification.

The second major theme will be *heightened market volatility*. Markets are monitoring the policy decisions of central banks around the world. If rates are raised too slowly, inflation may accelerate and necessitate ongoing cash rate rises. This will challenge investors' risk/reward consideration for growth assets. However, if rates are raised too quickly, it could lead to recession. Furthermore, global attention is now more receptive to the possibility of geopolitical events escalating into conflict. The world is carefully watching the political and defence force activity taking place in Taiwan and the Taiwan Strait. While markets have clearly priced a level of the bad news already, there remains a risk that a recession and geopolitical conflict could cause further sell-offs. Whichever outcome transpires, the lesson from prior market cycles is that these capitulation sell-offs can provide attractive buying opportunities for long-term investors.

The third theme is *climate transition*. This is the decade for vital action to hold the increase in global temperatures to well below 2°C and pursue efforts to limit the increase to 1.5°C. As we witness the intensifying environmental impacts, we are seeing significant acceleration in governments and company Net Zero commitments, and an increased appetite for cleaner energy solutions. The transition to Net Zero will require significant change to the way we generate energy, materials and food. This is likely to be disruptive but for HESTA, this will provide long-term investment opportunities. We have strengthened our interim target to a 50% reduction in normalised emissions by 2030². In addition to this strengthened emission reduction target, we have also committed to investing 10% of the portfolio by 2030 into climate solutions. We continue to adjust and advance our approach to management of climate-related risks as circumstances change.

We are continuing work to internalise additional investment capability, where we've identified that it will improve net returns for members. Over the past year we have introduced internal Australian equities capability and commenced direct trading in Australian equity markets. Over the next year, we will be scaling this capability and extending into domestic cash and fixed interest markets. Through our focus on leveraging our scale and strategic capabilities, we've been able to reduce investment costs by 8bps over FY2021/22, whilst also continuing to deliver competitive returns.

At HESTA, we will continue to invest responsibly and actively monitor the market environment to position the portfolio to take advantage of emerging opportunities and mitigate emerging risks. It is this unwavering focus on the long-term returns to members that has seen the HESTA Balanced Growth option - our *MySuper* option - perform in the top 10 super funds in the country over 1, 3, 5, 7 and 10 year periods to 30 June 2022³.

¹Chairman Jerome Powell: Monetary Policy and Price Stability, August 26th

²from 2020 baseline

³SuperRatings SR50 Balanced (60-76) Accumulation Fund Crediting Rate Survey June 2022

Product ratings are only one factor to be considered when making a decision. See hesta.com.au/ratings for more information.

we advocate for better member outcomes

> Why this matters to us

Creating strong long-term financial returns for our members is the reason HESTA exists. With the Sustainable Development Goals (SDGs) as our compass, we aim to create meaningful change for our members, to make a real difference to their financial future.

> How we create value

We raise our voice on issues that impact our members' financial futures.

This includes advocating for legislative and systemic changes to improve financial security for our members in retirement, including:

- closing the gender-based super gap
- making it easier to find the information needed to access super in family breakdowns
- protecting the rights of communities in which the companies we invest in operate, reducing investment risk for our members.

This year we made numerous submissions to proposals for regulatory change. You can read them here hesta.com.au/media-centre

case study

removal of the \$450 threshold on paying super

The removal of the \$450 monthly earning threshold for workers aged over 18 to receive SG contributions took effect 1 July 2022 (see more about HESTA's action on this issue on page 49).

The \$450 threshold has perpetuated ongoing inequity for casual and part-time workers, usually women, who often have lower pay and are in insecure or precarious work. The threshold meant these employees, particularly those working a small number of irregular shifts for a range of employers, were missing out on super contributions, leaving them more vulnerable to poverty in retirement.

Removing the threshold helps make our super system fairer for women and those on lower wages. It's a great result for HESTA members, and for all Australians who work multiple, part-time or casual roles.



> Our performance

The past year has seen significant progress in HESTA's work to help improve financial systems that can deliver better outcomes for our members and our community.

Removal of the \$450 monthly wages SG eligibility threshold

HESTA undertook sustained direct and public advocacy over many years to progress this change that increases super savings for some of our lowest-paid members.

Super splitting pilot and legislation

Advocacy resulted in legislative change that improved visibility of superannuation assets in family law from April 2022. HESTA led a successful pilot with Women's Legal Service Victoria to introduce simple legal templates that streamline the super splitting process, cutting costs, making it more accessible and improving equity and accessibility. These changes will particularly help women on low incomes and in vulnerable situations. The forms are now being rolled out across the entire super sector.

A voice for our members

HESTA engages with reviews of legislation and regulation to make sure the retirement needs of our members are considered by policy makers. For example, in the past year we successfully advocated for the inclusion of super as a gender equality indicator in the Workplace Gender Equality Agency Act, the need for financial advice regulation to support member-centred, digital financial help to improve financial confidence for members, and the need for policy settings that support investment in renewable energy among many others.

Introducing super on Commonwealth Paid Parental Leave

Parental leave is the only common form of paid leave that does not include superannuation. Most carer's leave is taken by women, and the lack of superannuation contributions for women undertaking this caring work is a well-known factor contributing to the superannuation gender gap. HESTA continues to advocate strongly for this change which could improve financial security for many HESTA members in retirement, and is heartened by the government announcing their intention to make this change.

Introducing a super carer credit for unpaid parental leave

HESTA is also advocating for a credit that will compensate parents for superannuation lost due to unpaid parental leave. Unpaid time out of the workforce to care for others can have a significant impact on our members' super balances in retirement.

Cultural heritage

HESTA made a significant contribution to an ongoing process for new legislated national standards to protect cultural heritage: an important step in ensuring companies we invest in have respectful and sustainable long-term partnerships with Indigenous Communities and that partnerships provide fair outcomes to all parties.

Advocacy on regulatory issues

HESTA worked with our peak superannuation industry bodies to ensure regulatory outcomes are in the best financial interests of members – especially on disclosure, data and regulatory issues arising from *Your Future Your Super*.

we understand our members

> Why this matters to us

Every HESTA member should be able to look forward to a retirement that rewards their life's work. We aim to be our members' fund for life. That means delivering products and services that can help improve their financial outcomes. By supporting each member's individual needs and choices at every step along their journey, we can help them achieve their goals.

> How we create value

Industry super fund	Every member can feel confident that profits go to members and we aim to deliver strong long-term performance.
Help and advice	Our advice service helps members build confidence about their super and improve their financial futures. We focus on making sure they get the help they need first time, through: <ul style="list-style-type: none">• self-service online• member helpline and chatbot• super education and advice in members' workplaces, information sessions and seminars• specialised personal help delivered by HESTA Advisers.
Partnering with health and community services	Our relationships with employers, unions and other partners, connects us to our members and the issues affecting them.
Investments	We invest members' money responsibly, with a focus on strong, sustainable, long-term performance.
Insurance	With access to 24/7 insurance cover, we help members understand insurance, from calculators to advice. Members can pause their premiums for up to 12 months while on parental leave - an important benefit for our members.
Research and insights	We work to better understand what individual members need and support them with the right solutions.
Advocacy	Women and low paid workers face unique challenges in building their retirement savings, so we advocate for changes to the super system.
HESTA Income Stream	Our members can stay with HESTA throughout their retirement with our income stream product, ensuring they enjoy all the benefits of membership while accessing a regular income as they transition out of full-time work.
Digital support	Our members have told us HESTA's digital experience is a channel of choice, so we continue to invest in our digital capability to build faster, smarter and more personalised online solutions.

> Our performance

Member experience

Our focus has been improving our members' experience at every touchpoint, so that they can act easily to improve their financial future. During lockdown, we adapted our services to enable members to watch online information sessions from their homes. This meant they could have the right information at the time they needed it.

We also introduced initiatives to reduce basic super or account queries, including:

- supporting members who are eligible to access their super early through their online account
- proactively contacting members who had requested early access to super
- a Customer Care team to support members who called multiple times to have their enquiry resolved, generating a net promoter score of +74, with 57% of members surveyed stating it was "very easy" to get advice
- extending the process to help new members sign up over the phone to our teams who attend member workplaces.

We also continued to evolve our digital experiences for members, including:

- creating digital solutions for the highest volume enquiries to the contact centre
- enhancing the Future Planner platform to ensure it's at the forefront of digital tools, and purpose-fit for the unique needs of our membership
- expanding the volume of digital personal advice topics which allows us to scale up our personal advice offer
- rolling out the digital employer engagement model nationally, which will help us continuously adapt our offering to ensure its relevance.

Insurance

In 2021 we made changes to our insurance arrangements to provide members with a benefit that better reflects their needs. Our Standard Income Protection coverage now provides a maximum 5-year benefit payment period, with a 90-day waiting period with cover ceasing at age 67.

HESTA advice outcomes

Our advisers delivered personal advice to:

1,700+
members



Our wider engagement team spoke to, via phone, conference call, in worksites and in seminars and workshops, online and face to face:

18,000+
members



INSURANCE SNAPSHOT

FY22

>\$167m
total insurance
benefits paid

>\$48m
approved death
(or terminal illness)
benefits paid

more than

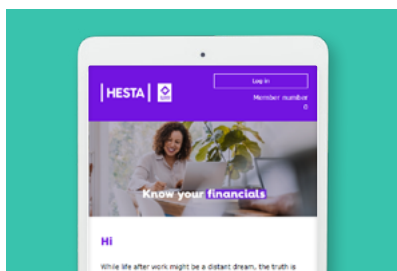
\$111m
in ongoing income
protection benefits paid
directly to our members

>\$7m
approved total
and permanent
disablement benefits

95%
insurance claims
admitted by our current
insurer (AIA)

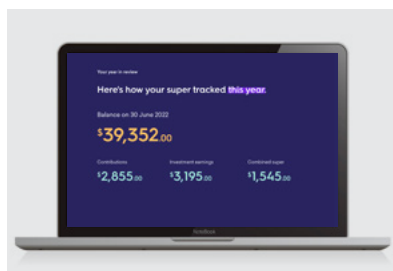
Represents approximate data
as at 30 June 2022.

creating better member experiences



Pre-retirement Series

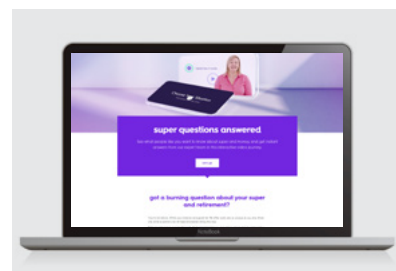
We want all our members, especially those nearer to retirement, to feel comfortable and confident as they head into this new phase of their lives. This new tool aims to reassure, guide and help members as they plan their future. It supports them to feel in control when it comes to achieving their retirement goals.



Statement Dashboard

As part of our commitment to improving member experience, we launched the enhanced dashboard in August 2021 and continued to evolve the model for our 2022 statements.

The dashboard is accessible via the member's online account and allows them to see how their super performed for the financial year, including their closing balance, as well as short and long-term investment earnings and performance.



Super Questions Answered

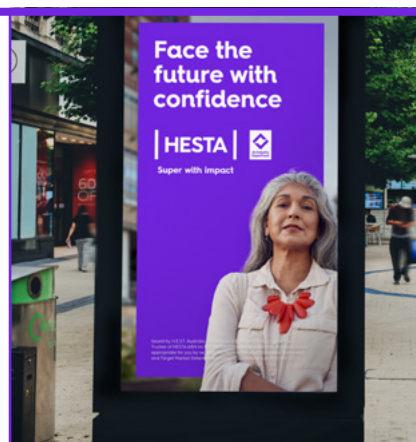
This is the first ever interactive, on-demand video journey created for HESTA members. It empowers them to find answers to their questions, choosing their own path through information and resources that speak to where they are in life right now.

Each journey is based on in-depth research into our members' most common questions and designed to deliver answers in an engaging and relatable format.

Super with impact

FY2021/22 marked the launch of a new campaign for HESTA, 'Super with impact'. Super with impact continues to tell the story of the positive outcomes we create by building the financial confidence of our members, advocating for change and investing responsibly to deliver strong long-term returns.

Find out more at hesta.com.au/impact



> Looking forward

The COVID-19 pandemic has shown us how incredibly adaptable our members are and how important it is to stay connected with them, especially given the extreme fatigue and burnout impacting workers in caring professions in the current environment.

More than ever, HESTA continues to build on how and when members can access the support and information they need. Our Engagement Teams continue to innovate when it comes to delivering services that are capable and flexible.

This includes developing and expanding our digital capability to meet our members' changing expectations, by delivering timely online support and guidance. But most importantly, it's about meeting our members' needs at every step of their journey, now and into the future.

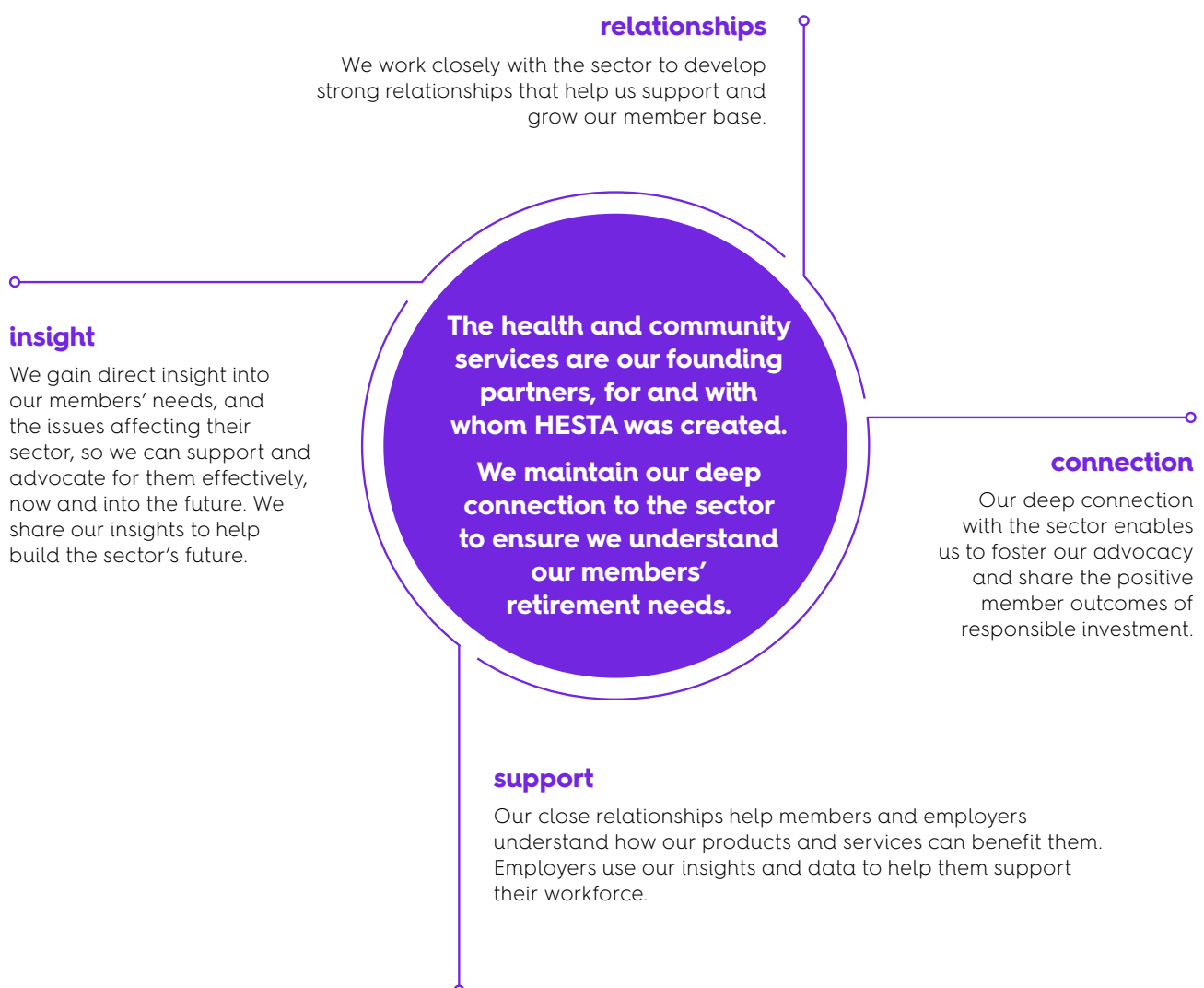
we partner with purpose

> Why this matters to us

HESTA is founded on our close partnership with Australia's health and community services sector. Our relationships with employers, unions, peak bodies and associations and other key partners are central to delivering better outcomes for our members in retirement. And we're equally committed to supporting the sector's invaluable contribution to our community. This has never been more important than during the COVID-19 pandemic. HESTA believes that this will only increase support for and recognition of the amazing work the sector does.

We have an important role to play in promoting the significance of the sector and contributing to how it reshapes and adjusts for a post-COVID world.

> How we create value



> Our performance

Direct engagement with our partners

Our ongoing association with, and support of the health and community services sector has seen the number of new default employers increase by 216% from last year, highlighting the value HESTA is creating for our partners.



For the period to 30 June 2022.

*These are a combination of physical and virtual events.

case study

Partnering with Busy Bees Early Learning

This first ever employer branded landing page on the HESTA website has been set up to directly support the team at Busy Bees Early Learning by offering them a more convenient way to engage with their super. The self-serve facility means they can book into webinars or 1:1 catch ups with our Superannuation Specialists.

We have already assisted over 500 staff as they transition to HESTA. And we have made over 1,000 phone calls to Busy Bees team members to ensure they are set up to face their financial future with confidence.

By working with Busy Bees on this new approach, we have advanced our work on our Employer Digital Engagement Strategy and, importantly, enhanced our relationship with a key national employer.



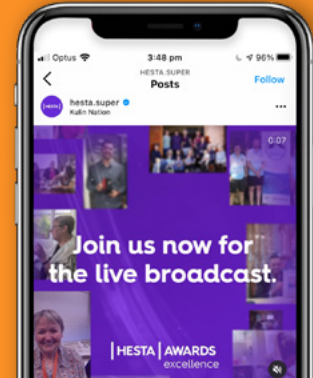
awards

HESTA Awards

Now in its sixteenth year, the Awards program continues to strengthen our deep connection to the health and community services sector, celebrating exceptional work in nursing and midwifery, aged care, community services, disability services, allied health and early childhood education and care.

And by amplifying the winners' and finalists' stories across our communications, we're attracting and retaining members to grow the Fund and keep delivering benefits of scale.

The experience delivered an engaging evening of celebration that received an overwhelming positive response from guests.



Nurse of the Year

Sue Hegarty

Ovarian Cancer Australia (OCA)



Midwife of the Year

Melanie Briggs

Waminda South Coast Women's Health & Welfare Aboriginal Corporation
Binjilaanii Maternity Services Pty Ltd.



Outstanding Organisation

Beaudesert Hospital Maternity

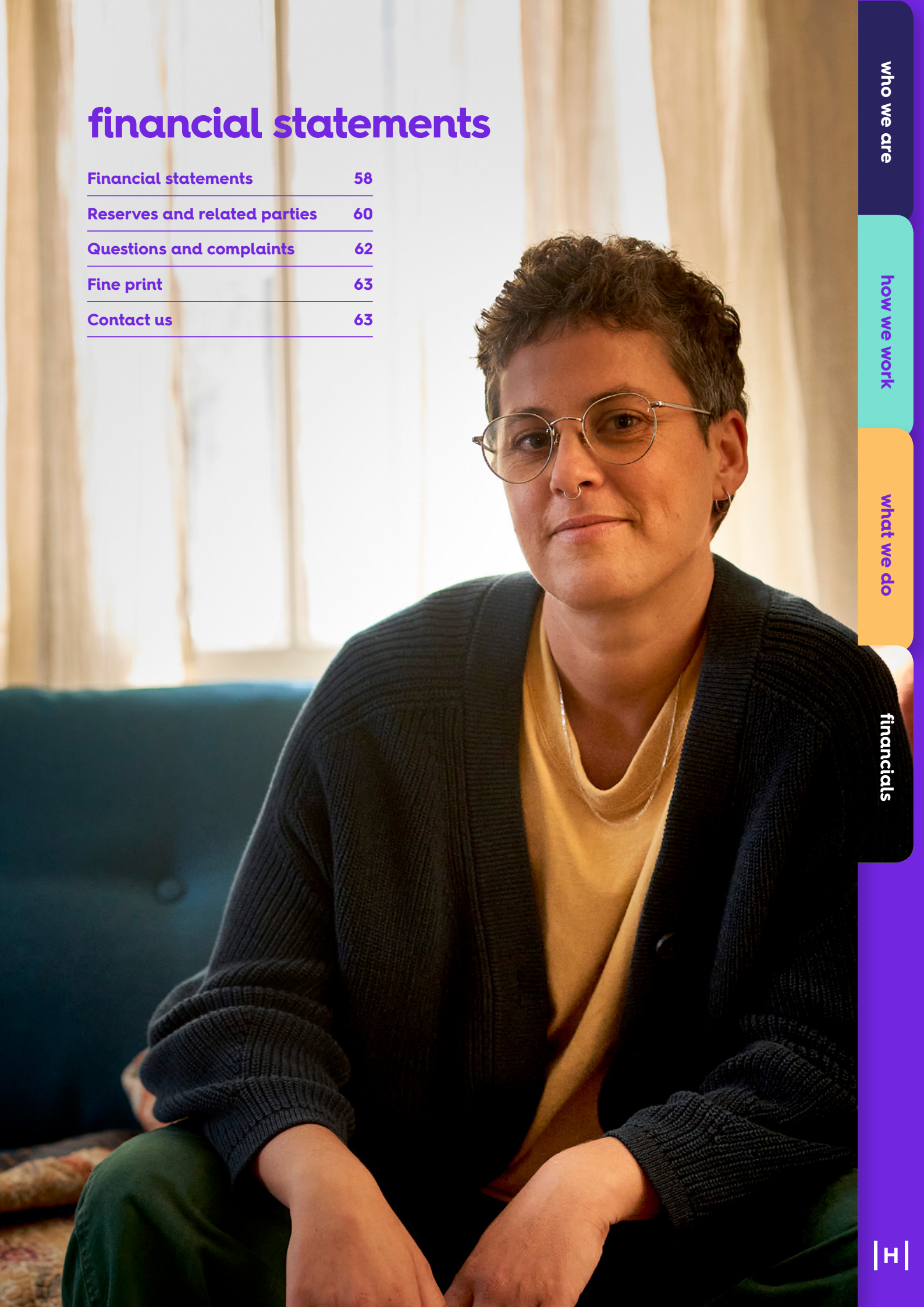
Beaudesert QLD

> Looking forward

The HESTA Growth Team continues to focus on building relationships across the country to solidify partnerships with key employer groups within the health and community services and those who share our vision for positive outcomes for our members. A further focus is eagerly pursuing new opportunities using key data insights that mean we can provide a more targeted approach to onboard new members to the Fund at scale.

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financial statements

The following Statement of Financial Position, Income Statement and Statement of Changes in Member Benefits are extracts of the audited Financial Statements of the Fund for the year ended 30 June 2022. Visit hesta.com.au/disclosure or call 1800 813 327 to request a copy of the full Financial Statements.

HESTA Statement of financial position

As at 30 June 2022

	30 June 2022 \$'000	30 June 2021 \$'000
Assets		
Cash at Bank	55,387	102,007
Receivables and other assets	152,192	146,322
Financial investments		
Cash and short-term deposits	9,923,684	7,180,415
Derivative assets	531,186	367,347
Australian equities	14,684,624	16,758,983
International equities	16,745,110	17,212,580
Global debt	7,145,717	6,884,133
Alternatives	1,820,438	3,597,547
Property	5,036,791	4,559,943
Infrastructure	7,366,388	6,842,784
Private equity	3,768,292	3,151,155
Property, plant and equipment	23,445	12,222
Deferred tax assets	2,567	2,602
Income tax receivable	623	-
Total assets	67,256,444	66,818,040
Liabilities		
Payables and other liabilities	(109,185)	(131,346)
Income tax payable	-	(319,744)
Derivative liabilities	(895,908)	(602,512)
Deferred tax liabilities	(1,049,516)	(1,502,631)
Total liabilities excluding member benefits	(2,054,609)	(2,556,233)
Net assets available for member benefits	65,201,835	64,261,807
Member liabilities		
Allocated to members	(64,989,059)	(63,890,588)
Unallocated to members	(7,499)	(7,010)
Total member liabilities	(64,996,558)	(63,897,598)
Net assets	205,277	364,209
Equity		
Operational risk reserve	(158,274)	(144,505)
Fund development reserve	(96,851)	(126,226)
Investment account	49,848	(93,478)
Total equity	(205,277)	(364,209)

HESTA Income statement

For the year ended 30 June 2022

	30 June 2022 \$'000	30 June 2021 \$'000
Superannuation activities		
Interest	120,227	107,344
Dividend income	1,644,727	924,388
Distributions from unit trusts	867,523	385,311
Changes in fair value of financial investments	(4,487,548)	9,506,136
Other investment income	24,631	23,638
Other income	13,791	11,459
Total superannuation activities income	(1,816,649)	10,958,276
Expenses		
Investment expenses	(184,280)	(241,432)
Administration expenses	(44,668)	(43,842)
Operating expenses	(124,717)	(100,844)
Total expenses	(353,665)	(386,118)
Net result from superannuation activities	(2,170,314)	10,572,158
Add/(Less): Net benefits allocated to members' accounts	1,556,539	(9,598,835)
Operating result before income tax	(613,775)	973,323
Income tax expense/(benefit)	(454,843)	911,043
Operating result after income tax	(158,932)	62,280

HESTA Statement of changes in member benefits

For the year ended 30 June 2022

	30 June 2022 \$'000	30 June 2021 \$'000
Opening balance of member benefits	63,897,598	52,806,130
Contributions:		
Employer	4,316,352	3,807,670
Member	1,167,875	860,209
Transfer from other superannuation plans	1,379,609	1,100,564
Government co-contributions	5,841	6,319
Low income superannuation contributions	33,954	40,161
Income tax on contributions	(648,735)	(565,970)
Net after tax contributions	6,254,896	5,248,953
Benefits paid to members/beneficiaries	(3,418,177)	(2,717,854)
COVID early release payments to members	(18)	(879,041)
Insurance premiums charged to members' accounts	(249,617)	(225,496)
Death and disability insurance benefits credited to members' accounts	68,415	66,071
Benefits allocated to members' accounts, comprising:		
Net investment income	(1,438,126)	9,706,155
Administration fees	(118,413)	(107,320)
Closing balance of member benefits	64,996,558	63,897,598

reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS114 Operational Risk Financial Requirement, and also holds a Fund Development Reserve and Investment Account.

Operational Risk Reserve

The purpose of the Operational Risk Reserve (ORR) is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The Trustee intends to maintain this reserve at 0.25% of net assets available for member benefits.

The ORR is maintained in a distinct segregated portfolio by our Custodian and is managed to the same strategic asset allocation as the lower-risk diversified portfolio investment option, Conservative. The Trustee maintains a policy to deal with the use of the ORR including management of any shortfalls or surpluses from the target amount.

Fund Development Reserve

The Fund Development Reserve (FDR) is primarily used to fund the operations of the Fund, 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, including seeding new investment options.

The FDR is maintained in a distinct segregated portfolio by our Custodian and is largely managed to the same strategic asset allocation as the lower-risk diversified portfolio option, Conservative. 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.

Investment Account

The Investment Account (IA) is maintained for the purpose of accumulating the investment earnings of the Fund's assets prior to allocation to member accounts.

The total value of the Investment Account has significantly moved during the year primarily due to the adoption of fair value in the Investment Options unit price in the first half of the financial year 2022. There are expected to be other differences which relate to timing and may include adjustments to the normal finalisation of yearly tax positions between Investment Options and the Fund.

The following represents the changes in Reserves for the last 3 financial years:

	Fund development reserve \$ '000	Investment account \$ '000	Operational risk reserve \$ '000	Total equity/ reserves \$ '000
Opening balance as at 1 July 2021	126,226	93,478	144,505	364,209
Net transfers to/from reserves				
Transfer to the Operational Risk Reserve	(16,143)	-	16,143	-
Net allocations to/from Income Statement*	(13,232)	(143,326)	(2,374)	(158,932)
Closing balance as at 30 June 2022	96,851	(49,848)	158,274	205,277

*This includes a payment of \$7,900,000 from the Fund Development reserve to the Trustee Capital Reserve.

	Fund development reserve \$ '000	Investment account \$ '000	Operational risk reserve \$ '000	Total equity/ reserves \$ '000
Opening balance as at 1 July 2020	113,892	55,150	132,887	301,929
Net transfers to/from reserves	-	-	-	-
Net allocations to/from Income Statement	12,334	38,328	11,618	62,280
Closing balance as at 30 June 2021	126,226	93,478	144,505	364,209

*This includes a payment of \$7,900,000 from the Fund Development reserve to the Trustee Capital Reserve.

	Fund development reserve \$ '000	Investment account \$ '000	Operational risk reserve \$ '000	Total equity/ reserves \$ '000
Opening balance as at 1 July 2019	115,603	158,389	124,830	398,822
Net transfers to/from reserves	1,398	(6,942)	5,544	-
Net allocations to/from Income Statement	(3,109)	(96,297)	2,513	(96,893)
Closing balance as at 30 June 2020	113,892	55,150	132,887	301,929

Trustee Capital Reserve (TCR)

H.E.S.T. Australia Ltd (A.B.N. 66 006 818 695), a Company limited by guarantee, maintains the Trustee Capital Reserve.

For the period ended 30 June 2022

	Jun-22 \$	Jun-21 \$
Opening balance as at 1 July 2021	-	-
Net transfers to/from reserves	7,900,000	-
Interest	12,671	-
GST paid	(718,182)	-
Income tax expense	(1,798,622)	-
Closing balance as at 30 June 2022	5,395,867	-

The Trustee Capital Reserve (TCR) represents the balance of funds held by H.E.S.T. Australia Limited (the Company) as capital on its own account to address the risks associated with its role as trustee of HESTA (Trust).

On the 4th January 2022, \$7,900,000 was paid from the Fund Development Reserve to the Trustee Capital Reserve.

The investment strategy for the Trustee Capital Reserve will take into account the risk profile of HESTA's "conservative" investment option and the Company's tolerance for illiquidity.

The Trustee Capital Reserve is maintained in a distinct segregated portfolio and is separately identifiable from Trust assets.

related parties

a) Related Party Investments and Transactions

At 30 June 2022 the Fund (HESTA) held:

- 31% (2021: 31%) shareholding of ordinary shares valued at \$2,038,793 (2021: \$2,038,793) in Frontier Advisors Pty Ltd.
- Frontier receives fees from the Fund for investment consulting services. These fees were \$2,270,335 (2021: \$2,539,435).
- Ms D. Cole is a director of Frontier Advisors Pty Ltd and received fees of \$16,104 for the year ended 30 June 2022 (2021: \$16,187).

b) Other Shareholdings and Transactions

As at 30 June 2022 the Fund (HESTA) held:

- 18.82% (2021: 17.8%) shareholding in Industry Super Holdings Pty Ltd (ISH) valued at \$276,309,410 (2021: \$216,480,999).

IFM Investors Pty Ltd is a subsidiary of ISH and manages investments totalling \$13,587,830,023 (2021: \$9,282,835,217) on behalf of the Fund. The investment total for the year ended 30 June 2021 has been corrected, due to a reconciliation error in the preparation of the data.

ISH has other subsidiaries with which the Fund transacts. Industry Fund Services Pty Ltd provides debt collection services to the Fund. Industry Super Australia Pty Ltd (ISA) provides marketing, advocacy, policy development and research services to the Fund. The New Daily Pty Ltd is also a subsidiary of ISH and provides online news.

Ms D. Blakey, as a nominee of H.E.S.T. Australia Ltd, was a Director of Industry Super Australia (ISA) as at 30 June 2021.

Subsequently on 26 August 2021 her position as Director ceased.

Ms D. Blakey is a member of the ISA Advisory Council.

Ms D. Blakey is an alternative member of the IFM Investors Shareholder Advisory Board.

Ms D. Blakey is a president and chair of the

reserves and related parties

Australian Council of Superannuation Investors (ACSI).

Ms N Roxon is a member of the ISA Advisory Council.

Mr L. Williams was a member of IFM Investors Shareholder advisory Board until he retired on 31 December 2021.

Ms Sonya Sawtell-Rickson is a member of the IFM Investors Shareholder Advisory Board.

Ms L. Samuels was appointed as a Director of ISA on 26 August 2021.

On 22 February 2021, the Fund entered into a Share Sale and Purchase Deed to sell its interest in Members Equity Bank Limited (ME Bank) to Bank of Queensland Limited. Completion of the sale took place on 1 July 2021, following regulatory approval under the *Financial Sector (Shareholdings) Act 1998 (Cth)*. The proceeds from the sale were \$243,213,281.

As at 30 June 2022, the Fund had nil (2021: \$66,080,411) invested in cash and term deposits with ME Bank and nil (2021: 18.7%) shareholding in ME Bank nil (2021 : \$243,213,281).

On 1 July 2021, Bank of Queensland Limited (BOQ) completed the acquisition of Members Equity Bank Limited (ME Bank), in which HESTA held an interest of 18.7%. Under the terms of the Share Sale and Purchase Deed with each of the previous shareholders of ME Bank (including HESTA), the shareholders remain responsible for liabilities relating to certain conduct of ME Bank that may have occurred prior to completion of the sale, subject to monetary caps and time limits on BOQ bringing claims. The potential liability of shareholders for such conduct (if any) is not currently known, as it is dependent upon (among other things) whether the applicable conduct occurred and the quantum of any losses arising from such conduct. However, the liability of each shareholder will equal their proportionate interest in ME Bank prior to completion of the sale (in HESTA's case, 18.7%) and will not exceed, in aggregate across all shareholders, the applicable monetary cap. This contingency is held in escrow.

4.0% (2021: 4.0%) shareholding in ISPT Pty Ltd valued at \$1 (2021: \$1) and a 14.2% (2021: 15.8%) unitholding in the ISPT Operations Trust valued at \$1,227,192 (2021: \$1,241,456).

ISPT Pty Ltd is the trustee of four unlisted direct investment property trusts which the Fund invests in and ISPT Operations Pty Ltd is the service entity of four unlisted direct investment property trusts and one unlisted direct investment property mandate which the Fund invests in.

ISPT Pty Ltd in its capacity as trustee and ISPT Operations Pty Ltd in its capacity as service entity, managed investments totalling \$2,507,444,946 (2021: \$2,499,307,608) on behalf of the Fund.

Mr M. Burgess is a Director of ISPT Pty Ltd and ISPT Operations Pty Ltd.

Mr K. Zimmermann was a member of ISPT Board until he retired on 31 December 2021.

All transactions noted in (a) and (b) 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 members' accounts and invest members' 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.

Australian Administration Services Pty Limited (ABN 62 003 429 114) part of LINK Group 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 2022 include:

Custodian: JP Morgan Chase Bank

Insurer: AIA Australia Limited

Solicitors: Allens

Internal auditors: KPMG

External auditors: PricewaterhouseCoopers

Taxation advisors: KPMG

Technology providers: Tecala Group Pty Ltd

When we will transfer your account to the Australian Taxation Office (ATO)

HESTA is required by law to transfer accounts to the Australian Taxation Office (ATO) in certain situations. These include:

· you reach age 65, and we have not received a payment into your HESTA super account for at least two years, and after making reasonable efforts, we have been unable to contact you for five years;

OR

· you have died, and after making reasonable efforts and after a reasonable period has passed, we have been unable to locate a person entitled to the benefit;

OR

· you are a former temporary Australian resident and it has been six months since you left Australia or since your visa expired;#

OR

· you are entitled to be paid some or all your former spouse's HESTA super benefit and we are unable to contact you;

OR

· you are a lost member (when we don't have a valid postal or electronic address to contact you) and we have not received an amount for you within the last 12 months, and we are satisfied that it will never be possible, with the information reasonably available, to pay an amount to you;

OR

· your account balance is below \$6,000 and your account has not received any contributions or rollovers for at least 16 months.^

we are not required to notify you or provide you with an exit statement in these circumstances but will send one to you if requested. You can apply to the Commissioner of Taxation to claim your unclaimed super. Contact the ATO for more information.

^except if you have changed investment options, updated your insurance, made or renewed a binding death benefit nomination during that 16 months or notified HESTA by written notice that your account was not an inactive low- balance account.

If your account is transferred to the ATO, you will cease to be a HESTA member and any insurance cover you have will stop.

The ATO may reunite your former HESTA benefits with your other active superannuation accounts you hold. Log into your MyGov account to find out more or contact the ATO:

Call - **13 28 65** Web - **ato.gov.au**

Surcharges

Any surcharge assessments received from the ATO are deducted from the members' accounts and remitted to the ATO.

when you have a complaint, we listen

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

Internal dispute resolution process

Step 1	Step 2
<p>Call to discuss your complaint.</p> <p>If your complaint relates to your:</p> <ul style="list-style-type: none">• HESTA super account, call 1800 813 327• HESTA Income Stream account, call 1300 734 479.	<p>OR</p> <p>You can send us your complaint in writing to our Complaints Officer by:</p> <p>Mail: Complaints Officer HESTA Locked Bag 5136 Parramatta NSW 2124</p> <p>Email: 'Attention: Complaints Officer' HESTA super accounts: hesta@hesta.com.au HESTA Income Stream accounts: hestais@hesta.com.au</p>
	<p>We'll investigate your complaint and try to resolve it in 10 business days.</p> <p>If we can't respond fully in that time, we will keep you informed about the progress of your complaint. We have 45 days to resolve the complaint, or 90 days if your complaint relates to a decision about a death benefit.</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

The **Australian Financial Complaints Authority** (AFCA) has been established to resolve complaints with financial services providers which consumers can access free of charge.

If you haven't received a response from us within 45 days, or after receiving our decision you are not satisfied with our response, you can complain to AFCA.

Australian Financial Complaints Authority

GPO Box 3
Melbourne VIC 3001
1800 931 678
info@afca.org.au
afca.org.au

Timeframes for complaints to AFCA

For AFCA to deal with certain complaints they must be made within certain timeframes:

Death benefits

If you object to a decision about a death benefit, this will be treated as a complaint and HESTA will have 90 days to respond. You may also make a complaint to AFCA, within 28 days of that decision.

Total and Permanent Disability (TPD)

If you permanently ceased employment because of the illness or injury that gave rise to the claim for a TPD benefit, you must have made a claim to us for the payment of the TPD benefit within two years of permanently ceasing employment and must make a complaint to AFCA within four years of our decision about the TPD claim.

Statements given to the Commissioner of Taxation under s.1053(2) of the Corporations Act

One year from notice.

Other superannuation complaints

For all other complaints you will have two years from the date of our response to make a complaint to AFCA.

what you need to know about this annual report

This Annual Report contains information about HESTA (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', 'HESTA Personal Super', 'HESTA Corporate Super', 'HESTA Term Allocated Pension', 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. The target market determination for HESTA products can be found at hesta.com.au/tmd. Before making a decision about HESTA products you should read the relevant Product Disclosure Statement (call 1800 813 327 or visit hesta.com.au for a copy), and consider any relevant risks (hesta.com.au/understandingrisk).

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

contact us

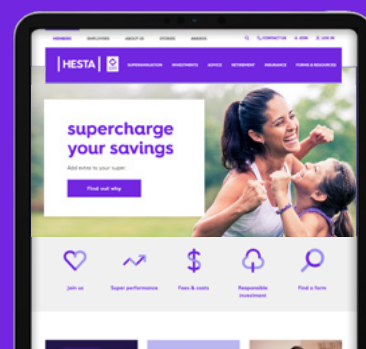
HESTA enquiries

1800 813 327

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Parramatta, NSW, 2124



HESTA Income Stream enquiries

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Locked Bag 5136,
Parramatta, NSW, 2124

