

Annual Report

For the financial year ending 30 June 2014

Issued 30 September 2014



'Super Fund of the Year'



Welcome

Anne-Marie Corboy
CEO



Angela Emslie
Independent
Chair



In a year when HESTA was named Super Fund of the Year, we're pleased to report continuing strong investment returns, with Core Pool achieving its second consecutive year of double-digit performance, delivering a 13.23% return in the 2013/14 financial year.

Our investment strategy

We focus on long-term performance, reflecting the nature of super. Over the ten years to 30 June 2014, Core Pool achieved a 7.20% p.a. return, outperforming its CPI+4% investment objective (6.77% p.a.). This puts Core Pool — where most HESTA members have their super invested — in the top quartile for balanced funds over this time period.

Our consistent top-tier performance and innovation was recognised with HESTA named SelectingSuper's 2013 Super Fund of the Year.

We were selected from more than 160 super products offered by more than 64 funds.

If you're a HESTA Income Stream member, you also enjoyed strong returns. Our Ready-Made Default Strategy is made up of a mix of Balanced and Defensive investment options. The Balanced investment option achieved a 15.60% return and Defensive 7.54% in the 2013/14 financial year.

Positive performance across our diversified investment options was primarily driven by strong returns from share markets. However, it's unrealistic to expect continued double-digit returns over a number of years.

Over the medium to long term, we expect investment return outcomes to provide performance more consistent with lower historical averages.

How we support members

The Fund has steadily grown to more than 785,000 members, 155,000 employers and \$29 billion in assets. This means you continue to enjoy the benefits of scale, which include our capacity to invest in a diverse range of assets and provide comprehensive advice and education services.

We're always looking for ways to enhance member benefits and services. Using the latest technology, we're helping you keep track of your super, wherever and whenever it suits you.

In 2013/14, we launched a digital member card — the first of its kind for the industry — allowing you to stay connected to your super using the existing digital wallet on your smartphone. This initiative won multiple industry awards.

Earlier in 2013/14, we expanded our education service, launching Money 101 — an online financial education portal aimed at helping members improve their financial skills.

Striving for a comfortable retirement

Initial findings from a recent independent study show that only 53% of couples and 22% of singles (aged 40-64) are on track for a comfortable level of retirement income.*

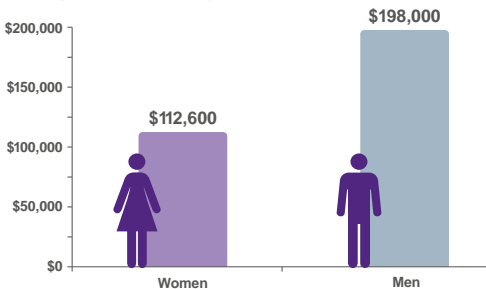
We aim to help you achieve the retirement lifestyle you deserve by striving to achieve strong long-term performance, providing access to high-quality advice and education services, and advocating for your financial interests.

Working towards super equity

We have a long history of seeking to make super more equitable for all, particularly women and the lower paid.

The Federal Government recently announced a number of changes to super that would negatively impact HESTA members, particularly women trying to bridge the gender gap in retirement savings.

Average Retirement Payouts ^



That's why we argued strongly against the Government's plan to abolish the low income superannuation contribution (LISC).

The LISC ensures one in three working Australians — earning up to \$37,000 — pay no tax on Super Guarantee (SG) contributions paid by employers on their behalf.

*Towers Watson/The University of Melbourne analysis, 2014.

^ Ross, Clare, Developments in the level and distribution of retirement savings, The Association of Superannuation Funds of Australia Limited., September 2011.

In September 2014, the Government passed a bill to only retain the LISC until 2017, after which it will be abolished. Removing the LISC is likely to affect 2.1 million women, including many HESTA members who work part-time or casual hours.

The same bill includes a freeze of the current SG rate at 9.5% until 30 June 2021, reaching 12% by 1 July 2025. This means the SG will reach 12% six years later than originally legislated.

In cooperation with the wider super industry, we're encouraging the Government to reconsider these changes, which will have a significant impact on the retirement savings of thousands of HESTA members.

Message from Angela Emslie HESTA Chair

Anne-Marie recently advised she will leave her role as CEO in February 2015. During her 16 years of leadership, the Fund has grown from \$1.4 billion and 350,000 members to \$29 billion and more than 785,000 members.

Anne-Marie's exceptional leadership created an organisation of very high standing.

She has led a first-class culture, dedicated to providing outstanding member benefits relevant to the needs of people in health and community services — the vast majority of whom are women — and leaves the Fund in a very strong position.

On behalf of the Board and staff, I'd like to thank Anne-Marie for her outstanding contribution and dedication, and wish her every success for the future.

Contents



HESTA investments (at 30 June 2014)

HESTA investment performance	6
HESTA investment options	7
HESTA strategic asset allocations	12
HESTA investment managers	13
How returns are applied to HESTA accounts	15
Significant holdings with investment managers	15



HESTA Income Stream investments (at 30 June 2014)

HESTA Income Stream investment performance	17
HESTA Income Stream investment options	18
HESTA Income Stream strategic asset allocations	22
How returns are applied to HESTA Income Stream accounts	22
HESTA Income Stream investment managers	23
HESTA reserving policy	24



HESTA and sustainability

ESG governance	26
Our approach to responsible investment	27
Incorporating ESG issues	27
Active ownership	28
Company engagement	29
Government and industry advocacy	30
Collaboration	30
Business practices	32
Environmental performance	32
People and culture	35



Finances

Financial Statements	38
Remuneration	40
Related parties	41



Our Board

Who runs the Fund	44
Our Board	45



Other information

Key advisers and service providers	51
Derivatives policy	52
Superannuation surcharge	52
How do I make a complaint?	53
What you need to know about this Annual Report	54

HESTA investments

at 30 June 2014



HESTA investment performance

for year ending 30 June 2014

Investment Option	Since inception (% p.a.)	10-year (% p.a.)	7-year (% p.a.)	5-year (% p.a.)	3-year (% p.a.)	1-year return (%)
Ready-Made Investment Pools						
Conservative Pool (1/7/95*)	6.59	5.93	4.41	7.29	7.25	8.16
Core Pool (1/8/87*)	8.86	7.20	4.09	9.80	9.63	13.23
Shares Plus (1/7/95*)	8.48	7.50	4.05	10.82	10.76	15.36
Eco Pool (1/2/00*)	5.34	7.27	4.38	10.72	11.13	12.94
Your Choice Asset Classes						
Cash (1/7/01*)	3.90	3.90	3.49	3.58	3.37	2.58
Global Bonds (1/7/01*)	5.95	5.80	6.23	6.69	6.47	5.49
Property (1/7/01*)	5.87	4.78	1.74	5.95	7.46	8.73
Infrastructure (1/7/01*)	7.75	8.46	6.33	9.09	8.86	7.22
Australian Shares (1/7/01*)	9.44	10.05	4.39	12.17	10.75	16.80
International Shares (1/7/01*)	3.31	5.09	2.60	10.87	12.67	18.69
Private Equity (1/7/01*)	6.99	8.36	7.62	12.45	12.55	17.41

Investments may go up or down. Past performance is not a reliable indicator of future performance.

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

HESTA investment options

at 30 June 2014, in detail

Ready-Made Investment Pools

	Objective	Strategy ^
Conservative Pool	<p>Medium-term (5 years) CPI + 2.5% Long-term (10 years) CPI + 3%</p> <p>Aims for the lowest year-to-year variation in returns of all HESTA's Ready-Made Investment Pools, although with lower expected rates of return than Core Pool over the long term.</p> <p>It is designed to:</p> <ul style="list-style-type: none"> • be the most conservative of HESTA's Pools • offer members a low-risk investment • seek greater returns than cash alone. <p>Probable number of negative annual returns over 20 years: 0.5 to less than 1 *</p>	<p>Conservative Pool's asset allocation includes:</p> <ul style="list-style-type: none"> • more exposure to cash and credit markets than other Ready-Made Pools • approximately 23% of investments in shares. <p>Shares tend to have a low correlation, or relationship, with cash and bonds and as one rises in value, the other may be expected to fall. Investing a proportion in shares helps reduce risk while enhancing the potential return over the longer term.</p>
Core Pool	<p>Medium-term (5 years) CPI + 3.5% Long-term (10 years) CPI + 4%</p> <p>Aims to optimise returns while only occasionally having a crediting rate less than zero.</p> <p>Probable number of negative annual returns over 20 years: 3 to less than 4 *</p>	<p>Core Pool invests in a diversified but balanced mix of assets and aims to provide a less volatile return than would otherwise be expected in an investment with Core Pool's investment objective.</p>

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

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

Ready-Made Investment Pools (continued)

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

#The investment objective changed for Shares Plus from 1 September 2014. For more information go to hesta.com.au/pds and read *Investment Choices*.

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

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

Your Choice Asset Classes

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

Your Choice Asset Classes (continued)

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

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

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

Your Choice Asset Classes (continued)

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

HESTA strategic asset allocations

at 30 June 2014*

	Ready-Made Investment Pools				Your Choice Asset Classes						
	Conservative Pool (%)	Core Pool (%)	Shares Plus (%)	Eco Pool (%)	Cash (%)	Global Bonds (%)	Property (%)	Infrastructure (%)	International Shares (%)	Australian Shares (%)	Private Equity (%)
Cash	30	3	2	10	100		10	10	0	0	10
Global Credit	27	15	3	14		100					
Diversifying Strategies	0	0									
Opportunistic Growth		3	5								
Direct Property	8	10	6	8			90				
Infrastructure	11	13	9					90			
Australian Shares	13	30	39	39						100	
International Shares	10	21	31	29					100		
Private Equity		4	4								90
Other assets	1	1	1								

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

HESTA investment managers

at 30 June 2014

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

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

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

How returns are applied to HESTA accounts

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

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

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

Significant holdings with investment managers

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

- Industry Funds Management Pty Ltd (15.57%)
- BlackRock Asset Management (Australia) Limited (10.60%)
- State Street Global Advisors, Australia, Limited (5.92%).

HESTA Income Stream investments

at 30 June 2014



HESTA Income Stream investment performance for year ending 30 June 2014

Investment Option	Since inception (% p.a.)	5-year (% p.a.)	3-year (% p.a.)	1-year return (%)
Balanced (12/12/07*)	3.02	9.86	10.69	15.60
Defensive (12/12/07*)	5.25	6.75	6.87	7.54
Conservative (12/12/07*)	5.16	8.30	8.62	10.54
Eco (1/7/12*)	19.12	n.a.	n.a.	14.57
Active (12/12/07*)	2.09	11.25	12.77	19.88
Cash (1/7/08*)	4.29	4.25	3.79	2.99
Term Deposits (1/7/12*)	4.19	n.a.	n.a.	3.69
Property (12/12/07*)	-3.12	7.46	8.18	9.79
Australian Shares (1/7/08*)	6.40	10.89	11.12	20.65
International Shares (1/7/08*)	4.91	11.53	15.02	20.06

*Refers to date of inception for the investment option

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

HESTA Income Stream investment options

at 30 June 2014, in detail

	Objective	Strategy [^]
Balanced	<p>Medium-term (5 years) CPI+3.5% Long-term (10 years) CPI+4.0%</p> <p>Aims to produce a return of 4.0% above CPI over the long term. Returns may vary substantially from year-to-year and this option may occasionally produce a negative return.</p> <p>Probable number of negative annual returns over 20 years: 2 to less than 3[*]</p>	<p>Balanced invests in a diversified mix of asset classes, with approximately 62% invested in growth style assets, including listed shares and the remainder invested in defensive style assets, such as cash, defensive property and bonds. Infrastructure assets provide a mix of both growth and defensive characteristics. The inclusion of infrastructure should give Balanced a lower risk profile than if the growth assets were all listed shares.</p>
Defensive	<p>Medium-term (5 years) CPI+2.0% Long-term (10 years) CPI+2.0%</p> <p>Aims to produce a return of 2.0% above CPI over the medium to long term. Negative returns can occur, but generally occur very infrequently.</p> <p>Probable number of negative annual returns over 20 years: Less than 0.5[*]</p>	<p>Defensive invests in a diversified mix of asset classes, with 16.5% invested in growth style assets, like listed shares and 83.5% invested in defensive style assets, like cash, term deposits, defensive property and credit. Infrastructure assets provide a mix of both growth and defensive characteristics. The diversification and defensive asset bias of this option means that it has a lower risk profile than Conservative, while its exposure to some growth assets should provide a small amount of protection against inflation.</p>

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

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

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

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

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

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

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

HESTA Income Stream strategic asset allocations

at 30 June 2014

	Balanced %	Defensive %	Conservative %	Eco %	Active %	Cash %	Term Deposits %	Property %	Australian Shares %	International Shares %
Australian Shares	32.0	7.0	15.0	39.0	47.0	0.0	0.0	0.0	95.0	0.0
International Shares	22.0	5.0	12.0	29.0	40.0	0.0	0.0	0.0	0.0	95.0
Australian Property	9.0	6.0	6.0	8.0	4.0	0.0	0.0	85.0	0.0	0.0
Australian Infrastructure	9.0	6.0	6.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0
International Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Australian Credit	11.7	22.2	33.6	8.0	0.0	0.0	0.0	0.0	0.0	0.0
International Credit	8.3	8.8	10.4	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	8.0	10.0	10.0	10.0	5.0	75.0	10.0	10.0	5.0	5.0
Term Deposits	0.0	35.0	7.0	0.0	0.0	25.0	90.0	5.0	0.0	0.0

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

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

How returns are applied to HESTA Income Stream accounts

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

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

HESTA Income Stream investment managers

at 30 June 2014

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

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

HESTA reserving policy

Up to 30 June 2013, HESTA maintained an Investment Reserve which targeted a minimum of 0.2% of net assets of the Fund. On 1 July 2013, the Investment Reserve was used to fund the Operational Risk Reserve and HESTA ceased maintaining an Investment Reserve. From 1 July 2013, the Investment Clearing Account is maintained for the purpose of accumulating the investment earnings of the Fund's assets prior to allocation to member accounts. As at 30 June 2014, the Investment Clearing Account is \$40.37 million (audited), the Investment Reserve as at 30 June 2013 was \$57.36 million (audited) and as at 30 June 2012 it was \$63.78 million (audited).

HESTA also maintained an Administration Reserve up to 30 June 2013 that was required to hold a minimum balance of \$100,000. This reserve was replaced by the Fund Development Reserve which is utilised to fund the operations of the Fund, including significant projects that are not business as usual. As at 30 June 2014, the Fund Development Reserve is \$30.42 million (audited), the Administration Reserve as at 30 June 2013 was \$27.65 million (audited) and as at 30 June 2012 it was \$23.21 million (audited).

Following the introduction of a new Prudential Standard (SPS 114), the Trustee is required to maintain an Operational Risk Reserve from 1 July 2013. As at 30 June 2014, the Operational Risk Reserve is \$64.66 million (audited).

HESTA and sustainability



ESG governance

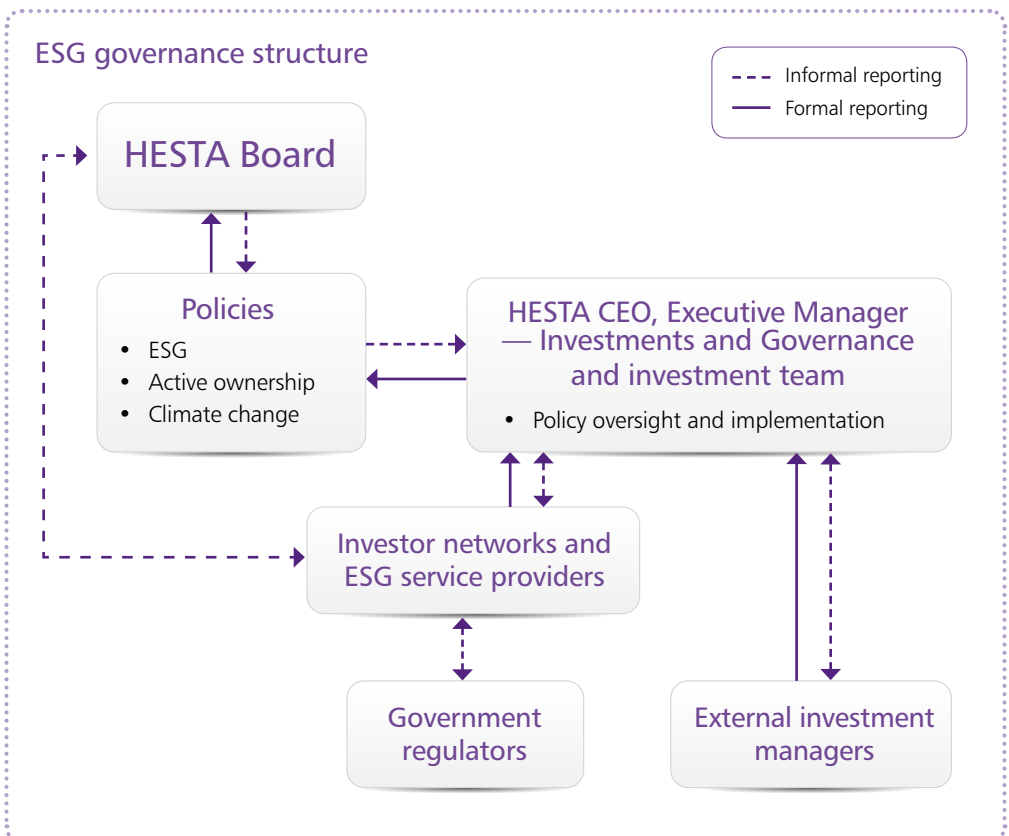
We strive to continuously improve our responsible investment practices and the sustainability of our business operations. Our approach is grounded in our key objective to maximise the returns for members while minimising risk.

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

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

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

Our investment team is responsible for the implementation of our ESG-related policies and works with our external investment managers and other service providers to ensure the incorporation of ESG factors enhances the sustainability of our investments. We collaborate with other investors where opportunities to do so furthers our ESG program.



Our approach to responsible investment

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

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

How we incorporate ESG factors

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

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

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

2013/14 highlights

ESG Strategy

During the year we continued to implement our ESG Strategy. The Strategy outlines a range of objectives and actions for incorporating ESG issues into our investment processes and decision-making within each asset class. As part of the implementation, our internal investment team hold a dedicated monthly ESG meeting for each asset class to progress actions specific to that asset class.

Manager ESG assessment framework

While we have been undertaking manager ESG assessments for many years, this year we formalised a comprehensive suite of questions for managers on their approach to, and practices for, incorporating ESG into their investment processes and decision making.

We also developed a scoring and weighting framework so that we can assess each manager, consistently and comparably, on the basis of their responses to these questions.

Incorporation of ESG into the equities component of our risk system

After a comprehensive search process, we appointed Morgan Stanley Capital International (MSCI) to provide company ESG ratings and metrics for incorporation into the equities component of our multi-asset class risk system.

This has enabled us to review the ESG performance of individual investee companies, managers and our entire equities portfolio. We have begun using this information in our regular discussions with our equities managers.

Global Real Estate Sustainability Benchmark (GRESB)

We became a member of the GRESB, an industry-driven organisation that independently assesses the ESG practices and performance within property investments. Most of our property managers participated in the annual GRESB survey.

Active ownership

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

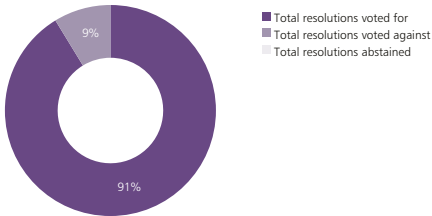
We seek to vote all the shares we own on behalf of members (in some instances this isn’t possible due to legal impediments). We vote the shares held by our Australian equities managers directly. We vote the shares held by our international equities managers indirectly through Hermes Equity Ownership Services (EOS).

When contentious issues arise, we decide how to vote, taking into account the advice of our investment managers and also our voting adviser. For Australian shares, our adviser is the Australian Council of Superannuation Investors (ACSI) and for international shares it is the International Shareholder Services (ISS).

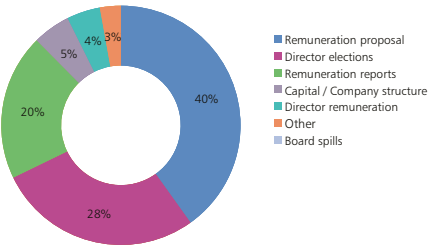
Share voting

Australia

During 2013/14, we voted on 2,027 resolutions at 379 meetings. We voted against approximately 9% and abstained on none of these resolutions.

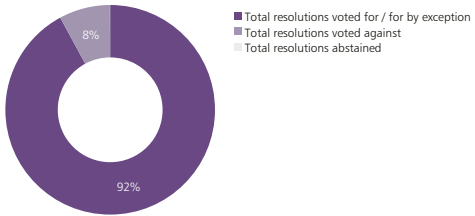


The 177 resolutions we voted against covered a range of issues including the structure and quantum of executive remuneration, board composition and independence of directors and changes to the company’s capital structure.

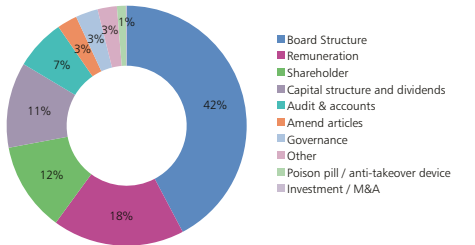


International

During 2013/14, Hermes EOS voted on our behalf on 25,425 resolutions at 2,098 meetings. EOS voted against approximately 8% and abstained on less than 0.1% of these resolutions.



The 1,997 resolutions EOS voted against covered a range of issues including board composition and independence of directors, executive remuneration, shareholder resolutions, capital structure and dividends and audit and accounts.



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

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

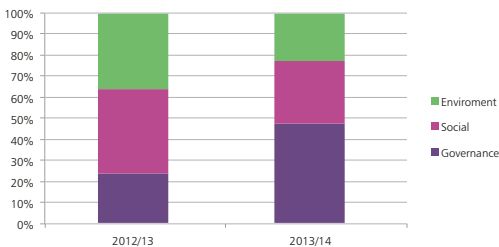
Company engagement

We engage with companies — usually at board or at a minimum, senior management level — with the aim of improving their policies, practices, performance and/or disclosure in relation to material ESG issues.

ACSI and Regnan Governance Research and Engagement (Regnan) engage on our behalf with companies held by our Australian equities managers, while EOS engages on our behalf with companies held by our international equities managers. These engagement specialists identify priority companies for engagement by assessing where a company's ESG policies, practices, performance and/or disclosure is deficient relative to established regulatory, industry or broader social standards, or where its conduct threatens its reputation or value.

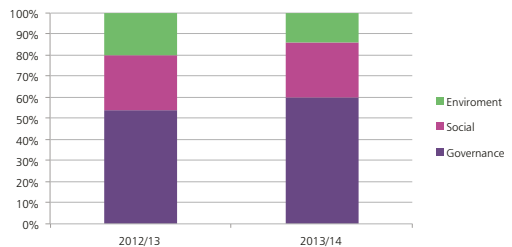
Australia

During 2013/14, through ACSI and Regnan, we engaged with 165 companies in which we were invested. The proportion of engagements related to governance increased to 47% while the proportion of engagement related to social and environmental issues declined to 30% and 23% respectively. The companies that we engaged represented 83% of the total market value of our Australian Equities portfolio as at 30 June 2014.



International

During 2013/14, through EOS, we engaged with a total of 297 internationally listed companies. The proportion of engagements related to governance increased to 60% while the proportion of engagements related to environmental issues declined to 14%. The companies that we engaged represented 38% of the total market value of our International Equities portfolio as at 30 June 2014.



2013/14 key engagement topics

Engagement with companies undertaken on our behalf focussed on:

- governance practices, including independence of directors and improved diversity on boards
- alignment of executive remuneration with company strategy and value drivers, and restraint in overall quantum
- management of social issues central to company value, including supply chain management, relations with local and indigenous communities and related risks to social licence to operate
- climate change including the impact of a changing climate on business operations
- effective disclosure by companies of ESG issues and their management and uptake of the integrated reporting framework.

Government and industry advocacy

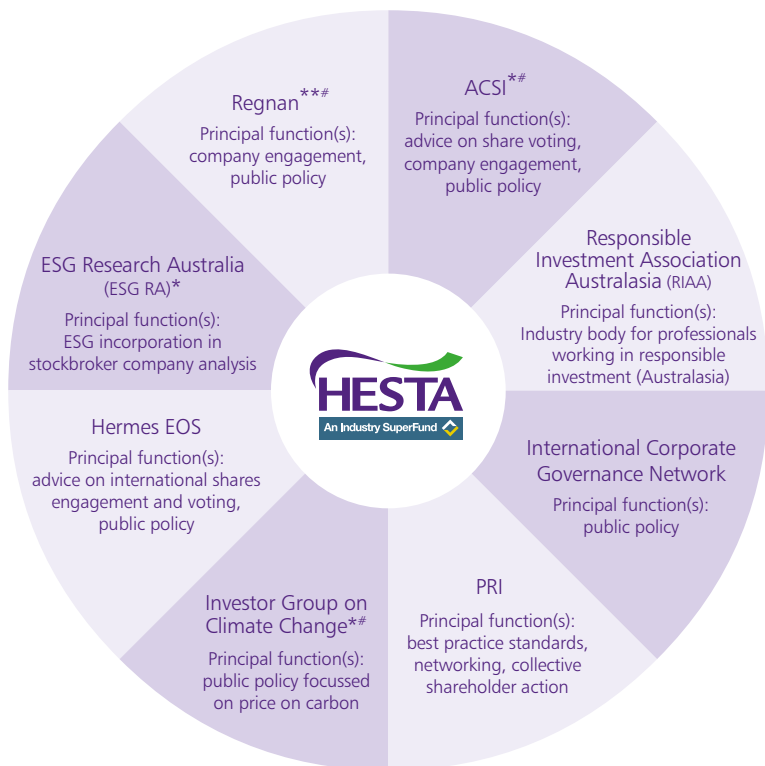
Advocacy seeks to influence laws, regulations, standards or guidelines established by government, regulators, industry or other rule-making bodies, with the aim of protecting or enhancing the long-term value of individual assets or the market as a whole. We undertake advocacy primarily through ACSI and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

Collaboration

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

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

We're involved in the following networks:



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

2013/14 key advocacy topics

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

- reviewing and improving the stability and long-term focus of the global and Australian financial systems
- corporate governance principals and guidelines, including the Australian Stock Exchange's Corporate Governance Principles and Recommendations, the Malaysia Stock Exchange's Stewardship Code, the Financial Services Agency of Japan's Stewardship Code and the International Corporate Governance Network's Global Corporate Governance Principles
- international and Australian Government policy and regulation relating to climate change and unconventional oil and gas (e.g. fracking and coal seam gas).

2013/14 key collaboration highlights

ESG Research Australia (ESG RA)

For the sixth consecutive year, HESTA's Executive Manager — Investments and Governance was chair of ESG RA. The objective of ESG RA is to facilitate improved investment decision making by encouraging better investment-relevant ESG research by stock brokers. The annual ESG RA Awards held in June 2014 attracted more than 100 individuals from across the investment community. The Awards recognised the 'Best ESG Broking Firm' as voted by ESG RA members and the 'Best Piece' of ESG Research.

Investor Group on Climate Change (IGCC)

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

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

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

PRI – Private Equity General Partner Guide Working Group

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

ACSI – Collaborative Engagements

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

Business practices

Our commitment to continually improve our sustainability is underpinned by our focus on delivering excellent service to members as efficiently as possible. By using resources more efficiently, we reduce our environmental footprint and cut costs to members.

We recognise that developing socially responsible business practices, not only adds to the wellbeing of our members, employees and the broader society, but also enhances the Fund’s operations.

We are continually integrating sustainability thinking and practices into daily business operations.

We’ve been reporting on the key environmental impacts of our operations, since 2007. In the 2012/13 financial year, we approved a sustainability policy, which guides our continuous improvement in ESG performance.

A dedicated Sustainability Committee and manager drives company-wide sustainability programs. Our sustainability performance is reported annually to the Board.

Environmental performance

We report on our environmental performance in the following areas:

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

2013/14 environmental performance

We achieved a significant improvement in our greenhouse gas (GHG) emissions per full time equivalent (FTE) employee in 2013/14. Our total GHG emissions per FTE were 8.75 tonnes of carbon dioxide equivalent (CO²-e) – a 13.5% decrease from 2012/13. This improved performance was despite expanding our office space (by 13.1%) and employee numbers (by 20%).

Our total GHG emissions, however, recorded a small increase of 3.9% in 2013/14. Total GHG emissions were 891.3 tonnes, compared to 858.0 tonnes in 2012/13.* We believe the FTE measurement more accurately reflects our performance as it takes into account increased business activity to meet the needs of our growing membership.

2013/14 key achievements

- 13.5% reduction in overall total emissions per FTE
- 13.9% reduction in office paper usage per FTE
- doubled proportion of recycled paper used in external printing
- enhanced systems for data capture and analysis, giving a stronger platform for improving performance.

*Total carbon emissions for 2012/13 were re-adjusted this financial year to reflect changes in methodology and emission factors used.

Improved environmental performance per FTE was primarily driven by continued efforts to reduce the following: our electricity use (tenant light and power), non-recycled paper in external printing, fuel consumption and waste. The slight increase in our total GHG emissions in 2013/14 was a result of increases in base building electricity use, air and taxi travel, as well as paper use.

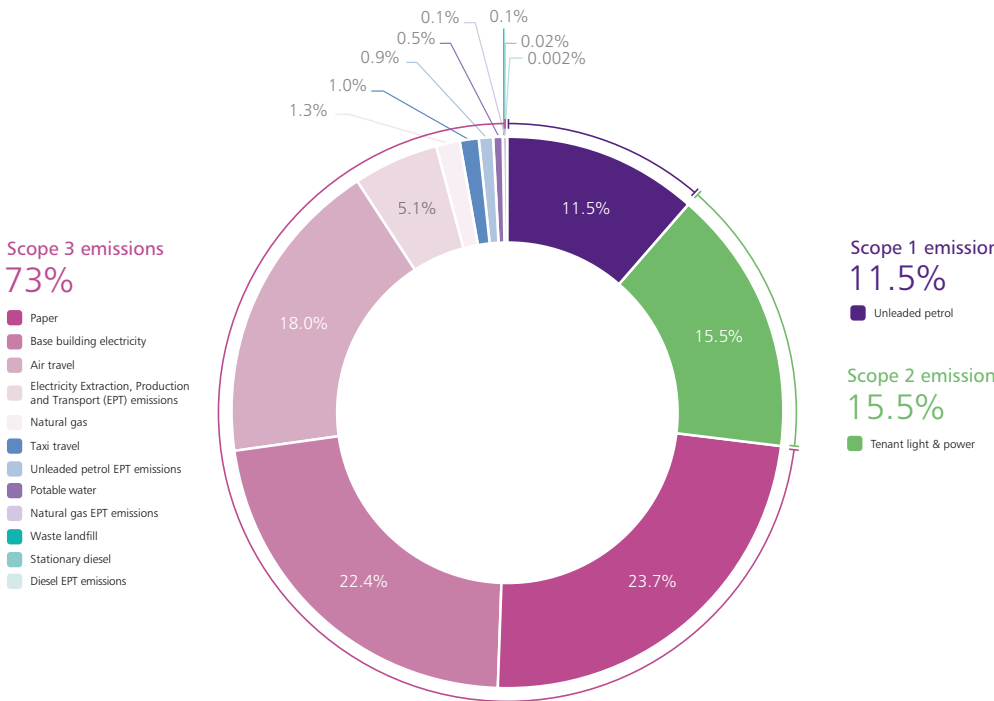
In the 2013/14 financial year, we made significant strides in improving our data collection and management systems, providing us with more accurate and reliable data to measure performance improvements in the coming years.

Carbon footprint

GHG emissions are categorised as:

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

The graphic below shows the breakdown of emissions by type.



Electricity consumption

Building electricity makes up over one third of our total emissions. In 2013/14, our electricity consumption increased only slightly, by 2.9%. The increase in total electricity is mainly attributed to base building electricity use, which is our proportion of electricity used to power common areas in the buildings we lease. This small increase is despite the significant expansion in both occupied building space and staff numbers. Notwithstanding, we achieved significant reductions in electricity use per FTE, which declined by 14.2% this year.

A 7.3% reduction in our tenant light and power consumption in 2013/14 was achieved with the help of energy conservation and awareness programs carried out internally.

Paper use

After electricity consumption, paper use is the single largest contributor to our carbon footprint, accounting for 23.7% of emissions in 2013/14. Our total paper use increased only slightly (by 1.3%) in 2013/14. This is despite a growth in HESTA members and employers, as well as FTE employees.

Printed paper used for communicating with our members and employers is the largest component of our paper consumption. In 2013/14, we more than doubled the proportion of recycled paper used in external printing.

By continuing our shift to electronic channels for communication, we achieved a 2.9% decrease in print paper use per member/employer, and a nearly 14% reduction in office paper use per FTE.

Air travel

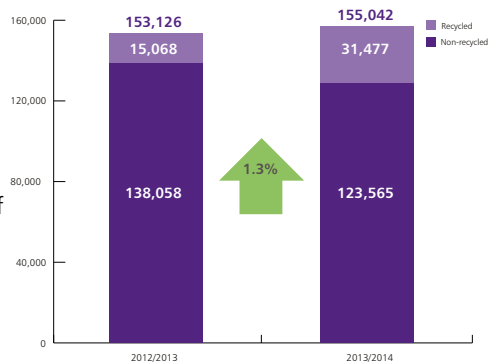
Air travel is the third largest source of HESTA's carbon emissions, contributing to 18% of our footprint. Reflecting the overall growth in our business and FTE employees, air travel continued an upward trend, increasing by 8.6% from the previous year.

Air travel per FTE, however, fell by 9.5% from 2012/13 to 13.67 thousand kilometres in 2013/14.

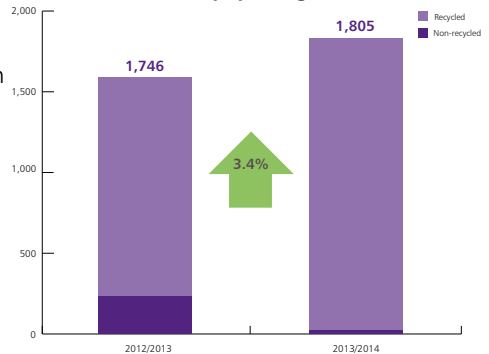
Total electricity use per FTE (MWh)



Print paper (kgs)



Office paper (kgs)



People and culture

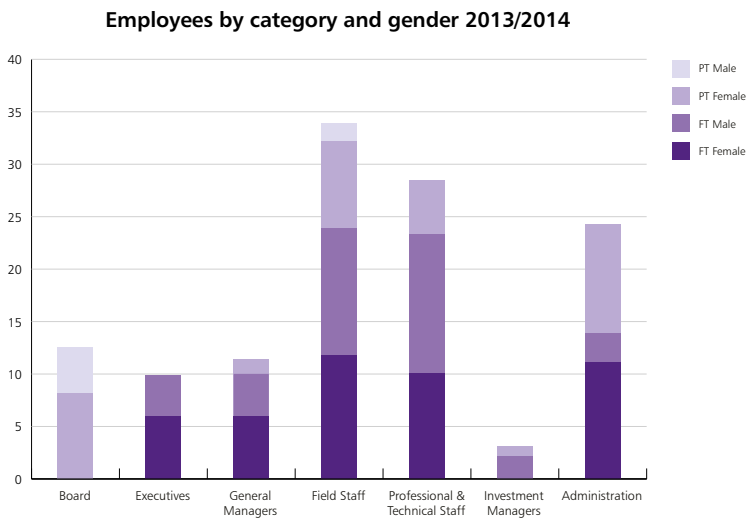
We provide a strong, mutually supportive workplace based on integrity, respect and fairness. Our forward-thinking culture fosters commitment and professionalism, and a drive to continually develop and improve.

At the end of 2013/14, we employed 101.9 FTE employees, an increase of 20% from the previous year. This reflects a growth in our members, employers and assets.

Equal opportunity

We provide equal opportunity in employment at all levels of the organisation and a workplace free of discrimination and where the rights and diversity of all our people is respected.

In 2013/14, 64% of our people were female, spread relatively evenly across all employment categories. In our leadership group, including the Board, senior executives and general managers, 63% were female.



Training and development

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

Our people can apply for company-funded professional development leave that facilitates training opportunities. During 2013/14, we granted 2,670 mandatory training hours and 1,478 other professional development training hours. We also offer an annual scholarship to assist up to four of our people to pursue their education and developmental goals.

Health and wellbeing

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

Our people can also access an Employee Assistance Program that provides confidential counselling to employees to manage work-related or personal issues. Where possible, we accommodate flexible working arrangements and part-time work requests, to encourage work/life balance.

We also maintain a comprehensive occupational health and safety policy, and a Workplace Health and Safety committee, comprising of five employee representatives. During 2013/14, seven workplace incidents, including a minor car accident, slips and falls, and building incidents (incidents that affect the use of the building) were recorded.

HESTA in the community

As a part of our commitment to corporate social responsibility (CSR), our people are encouraged to become involved in the local community by volunteering and participating in fund-raising events. In 2013/14, our people recorded 139 hours of CSR leave, participating in a range of community service initiatives.

We're a long-standing supporter of the Mother's Day Classic. In 2014, we were again a gold sponsor for the annual fun run/walk, held across Australia. This year, approximately 50 HESTA employees and families participated in the event, and 47 employees volunteered on the day, contributing to another successful event that overall raised \$4.5 million for breast cancer research.

We also provide access to Blood Donors Leave, and we facilitate charitable pay-day contributions.

Industry support

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

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



Finances



Financial Statements

The following Statement of Financial Position and Operating Statement are extracts of the audited financial statements of the Fund for the year ended 30 June 2014. Call 1800 813 327 to request a copy of the full financial statements.

Statement of Financial Position

as at 30 June 2014

	30 June 2014 \$'000	30 June 2013 \$'000
Assets		
Investments		
Cash and Short Term Deposits	2,771,966	1,908,840
Other Interest Bearing Securities	2,917,247	2,162,545
Australian Equities	8,269,557	6,652,418
International Equities	5,797,263	4,876,706
Unlisted Unit Trusts	5,595,613	5,634,005
Unlisted Pooled Funds	454,753	388,241
Pooled Superannuation Trusts	1,977,765	1,868,842
Private Equity	577,122	497,174
Derivative Assets	168,764	55,199
Total Investments	28,530,050	24,043,970
Other Assets		
Cash and Cash Equivalents	71,596	81,327
Fixed Assets	2,007	1,252
Other Assets	7,608	55
Deferred Tax Assets	53,686	133,212
Total Other Assets	134,897	215,846
Total Assets	28,664,947	24,259,816
Liabilities		
Payables	31,121	30,564
Provision for Employee Benefits	2,172	1,891
Income Tax Payable	71,593	108,056
Derivative Liabilities	18,080	262,509
Deferred Tax Liabilities	424,154	227,300
Total Liabilities	547,120	630,320
NET ASSETS AVAILABLE TO PAY BENEFITS	28,117,827	23,629,496
<i>Represented by:</i>		
Liability for Accrued Benefits		
Allocated to Members' Accounts	27,979,952	23,544,076
Not Yet Allocated to Members' Accounts	2,411	406
Reserves	135,464	85,014
Total Liability for Accrued Benefits	28,117,827	23,629,496

Operating Statement

for the year ended 30 June 2014

	30 June 2014 \$'000	30 June 2013 \$'000
Investment Revenue		
Dividends	425,300	352,149
Trust Distributions	591,609	461,987
Interest	125,722	101,071
Other Investment Income	6,787	5,947
Change in Net Market Value of Investments	2,348,386	2,252,526
Direct Investment Expenses	(98,474)	(77,223)
Total Net Investment Revenue	3,399,330	3,096,457
Contribution Revenue		
Employer Contributions	2,337,352	2,136,174
Member Contributions	420,049	260,514
Transfers from Other Superannuation Funds	590,882	487,127
Total Contribution Revenue	3,348,283	2,883,815
Other Revenue		
Group Life Insurance Proceeds	59,904	63,181
Other Income	27	139
Total Other Revenue	59,931	63,320
Total Revenue	6,807,544	6,043,592
General Administration Expenses		
Group Life Insurance Premiums	148,115	143,660
Administrator Expenses	45,786	39,420
Trustee Office Operating Costs	36,280	35,265
Total General Administration Expenses	230,181	218,345
Benefits Accrued as a result of Operations before Income Tax	6,577,363	5,825,247
Income Tax Expense	560,653	497,808
Benefits Accrued as a result of Operations after Income Tax	6,016,710	5,327,439

Remuneration

Remuneration of Directors

Total remuneration received and receivable by Directors and/or relevant organisations during the year was:

Director	30 June 2014 (\$)	Remuneration paid/ payable to
J.A. Bonnington	46,037	Self
P. Carew (Appointed 1/5/2014)	11,013	Australian Nursing and Midwifery Federation (Vic Branch)
Y.M. Chaperon (resigned 13/2/2014)	27,862	Australian Nursing and Midwifery Federation
L. Darmanin	31,972	Australian Services Union
A.C. Emslie	141,555	Self
B.H. Holmes (Deputy Chair)	57,822	NSW Nurses and Midwives' Association
T.D. Lyons	37,622	Australian Council of Trade Unions
V.J. Lyons	42,066	Self
M.S. O'Halloran AM	22,474 22,000	Self Welfare Rights Centre
P.H. Power	43,062	Self
R.N. Royle (Deputy Chair)	55,712	Self
K.L. Shay	26,755	United Voice WA
L. Williams	44,263	Health & Community Services Union
K. Zimmermann	46,501	Self
Total	656,716	

The above remuneration received/receivable by Directors and/or relevant organisations during the year includes superannuation. The remuneration paid to an organisation is after relevant superannuation is deducted and paid/payable to the Superannuation Fund.

Directors nominated to external boards

Directors nominated to external boards and their remuneration is as follows:

Director	Board	As at 30 June 2014 (\$)	Remuneration paid/payable to
J.A. Bonnington	Utilities Trust of Australia	73,804	Self
A.C. Emslie	Frontier Advisors Pty Ltd	12,840	Self
T.D. Lyons	Industry Funds Management Pty Ltd (IFM) - Investor Advisory Board	17,424	Australian Council of Trade Unions
K. Zimmermann	ISPT Pty Ltd	51,863	Self

Remuneration of Executive Management Team

Total remuneration received and receivable by Executive Management personnel during the year was:

Compensation band	Number of Executive Management personnel in band
\$40,001 - \$100,000	1
\$100,001 - \$200,000	2
\$200,001 - \$300,000	5
\$300,001 - \$400,000	1
\$400,001 - \$500,000	0
\$500,001 - \$600,000	2

Some Executive Managers commenced or departed part way through the year.

Related parties

Related party investments and transactions

At 30 June 2014 the Fund (Health Employees Superannuation Trust Australia) had:

- A 31% (2013: 30%) shareholding of ordinary shares valued at \$1,492,000 (2013: \$811,445) in Frontier Advisors Pty Ltd. Preference shares previously held in Frontier Advisors Pty Ltd were redeemed in September 2013. Frontier provides investment consulting services to the Fund.

Frontier receives fees from the Fund for investment consulting services. These fees were \$2,113,486 (2013: \$2,170,049).

Ms A.C. Emslie (as nominee of H.E.S.T. Australia Ltd) is a Director of Frontier Advisors Pty Ltd and received fees of \$12,840 (2013: \$12,000).

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

There were no transactions between the Fund and the Trustee of the Fund (H.E.S.T. Australia Pty Ltd) during the year (2013: \$nil).

Other shareholdings and transactions

As at 30 June 2014 the Fund had:

- A 16.57% (2013: 16.57%) shareholding in Superpartners Pty Ltd (Superpartners), valued at \$20,863,040 (2013: \$23,959,898). Superpartners provide member administration to the Fund.
- A 15.9% (2013: 15.9%) shareholding in Industry Super Holdings Pty Ltd (ISH) valued at \$60,671,585 (2013: \$57,812,063).

Industry Funds Management Pty Ltd (IFM) is a subsidiary of ISH and manages investments totalling \$4,463,143,275 (2013: \$4,022,707,430) on behalf of the Fund.

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

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

Ms A-M Corboy, as a nominee of H.E.S.T. Australia Ltd, is a Director of ISA.

- A 15.9% (2013: 15.9%) shareholding in ME Bank valued at \$151,094,161 (2013: \$113,851,765). ME Bank is the manager of the Super Members Home Loan program and the Super Loans Trust. The investment in the Super Loans Trust was valued at \$93,642,816 (2013: \$131,194,824). The Fund also had \$375,675,756 (2013: \$308,413,846) invested in cash and term deposits with ME Bank at year end and investments in subordinated notes totalling \$15,000,000 (2013: \$15,000,000).
- A 3.8% (2013: 3.8%) shareholding in ISPT Pty Ltd valued at \$1 (2013: \$1). ISPT is the trustee and manager of four unlisted direct investment property trusts which the Fund invests in. In addition, ISPT Pty Ltd provides management services to IGIPT Pty Ltd in its capacity as trustee of the ISPT Grosvenor International Property Trust on a cost recovery basis.

ISPT Pty Ltd in its capacity as trustee and manager, managed investments totalling \$1,301,601,125 (2013: \$1,212,494,634) on behalf of the Fund.

Mr K. Zimmermann, as a nominee of H.E.S.T. Australia Ltd, is a Director of ISPT Pty Ltd and IGIPT Pty Ltd.

Ms A-M. Corboy, as a nominee of H.E.S.T. Australia Ltd, is an Alternate Director of ISPT Pty Ltd and IGIPT Pty Ltd.

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

Our Board



Who runs the Fund

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

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

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

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

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

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

Anne-Marie Corboy
Chief Executive Officer
HESTA
PO Box 615, Carlton South VIC 3053

More information on individual Directors is available on pages 45-49 and at hesta.com.au/disclosure where you may also obtain copies of the *Board Charter* and *Code of Conduct*.

Our Board

Trustee Directors during the period 1 July 2013 to 30 June 2014

Independent Chair



Angela Emslie

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

Employer organisation appointed (nominated by their organisations)

Deputy Chair



Richard Royle

Australian Private Hospitals Association
Appointed 1/1/2011



Jay Bonnington

Catholic Health Australia
Appointed 1/1/2011



Valerie Lyons

Leading Age Services Australia
Appointed 1/1/2013



Maree O'Halloran AM

Australian Council of Social Service
Appointed 18/1/2010



Prudence (Prue) Power

Australian Healthcare & Hospitals Association
Appointed 1/1/2010



Klaus Zimmermann

Aged & Community Services Australia
Appointed 1/1/2012

Employee organisation appointed (nominated by their organisations)

Deputy Chair



Brett Holmes

Australian Nursing & Midwifery Federation
Appointed 28/9/2000



Paula (Pip) Carew

Australian Nursing & Midwifery Federation
Appointed 1/5/2014



Lisa Darmanin

Australian Services Union
Appointed 14/3/2013



Tim Lyons

Australian Council of Trade Unions
Appointed 8/2/2010



Kelly Shay

United Voice
Appointed 1/9/2009



Lloyd Williams

Health Services Union
Appointed 1/1/2012

Directors who ceased between 1 July 2013 and 30 June 2014:

Yvonne Chaperon — resigned 13/2/14

The Board Committees (as at 30 June 2014)

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

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

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

Directors' attendance at meetings

Directors During the period 1 July 2013 to 30 June 2014	Board meetings attended	Audit and Risk Committee meetings attended	Governance and Remuneration Committee meetings attended
J.A. Bonnington	8/8	4/4	
P. Carew Appointed 1/5/2014	1/1		
Y.M. Chaperon Resigned 13/2/2014	4/5		3/3
L. Darmanin	6/8	3/4	
A.C. Emslie (Independent Chair)	8/8		5/5
B.H. Holmes (Deputy Chair)	8/8		3/5
T.D. Lyons	8/8	3/4	
V.J. Lyons	7/8		5/5
M.S. O'Halloran AM	7/8		4/5
P.H. Power	8/8		5/5
R.N. Royle (Deputy Chair)	8/8	3/4	
K.L. Shay	5/8		3/5
L. Williams	7/8	4/4	
K. Zimmermann	8/8	4/4	

Qualifications of the Directors

Qualifications of the Directors of H.E.S.T Australia Ltd (ABN 66 006 818 695) as appointed Trustee of the Fund as at 30 June 2014 are:

Name	Qualification	Relevant experience
Angela Claire Emslie	Bachelor of Economics, Masters in Business Management, Fellow of the Australian Institute of Superannuation Trustees (FAIST), PS 146, Company Directors Course	President, AIST Director, LIME Management Group Pty Ltd Director, Frontier Advisors Pty Ltd Director, Suicide Prevention Australia Ltd Served as a Member of the AIST Governance and Professional Standards Committee and on the Federal Government's Stronger Super Governance Working Group More than 20 years' experience as a senior manager or adviser to management
Brett Howard Holmes	Registered Nurse (1983-1990), Registered Midwife (1998-1990)	Member, Australian Nursing & Midwifery Federation Federal Executive General Secretary, Nurses and Midwives' Association (NSW Branch) Director, NEW Law Pty Ltd General Secretary Trustee and Chairman, Edith Cavell Trust
Richard Norman Royle	Bachelor of Arts, Masters of Health Administration, Strategy Course for Health Care Delivery — Harvard Business School	Executive Director, UnitingCare Health Vice President and Chair, APHA Policy Committee Board Member, Wesley/St Andrews Research Institute Adjunct Associate Professor, Queensland University of Technology — Faculty of Health Panel Chair, Review of the Personally Controlled Electronic Health Record
Jay Annette Bonnington	Bachelor of Commerce, Master of Business Administration, Fellow of CPA Australia (FCPA), Fellow of the Australian Institute of Company Directors (FAICD), Strategic Planning — Harvard Business School	Director, St John of God Healthcare Group Director, Motoball Australia Pty Ltd Director, Metropolitan Fire Services Board Director, Utilities Trust of Australia Executive Director, JS Bonnington and Associates Pty Ltd Member, Deakin University Council Director, Voluntary Community Board - Lord Mayor's Charitable Foundation and The Queen's Fund Chair, The Salvation Army Audit Committee Prior experience as a superannuation Trustee
Paula (Pip) Carew	Certificate of Nursing, Bachelor of Arts, Graduate Diploma of Health Sciences	Assistant Secretary, Australian Nursing & Midwifery Federation (ANMF) (Victorian Branch) Board member of Australian Nursing & Midwifery Federation (Victorian Branch) Executive member of Finance and Risk Management Committee for ANMF (Victorian Branch)
Lisa Darmanin	Bachelor of Business, Diploma of Community Development, RG 146, AIST Trustee Director Course - Level 1	Assistant Branch Secretary, Australian Services Union, Victorian and Tasmanian Authorities and Services Branch Former alternate Member Director of Vision Super Fund

Name	Qualification	Relevant experience
Timothy Daniel Lyons	Bachelor of Arts, Diploma of Financial Services (Financial Planning), Diploma - Company Directors Course - AICD, ASFA (Units - Investment, Superannuation, Financial Planning)	Assistant Secretary, Australian Council Of Trade Unions (ACTU) Former Director of LUCRF Super Director, The Union Education Foundation Ltd Secretary/Director of over ten ACTU-related companies Trade Union official Director, Industry Super Australia Pty Ltd Member, National Workplace Relations Consultative Council Member, Fair Work Building Industry Inspectorate Advisory Board Member, National Precincts Board
Valerie Joan Maria Lyons	Bachelor of Business, ACIS, FAICD, FCPA, FCSA, AIST Certificate of Trustee Practice	Chief Executive Officer/Member of Villa Maria Society Director, Leading Age Services Australia Director, Catholic Health Australia
Maree Suzanne O'Halloran AM	Bachelor of Arts, Diploma of Education, Bachelor of Legal Studies, Graduate Diploma in Legal Practice, Master of Laws	CEO, Welfare Rights Centre Practising as a solicitor in NSW Working in the community sector Board Member, NSW Public Service Commission Advisory Board Former Director, SAS Trustee Corporation in NSW Board Member, Teachers Mutual Bank
Prudence (Prue) Howard Power	Master of Population Health, Professional Certificate in Arbitration & Conciliation, Practitioner's Certificate in Mediation and Conciliation, Corporate Director's Diploma, Registered Nurse	Former Executive Director, Australian Healthcare & Hospitals Association Council Member, University of Canberra Director, University of Canberra College 30 years of experience in management and board positions in the health industry Member, Institute of Arbitrators and Mediators
Kelly Louise Shay	RG146, Harvard Trade Union Program, Certificate in Trustee Governance-AIST, Company Directors Course - AICD	Assistant Secretary United Voice, WA Branch Lead Organiser, United Voice with responsibility for the private health industries Former Lead Organiser, ACTU Active member of APHEDA, the overseas humanitarian aid agency of the ACTU Member, United Voice National Executive
Lloyd Williams	Diploma Occupational Health & Safety, RG 146	Branch Secretary, Health and Community Services Union (Victoria No. 2 Branch) National President, Health Services Union (HSU) Member, HSU National Executive Officer and Delegate to National Council, HSU Executive Member, Victorian Trades Hall Council
Klaus Zimmermann	Bachelor of Business (Accounting), Business Certificate of Accounting, Diploma in Corporate Management, Justice of the Peace (South Australia)	Former Chief Executive Officer, Eldercare Incorporated Director, Medicare Local, Central Adelaide and Hills Director, Applied Professional Services Pty Ltd Director, ISPT Pty Ltd, IGPT Pty Ltd and The New Daily Pty Ltd Non-Executive Director of The Commonwealth Association for the Ageing Ltd External Committee Member of the Board Audit and Finance Committee, Southern Cross Care (SA & NT) Inc

Other information



Key advisers and service providers

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

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

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

Other key advisers and providers as at 30 June 2014 include:

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

Investment managers

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

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

Derivatives policy

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

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

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

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

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

Superannuation surcharge




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

How do I make a complaint?

We take complaints seriously.

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

Internal dispute resolution process

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

External dispute resolution process

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

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

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

What you need to know about this Annual Report

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

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

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

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



Contact us

HESTA enquiries

1800 813 327

hesta@hesta.com.au

hesta.com.au

PO Box 600

Carlton South VIC 3053

HESTA Income Stream enquiries

1300 734 479

hestasis@hesta.com.au

hesta.com.au/incomestream

Locked Bag 200

Carlton South VIC 3053

There for you



Strength in numbers

HESTA has more than 785,000 members and \$29 billion in assets, and is the super fund for people in health and community services. HESTA's size means we can keep fees low and provide education and advice to members about super — at no extra cost. Find out more at hesta.com.au



A truly national fund

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



Strong long-term investment performance

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



Low-cost comprehensive insurance cover

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



24/7 access to your account

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



Added extras

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



The recognition you deserve

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

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



HESTA is the super fund for people in health and community services

- ✓ Supports your industry
- ✓ Low fees
- ✓ A history of strong returns

More people in health and community services choose HESTA for their super

