

HESTA Annual Report

—
2019/20

**in this
together**

| HESTA |

About this report

Every aspect of our work aims to create value for our members, our partners and our people. We use the International Integrated Reporting 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). We realise the important role super funds can play in achieving these ambitions, making a better world for our members to live, work and retire into. Throughout this report we reference the SDGs and specifically the seven SDGs we believe are most appropriate for our members in Australia.

This report covers the operations of HESTA from 1 July 2019 to 30 June 2020. We also discuss risks, opportunities and outcomes of our partners and the companies we invest in, where they are relevant to our own performance.

The way HESTA thinks about the capitals reflects our strategic promise, purpose and ambition.

Our promise (who we will be)

The gutsy advocate driving meaningful change for generations to come.

Our purpose (why we exist)

To make a real difference to the financial future of every member.

Our ambition (what we strive to achieve)

To become the super fund for life for all those who work in health and community services in Australia.

<IR> capital	What this looks like at HESTA	Value created
Financial	The money we invest and manage to help fund our members' retirement and the money we spend to carry out that work	A secure and confident financial future for our members
Intellectual	The research, data and insights we capture, produce and share as a result of our work, and the governance, risk, compliance, engagement and advocacy that inform and support our work	A healthy economy, society and environment
Natural	How we factor environmental impacts into our investments and our operations	
Human	Our people's contributions to our work and the way we support them to carry it out	A stronger, better appreciated health and community services sector
Social and relationship	The partnerships we form to support our work and the benefits that flow from these to our members, the sector we support and our society	

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL 235249, the Trustee of Health Employees Superannuation Trust Australia (HESTA) ABN 64 971 749 321. This information 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. 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).

2019/20 performance snapshot

870,000+
members

\$59,917
average account balance

90,000 employers

Core Pool
8.5%* p.a.
average return since inception
(annual return for 2019/20 0.00%)

32%
retirement readiness

64/36
female/male board
gender diversity

80%
female
members

79%
member
satisfaction with
advice services*

\$52b
funds under
management

699

Awards program attendees
plus 400+ viewers of the
2020 HESTA Australian
Nursing & Midwifery Awards

143%
increase in time
on Member Online
site since 2019

↑ 98%
death
insurance
claims paid

5 years
Top decile
employee
satisfaction

37.2%
increase in calls to
contact centre in
June quarter 2020*
(*compared with June quarter 2019)

HESTA | An Industry SuperFund

Industry award wins



* Annualised return for the period. Past performance is not a reliable indicator of future performance. The value of your investment may rise or fall. The return shown is net of investment fees, indirect costs and taxes as at 30/6/2020. ^ Member Experience Research, November 2019.

welcome

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What we do

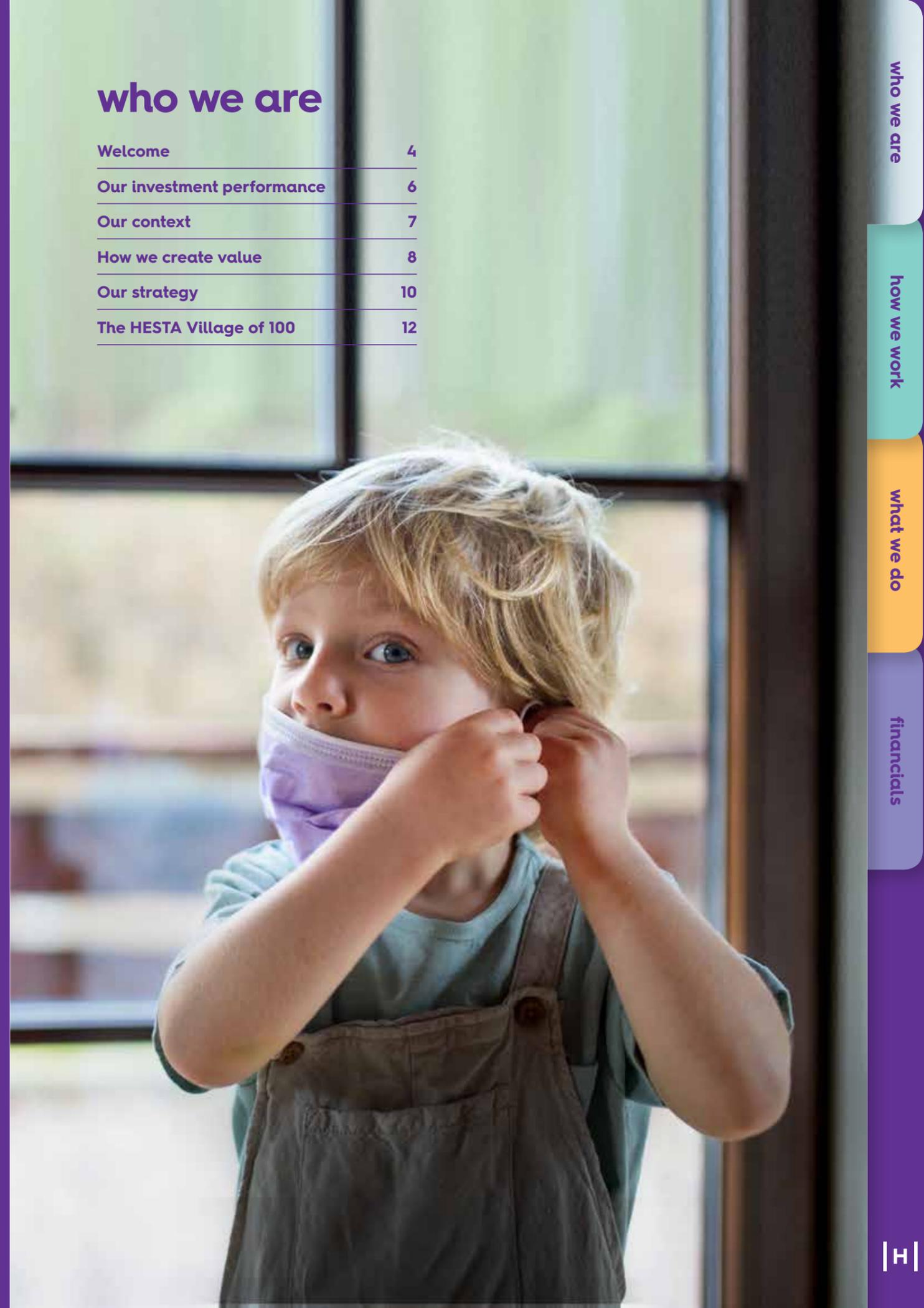
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welcome

Creating real value for our members, their industry and our world has never been more important.



We are proud to present our 2019/20 Annual Report.

Shaping a future our members can feel confident about is what has always driven our work at HESTA. We are gutsy, ambitious and focused in pursuing that vision. And we have steered your super through many challenges.

This year has tested every aspect of how we support you, your industry and our shared future. And we're pleased and proud to report that the fund has met, and often exceeded, our own high expectations of our work for you.

This has not been an easy period: for you, or for our community. A highly volatile world economy has inevitably impacted our local economic environment. In that context, our financial year investment performance is solid, with our *MySuper*-authorised option Core Pool returning 0.00%.

By moving to a more defensive footing ahead of market volatility, Core Pool's strategy has protected the investments of the more than 80% of our members who are in this option. Our Income Stream Balanced strategy has also held steady with a result of 0.75% from our Balanced option and 2.08% from our Defensive option.

Clearly this is not the kind of result you are used to seeing from us. But in the context of market turbulence, these are reassuring numbers. They underscore how our careful and consistent management of risk and opportunity can help you stay on track to financial wellbeing.

Our responsible investment approach is the key to both the past year's success and the coming year's strategy. HESTA has a leading role to play in local and global economic recovery. We will continue to seek and nurture opportunities to invest back into the industry we serve, with a stake in innovation and expansion in health, aged and community care. We will contribute actively to the growth of a low-carbon economy.

We will also continue to refine the ways we support you as your needs change. This year we rapidly reshaped our advice and help services to remote delivery, ensuring you could reach us wherever and whenever you needed support. Your feedback will continue to inform the ways you can access our expertise as you navigate our changed environment.

We have also made it as easy as possible for members in need to access their super through the COVID-19 early release measures. We understand that in such difficult times, today's needs can take precedence over tomorrow's – and we will work hard to help our members rebuild their super.

HESTA makes a promise to drive meaningful change for generations to come. For us to deliver on that promise, we must continue to grow at a rate that keeps us competitive and strong, enabling us to serve members long into the future. That means acting in a way that adds value to our members' lives in every part of our fund. Our deep understanding of your needs, grounded in more than 30 years of work with you, is helping us shape experiences that directly contribute to your financial wellbeing.

You have shown incredible resolve and commitment to helping each other and our community through this COVID-19 crisis. Every day we're inspired by the work our members and employers do and how much resilience you have shown in these uncertain times.

As economies start to re-open, it's time to turn our minds to our shared future. Knowing the HESTA community and knowing our plans for you, we're feeling very positive about what lies ahead.

Debby Blakey
Chief Executive Officer

Nicola Roxon
Chair

our values

ownership



passion



leadership



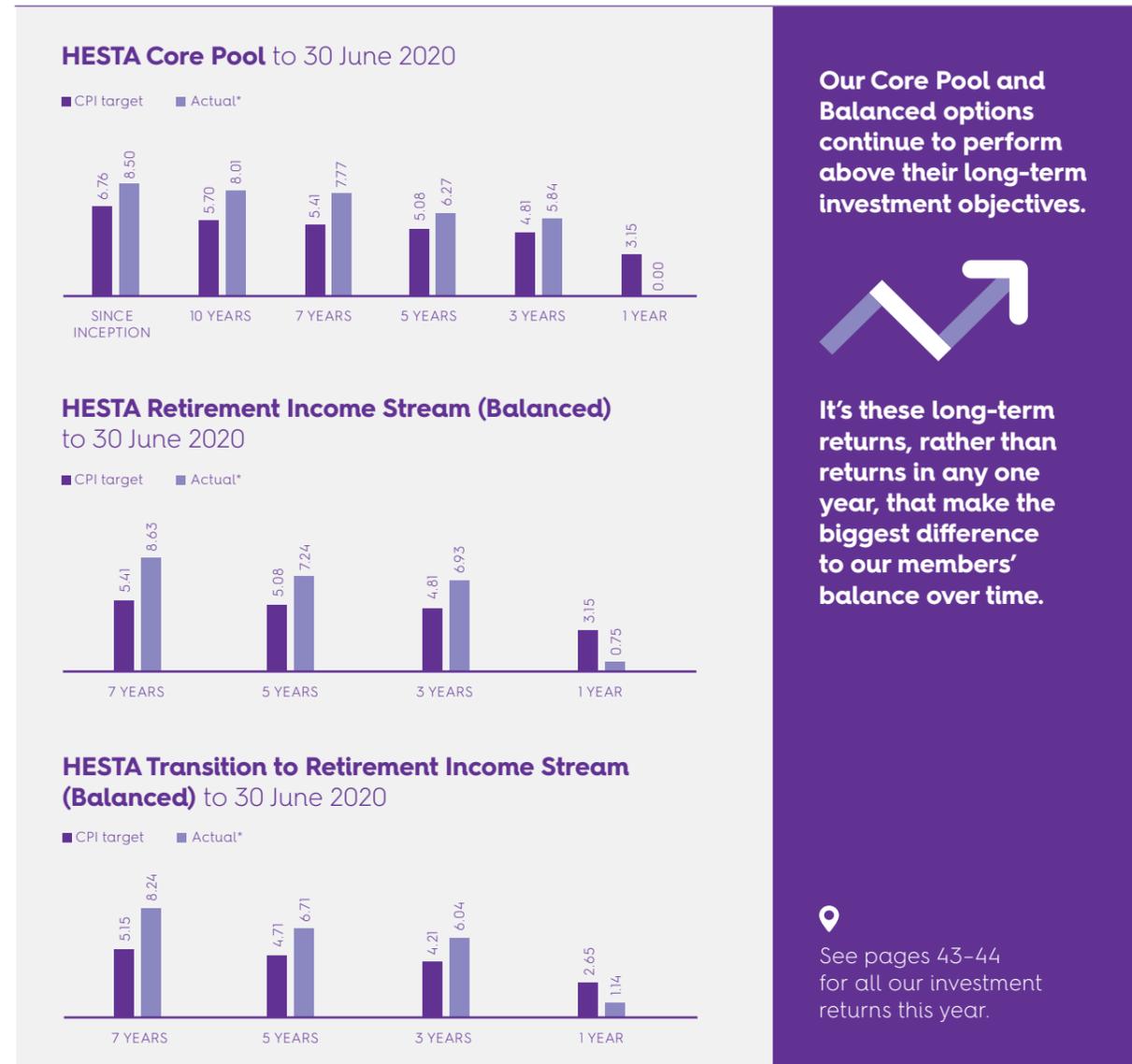
respect



partnership



our investment performance



* Average annualised return for the period. Investments may rise or fall. Past performance is not a reliable indicator of future performance.

This year has seen a strong result in the face of a volatile market.

HESTA's MySuper investment option, Core Pool, and HESTA Income Stream Balanced option, have weathered this environment to produce neutral and modestly positive returns.

These results show how our investment approach can help protect members from the downside of sharp falls in economic activity.

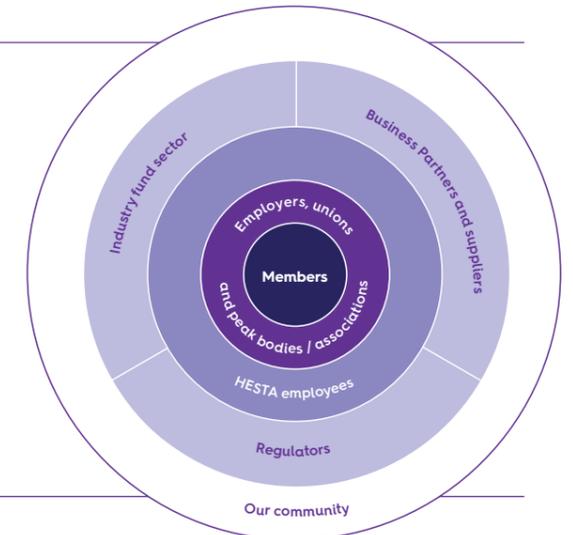
We're focused on achieving strong, competitive long-term performance because, over time, this will make the biggest difference to our members' account balances.

our context

HESTA works closely with the health and community services sector, our partners and our community to create value for our members.

Our stakeholders

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



Our operating environment

Economic environment

While the latter half of 2019 saw slowing economic growth, the start of 2020 was extremely volatile – for financial markets, and for our community as we've responded to COVID-19. Actions taken by governments and central banks have had a calming effect on both global and Australian share markets. In Australia, action on monetary policy was swift and substantial, totalling 16.5% of Gross Domestic Product (GDP). The Reserve Bank of Australia (RBA) lowered interest rates to an all-time low of 0.25%. The RBA also injected more money into the economy. Globally, lockdowns restricting movement of people and border closures have had a dramatic impact on economic growth and unemployment, softening returns for most investment markets.

Strategic environment

The past year will be remembered as a tale of two halves. The first saw HESTA, and industry super funds in general, continue to grow following the release of the Royal Commission report early in 2019. Competition for members was intense, with an increased focus on acquiring members directly rather than through more traditional channels.

In early 2020, like all other businesses, we were forced to take drastic measures to protect our workforce from COVID-19. Our fund's resilience, testament to our business continuity and crisis planning, means we are well placed to rebound as the community and economy start to emerge from the crisis.

Regulatory environment

The regulatory environment continues to be challenging for super as we implement the changes recommended from the Royal Commission into Financial Services and the reactive changes required swiftly as a result of the pandemic. A number of regulatory changes were made to help members financially impacted by the coronavirus pandemic. These included the early release of super payments and reduction in minimum drawdowns for income stream members.

Sustainability

In the first half of the financial year, HESTA advanced our work on understanding the impacts of climate change as we began to draft a climate change transition plan. In December and January these impacts saw our members dealing with bushfires and the health impacts of extreme weather events exacerbated by a warming planet.

We were once again certified as carbon neutral in our Trustee Office. We also became the first major super fund to make a commitment to cut carbon across the portfolio by 33% by 2030 and to net zero by 2050 as a part of our Climate Change Transition Plan (CCTP).

HESTAS net carbon footprint for the Trustee office decreased materially in 2019/20 due to the impacts of COVID-19, especially restrictions in air travel.

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...

what we deliver...

the value we help create...

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 a financially sustainable fund.

Our business partners

We select and work with our partners to enact our values and strategy.

Our research and insights

We believe data-led decision making enables us to work effectively for our members.

Our scale

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

We invest responsibly

We invest for long-term performance and impact. We use our scale to influence others and to keep our costs down. We protect our members' capital.

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 money.

We stand up for what's right

We raise our voices on issues that matter. We stand up for women. We work to close the super gap. We fight for financial equality. We keep companies responsible.

We partner with purpose

We choose to work with like-minded partners for the benefit of our members and the industry we support.



A model of sustainable, responsible financial growth

Strong financial returns in line with members' interests



Meaningful, lasting change in opinion, policy and culture



Members who understand and are engaged with their super



Support where it's needed most for people who work in health and community services

Strong partnerships aligned with our values and our members' interests



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

secure future

A secure & confident financial future for our members

resilient economy

A more resilient economy, society and environment

stronger sector

A stronger, better appreciated health and community services sector



all profits go to our members

our strategy

1. value



1.1 Deliver sustainable, ambitious, net long-term returns

We will continue implementing the recommendations from our Investment Strategy Review, with a focus on adding greater value to our investment approach. The review aims to maintain our strong net returns, reduce fees and outperform peers.

Value to members: the fund is positioned to deliver strong, sustainable long-term investment performance.

1.2 Enhance and differentiate value for members

We will work with members to improve our products and services so they engage with their super and take actions that will improve their 'retirement readiness'.

Value to members: more and better support to achieve the financial future they want.

1.3 Enhance and differentiate value for employers and other partners

We aim to improve employer and partner satisfaction by working with them to enhance our services, support and ease of use. We also aim to provide the best possible workplace support for our members, who are also their employees.

Value to members: the full benefit of their super entitlements and opportunities to learn more about their super in their own workplace.

2. experience



2.1 Provide personalised, seamless experiences

We will design and deliver outstanding and continually improving experiences that meet members' growing expectations. We will help members take actions to improve their retirement readiness. This will help us satisfy and retain members, and drive advocacy to help attract new members.

Value to members: 24/7 support to improve their financial future, anytime and anywhere that suits them.

2.2 Have engaged, talented and adaptable people

We will help our employees develop the mindsets, capability and culture to deliver the fund's strategy. Our people and culture are assets that must be supported and enhanced in an increasingly competitive market for talent.

Value to members: their super is managed by skilled people committed to achieving great outcomes for them.

2.3 Accelerate and deliver HESTA Impact

We will develop a whole-of-fund approach to expand and promote the outcomes of the HESTA Impact program (see page 48). This involves growing members' confidence that HESTA invests their money in a socially and environmentally responsible way.

Value to members: their fund is working for positive outcomes not only for their financial future, but for the world into which they will retire.

3. growth



3.1 Acquire members and funds under management

We will work to improve net new member growth by expanding relationships with our largest employers and developing a more effective channel to reach potential members directly.

Value to members: more of the benefits that flow from scale, such as a bigger investment pool and controlled costs.

3.2 Retain members for life

We will reposition HESTA as the fund for life and work with members to simplify the experience of transitioning from accumulation to retirement. This will improve retention rates and net cash flows.

Value to members: the ease and confidence of staying with a fund they trust throughout their lives, as well as the benefits of our growing scale.

3.3 Maintain a competitive business model

We will continue to evolve and improve our business model so that it remains competitive in a market likely to be disrupted by new technologies and rapidly changing economics. As a profit-to-member fund, we need to continue to develop a flexible and cost-effective infrastructure that allows us to compete while retaining our lean, low-cost operating model.

Value to members: knowing they're with a sustainable fund that can deliver value for them now and into the future.

Our strategic plan is designed to help us deliver value to members by fulfilling our purpose and ambition.

2021 strategy

Our 2021 strategy will position us to create value for our members, employers, partners and our community now and into the future.

3 key goals

It centres on three key goals: delivering the best possible value, experience and growth for our members.

value | experience | growth

It's reviewed annually and shapes our business plan, which keeps us on track towards our longer-term goals.

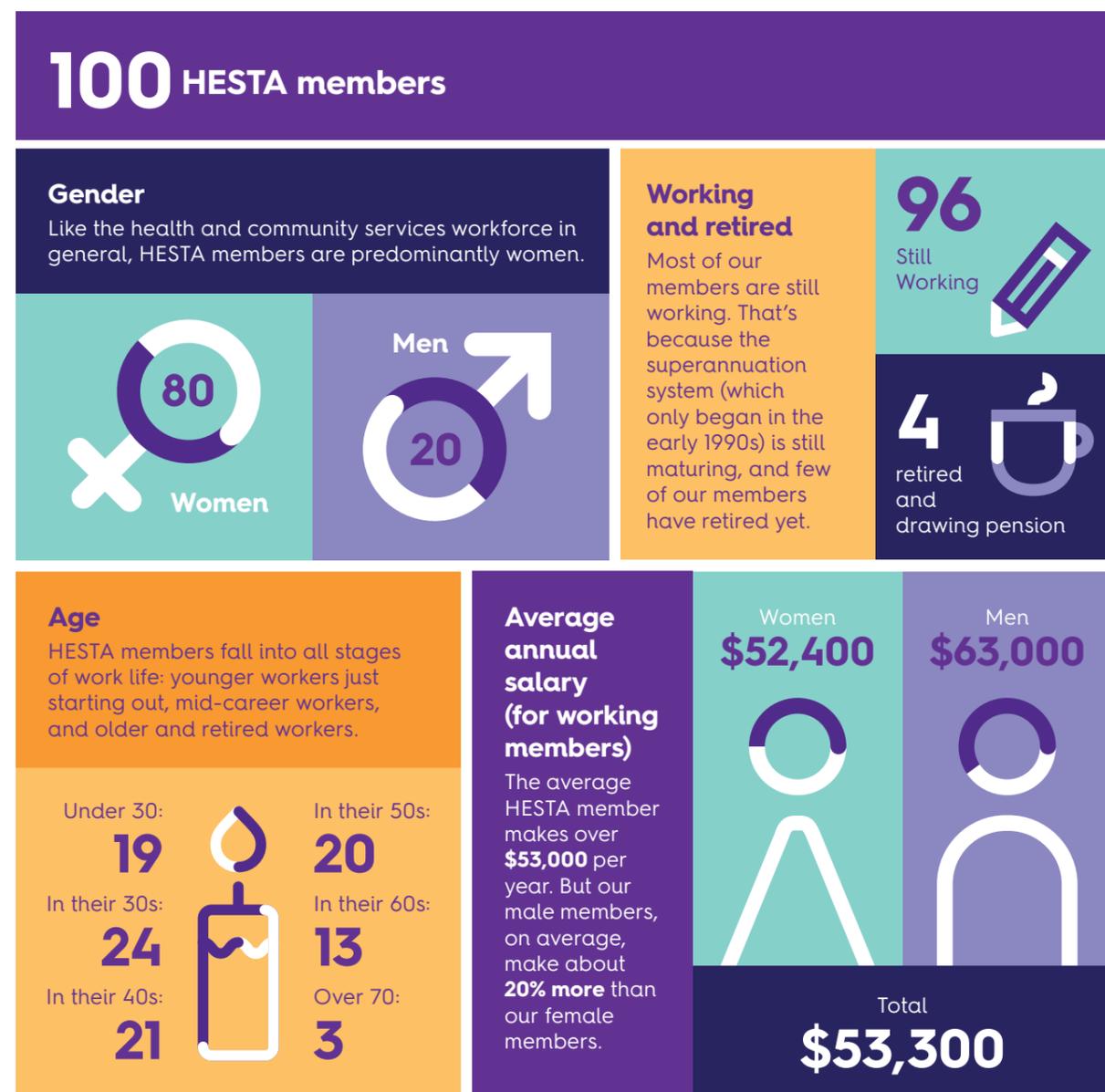
Key objectives and initiatives are outlined in the plan and our employees take responsibility for delivering against each item.

a village of 100

HESTA proudly includes over 870,000 members. We are working hard to make a real difference to the financial future of every one of them.

Our Vital Signs report highlights the challenges faced by our members, by imagining how the entire HESTA membership would look if it was compressed into a single village of 100 people. That microcosm would portray the diversity and talents of the people who deliver essential health care and community services for Australians.

Here's what that village would look like.



Average length of HESTA membership

Over one third of HESTA members joined our fund within the last five years; this reflects the strong growth that has occurred in health care and community services. Relatively few members have been with the fund for more than 20 years - but that is changing as the fund matures, and our working members accumulate more experience.



Annual salary (for working members)

The earnings of HESTA members are concentrated in the broad middle-income band: **over three-quarters of our village earn between \$25,000 and \$100,000**. But a significant minority of our members earn less.



Family structure of HESTA members

Like Australian society as a whole, the family arrangements of HESTA members have evolved, and become more diverse. Our members have many different ways of living.

Average superannuation balance

Because many HESTA members are early in their careers, their super balances are still relatively small. On the other hand, our retired members have had more time to build up larger balances.

For those still working:

\$50,000



For those retired: **\$208,000**



Home ownership of HESTA members

Among HESTA members over 50 years of age, 80% own their own home. That's higher than the average (65%) for all Australians.

Of those over 50 that own a home, over half have paid off their mortgages.

Own home, no mortgage:

25

Own home, with mortgage:

36

Don't own home:

39



Couple with children:

47

Couple without children:

17

Single with children:

10

Single without children:

23

Other:

3



how we work

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our governance

> Why this matters to us

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

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

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 stands for Health Employees Superannuation Trust Australia – the fund that is made up of all of our members’ retirement savings. 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.

Our Board structure ensures the voices of both employers and members are heard at every level of the fund. This means their views can be part of the decisions we make on our members’ behalf.

The Board sets our strategic direction and monitors the implementation of our strategy by the Executive Team in accordance with our governance framework. This ensures the fund is run in accordance with the Trust Deed, relevant legislation and regulations. Strong governance is the key focus of the Board and it works to continuously improve its governance practices. HESTA has adopted the Australian Institute of Superannuation Governance Code to promote transparency and disclosure of our governance arrangements.

At HESTA we believe identifying and managing risk is central to achieving our strategic objectives and purpose. Our risk management framework and internal controls aim to 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.

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

Employer organisation appointed Directors



Klaus Zimmermann
Deputy Chair
Nominating body:
Aged & Community Services Australia



Dr Deborah Cole
Nominating body:
Australian Healthcare and Hospitals Association



Gary Humphrys
Nominating body:
Catholic Health Australia



Catherine Smith
Nominating body:
Australian Council of Social Service



Daniel Sims
Nominating body:
Australian Private Hospitals Association



Dr Saranne Cooke
Nominating body:
Leading Aged Services Australia

Employee organisation appointed Directors



Lloyd Williams
Deputy Chair
Nominating body:
Health and Community Services Union



Helen Gibbons
Nominating body:
United Workers Union



Anna Claude
Nominating body:
Australian Nursing and Midwifery Federation



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



Sophie Ismail
Nominating body:
Australian Council of Trade Unions

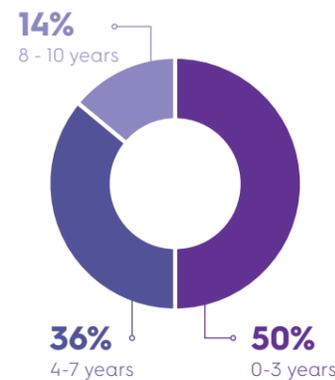


Emeline Gaske
Nominating body:
Australian Services Union

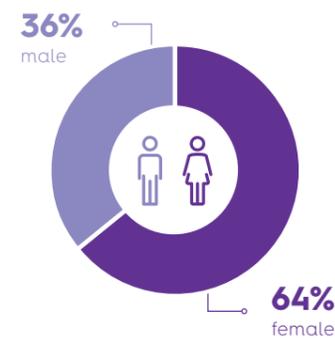
Board changes in 2019/20

The late David Smith's term (nominating body: Australian Services Union) on the Board ended on 22 November 2019 and Emeline Gaske (nominating body the Australian Services Union) joined the Board on 12 February 2020.

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
Audit and Risk Committee Responsible for ensuring the fund maintains high standards of business behaviour and ethics, complies with all legal and regulatory requirements, manages risk effectively, and provides assurance on the quality and reliability of financial information	Gary Humphrys	Saranne Cooke Helen Gibbons Daniel Sims Klaus Zimmermann Sophie Ismail
Governance and Remuneration Committee Responsible for all governance and remuneration matters including maintaining 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	Lloyd Williams	Nicola Roxon Deborah Cole Catherine Smith Lori-Anne Sharp
Investment Committee Responsible for overseeing the Trustee's investment strategy and frameworks, and ensuring the proper governance of the fund's investment practices	Mark Burgess	Nicola Roxon Anna Claude Gary Humphrys Klaus Zimmermann Helen Gibbons Melda Donnelly <i>(External Adviser)</i> Robert Mann <i>(External Adviser)</i>
Impact Committee Formed at the start of 2019, the Impact Committee's purpose is to provide strategic direction and oversight for HESTA Impact (our holistic approach to the impact we deliver for members in corporate social responsibility, advocacy and responsible investment)	Anna Claude	Mark Burgess Catherine Smith Emeline Gaske Saranne Cooke Angela Emslie <i>(External Adviser)</i>

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

> Our performance

With the outbreak of COVID-19 in January 2020, strong governance was vital and a key focus of the Board. This ensured HESTA was able to deliver on the regulatory changes aiming to help members financially impacted by the coronavirus pandemic, and to adapt to the changing environment so we could continue to support our members.

During the year, the Board approved the HESTA Climate Change Transition Plan with a commitment to reduce the absolute carbon emissions of our portfolio by 33% by 2030 and to net zero by 2050. HESTA is the first major Australian super fund to make this commitment.

📍 Find out more at hesta.com.au/board

> Looking forward

Trustee governance continues to be the focus for the Board as it navigates the impacts of COVID-19 for our members. HESTA is well positioned to continue to deliver high standards of governance to serve our members' interests and meet changing community expectations.

Vale David Smith

As we reflect on the extraordinary impact David had on many working people, we will continue to strive for a fairer Australia and better outcomes for our members.



HESTA extends its deepest condolences to family, friends and colleagues of HESTA Director David Smith, who passed away suddenly on Friday 22 November 2019.

Everyone at HESTA was shocked and saddened by the news. David was an inspirational leader and advocate for both HESTA and Australian Services Union (ASU) members. David brought to the HESTA Board a deep knowledge of the community services sector and experience drawn from more than 25 years passionately defending and advancing the rights of working Australians. He also had a very broad knowledge and understanding of the superannuation industry and he will be missed by all of us at HESTA.

David was a passionate and committed HESTA Director who also served on the Fund's Investment Committee. Since joining the HESTA Board, David had made a very strong contribution. He served as the Fund's nominee to the board of Infrastructure Fund Utilities of Australia Pty Ltd and as a director at the Australian Institute of Superannuation Trustees (AIST). AIST posthumously awarded David Smith its 2019 Trustee of the Year Award. The Award was announced at AIST's annual general meeting, where David was recognised as a tireless advocate for members and a staunch supporter of the equal representation governance model.

David's respect for others and humility belied his extraordinary life-long contribution to a better quality of life for working Australians. Having started on the shop floor as a clerk at Queensland Rail, David got involved in his union at a young age. He rose quickly to Assistant State Secretary in 1993 and Queensland Branch Secretary in 2001. David ran the Equal Pay case in Queensland in the state commission, which provided the foundation for the landmark national Equal Pay Case that saw substantial pay increases for social and community services workers. Under David's leadership, the ASU also delivered the first ever workplace agreement with provision for domestic violence leave.

David's passing is deeply saddening to all his colleagues on the HESTA Board who greatly valued his wise and insightful counsel and guidance. David was widely recognised both in the superannuation industry and union movement as a passionate representative of working people. He shared a deep sense of social justice and commitment to working towards a fairer and more equitable Australia. David was a true champion of the member, always thinking about ways to improve super for low income workers, women, and other vulnerable groups.

We feel incredibly privileged to have had the opportunity to work with him to help deliver better outcomes for our members.

our executive

The COVID 19 environment has accentuated the value of knowing our purpose as leaders at HESTA. We are seizing the moment to build a better and stronger future.



Sonya Sawtell-Rickson
Chief Investment Officer

Sonya was appointed Chief Investment Officer in July 2017. She is responsible for overseeing the HESTA investment program is responsible for the development and execution of the HESTA investment framework and strategy.



Neil Saxton
Chief Partnerships Officer

Neil joined HESTA in 2006. He was appointed Chief Partnership Officer in 2010 and is responsible for a national strategy to grow HESTA's deep links to the health and community services sector through partnerships and engagement.



Debby Blakey
Chief Executive Officer

Debby was appointed CEO in 2015. A proven leader, she has more than 25 years' experience in superannuation and financial services and holds directorships at the Fund Executives Association Limited, Industry Super Australia Ltd and the Australian Council of Superannuation Investors. Debby has previously been HESTA's Deputy CEO and Executive - Member Advice.



Lisa Samuels
Chief Experience Officer

Lisa was appointed Chief Experience Officer in July 2015. She and her team are responsible for brand, marketing, product, customer and employee experience, insights, strategy management and people and culture.



Stephen Reilly
Chief Operating Officer

Stephen was appointed Chief Operating Officer in August 2015, and is responsible for service delivery, administration, insurance, digital, technology, strategic projects and investment execution.



Andrew Major
Chief Risk and Compliance Officer

Andrew joined HESTA in 2009. He was appointed Chief Risk and Compliance Officer in January 2020, and is responsible for leading HESTA's risk and compliance teams.



Megan Bolton
Chief Financial Officer

Megan was appointed Chief Financial Officer in September 2016. She and her team are responsible for managing financial and accounting processes, legal matters, tax, fleet management, facilities and sustainability.



Joshua Parisotto
Chief Advice Officer

Joshua was appointed Chief Advice Officer in January 2020. Joshua and his team are responsible for member education, financial advice and other engagement activities.

our people and culture

> Why this matters to us

HESTA members are at the centre of everything our employees do. Our members count on us to do the best work of our careers to help them achieve a better financial future. This is why we're committed to learning, growing and maintaining a skilled, innovation-focused, diverse and purpose-driven team.

We work hard to ensure we have the talent, capacity and engagement to support our members. We know this will deliver value to them.

More than ever before, HESTA employees have demonstrated high levels of change agility, resilience and passion, continuing to adapt to a constantly changing external environment so they can keep delivering value to HESTA members.

> How we create value

We attract high-performing, purpose-driven employees who continue to deliver outstanding outcomes for HESTA members.

Leadership is an expectation for every employee in every role. Every employee is accountable for contributing to the fund's performance. This reinforces our employees' strong connection to our purpose and to the members we serve.

Our workforce has a lean, flexible operating model. This helps us control costs while maintaining the expertise to deliver our ambitious strategic goals.

We proactively manage the HESTA culture by recognising and reinforcing behaviour that aligns with our values, through our Culture Roadmap framework - I Belong at HESTA.

> Our performance



OUR EMPLOYEE PHILOSOPHY

BUILD

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



GROW

Find, develop and retain employees who will continue to 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 social responsibility and awards programs, so our people are deeply connected to 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 share our commitment to creating a better future for our members. By partnering with best-in-class 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:

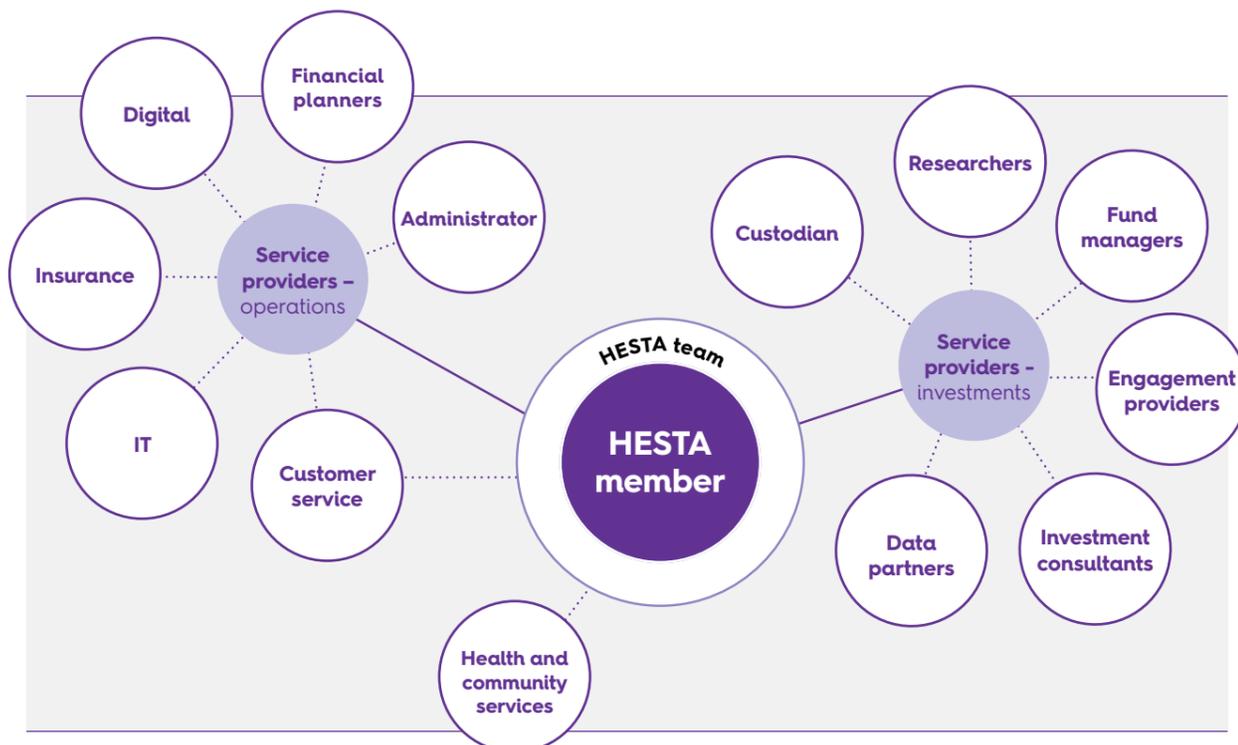
- offer market-leading solutions for members
- share and support our purpose and member-focused approach
- increase our people’s capacity and capability
- offer genuine value for money, to help us control costs
- ensure our strategy and execution are responsible and exemplify leading global practice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

> Our performance

GoldenSource

We partner with leading Enterprise Data Management software vendor, GoldenSource, on the Investment Execution program to deliver a best-in-class data infrastructure that supports our changing requirements.

HESTA and GoldenSource have put in place a centralised data infrastructure that has improved data quality, automation and availability of investment information to all business functions including our internal investment team. As HESTA grows, GoldenSource will provide a scalable, integrated infrastructure to manage all future data requirements and provide timely, accurate data into the investment management process, allowing us to make decisions with the best possible data.



our 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.

This tailored support can help create lasting value for our members in the form of a better financial future.

As a truly data-driven organisation we can continue to grow and deliver value for our members.

> How we create value

We combine insights supported by leading research partners with our growing internal capability to inform every decision we make on our members’ behalf.

Member Experience Program

Our member experience program is designed to help employees support our members at every step of their journey with us. By continuously monitoring 24 interaction touchpoints, we’re able to quickly identify problem areas and take action. This year we collected feedback about recent interactions from almost 30,000 members– an increase of 25% on last year. And over 3,500 of these members were designated for follow up contact through our closed feedback loop process.

Have a say

In 2020 our online community insights panel was migrated to a new platform and is now managed entirely inhouse. This enables us to enrich the insights we regularly collect on how members think and feel with behavioural data held on HESTA’s core information systems.

With access to 2,500 community members we can provide member input on a range of subjects within a couple of days. This year research topics included insurance, risk profiling, affordable childcare, Mother’s Day Classic and the impact of COVID-19 on jobs and workplace.

> Our performance

Ada and Abe

Further expansion of the capabilities and attributes of Ada, our internal advanced analytics platform, was a key focus for this year. More than 60% of HESTA employees now use Ada, with the platform being accessed more than 5,500 times over the year.

We introduced proactive alerting and insight commentary from Ada, supported by our anomaly detection system (Abe) which has improved knowledge sharing and increased engagement by 20%. The combination of our leading analytics platform and proactive insight generation has improved our ability make decisions based on member needs.

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. Following the pilot in July 2019, Ada Says has already helped more than 6,000 members take steps toward a better financial future based on suggestions from the system.

Member satisfaction and brand research



HESTA brand tracker Q4, FY 19/20

our capabilities

> Why this matters to us

Our ability to execute investment decisions in a timely manner is crucial to delivering member returns. We have been working hard to add new capabilities, new approaches and new technology to our investment function to enhance the process.

By undertaking these changes and partnering with market-leading systems providers, we can drive better outcomes for our hard-working members.

> How we create value

We combine our new approaches with new technology to make informed, timely investment decisions.

Our new portfolio management system will deliver a consolidated lens across our decision-making and risk management, through data availability, timeliness, integration and improved analytics. The Portfolio Management System is also a key enabler of our internalisation initiative.

> Our performance

We have been monitoring our internal progress, to see how well we are doing on implementing our new investment ambitions, measuring our performance against the criteria that demonstrates a strong investment framework.

Over the past two years, our internal engagement scores have steadily improved. This is a fantastic outcome, and testament to the hard work, commitment and support for change from the Investment team, and teams across the HESTA business to drive better outcomes for our members.

* HESTA brand tracker Q1, FY 18/19

what we do

We invest for positive outcomes	26
We stand up for what's right	48
We understand our members	51
We partner with purpose	56



we invest for positive outcomes

> Why this matters to us

Every aspect of our investment strategy is informed by our focus on investing for strong returns and doing it responsibly, knowing the importance of each decision to our members' future financial health. We aim to generate sustainable long-term returns while carefully controlling costs.

HESTA is a 'universal owner' – an investor with a large investment portfolio diversified across asset classes, sectors and geographies such that they are effectively invested in a slice of the global economy.

Because of that, we cannot diversify away all risk and our members' returns are therefore affected by the health of the global economy.

We align our members' interests with their long-term investment needs. And we invest to support a healthy economy, environment and society.

> How we create value

We believe investing responsibly is important to an investment's long-term value. Understanding how an investment impacts on people and planet helps us understand an investment's risks, opportunities and long-term sustainability.

To deliver strong financial returns for our members' financial futures, we must address financial and non-financial considerations and advocate for necessary changes to the financial system.

We endorse the ambitions of the United Nations' Sustainable Development Goals ('SDGs') as a way of delivering a healthy economy, environment and society. These 17 goals, adopted by all United Nations Member States in 2015, provide a roadmap for prosperity for the planet through global collaboration. We aim to support our members and their working lives in the health and community services sector by meaningfully contributing towards seven strategic areas of impact (framed within the SDGs), that are aligned with the Fund's strategy and members' interests.



You can read more about our responsible investment practices, our voting and our engagement at www.hesta.com.au/responsible

> Our performance

HESTA is recognised as an industry leader in responsible investment. In 2019, we were proud to be named as a global leader by the UN PRI in its inaugural Leaders Group. This group consists of 47 global asset owners at the forefront of responsible investment leadership and innovation.

HESTA is an active owner, seeking to influence behavioural change through an engagement program. This year, we have focused on the engagement themes that will matter most to our members and align with the sustainable development goals. Either directly or through our partners we have conducted hundreds of meetings with companies to protect and enhance the value of our member's investments and the contribution companies can make to a sustainable world.

We also use voting as a way of being an active owner and publicly displaying our views on the activities of a company. We vote around 99% of our shares held and occasionally raise our own shareholder resolutions to enhance our active ownership ambitions.

We participate in Class Actions when our members have been wronged and suffered loss as a result of poor company behaviour. We believe Class Actions are an important form of active ownership, as they provide a tool to recover losses and also to improve the system.

We participate in Class Actions when our members have been wronged and suffered loss as a result of poor company behaviour. We believe Class Actions are an important form of active ownership, as they provide a tool to recover losses and also to improve the system.

Our policies

Our investment approach is supported by a number of policies spanning responsible investment, governance, active ownership, climate action and stewardship. You can read our policies at hesta.com.au/responsible

> How we invest

Investing responsibly

Our approach to impact through responsible investment practices is guided by the United Nations-backed Principles for Responsible Investment (PRI). The PRI requires signatories to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making and practise active ownership of the companies in which we invest.

ESG issues can impact investment risks and returns, by considering these risks and acting to mitigate them, we can improve the long-term investment returns for our members and improve the world they retire into.

Engaging actively

Active ownership means working to bring about real, positive change to create sustainable value for our members. Our objective is to raise the standards of the companies and markets in which we invest. Active ownership or Stewardship has four areas of work. Company Engagement, Proxy Voting, Class Actions and Advocacy.

The top three themes we have pursued change on this year are:

- gender diversity and Board composition
- climate change
- remuneration practices.

A complementary part of our active ownership approach is our proactive voting practices.

You can read our share voting reports at hesta.com.au/responsible under 'Active ownership'.

We conduct engagements through our partners the Australian Council of Superannuation Investors (ACSI), Regnan Governance Research and Engagement (Regnan) and Hermes Equity Ownership Service (EOS).

OUR BELIEFS

A strong set of beliefs guides every decision 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

investment managers

as at 30 June 2020

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	
Global debt	BlackRock Asset Management (Australia) Limited	
	Macquarie Investment Management Australia Limited	
	Pendal Group Limited	
	PIMCO Australia Pty Limited	
Property	AEW Capital Management, L.P.	
	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	
	MSREF V International-GP, L.L.C.	
	Nuveen Alternatives Europe S.à r.l.	
	QIC Property Management Pty Ltd	
	Scarborough Pacific Group Pty Limited	
	Stride Property Limited	
	Artisan Partners Limited Partnership	
	Baillie Gifford Overseas Limited	
BlackRock Investment Management (Australia) Limited		
International shares	Citigroup Global Markets Australia Pty Limited	
	Copper Rock Capital Partners LLC	
	Generation Investment Management LLP	
	Lazard Asset Management Pacific Co	
	Martin Currie Investment Management Limited	
	Robeco Hong Kong Limited	
	Russell Investment Management Limited	
	RWC Asset Management LLP	
	Sanders Capital LLC	
	State Street Global Advisors, Australia, Limited	
	Australian shares	Airlie Funds Management Limited
		Allan Gray Australia Pty Limited (formerly Orbis)
		Citigroup Global Markets Australia Pty Limited
		Cooper Investors Pty Limited
Ellerston Capital Limited		
Greencape Capital Pty Ltd		
IFM Investors Pty Ltd		
Pendal Group Limited		
Plato Investment Management		
Renaissance Smaller Companies Pty Ltd		
Schroders Investment Management Australia Limited		
Solaris Investment Management Limited		
State Street Global Advisors, Australia, Limited		
Touchstone Asset Management Pty Ltd		
Yarra Funds Management Limited		
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	

as at 30 June 2020

Asset Class	Investment manager	
Infrastructure (continued)	Palisade Investment Partners Limited	
	Stafford Timberland Limited	
Private equity	Advent Partners Pty Ltd	
	Adveq Management AG	
	Ascendent Capital Partners Limited	
	Blackbird Ventures Pty Ltd	
	Brandon Capital Partners Pty Ltd	
	Castik Capital Partners GmbH	
	Coller Investment Management Limited	
	Five Elms Capital Management, LLC	
	FSN Capital Partners AS	
	FTV Management Company, L.P.	
	Generation Investment Management LLP	
	Grey Mountain Partners LLC	
	IFM Investors Pty Ltd	
	JMI Management Inc	
	Leapfrog Investments Group Ltd	
	Lexington Advisors Inc	
	Littlejohn & Co., LLC	
	Madison-India Management Advisors Private Limited	
	Newbury Associates LLC	
	Oaktree Capital Management, L.P.	
	PAG Asia Capital Limited	
	Performance Equity Management, LLC	
	Providence Equity Partners LLC	
	Rio Energy Management LLC	
	Roark Capital Management LLC	
	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
		Bridgewater Associates, Inc
Challenger Investment Partners Limited		
Graham Capital Management L.P.		
Healthcare Royalty Management, LLC		
IFM Investors Pty Ltd		
Kohlberg Kravis Roberts & Co. L.P.		
La Française Investment Solutions		
Members Equity Bank Pty Limited		
ME Portfolio Management Limited		
Nephila Capital Limited		
Oaktree Capital Management, L.P.		
Social Ventures Australia		
Westbourne Credit Management Limited		
Currency management		Lee Overlay Partners Limited
		Insight Investment Management Limited
	Russell Investment Management Limited	
Risk management strategies	QIC Limited	

HESTA investment options

ready-made investment pools

as at 30 June 2020

Investment options	Conservative Pool	Core Pool (our MySuper default option)	Shares Plus	Eco Pool
Investment objective	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than: <ul style="list-style-type: none"> • medium term (5 years) CPI + 1.5% • long term (10 years) CPI + 2.0% 	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than: <ul style="list-style-type: none"> • medium term (5 years) CPI + 3.0% • long term (10 years) CPI + 3.5% 	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than: <ul style="list-style-type: none"> • medium term (5 years) CPI + 3.5% • long term (10 years) CPI + 4.0% 	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than: <ul style="list-style-type: none"> • medium term (5 years) CPI + 3.0% • long term (10 years) CPI + 3.5%
Strategy	Asset allocation includes: <ul style="list-style-type: none"> • more exposure to cash and debt markets than other Ready-Made Pools • approximately 25% of investments in shares. Shares tend to have a low correlation, or relationship, with cash and debt 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.	Invests in a diversified but balanced mix of assets. Aims to provide a less volatile return than would otherwise be expected in an investment with its investment objective.	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.	Invests in companies with above average environmental, social and governance performance. Eco Pool has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in sustainable investments.
Probable number of negative annual returns over 20 years	1 to less than 2	3 to less than 4	4 to less than 6	4 to less than 6
Risk level	Low to medium	Medium to high	High	High
Suggested minimum investment timeframe	1 to 3 years	5 to 7 years	7 to 10 years	7 to 10 years
Type of investor this option may suit	Defensive	Assertive	Aggressive	Aggressive

Strategic asset allocation	Conservative Pool	Core Pool	Shares Plus	Eco Pool							
Asset class	Strategic allocation	Allocation range	Asset class	Strategic allocation	Allocation range	Asset class	Strategic allocation	Allocation range	Asset class	Strategic allocation	Allocation range
■ Australian shares	12.0%	5-20%	■ Australian shares	25.0%	17-37%	■ Australian shares	39.7%	25-50%	■ Australian shares	33.0%	23-47%
■ International shares	11.0%	5-15%	■ International shares	24.0%	16-36%	■ International shares	31.6%	25-50%	■ International shares	31.0%	17-41%
■ Alternatives	6.0%	0-15%	■ Private equity	6.0%	0-12%	■ Private equity	10.0%	5-15%	■ Private equity	4.0%	0-10%
■ Infrastructure	10.5%	2-15%	■ Alternatives	8.5%	0-15%	■ Alternatives	0.0%	0-10%	■ Alternatives	0.0%	0-15%
■ Property	8.5%	2-15%	■ Infrastructure	12.0%	5-25%	■ Infrastructure	8.7%	2-20%	■ Infrastructure	0.0%	0-20%
■ Global debt	30.0%	20-40%	■ Property	9.5%	3-20%	■ Property	8.0%	2-15%	■ Property	10.0%	0-20%
■ Cash	22.0%	10-30%	■ Global debt	10.0%	5-25%	■ Global debt	0.0%	0-10%	■ Global debt	17.0%	5-25%
			■ Cash	5.0%	0-30%	■ Cash	2.0%	0-25%	■ Cash	5.0%	2-20%

HESTA investment options

your choice asset classes

as at 30 June 2020

Investment options	Cash	Global Bonds	Property	Infrastructure																																				
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% Barclays Capital Global Aggregate ex Australia Index Hedged to \$A 	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 CPI + 3.0%.																																				
Strategy	Cash is primarily invested in at-call bank deposits, along with an allocation to short-dated term deposits. It may include a small allocation to other cash investments.	Is 100% invested in bonds and other debt products. The underlying investments are similar for this asset class in Core Pool, being a range of global and alternative debt products, but excluding some unlisted debt that is considered higher risk. All currency exposures in international debt are fully hedged.	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.	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.																																				
Probable number of negative annual returns over 20 years	Less than 0.5	1 to less than 2	2 to less than 3	3 to less than 4																																				
Risk level	Very low	Low to medium	Medium	Medium																																				
Suggested minimum investment timeframe	Less than 1 year	1 to 3 years	5 to 7 years	5 to 7 years																																				
Type of investor this option may suit	Cautious Or, an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.	An investor seeking to create their own diversified portfolio, who would like to include debt and other fixed interest investments.	An investor seeking to create their own diversified portfolio, who would like to include Australian and international property.	An investor seeking to create their own diversified portfolio, who would like to include exposure to infrastructure assets.																																				
Strategic asset allocation	 <table border="1"> <thead> <tr> <th>Asset class</th> <th>Strategic allocation</th> <th>Allocation range</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>100.0%</td> <td>100.0%</td> </tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	100.0%	100.0%	 <table border="1"> <thead> <tr> <th>Asset class</th> <th>Strategic allocation</th> <th>Allocation range</th> </tr> </thead> <tbody> <tr> <td>Global debt</td> <td>100.0%</td> <td>50-100%</td> </tr> <tr> <td>Cash</td> <td>0.0%</td> <td>0-25%</td> </tr> <tr> <td>Alternatives</td> <td>0.0%</td> <td>0-30%</td> </tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Global debt	100.0%	50-100%	Cash	0.0%	0-25%	Alternatives	0.0%	0-30%	 <table border="1"> <thead> <tr> <th>Asset class</th> <th>Strategic allocation</th> <th>Allocation range</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>10.0%</td> <td>5-15%</td> </tr> <tr> <td>Property</td> <td>90.0%</td> <td>85-95%</td> </tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	10.0%	5-15%	Property	90.0%	85-95%	 <table border="1"> <thead> <tr> <th>Asset class</th> <th>Strategic allocation</th> <th>Allocation range</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>10.0%</td> <td>5-15%</td> </tr> <tr> <td>Infrastructure</td> <td>90.0%</td> <td>85-95%</td> </tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	10.0%	5-15%	Infrastructure	90.0%	85-95%
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HESTA investment options

your choice asset classes (continued)

as at 30 June 2020

Investment options	International Shares	Australian Shares	Private Equity
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 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.	Over the long term, to earn an after-tax return after investment fees and indirect costs, at least 3% higher than the return (net of tax**) of the combination of: <ul style="list-style-type: none"> • 13.5% S&P/ASX 300 Accumulation Index • 76.5% MSCI ACWI ex Australia in \$A Net Dividends Reinvested Hedged • 10.0% Bloomberg Ausbond Bank Bill Index.
Strategy	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 our currency overlay program policy. It may include managers who also short sell shares.	The underlying investments in Your Choice – Australian Shares are similar for this asset class in Core Pool. 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.	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.
Probable number of negative annual returns over 20 years	4 to less than 6	6 or greater	4 to less than 6
Risk level	High	Very high	High
Suggested minimum investment timeframe	7 to 10 years	7 to 10 years	7 to 10 years
Type of investor this option may suit	An investor seeking to create their own diversified portfolio, who would like to include exposure to listed international shares.	An investor seeking to create their own diversified portfolio, who would like to include exposure to listed Australian shares.	An investor seeking to create their own diversified portfolio, who would like to include exposure to Australian and international private equity products.

Strategic asset allocation



Asset class	Strategic allocation	Allocation range
Cash	0.0%	0-25%
International shares	100.0%	75-100%



Asset class	Strategic allocation	Allocation range
Cash	0.0%	0-25%
Australian shares	100.0%	75-100%



Asset class	Strategic allocation	Allocation range
Cash	10.0%	5-15%
Property	90.0%	85-95%

investment options

for Retirement Income Stream (RIS) and Transition to Retirement (TTR) Income Stream## as at 30 June 2020

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 focused on equity, currency, interest rate, credit and commodity markets, and include various instruments such as futures, options, forward rate agreements, swaps and warrants.

Derivatives have a role in the fund's overall investment strategy, and are generally used to improve the risk-adjusted returns of the fund by providing an efficient way to add or remove market risk. The use of derivatives is common practice in investments, as they assist in managing liquidity, transitions, cost, and risk as well as, in some instances, to generate return.

Our derivative usage is governed by the HESTA policy on the use of derivatives, which outlines the monitoring and controls in place to ensure all risks are appropriately managed.

Our managers are permitted to use derivatives to achieve their investment objectives, particularly to control risk and maintain desired exposures, within the constraints of their investment mandates. HESTA also uses derivatives directly to hedge positions (e.g. currency) or to efficiently maintain asset allocation targets (e.g. equity futures). Where held directly, derivatives are not used speculatively, to gear the portfolio, or to create net short positions.

Investment options	Balanced	Defensive
Investment objective	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:
Med term (5 years)	RIS: CPI + 3.0%	TTR: CPI + 2.5%
Long term (10 years)	RIS: CPI + 3.5%	TTR: CPI + 3.0%
		RIS: CPI + 1.5%
		TTR: CPI + 1.0%
		RIS: CPI + 2.0%
		TTR: CPI + 1.5%
Strategy	Balanced invests in a diversified mix of asset classes, with 65.3% invested in growth style assets, including listed shares and the remainder invested in defensive style assets, like cash, defensive property and global debt. 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.	Defensive invests in a diversified mix of asset classes, with 22.5% invested in growth style assets, like listed shares and 77.5% invested in defensive style assets, like cash, term deposits, defensive property and global debt. 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.
Probable number of negative annual returns over 20 years	3 to less than 4	less than 0.5
Risk level	Medium to high	Very low
Suggested minimum investment timeframe	5 to 7 years	1 to 3 years
Type of investor this option may suit	Assertive	Defensive

Strategic asset allocation



Asset class	Strategic allocation	Allocation range
Australian shares	27.0%	17-37%
International shares	25.0%	16-36%
Alternatives	6.0%	0-15%
Infrastructure	9.5%	5-25%
Property	8.5%	3-20%
Global debt	19.0%	5-35%
Cash	5.0%	0-30%



Asset class	Strategic allocation	Allocation range
Australian shares	7.0%	3-13%
International shares	6.0%	3-13%
Alternatives	6.0%	0-10% (RIS) 0-15% (TTR)
Infrastructure	7.0%	2-15%
Property	6.0%	2-15%
Global debt	28.0%	20-40%
Cash	40.0%	30-50%

investment options

for Retirement Income Stream (RIS), Term Allocated Pension (TAP) and Transition to Retirement (TTR) Income Stream

as at 30 June 2020

Investment options	Conservative	Eco	Active	Cash
Investment objective*	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	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.
Med term (5 years)	RIS: CPI + 2.0%	RIS: CPI + 3.5%	RIS/TAP: CPI + 4.0%	
Long term (10 years)	RIS: CPI + 2.5%	RIS: CPI + 4.0%	RIS/TAP: CPI + 4.5%	
	TTR: CPI + 1.5%	TTR: CPI + 3.0%	TTR: CPI + 3.5%	
	TTR: CPI + 2.0%	TTR: CPI + 3.5%	TTR: CPI + 4.0%	
Strategy	Conservative invests in a diversified mix of asset classes, with 32.5% invested in growth style assets like listed shares, and approximately 67.5% invested in defensive style assets including cash, term deposits, defensive property and global debt. 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.	Eco invests in companies with above average environmental, social and governance performance. Eco has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in sustainable investments.	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.	Cash is primarily invested in at-call bank deposits, along with an allocation to short-dated term deposits. It may include a small allocation to other cash investments.
Probable number of negative annual returns over 20 years	1 to less than 2	4 to less than 6	4 to less than 6	less than 0.5
Risk level	Low to medium	High	High	Very low
Suggested minimum investment timeframe	3 to 5 years	7 to 10 years	7 to 10 years	< 1 year
Type of investor this option may suit	Moderate	Aggressive	Aggressive	This option may suit an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.

Strategic asset allocation	Asset class	Strategic allocation	Allocation range
	Australian shares	12.0%	5-20%
	International shares	11.0%	5-15%
	Alternatives	6.0%	0-15%
	Infrastructure	7.0%	2-15%
	Property	6.0%	2-15%
	Global debt	36.0%	20-45%
	Cash	22.0%	10-30%
	Australian shares	33.0%	23-47%
	International shares	31.0%	17-41%
	Private equity	4.0%	0-10%
	Alternatives	0.0%	0-15%
	Infrastructure	0.0%	0-20%
	Property	10.0%	0-20%
	Global debt	17.0%	5-25%
Cash	5.0%	2-20% (RIS) 5-20% (TTR)	
	Australian shares	43.5%	30-55%
	International shares	43.5%	30-55%
	Alternatives	0.0%	0-10%
	Infrastructure	4.0%	0-10%
	Property	4.0%	0-10%
	Global debt	0.0%	0-10%
Cash	5.0%	2-20%	
	Cash	100.0%	100%

what we do



investment options

for Retirement Income Stream (RIS), Term Allocated Pension (TAP) and Transition to Retirement (TTR) Income Stream

as at 30 June 2020

Investment options	Term deposits	Property	Australian Shares	International Shares
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 CPI + 3.5% (CPI + 2.75% for TTR).	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) from the combination of: <ul style="list-style-type: none"> • 95.0% S&P/ASX 300 Accumulation Index (adjusted for tax credits) • 5.0% 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) from the combination of: <ul style="list-style-type: none"> • 73.6% MSCI World ex Australia Index in \$A Net Dividends Reinvested • 21.4% MSCI Emerging Markets Index in \$A Net Dividends Reinvested • 50/50 \$A Hedged/Unhedged • 5.0% Bloomberg Ausbond Bank Bill Index
Strategy	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.	Property is invested primarily in unlisted property and property debt with a small allocation 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.	Australian Shares option is invested primarily in listed Australian shares. 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.	International Shares is invested primarily in listed international shares. The currency exposures in International Shares are managed under our currency overlay program policy. It may include managers who also short sell shares.
Probable number of negative annual returns over 20 years	less than 0.5	2 to less than 3	6 or greater	4 to less than 6
Risk level	Very low	Medium	Very high	High
Suggested minimum investment timeframe	< 1 year	3 to 5 years	7 to 10 years	7 to 10 years
Type of investor this option may suit	This option may suit an investor seeking to create their own diversified portfolio, who would like to include term deposits.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include property.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include Australian shares.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include international shares.



what we do

HESTA investment performance

Ready-Made Investment Pools

Annualised returns as at 30 June 2020 (% p.a.)

Investment option	Since inception (% p.a.)**	10 years (% p.a.)**	7 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (return)
Conservative Pool (1/7/95*)	6.35	6.20	5.96	5.33	5.19	1.99
Core Pool (1/8/87*)	8.50	8.01	7.77	6.27	5.84	0.00
Eco Pool (1/2/00*)	6.55	9.71	9.99	8.61	7.39	2.66
Shares Plus (1/7/95*)	8.28	8.81	8.69	6.91	6.81	-0.06

* Refers to date of inception for the investment option. **Average annual return for the period.

Your Choice Asset Classes

Average annual returns as at 30 June 2020 (% p.a.)

Investment option	Since Inception (% p.a.)**	10 years (% p.a.)**	7 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (return)
Cash (1/7/01*)	3.25	2.53	1.95	1.71	1.53	0.95
Global Bonds (1/7/01*)	5.36	4.91	4.27	3.95	4.01	2.46
Property (1/7/01*)	6.24	7.14	7.27	6.18	4.03	-3.63
Infrastructure (1/7/01*)	8.36	9.60	9.31	9.93	8.95	3.97
International Shares (1/7/01*)	4.96	9.52	9.99	7.01	7.19	2.34
Australian Shares (1/7/01*)	8.36	8.22	7.51	6.18	5.31	-5.19
Private Equity (1/7/01*)	7.80	10.69	10.66	7.92	6.49	-0.10

* Refers to date of inception for the investment option. **Average annual return for the period. Investments may rise or fall. Past performance is not a reliable indicator of future performance.

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

Each week a unit price for each investment option is calculated 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. Annualised investment returns reflect the change in the value of units between when they were allocated and 30 June.

Investment fees and indirect costs (available at hesta.com.au/pds) and taxes are deducted from investment earnings before the unit price is declared.

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

Case study



Investing in clean energy

As the effects of climate change become clearer every year, HESTA has continued to lead by example, advocate with influence and invest for positive outcomes.

In December HESTA acquired part ownership of the Snowtown 2 Wind Farm in South Australia through our direct investment mandate with Palisade Investment Partners.

The Snowtown 2 Wind Farm is located on the Barunga and Hummocks Ranges in South Australia, approximately 130km north of Adelaide. It is comprised of 90 x 3.0MW Siemens Gamesa Renewable Energy turbines.

Snowtown 2 is capable of generating 270MW of energy, equivalent to providing power to 145,000 homes every year. Annually, the energy generated by Snowtown 2 offsets 440,000 tonnes of carbon dioxide emissions into the environment.

“HESTA is delighted to make an investment in the Snowtown 2 Wind Farm to both support a sustainable environment and deliver strong long-term returns to our members,” says Chief Investment Officer Sonya Sawtell-Rickson.

“The United Nations Sustainable Development Goals form part of our focus and this investment aligns with the goal of driving action to combat climate change and its impacts.”

At HESTA, it’s our job to create long-term value for our members. By investing in Snowtown 2, we’re supporting the United Nations’ Sustainable Development Goals (SDGs), in particular SDG 7 (Affordable and Clean Energy).

By including the United Nations’ SDGs in our investment framework we’re helping to support clean alternatives to fossil fuels, as well as support an industry that is likely to become a growing source of returns for our members.

HESTA Retirement Income Stream / Term Allocated Pension (TAP) investment performance

Annualised returns as at 30 June 2020 (% p.a.)

Investment option	10 years (% p.a.) [^]	7 years (% p.a.) [^]	5 years (% p.a.) [^]	3 years (% p.a.) [^]	1 year (return)
Balanced	8.45%	8.63%	7.24%	6.93%	0.75%
Defensive	5.44%	5.15%	4.72%	4.37%	2.08%
Conservative	6.78%	6.63%	5.84%	5.71%	2.26%
Eco	N/A	11.00%	9.44%	8.13%	3.01%
Active	9.64%	9.92%	7.64%	7.45%	-0.82%
Cash	2.89%	2.22%	1.93%	1.73%	1.04%
Term Deposits	N/A	2.63%	2.32%	2.10%	1.47%
Property	7.61%	7.95%	7.36%	4.46%	-2.39%
Australian Shares	8.24%	8.34%	6.44%	5.68%	-7.14%
International Shares	10.76%	10.87%	7.63%	8.07%	2.63%

[^] Does not apply to the HESTA TAP. The HESTA TAP commenced in February 2018, and only one full year of performance data is available. HESTA TAP has the same investment options as HESTA Retirement Income Stream.

HESTA Transition to Retirement investment performance*

Annualised returns as at 30 June 2020 (% p.a.)

Investment option	10 years (% p.a.)	7 years (% p.a.)	5 years (% p.a.)	3 years (% p.a.)	1 year (return)
Balanced	8.18%	8.24%	6.71%	6.04%	1.14%
Defensive	5.28%	4.92%	4.40%	3.84%	1.86%
Conservative	6.57%	6.32%	5.42%	5.01%	2.21%
Eco	N/A	10.64%	8.94%	7.31%	2.36%
Active	9.34%	9.50%	7.06%	6.49%	-0.14%
Cash	2.81%	2.10%	1.76%	1.45%	0.88%
Term Deposits	N/A	2.50%	2.13%	1.80%	1.26%
Property	7.65%	8.00%	7.44%	4.58%	-1.04%
Australian Shares	7.89%	7.85%	5.76%	4.56%	-5.29%
International Shares	10.65%	10.71%	7.42%	7.71%	2.83%

Returns are annualised for the periods and net of investment fees, indirect costs and taxes.

* Note that performance numbers for Income Stream options have been used in Transition to Retirement options for 10 years / 7 years / 5 years / 3 years numbers prior to 01/07/2017. Investments may rise or fall.

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.

> Looking forward

It's been a very challenging time for investment markets globally in the second half of 2020. While the exact path to recovery is uncertain, our investment approach remains to strengthen members' investments but also our economy more broadly.

One of the key ways we are looking forward is by taking opportunities to invest locally.

We're investing directly back into the health and aged care sectors' innovation and expansion, including ground-breaking medical research and dementia care, and the HESTA Healthcare Property Trust.

We're helping businesses in need through rescue financing, which keeps people in work and supports our local economy.

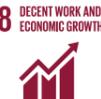
And we're keeping our focus on profit with purpose by investing in affordable and disability housing, and renewable energy. These are just some of the opportunities we have to generate returns, jobs, and good outcomes for our community and our planet.

We're thinking beyond the current crisis - we're thinking well ahead to what a better tomorrow can look like.

impact investments

HESTA thinks and acts holistically about how we achieve sustainable investment returns, while contributing to a healthier society and planet.

Our impact investments aim to earn both a financial return and have a measurable social or environmental impact. Combined with our engagement program, this approach helps us drive meaningful change for generations to come. We have developed a public position for each of our areas of focus.

 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Investment</p> <ul style="list-style-type: none"> The Medical Research Commercialisation Fund supports the development of very early-stage biomedical discoveries to guide the successful development of new therapies 	<p>Engagement</p> <ul style="list-style-type: none"> Through our support of the FAIRR initiative, which studies the risks associated with intensive agriculture, we have challenged global food companies to limit the use of antibiotics in farming. The initiative aims to better protect public health against rising antimicrobial resistance.
 <p>5 GENDER EQUALITY</p>	<p>Investment</p> <ul style="list-style-type: none"> Leapfrog invests in businesses that respond to the needs of low income women. 45.8% of customers are female. 	<p>Engagement</p> <ul style="list-style-type: none"> After a four-year campaign supported by HESTA to increase gender diversity on Australian boards, in December 2019 the percentage of women on ASX 200 boards reached 30% for the first time. In April 2015, women made up just 20% of ASX 200 boards.
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Investment</p> <ul style="list-style-type: none"> Anglian Water, a British water company, is rolling out technology traditionally used for submarine navigation to detect leaks in its pipes as part of a targeted 22% leak reduction by 2025. 	
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Investment</p> <ul style="list-style-type: none"> The Snowtown 2 Wind Farm is located on the Barunga and Hummocks Ranges in South Australia. Comprising 90 x 3.0MW Siemens Gamesa Renewable Energy turbines, Snowtown 2 is capable of generating 270MW of energy, equivalent to powering 145,000 homes every year. Annually, the energy it generates offsets 440,000 tonnes of carbon dioxide emissions into the environment. 	<p>Engagement</p> <ul style="list-style-type: none"> HESTA produced a policy roadmap calling on the Australian Government to encourage large-scale investment in a green recovery by setting a 2050 'net zero' emission reduction target and providing a pathway to transitioning our economy to a low-carbon future.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Investment</p> <ul style="list-style-type: none"> My Plan Manager offers individualised NDIS plan management, in meaningful and transparent ways, to help people navigate the complexities and ongoing responsibilities of being an NDIS participant. 	<p>Engagement</p> <ul style="list-style-type: none"> The reporting period for the Modern Slavery Act began, and we engaged with all our active managers on the possible prevalence of forced labour in the investment portfolio.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Investment</p> <ul style="list-style-type: none"> Our \$19m investment in Korongee Village in Hobart came to life with the village's opening in June. Korongee is pioneering a new approach to caring for people living with dementia. 	<p>Engagement</p> <ul style="list-style-type: none"> We participated in many industry forums with government bodies and community housing providers to develop scaleable models for the delivery of affordable housing.
 <p>13 CLIMATE ACTION</p>	<p>Investment</p> <ul style="list-style-type: none"> The Ross River Solar Farm, near Townsville, will have the capacity to generate 148 megawatts of renewable energy - enough to power 54,000 homes and offset 230,000 tonnes of CO2 emissions. Its construction will support 250 jobs. 	<p>Engagement</p> <ul style="list-style-type: none"> We have advocated for companies to disclose explicit board-level responsibility for climate change policy, and to ensure the company's lobbying activities are aligned with its internal climate position. We have worked closely with South32 as the lead engager through Climate Action 100+.



We announced the development of an ambitious Climate Change Transition Plan (CCTP) that will see HESTA reducing the absolute carbon emissions in the investment portfolio by 33% by 2030 and to be 'net zero' by 2050.

Net zero by 2050

This pathway seeks to align our actions and investments with the goals of the Paris Agreement.

Our Climate Change Transition Plan is set to be one of the most comprehensive of its kind undertaken by a superannuation fund.

Climate change presents a financial risk to our investment portfolio and the world in which our members will retire. This is an exciting piece of work that reaffirms our ongoing commitment to leadership in responsible investment and can help protect and enhance the long-term performance of our members' investments, while driving meaningful change and contributing to a healthier planet and society.

We will:

- introduce carbon reduction targets for the HESTA investment portfolio;
- pursue real-world economy change through engagement; and
- align the investment portfolio with the aim of the Paris Agreement to be net zero by 2050.

We know our members in health and community services care deeply about climate change and that's why we're committed to sustained, long-term action to transition our investment portfolio for a low-carbon future.

We were the first major Australian super fund to place a thermal coal mining restriction across all investment options. We recently extended this restriction to further eliminate the financing of potentially stranded assets.

If efforts to improve the current trajectory of global warming are not successful, we can expect an increase in the severity and frequency of damage from the physical impacts of climate change.

There is no doubt that the social, environmental and economic cost of inaction is going to be far greater than the cost of responding to climate change.

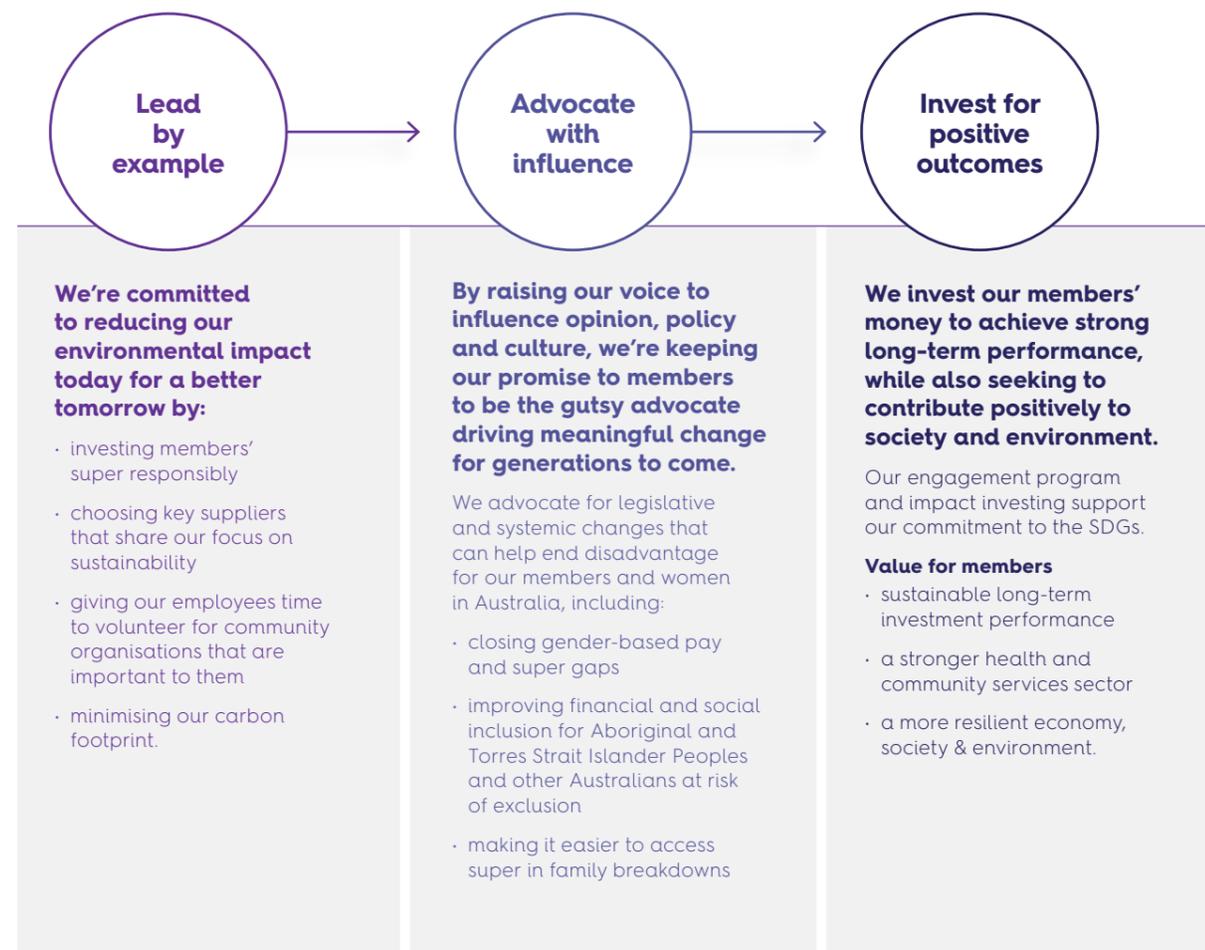
we stand up for what's right

> Why this matters to us

Creating long-term value for our members is the reason HESTA exists. With the Sustainable Development Goals (SDGs) as our compass, we're using our influence to drive meaningful change for members. We lead by example, we advocate with influence and we invest for positive outcomes. We do this to make a real difference to our members' financial future, and to the world into which they'll retire.

We think of this as the HESTA Impact.

> How we create value



See 'We invest for positive outcomes' for more on how we do this.

> Our performance

We measure our Impact performance in how we act, what we say and how we invest.

How we act

HESTA became the first standalone super fund to be certified by the Federal Department of Environment and Energy as Carbon Neutral for emissions produced from its business operations.

The certification is recognition of our long-term commitment to leadership in sustainability.

We understand our actions have a lasting effect, which is why over many years we've embedded carbon reduction initiatives across all of our business operations. HESTA has an enduring focus through our corporate responsibility plan to be efficient, socially minded and achieve carbon neutrality in our operations.

Sustainability is front-of-mind in everything we do as it's a core part of how we create ongoing efficiencies that benefit members.

Over-time we have transitioned the way we operate to first and foremost look at ways to reduce our impact on the environment and then secondly analyse our direct and indirect emissions and work with our suppliers and partners to ensure they also operate sustainably.

We carefully consider how we offset our carbon footprint. We have purchased a limited number of certified offsets including in savanna burning projects that support Aboriginal employment in the Northern Kimberly region of WA and tree planting initiatives in North-Western NSW and the Babinda rainforest.

What we say

HESTA aims to be the gutsy advocate driving meaningful change for generations to come. We are actively involved in public policy debates that affect our members and women more broadly.

An example of our work is the *Vital Signs* report that took a pulse check of the state of equality for women in Australia and outlines HESTA's continuing efforts to make a positive impact through advocacy, investment, and our conduct as an organisation.

We engage directly with decision makers and also contribute to policy debates through our membership of Industry Super Australia, the Association of Superannuation Funds of Australia, and the Australian Institute of Superannuation Trustees.

The carbon neutral certification is granted by the Australian Government and is based on international standards and best practice carbon accounting. HESTA achieved the certification following a rigorous process including carbon accounting, independent auditing and public disclosure.

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

Our Reconciliation Action Plan and our Financial Inclusion Action Plan continue to guide or advocacy efforts.

> Looking forward

The future will see HESTA continue to drive meaningful change for our members, society and environment.

We will keep pushing for system changes that can help close the persistent gender gap in wages, salaries and super which sees women earn and retire with less than men.

We will publish our Climate Change Transition Plan, set to be the most ambitious of any super fund.

We will continue to invest in projects that help address growing social challenges such as housing affordability for women.

Fairer access to super

HESTA is working with Women's Legal Service Victoria (WLSV) to simplify the process of splitting super assets to remove barriers preventing women from claiming their fair share of super when relationships end.

Dividing superannuation assets through the family law system is unnecessarily complex and often requires costly legal advice, this results in many women, especially those from low-income households or who are most vulnerable, simply walking away from their rightful share of super assets.

If they can't claim their share of super, for many women this means losing their only income in retirement beyond the age pension.

HESTA and WLSV and AIST are developing a streamlined and consistent process all superannuation funds can use to make the splitting of superannuation assets easier, faster and fairer.

The first step in the Simpler Super Splitting initiative aims to eliminate the need for legal advice for the straightforward division of super assets, via a simple, consistent form for court orders that can be used across the industry and by the courts.

The push for change comes off the back of WLSV's 2016 research project titled 'Small Claims. Large Battles' that examined the barriers disadvantaged women experience in the family law system.

The report details that many women escaping family violence are living with limited assets and serious debt. For many, superannuation is the only asset they can claim from their former partner, yet they are walking away from accessing it because the super splitting system is just too costly and complex to navigate.

Superannuation was the only significant asset for 21% of the women represented by WLSV in the Small Claims, Large Battles Project, and in 39% of all small claim's cases, there was a superannuation split.

A simpler super splitting process will provide much-needed relief for vulnerable women trying to navigate the costly and complicated legal system.

We are committed to making the process simpler and easier to navigate so that women weren't further disadvantaged.

Over the coming year, HESTA will work closely with WLSV and AIST to advocate for broader industry change to make the splitting of super assets fairer and easier.

we understand our members

> Why this matters to us

Our members are extraordinary people. Their work in health and community services makes a priceless contribution to our community. 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 make a real difference to their financial future. And because more than 80 per cent of our members are women, it also means delivering support that helps bridge the challenges women face in building their retirement savings.

By supporting each member's individual needs and choices at every step along their journey, we can help them achieve their goals. And by partnering with their sector as a service provider, investor, insights leader and advocate, we're supporting them now and throughout their retirement.

> How we create value

Industry super fund	Our members are with a fund that was founded by and for their industry. All profits go to them, not to shareholders. Every member can feel confident that: <ul style="list-style-type: none"> • all profits go to our members • we keep our fees down and our costs low • we aim to deliver strong long-term performance. 	Insurance	Our members have access to 24/7 insurance cover designed to meet the needs of people in health and community services. For some members this is the only cover they have. This important benefit protects them and their ability to continue contributing to their sector. We know understanding what level of cover is right for them can be complicated. We offer a range of resources to help, from an Insurance Cover Calculator on our website to insurance adequacy advice from our Member Engagement team, over the phone and in person. Members can also pause their insurance premiums for up to 12 months while on parental leave, an important benefit for our more than 650,000 female members.
Education and advice	Our Member Engagement team is dedicated to helping members around the country be empowered to achieve a better financial future. We support members through positive action, providing help when they need it and in the way they want it: <ul style="list-style-type: none"> • help and guidance delivered in members' workplaces and through information sessions and seminars online and in person • personalised help with super online, over the phone and in person • full financial planning for members & their spouses. Our members pay no additional fee for advice on their HESTA super account. We also focus on making sure our members get the help they need first time.	Research and insights	We're developing our capability to better understand what individual members need, and support them with the right solutions at the time and place they need them. We're using that data to help inform members on the next best action they can take to reach their goals. » Our research and insights on (page 23) for more on how we do this.
Partnering with health and community services	Our partnership with the sector, through our relationships with employers, unions and other partners, connects us to our members and the issues affecting them. » We partner with purpose (page 56) for more on how we do this.	Advocacy	Women face unique challenges in building their retirement savings. To forge a fairer future for our 80 per cent female membership, we advocate for changes to the super system. » We stand up for what's right (page 48) for more on how we do this.
Investments	We invest members' money responsibly, with a focus on strong long-term performance. Our members can choose the level of return they want to aim for and level of risk they're comfortable with. » We invest for positive outcomes (page 26) for more on how we do this.	HESTA Income Stream	Our members can stay with HESTA throughout their retirement with our income stream product. The income stream ensures members can continue to enjoy all the benefits of being with HESTA while accessing a regular income as transition out of full-time work.
		Digital support	In the last five years digital channels have become our members' preferred way to engage with us. We've been growing our digital capability to offer members personalised journeys that enable them to quickly and easily take more positive actions based on their individual needs.

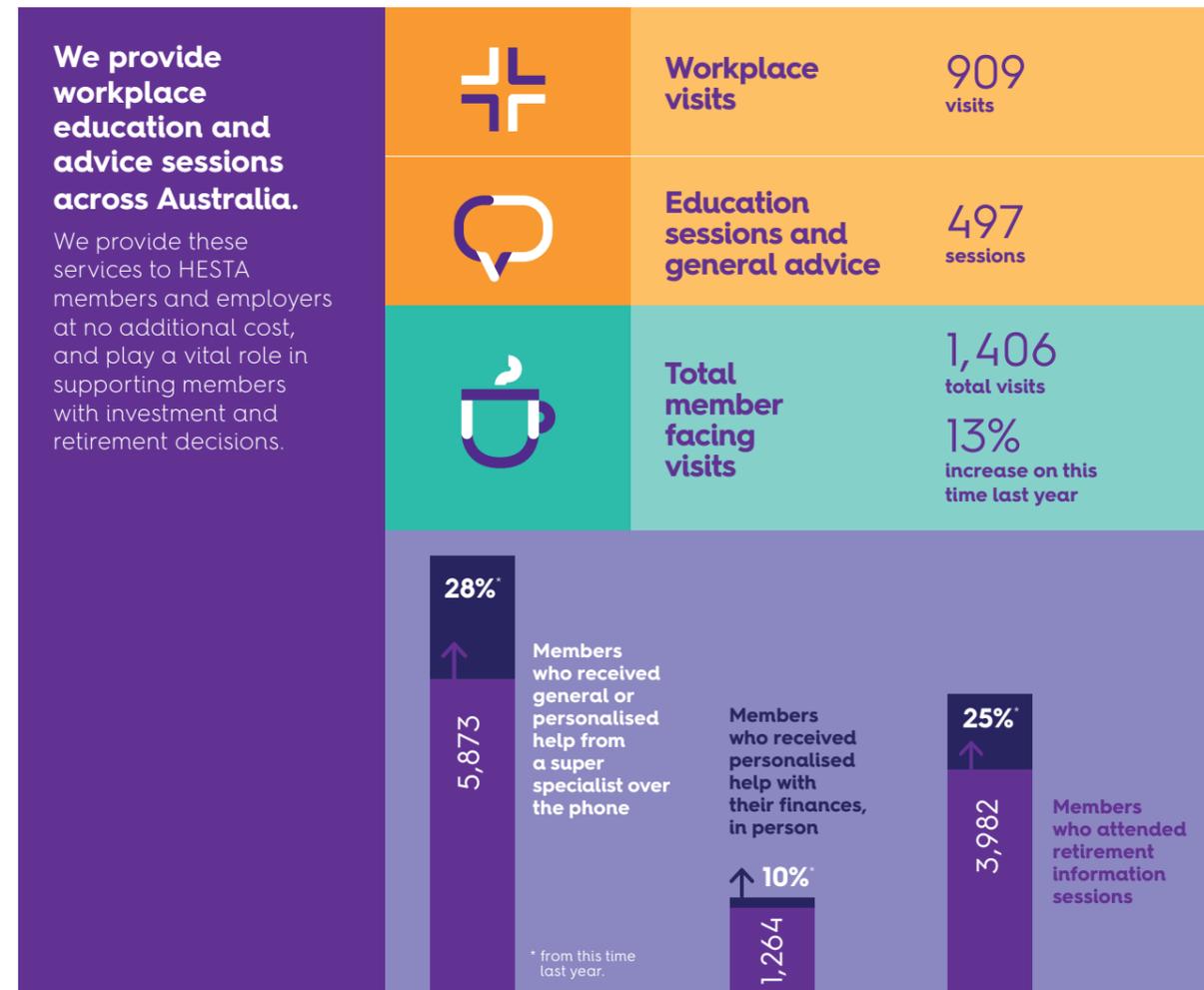
> Our performance

Education and advice

Our Member Engagement team has helped more members this year than ever before. This included offering intensive support across all our teams, from our inbound contact centre to education and advice, during the high periods of uncertainty triggered by COVID-19.

Satisfaction with our services and ease of accessing them is consistently rated very highly by our members.

Demand for our teams' support continues to be strong. We're looking for ways to provide additional value to members by expanding the nature and reach of the support we provide as cost effectively as possible, so we can continue to help them whenever they need it.



Member experience

We've continued to develop new ways to offer our members better experiences whenever they connect with us.

In 2019/20 we:

- expanded our ability to conduct member advice and financial planning meetings via video conference and phone
- launched a new conversations framework in our contact centre, to identify underlying needs and goals
- added new messages on hold, so callers hear relevant, timely information
- launched new interactive webinars via our website, to address frequently asked questions and topics of interest as a result of the pandemic. Topics included education relating to COVID-19 and super. 948 members registered for these webinars between 7 April and 30 June with 1082 video views
- introduced a new small group workshop for members approaching retirement age.

Digital support

Following global trends, we have more members than ever connecting with HESTA via our online channels.

- The new Member Online experience has led to dramatically improved engagement with members using the portal. Thousands of members are now taking more positive actions such as combining their super. Time on site has improved by 143%, and the bounce rate has dropped by 99.1%. This indicates a far better experience during a critical period when online traffic to HESTA has increased 92% compared to 2019.
- More than 500,000 HESTA members are registered for online account access and they logged in 30% more this year than last year.
- More than 2,000 members join HESTA every month via the online join process.

INSURANCE SNAPSHOT

FY20

> \$150m

paid claims

> \$65m

in death benefits paid to our members' dependants

more than

\$82m

in ongoing income protection paid

> \$7.0m

released to permanently incapacitated members

98%

claims paid

creating better member experiences



Super Checkpoint

At the start of each year we 'check in' with our members via an interactive digital dashboard.

The aim is to make super relevant to members and drive engagement with their super savings.

The personalised gamified dashboard encourages members to take a series of actions - from updating details to keep their account up to date, to nominating beneficiaries and inspiring extra contributions.



Welcome Series

The first year after a member joins HESTA is crucial to establishing a great relationship. It's an opportunity to tell our story and convince members how we can help them create a better financial future.

Members receive a series of personalised, targeted communications to engage them with the key actions they can take with their super.

Members who have received this series are more likely to take action including rolling over super in and making extra contributions. Most importantly, it reduces their likelihood to leave by 35%.



Member Online

The new platform aims to reduce effort for our members and deliver a base into which future developments can be introduced flexibly and efficiently.

Valuable feedback from members along with data collected across the site will inform improvements to the experience over time.

The transition from our old platform to the new was completed seamlessly for most members, ensuring they can easily check and manage their accounts. This has been critical to reassuring them throughout this year.

> Looking forward

We know how incredibly busy our members are. We also know members appreciate that HESTA is able to support them when they need help and want to explore their future retirement needs.

By listening to our members' needs, HESTA continues to improve how and when members can access this help. We are continuing to develop how our members can do this easily and will be expanding our digital capability to provide more personalised guidance to members, in the way they would like to engage with us. As demonstrated during COVID-19, the ability to engage with members in a timely and relevant way is so important to helping them make good decisions.

We know it is often hard for people to envisage their future selves. We also know a member's transition to their retirement is not an end state but a continuum along their life journey. Helping our members connect to what is important to them and take the best action for them can make a real difference to their financial future.

Our education and advice teams will also continue to deliver services that help members in their place of work and over the phone or video conferencing.

HESTA is also committed to operating to the highest professional standards. We welcome the increasing professionalism of the industry following the rigorous education and professional standards introduced during the year. Our engagement team already adheres to, or has a personal development roadmap to abide by, the education standards set out by Financial Adviser Standards and Ethics Authority (FASEA).

Change your super, change the future

Growing our fund is pivotal to creating value for our members. In February 2020 we launched a new campaign highlighting our action on issues that resonate strongly with younger generations: climate change, gender diversity and housing affordability.

'Change your super, change the future' was a highly targeted campaign using video, social media and digital radio to engage Generation Z at the start of their working lives. As a result of the campaign there has been an uplift of awareness of HESTA within the age group.



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 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 our new default employers increase by 50% from last year, highlighting the value HESTA is creating for our partners.

<p>We partner with more than 90,000 employers and deliver a range of workplace education and advice sessions across Australia.</p> <p>We provide these services to HESTA members and employers at no extra cost. This can help them make more informed decisions about super, delivering long-term value in the form of better outcomes.</p>	<p>Engagements with employers, unions and partners:</p>	<p>1,422*</p>
	<p>National conferences:</p>	<p>29 supported</p> <hr/> <p>15,030** attendees</p>

*These are physical engagements **These are physical engagements and don't capture the webinar events that took place across the final few months.

Case study

Partnering with the Salvation Army

Our partnership with the Salvation Army gives HESTA members access to an affordable 'Simple Will', for \$70 per person or \$120 per couple. For all members, but especially those facing financial stress, this is a valuable opportunity to have peace of mind knowing their loved ones will be supported.

Previously, members wanting help to take this important financial step were often directed to various organisations or perhaps not referred anywhere at all.

By having an established referral partner, HESTA is providing added value to members at no extra cost or workload to HESTA. It also provides a consistent approach for referrals across our business and, importantly, enhances our relationship with a key national employer.



Case study

HESTA Awards

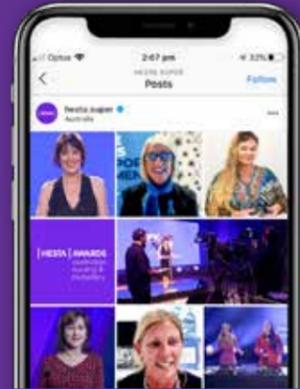
The Awards program continues to strengthen our deep connection to the health and community services sector, celebrating exceptional work in nursing and midwifery, aged care, community services, disability services, allied health and early childhood education and care.

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

The 2020 HESTA Australian Nursing & Midwifery Awards in May was like no other. Faced with restrictions placed on gatherings, the team quickly pivoted to a live broadcast event to continue to celebrate the incredible work nurses and midwives do, in the safest way possible.

The broadcast had over 400 unique registrations with many viewers hosting "viewing parties" which extended the viewership even further.

The broadcast delivered an engaging evening of celebration that received an overwhelming positive response from viewers.



Nurse of the Year
Tania Green
Monash Health
Victoria

Recognised for her work to improve care for patients with cleft and craniofacial conditions and their families.



Midwife of the Year
Cassandra Nest
Gold Coast Hospital and Health Service & Griffith University
Queensland

Recognised for her work improving the delivery of culturally safe, quality maternity care to more Aboriginal and Torres Strait Island people on the Gold Coast.



Outstanding Organisation
Ovarian Cancer Australia

Recognised for its research, advocacy and support for women affected by ovarian cancer, especially its work to reduce the prevalence of ovarian cancer and improve early detection and survival rates.

> Looking forward

The HESTA Business Development Team continues to actively build relationships with key national employer groups across the health and community services sector. A further focus on our data insights will enable us to gain more intelligence to narrow our targets from a state-based perspective and increase our market share within the sector. This will open up more opportunities for fund growth to benefit all our members.

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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 2020. Call 1800 813 327 to request a copy of the full Financial Statements.

Statement of financial position

	30 June 2020 \$'000	30 June 2019 \$'000
Assets		
Cash	32,837	76,781
Receivables and other assets	108,451	2,107
Financial instruments		
Cash and short term deposits	6,736,744	5,807,990
Interest bearing securities	7,630,856	6,994,537
Australian equities	13,049,102	13,370,818
International equities	10,892,474	11,316,918
Unlisted unit trusts	12,424,681	13,100,053
Unlisted pooled funds	527,579	489,355
Pooled superannuation trusts	104,120	225,458
Private equity	2,193,459	1,835,114
Derivative assets	943,222	228,457
Property, plant and equipment	8,967	8,670
Deferred tax assets	2,218	2,444
Income tax receivable	-	46,518
Total assets	54,654,710	53,505,220
Liabilities		
Payables and other liabilities	(104,564)	(94,982)
Income tax payable	(91,830)	-
Derivative liabilities	(393,495)	(256,137)
Deferred tax liabilities	(956,762)	(1,004,331)
Total liabilities excluding member benefits	(1,546,651)	(1,355,450)
Net assets available for member benefits	53,108,059	52,149,770
Member liabilities		
Allocated to members	(52,800,351)	(51,744,543)
Unallocated to members	(5,779)	(6,405)
Total member liabilities	(52,806,130)	(51,750,948)
Net assets	301,929	398,822
Equity		
Operational risk reserve	(132,887)	(124,830)
Fund development reserve	(113,892)	(115,603)
Investment account	(55,150)	(158,389)
Total equity	(301,929)	(398,822)

Income statement

For the year ended 30 June 2020

	30 June 2020 \$'000	30 June 2019 \$'000
Superannuation activities		
Interest	239,551	151,111
Dividend income	891,053	1,175,423
Distributions from unit trusts	545,642	1,158,045
Changes in fair value of financial instruments	(1,713,270)	1,353,226
Other investment income	29,798	19,200
Other income	10,319	12,133
Total superannuation activities income	3,093	3,869,138
Expenses		
Investment expenses	(187,067)	(169,030)
Administration expenses	(51,065)	(47,479)
Operating expenses	(88,793)	(83,666)
Total expenses	(326,925)	(300,175)
Net result from superannuation activities	(323,832)	3,568,963
Add/(Less): Net benefits allocated to members' accounts	136,602	(3,395,512)
Operating result before income tax	(187,230)	173,451
Income tax expense/(benefit)	(90,337)	129,685
Operating result after income tax	(96,893)	43,766

Statement of changes in member benefits

For the year ended 30 June 2020

	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance of member benefits	51,750,948	46,448,788
Contributions:		
Employer	3,552,840	3,290,905
Member	638,074	596,944
Transfer from other superannuation plans	1,607,698	1,418,398
Government co-contributions	5,764	5,853
Low income superannuation contributions	42,998	44,786
Income tax on contributions	(524,511)	(477,551)
Net after tax contributions	5,322,863	4,879,335
Benefits paid to members/beneficiaries	(3,995,145)	(2,821,605)
Insurance premiums charged to members' accounts	(210,170)	(233,887)
Death and disability insurance benefits credited to members' accounts	74,236	82,854
Benefits allocated to members' accounts, comprising:		
Net investment income	(36,830)	3,497,684
Administration fees	(99,772)	(102,221)
Closing balance of member benefits	52,806,130	51,750,948

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 (ORR)

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 HESTA's lower-risk diversified portfolio investment option, the Conservative Pool. The Trustee maintains a policy to deal with the use of the ORR including management of any shortfalls or surpluses from the target amount.

The balance of the ORR at the end of the last three financial years was:

30 June 2020	\$132.89 million (audited)
30 June 2019	\$124.83 million (audited)
30 June 2018	\$109.63 million (audited).

Fund Development Reserve (FDR)

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 HESTA's lower-risk diversified portfolio option, the Conservative Pool. Analysis of revenue and expenditure of the Fund against budget is performed on a monthly basis, allowing the Trustee to manage any surplus or deficit to the FDR.

The balance of the FDR at the end of the last three financial years was:

30 June 2020	\$113.89 million (audited)
30 June 2019	\$115.60 million (audited)
30 June 2018	\$78.87 million (audited).

Investment Account (IA)

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 as well as reflecting the transaction costs in the valuation of investments for the purpose of unit pricing that are not included for financial reporting. The IA is maintained by our Custodian and managed to the same strategic asset allocation as HESTA's low-risk investment option, Cash.

The balance of the Investment Account at the end of the last three financial years was:

30 June 2020	\$55.15 million (audited)
30 June 2019	\$158.39 million (audited)
30 June 2018	\$166.55 million (audited).

related parties

a) Related Party Investments and Transactions

At 30 June 2020 the Fund (Health Employees Superannuation Trust Australia) had:

- A 31% (2019: 31%) shareholding of ordinary shares valued at \$2,038,793 (2019: \$1,679,775) in Frontier Advisors Pty Ltd.

Frontier receives fees from the Fund for investment consulting services. These fees were \$3,234,505 (2019: \$3,449,267).

Ms D. Cole is a director of Frontier Advisors Pty Ltd and received fees of \$15,401 for the year ended 30 June 2020 (14 February 2019 to 30 June 2019: \$5,598).

There were no transactions between the Fund and the Trustee of the Fund (H.E.S.T. Australia Ltd) during the year (2019: \$nil).

b) Other Shareholdings and Transactions

As at 30 June 2020 the Fund had:

- A 17.8% (2019: 17.8%) shareholding in Industry Super Holdings Pty Ltd (ISH) valued at \$176,709,108 (2019: \$177,071,549).

IFM Investors Pty Ltd is a subsidiary of ISH and manages investments totalling \$9,998,078,972 (2019: \$11,639,376,395) on behalf of the Fund.

ISH has other subsidiaries with which the Fund transacts. Industry Fund Services Pty Ltd provides financial planning and debt collection services to the Fund. IFS Insurance Solutions 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. The New Daily Pty Ltd is also a subsidiary of ISH and provides online news.

Ms C. Smith is a director of The New Daily Pty Ltd

Ms D. Blakey, as a nominee of H.E.S.T. Australia Ltd, is a Director of ISA.

- A 18.7% (2019: 18.7%) shareholding in ME Bank valued at \$216,203,592 (2019: \$234,861,805). 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 \$4,592,720 (2019: \$11,659,429). The Fund also had \$56,216,419 (2019: \$136,201,046) invested in cash and term deposits with ME Bank at year end.

- A 4.0% (2019: 4.0%) shareholding in ISPT Pty Ltd valued at \$1 (2019: \$1) and a 15.7% (2019:nil) unitholding in the ISPT Operations Trust valued at \$854,538 (2019:nil).

ISPT Pty Ltd is the trustee 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 \$2,458,695,033 (2019: \$2,370,920,059) 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 ISPT Operations Pty Ltd.

c) 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 2020 include :

Custodian: JP Morgan Chase Bank

Insurer: AIA Australia Limited

Solicitors: Allens, HWL Ebsworth

Internal auditors: KPMG

External auditors: PricewaterhouseCoopers

Taxation advisors: PricewaterhouseCoopers

Technology providers: Tecala Group Pty Ltd

Important information about inactive accounts

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 you 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[^]

[^]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.

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. Visit ato.gov.au for more information.

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

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 - www.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 concern, we listen

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 your:</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 Locked Bag 5136 Parramatta NSW 2124</p> <p>Email: 'Attention: Complaints Officer' HESTA super accounts: hesta@hesta.com.au</p> <p>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 a maximum timeframe of 90 days to resolve your complaint.</p> <p>Our response will detail the outcome of the investigation and the reason for our decision. This process is free of charges.</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 we have not responded to your complaint within 90 days, or at anytime 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

After HESTA has made its final decision, you must 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 six 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 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', 'HESTA Personal 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. 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

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HESTA Income Stream enquiries

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...because your
stories are
our inspiration.