

Good Health & Well-being Statement

This statement details how we consider good health and well-being in our investment decision-making to improve the long-term investment returns for members and positively impact the world in which they live, work and retire into.

The Good Health & Well-being Statement has been developed by H.E.S.T Australia Limited (“**the Trustee**” or “**HESTA**”) and should be read in conjunction with the HESTA Responsible Investment Policy. This Statement is aligned with the Trustee’s duty to comply with the ‘sole purpose test’ set out in the *Superannuation Industry (Supervision) Act 1993*.

People’s health and well-being are indicators of sustainable development. Poor health threatens economic stability, limits opportunities and increases poverty within communities. Long-term sustainability relies on everyone living healthier and more productive lives.

HESTA has an important role to play in promoting health and well-being, and we believe there are important investment opportunities for us that will help deliver long-term value for HESTA members.

As a “Universal Owner” – a large, globally diversified, long-term investor – we endorse the ambitions of the United Nations Sustainable Development Goals (“SDGs”)¹ as a way of delivering a healthy economy, environment and society. HESTA has identified seven SDGs to focus our impact. Good health and well-being are reflected in:

SDG 3 – Good health and well-being *Ensure healthy lives and promote well-being across all ages*

HESTA Good Health and Well-being Principles

a. Strong economies rely on good health and well-being

Good health requires access to adequate healthcare from before birth and throughout life, prevention of both infectious and non-communicable disease, and minimal exposure to hazardous chemicals and air, water and soil pollution and contamination.

When societies lack good health and well-being, the economy suffers: an unhealthy workforce creates cost and disruptions for companies and for the sectors that depend on them. This is particularly relevant in the case of essential workers (e.g. healthcare) who are fundamental for the functioning of societies. Issues like the lack of societal resilience due to climate change, can exacerbate existing problems and create new challenges for the promotion of good health and well-being in communities. Further, governments are often the ultimate bearers of increasing healthcare costs, which puts pressure on budgets and limits a government’s ability to support other areas of the economy.

¹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

b. Businesses must consider the health and well-being of stakeholders to ensure long-term value creation

Businesses must consider their impact on the good health and well-being of their workforce, customers and the broader community as paramount for value creation. Such ambitions should be at the heart of business strategy, and leaders should be accountable for meeting these objectives.

For companies this can include consideration of the health and well-being of workers and their supply chain (including mental health and working conditions), the health and well-being of customers through the lifecycle of their product offerings, and risk management strategies such as pandemic planning. For companies in the health industry this should also include support for equitable access to medicines and services across the community.

Not considering community expectations regarding health and well-being exposes companies to reputational risks and potential loss of their social licence to operate. We believe companies must therefore consider standards higher than just regulatory compliance.

c. Investors have a role to play in building resilient health systems

Long-term capital is required at multiple levels of health systems such as healthcare infrastructure, providing healthcare insurance services, and developing new technologies. These areas should aim to not only deliver positive healthcare outcomes, but also focus on prevention and reducing healthcare costs when possible.

These areas can represent attractive investment opportunities for HESTA, with the ability to positively impact the world in which our members live, work and retire into.

Investors must recognise their role within the health system and act in coordination with the business community, civil society, relevant multilateral organisations and governments to ensure a joint approach to achieving the underlying objectives of SDG 3.

d. Transparency and disclosure about good health and well-being is important

Health and well-being issues can represent a material risk for investors. Therefore, we expect organisations in our investment value chain to make appropriate disclosures regarding risk management, including setting targets to reduce their exposure to high-risk areas, and reporting on progress towards those targets.

Implementation

HESTA implements these principles in several ways through our investment, active ownership and advocacy activities.

From an investment perspective we are active supporters of early stage biotechnology, as well as life sciences companies that are exploring new ways of addressing or preventing health problems. We partner with investment managers investing in technologies that are likely to play an important role in improving health and well-being, including reducing the costs of healthcare.

Through our property portfolio we seek to provide capital for healthcare infrastructure via equity opportunities focusing on private hospitals (including day hospitals), medical precincts and aged care communities. [We also invest in disability and affordable housing which is fundamental for](#)

[ensuring health and wellbeing of vulnerable groups.](#) Not only does this portfolio have sound investment objectives, it is also driven by the demand for significant expansion in services and facilities in the coming years to ensure quality healthcare solutions are accessible to all Australians.

From our active ownership and advocacy perspective, we have excluded investment in tobacco companies since 2013. We took this position as a way of leading change, signalling to the market that investing in tobacco was neither a prudent long-term investment, nor a decision we could support in future because of the harm it is proven to have on individuals' health and the strain it puts on universal healthcare.

We also support global initiatives to help prevent issues such as antibiotic resistance. Separate to tobacco, this is an issue that must be tackled at the individual user level, through engagement with global protein producers and supply chains.