Annual Financial Report FY26

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL No. 235249, Trustee of HESTA ABN 64 971 749 321.

Contents

Directors' Report
FY26

Super with impact

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL No. 235249, Trustee of HESTA ABN 64 971 749 321.

The Directors of H.E.S.T. Australia Ltd. (the Trustee), as trustee for HESTA (the Fund), submit herewith the Directors' Report of the Fund for the financial year ended 30 June 2026.

Principal activities

HESTA (the Fund) is a defined contribution fund established on 30 July 1987. The purpose of the Fund is for profit to members and to provide employees primarily in the health, early childhood education and care, aged care and community services sectors with a portable superannuation scheme. However, the Fund is a public offer fund and comprises an accumulation product category and an income stream product category.

Under the terms of the Fund's declaration of trust, H.E.S.T. Australia Ltd., 'the Company' (A.B.N. 66 006 818 695), a company limited by guarantee and incorporated and domiciled in Australia, is appointed Trustee of the Fund.

In the opinion of the Directors there were no material changes to the Fund's principal activities during the year.

Review of operations and results

Overall, the Fund's 30 June 2026 Financial Statements demonstrates a strong result including net assets available to members of $107.0bn and operating result before income tax of $737.6m. The movement in net assets is attributable to investment performance and net member growth. This has also impacted the operating result through the positive increase in 'changes in fair value of investments'.

The investment policy of the Fund continues to be that detailed in the current product disclosure statements and in accordance with the provisions of the governing documents. There have been no significant changes to the investment strategy of the Fund or to the operational circumstances since the publication of the last Product Disclosure Statement.

The results of operations of the Fund are disclosed in the Income Statement. For details in relation to the performance of the Fund, information can be obtained from the HESTA website.

Investment performance
In the 2025-2026 Financial Year, HESTA managed our investment options throughout the year, to deliver strong overall performance for most of our members.

Investment returns
The Balanced Growth MySuper option, our default option where the majority of members are invested, returned 9.46% for the year to 30 June 2026. For Income Stream account holders, most members are invested in our default strategy, that is a combination of our Balanced Growth and Conservative options, which achieved returns of 10.81% and 7.04%, respectively, for the year to 30 June 2026.

All of the Fund's investment options generated positive investment returns for the year ended 30 June 2026.

The following table sets out the returns for the Balanced Growth option for HESTA Super and Balanced Growth and Conservative options for HESTA Income Stream for one, five and 10 years to 30 June 2026. Visit **hesta.com.au/performance**

Performance to 30 June 2026*	1 year (%)	5 year (% p.a.)	10 year (% p.a.)
Balanced Growth	9.46	7.21	8.29
Income Stream Balanced Growth	10.81	7.91	9.07
Income Stream Conservative	7.04	5.17	5.95

*Average annual return to 30 June of selected financial year ranges 1, 5 and 10 years. Returns are net of investment fees and costs, transaction costs and taxes. Investments may go up or down. Past performance is not a reliable indicator of future performance.

Portfolio Positioning

Three forces shaped our thinking over the year: geopolitics, including the Middle East conflict, the shifting calculus of central banks against lingering inflation, and the rising influence of artificial intelligence on both markets and the way we invest. None of these were new themes, but each moved faster and less predictably than in prior years.

Over the year, we continued to focus on embedding our investment comparative advantage. Our investment team, leveraging global partners, were critical to deepening our research into key investment thematics and navigating the complex market environment. We added global investment partners, injecting new investment capabilities aligned with priority investment areas.

We looked for opportunities to be purposeful in our capital allocation, to deliver investment excellence with impact. Furthermore, we broadened diversification alongside an evolving outlook on long-term geopolitical and technological trends like the promise and challenges of AI. We expect to further adjust exposures in response to market events and within our strategic asset allocation. Our team remains dedicated to positioning the portfolio to deliver the best long-term financial outcomes for our members.

Risk and Governance

During the year we also continued to focus on strong investment and operational risk management, including enhancements to our risk modelling capabilities, and further investment in technology and automation. The triennial independent review of our investment governance framework was completed, concluding that the framework was adequate, appropriate and effective with regard to the size, business mix, and complexity of the business.

Future developments / likely developments and expected results of operations

In the opinion of the Directors there are no likely developments to report except as may be stated already elsewhere in this report or in the financial statements.

Changes in the state of affairs

On 9 December 2025, the Australian Prudential Regulation Authority (APRA) imposed additional licence conditions on the Trustee's registrable superannuation entity licence in response to concerns regarding board performance and risk management in relation to HESTA (the Fund).

The additional licence conditions require the Trustee to:

- appoint an independent reviewer to conduct a review of the Fund's risk management framework (RMF Review), and an independent reviewer to conduct a review of board performance (Board Review); and
- work with the reviewers to develop remediation plans addressing the recommendations from each review.

The Trustee appointed Promontory Australia, a Business Unit of IBM Consulting, to conduct the RMF Review, and Blackhall & Pearl Board Services Pty Ltd to conduct the Board Review. The Trustee continues to work towards satisfying its additional licence conditions.

Other than the matters described above, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year ended 30 June 2026.

Advocating for members

Creating strong long-term financial returns and supporting strong retirement outcomes for our members, many of whom are connected to Australia's health and community services sectors, is the reason HESTA exists. That is why we use our voice to help address inequities impacting our members and those we see falling behind.

We raise our voice on the issues and system improvements we know can have the biggest impact on our members' financial futures, and support strong retirement outcomes.

Our advocacy is data-driven, grounded in our deep understanding of our members' experience of work, life and care. Around 80% of our members are women. And we know that many have lower incomes and often have interrupted work patterns due to caring responsibilities. We also recognise that many of our members will or are receiving the Age Pension.

We advocate for legislative and policy reform to help overcome the drivers of financial disadvantage for our members, with the aim of creating fairer systems, helping to close the gender super gap and maximise members' retirement outcomes. While our advocacy is focused on the superannuation and retirement systems and particularly the impact of gender inequality for our members, our advocacy also includes environmental and health matters, tax and social security settings, and workplace rights and conditions.

This financial year we made several submissions to Government on proposals for legislative and policy reform. You can read them at **hesta.com.au/advocacy**

Events since the end of the financial year

The Directors are not aware of any matter or circumstance that has occurred since 30 June 2026 that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

Environmental regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a law of the Commonwealth, State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Audit and non-audit services

Directors have accepted a statement from the auditor that it is satisfied that the provision of these services did not breach the independence standards included in the Corporations Act 2001. Based on this statement from the auditor and having regard to the nature and fees involved in the provision of these non-audit services, the Directors are satisfied that the provision of non-audit services during the year by the auditor (or other person or firm on the auditor’s behalf) did not compromise the audit independence requirements of the Corporations Act 2001.

Details of the amounts paid to the auditor of HESTA, PricewaterhouseCoopers and its related practices for audit and non-audit services provided during the year are set out below and in note 10 of the Fund Financial Statements.

Auditor’s remuneration

(a) PricewaterhouseCoopers	**Jun-26**	**Jun-25**
(i) Audit of the Fund		
Audit of financial report	484,166	468,996
(ii) Other statutory assurance services		
Audit of compliance and other regulatory returns	314,588	149,226
(iii) Other assurance services	192,392	186,586
(iv) Other non-audit services		
Tax Compliance	-	20,395
Consulting services	207,500	146,457
Total other non-audit services	**207,500**	**166,852**
Total auditor’s remuneration	**1,198,646**	**971,660**

The Directors are of the opinion that the services as disclosed above do not compromise the external auditor’s independence, for the following reasons:

• All non-assurance services have been approved by the Finance Audit and Compliance Committee as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board (APES 110).

• All the services comply with the general principles relating to auditor independence as set out in APES 110, including not assuming management responsibilities or reviewing or auditing the auditor’s own work, and ensuring threats to independence are either eliminated or reduced to an acceptable level.

The above Directors’ statements are in accordance with the advice received from the Finance Audit and Compliance Committee.

Auditor’s independence declaration

The auditor’s independence declaration is included and forms part of the Director’s Report for the year ended 30 June 2026.

Rounding of amounts

HESTA is an entity of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2026/183 and in accordance with that Corporations Instrument amounts in the Directors’ Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration report

The Directors present the HESTA remuneration report for the financial year ended 30 June 2026 which outlines key aspects of the remuneration policy and framework, and remuneration awarded this year to key management personnel.

As an industry super fund, HESTA is run only to benefit members and our remuneration practices reflect this, together with the need to ensure we have adequate resources to provide quality benefits and services to members.

HESTA’s approach to remuneration is designed to attract, retain, and motivate talent, aligned with the delivery of the Fund’s strategic objectives and value creation for its members.

Remuneration is structured to support a high-performance culture and is guided by the following key principles:

- **Fairness and transparency:** pay practices are based on objective criteria including roles being mapped to market benchmarks and individual employee performance
- **Market competitiveness:** remuneration is reviewed against multiple external comparator groups to ensure competitiveness in the market
- **Compliance and governance:** remuneration practices comply with relevant legislative, regulatory, and prudential standards and are subject to oversight by the Board and its Governance People & Remuneration Committee (GPRC).

The Board, through the Governance People & Remuneration Committee, is responsible for overseeing HESTA’s remuneration strategy and ensuring alignment with HESTA’s:

- purpose, values and strategic objectives
- business plan and risk management framework
- effective management of both financial and non-financial risks, sustainable performance and the fund’s long-term soundness; and
- prevention and mitigation of conduct risk.

HESTA Board

Our Board is responsible for the overall governance and strategic direction of HESTA to ensure we meet our obligations to members. Accordingly, the Board and individual Directors are subject to an internally conducted annual assessment of its performance, with an independent external consultant engaged every three years to perform this assessment process. The Board is assessed against its functions as outlined in the Board Charter whilst Directors are also assessed against their performance and contributions at Board meetings and general compliance with any other applicable policies.

Key areas evaluated as part of annual review include:

a) governance and composition of the Board;
b) effectiveness of Board Meetings, Board Agendas and Reports;
c) Board and Management relationships;
d) strategy of organisation; and
e) monitoring and evaluation.

HESTA confirms that the Board performance evaluations for the 2025/26 financial year were undertaken in accordance with its processes and policies.

Future developments / likely developments and expected results of operations

In the opinion of the Directors there are no likely developments to report except as may be stated already elsewhere in this report or in the financial statements.

Remuneration report: Non-Executive Key Management Personnel

					Short-term employee benefits	Post-employment benefits		
	Position held	Position commenced	Position ceased	Financial year	Cash salary & compensated absences	Pension & superannuation benefits	Total remuneration	Recipient
Nicola Roxon	Independent Board Chair & Director	01-Jan-19	-	2026	$214,070	$25,688	$239,758	Self
				2025	$196,278	$22,572	$218,850	
Maria Wilton	Independent Director	01-Mar-26	-	2026	$61,545	$7,385	$68,930	Self
Emeline Gaske	Director	12-Feb-20	-	2026	$103,215	$12,386	$115,601	Australian Services Union
				2025	$78,130	$9,085	$87,215	
Kate Marshall	Director	01-Jan-22	-	2026	$89,248	$10,710	$99,958	Health Services Union
				2025	$71,887	$8,374	$80,261	
Emma Maiden	Director	20-Jul-23	-	2026	$96,414	$11,570	$107,984	Self
				2025	$78,205	$9,104	$87,309	
Angela van Vorst	Director	01-Oct-23	-	2026	$92,223	$11,067	$103,290	Australian Nursing & Midwifery Federation NSW Branch
				2025	$69,965	$8,146	$78,111	
Robert Bonner	Director	01-Jan-24	-	2026	$97,876	$11,745	$109,621	Self
				2025	$73,154	$8,523	$81,677	
Michael Brydon	Director	01-Jan-25	-	2026	$87,761	$10,531	$98,292	Self
				2025	$39,948	$4,694	$44,642	
Julia Angrisano	Director	01-May-25	-	2026	$83,435	$10,012	$93,447	Finance Sector Union of Australia
				2025	$12,692	$1,523	$14,215	
Trevor Brown	Director	01-May-25	-	2026	$81,272	$9,753	$91,025	Self
				2025	$11,298	$1,356	$12,654	
Jennifer Parker	Director	01-Jul-25	-	2026	$90,736	$10,888	$101,624	Self
Shaun Peter McNamara	Director	01-Jan-26	-	2026	$41,718	$5,006	$46,724	Self
Jacqueline Lowe	Director	01-Jan-26	-	2026	$37,391	$4,487	$41,878	United Workers Union
Alan Morrison	Director	01-Mar-21	30-Jun-26	2026	$118,669	$14,240	$132,909	Self
				2025	$93,513	$10,889	$104,402	
Susanne Dahn	Independent Director	01-Jul-23	28-Feb-26	2026	$113,372	$13,605	$126,977	Self
				2025	$174,302	$4,822	$179,124	
Catherine Smith	Director	25-Sep-15	31-Dec-25	2026	$46,855	$5,623	$52,478	Self
				2025	$80,990	$9,421	$90,411	
Helen Gibbons	Director	04-Feb-16	31-Dec-25	2026	$63,661	$7,639	$71,300	Self
				2025	$58,061	$6,822	$64,883	
				2025	$55,544	$6,388	$61,932	United Workers Union
Gary Humphrys	Director	18-May-15	17-May-25	2025	$77,082	$8,921	$86,003	Self
Jacqueline Bennett	Director	01-Jan-23	12-Feb-25	2025	$40,114	$4,613	$44,727	Self
Benjamin Davison	Director	15-Sep-21	10-Feb-25	2025	$52,309	$6,016	$58,325	Self
Deborah Cole	Director	01-Jan-15	31-Dec-24	2025	$51,464	$5,918	$57,382	Self

Directors' remuneration will vary according to the committees they serve in and if they hold a committee chair position. The Independent Board Chair and Independent Investment Committee Chair do not receive additional fees for participating in or chairing committees. Directors do not receive performance-based pay or retirement allowances.

FY26 Director remuneration (excluding superannuation)	
Independent Board Chair	$206,141 per annum
Independent Investment Committee Chair	$168,438 per annum
Deputy Chair	$86,762 per annum
Director	$61,803 per annum
Additional fees:	
Committee Chair: Finance Audit and Compliance Committee Risk Committee Governance and Remuneration Committee Member Service Committee	 $18,928 per annum $18,928 per annum $18,928 per annum $18,928 per annum
Committee Member: Finance Audit and Compliance Committee Risk Committee Governance and Remuneration Committee Member Service Committee Investment Committee	 $12,979 per annum $12,979 per annum $12,979 per annum $12,979 per annum $21,632 per annum

Directors' remuneration was paid by the Trustee and re-charged to the Fund.

HESTA Executive Management team

HESTA's CEO's performance is assessed annually by the Board (through the Board's Executive Committee). HESTA executives are also assessed annually by the CEO. Each executive's performance is assessed against the documented organisational framework developed in our performance management system against their position responsibilities and Key Performance Indicators which are tied to organisational strategic objectives.

Assessment covers:

a) adherence to high standards of integrity, performance and risk management;
b) display of strategic thinking in application to consideration of industry trends, areas of competitive advantage, sustainability and reputation; and
c) contribution to and influence on the long-term direction and purpose of HESTA.

Employees undertake an annual performance review with their manager, and the performance evaluation for our senior management was undertaken in accordance with our processes and policies.

Remuneration report:
HESTA Executive Management team

					Short-term employee benefits			Post-employment benefits	Other benefits	
	Position held	Position commenced	Position ceased	Financial year	Cash salary & compensated absences**	Other short-term benefits^	Non-Monetary benefits ***	Pension & superannuation benefits	Long-term employee benefits ^^	Performance payment*
Debby Blakey	Chief Executive Officer	02-Mar-15	-	2026	$1,503,740	-$17,560	$5,313	$30,000	$46,687	
				2025	$1,391,468	$7,468	$5,062	$29,932	$121,993	-
Lisa Samuels	Chief Experience Officer	02-Apr-18	-	2026	$798,302	$14,496	$5,313	$33,429	$18,200	
				2025	$716,766	$39,038	$5,062	$33,234	$53,569	-
Sonya Sawtell-Rickson	Chief Investment Officer	24-Jul-17	-	2026	$997,273	$12,408	$5,313	$30,000	$264,048	$363,176
				2025	$974,104	$16,636	$5,062	$29,932	$164,142	$352,781
Stephen Reilly	Chief Operating Officer	24-Aug-15	03-Jun-26	2026	$1,263,623	-	$5,080	$30,000	$222,246	
				2025	$790,068	$34,793	$5,062	$29,932	$76,324	-
Andrew Major	Chief Risk Officer	13-Jan-20	01-Jun-25	2025	$609,293	-$5,487	$4,646	$29,932	$42,920	-
Joshua Parisotto	Chief Engagement and Growth Officer	13-Jan-20	-	2026	$703,142	$22,003	$5,313	$30,000	$41,504	
				2025	$650,068	$25,319	$5,062	$29,932	$44,426	-
Sam Harris	Chief Strategy Officer	14-Jun-22	-	2026	$714,910	$34,480	$5,313	$30,000	$43,339	
				2025	$660,068	$45,505	$5,062	$29,932	$52,279	-
Natalie Kelly	Chief Financial Officer	06-May-24	-	2026	$725,720	$6,624	$5,313	$30,000	$23,605	
				2025	$670,068	$22,427	$5,062	$29,932	$36,739	-
Ruvimbo Tagwira	Executive - Risk	12-May-25	19-Dec-25	2026	$302,453	-	-	$15,000	-	
				2025	$79,432	$3,109	$680	$9,135	$4,838	-
Natalie Alford	Chief Risk Officer	03-Nov-25	-	2026	$438,346	$8,787	$1,311	$22,500	$18,447	
Sophie Jelleff	Acting Chief Operating Officer	01-May-26	-	2026	$126,055	$3,424	$873	$2,688	$3,595	

*The Chief Investment Officer (CIO) remuneration is delivered using both fixed and variable components.

Fixed remuneration (FR) consists of base salary and superannuation.

Variable remuneration (VR) consists of an annual incentive. The CIO is the only Key Management Personnel eligible to participate in the Investment Performance Incentive Plan (IPIP).

The IPIP incentivises strong individual and Fund performance, based on strategically aligned deliverables, through a variable, at-risk payment.

The maximum incentive opportunity level for the CIO is 80% of FR.

The incentive is paid 100% cash, and is measured against a scorecard consisting of:
- 60% performance measures – see table below.
- 40% strategic objectives, people and leadership measures

Minimum gateways for payment include an annual individual performance rating of 'met', completion of all mandatory compliance requirements and training, and being employed at the time of the initial payment date.

Weighting	Key Performance Indicator	Target	KPI Target Achieved
20%	Balanced growth return relative to CPI target - 3 year annualised (using average CPI+headline over 10 years)	Target CPI objective	Yes
10%	Balanced growth relative positioning in SuperRatings SR50 Balanced Index over 3 years	In top quartile	No
10%	Balanced Growth performance relative to the Your Future Your Super benchmark over rolling 10 year periods (before admin fees)	Target >0.60% p.a	Yes
5%	Percentage of other HESTA Options (incl IS Default strategy) that achieve objectives • 3 year annualised	75%	Yes
5%	Percentage of other HESTA Options (incl IS Default strategy) that achieve objectives • 5 year annualised	75%	Yes
10%	Reduction of investment management fees (using RG97 methodology)	58bps	Yes

FY26 Incentive Outcome Summary:

	Incentive Opportunity[1]		Incentive Awarded		Incentive Forfeited[2]
Name	**Target 56%**	**Maximum 80%**	**% FR**	**Cash[3]**	**(%)**
Sonya Sawtell – Rickson	$562,016	$802,880	75.39%	$605,294	24.61%

[1] The incentive opportunity represents a percentage of FR. The minimum incentive opportunity was nil.

[2] As a percentage of Incentive Opportunity. Calculation: Incentive Awarded / Maximum Incentive Opportunity = X. 100% less X = Incentive forfeited)

[3] Per CPS 511, the CIO's FY26 incentive is subject to a 5-year deferral period:

Year	Grant Date	Payment Due	% Total Incentive to be paid	Incentive Amount ($)[4]
1	September 2026	October 2026	60%	$363,176
4	September 2026	October 2029	20%	$121,059
5	September 2026	October 2030	20%	$121,059

4 Where a person who has deferred amounts outstanding is under notice or ceases employment with HESTA as a result of dismissal, the outstanding deferred amount will:
- not be payable, or;
- per the Consequence Management Framework, outstanding deferred amount may be adjusted at the GPRC's discretion.

** Cash salary and compensated absences includes annual and long service leave paid during the year

^Other short-term benefits include salary packaging arrangements, one-off discretionary payments and changes in annual leave provisions for the year.

*** Non-Monetary benefits includes motor vehicle benefits including parking and any associated Fringe Benefits Tax (excluding sacrificed superannuation, which is included in the pension and super benefits).

^^Long-term employee benefits include movement in the annual leave and long service provisions accrued but not taken during the year. For the Chief Investment Officer, this also includes the long-term incentive relating to the deferred bonus of $201,155. The deferred component of the performance entitlement represents the accounting expense for FY24, FY25 and FY26.

When setting remuneration, HESTA leverages information from the Financial Institutions Remuneration Group (FIRG). FIRG is the primary source of remuneration and benefits data for financial services and provides independent comprehensive data and thought leadership on remuneration, benefits, human resources and policy trends.

Changes to Director and Executive Management positions

Director / Executive	Position held	Position started	Position ceased
Maria Wilton	Board member	01-Mar-26	
Peter McNamara	Board member	01-Jan-26	
Jennifer Parker	Board member	01-Jul-25	
Jacqueline Lowe	Board member	01-Jan-26	
Sophie Jelleff	Acting Chief Operating Officer	01-May-26	
Natalie Alford	Chief Risk Officer	03-Nov-25	
Lisa Samuels	Acting Chief Executive Officer	01-May-26	03-Jun-26
Robbie Campo*	Chief Executive Officer	31-Aug-26	
Helen Gibbons	Board member		31-Dec-25
Susanne Dahn	Board member		28-Feb-26
Catherine Smith	Board member		31-Dec-25
Stephen Reilly	Chief Operating Officer		15-Jun-26
Stephen Reilly	Acting Chief Experience Officer	01-May-26	03-Jun-26
Debby Blakey*	Chief Executive Officer		30-Aug-26
Joshua Parisotto	Chief Engagement and Growth Officer		02-Oct-26

* D.Blakey's accountability as a Key Management Person ceased on 30 August 2026, with full executive responsibilities transferring to R.Campo. D.Blakey remained available in a transitional support capacity until 9 September 2026.
All details for Directors are included in the Financial Statements.

Auditor’s Independence Declaration

As lead auditor of HESTA's financial report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report; and

b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

George Sagonas
Partner
PricewaterhouseCoopers

Melbourne
22 September 2026

Financial Statements

for the year ended 30 June 2026

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL No. 235249, Trustee of HESTA ABN 64 971 749 321.

HESTA
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Statement of Financial Position
As at 30 June 2026

	Notes	Jun-26 $'000	Jun-25 $'000
Assets			
Cash at Bank	11	149,902	203,763
Receivables and other assets	4	391,400	312,069
Receivables for securities sold		1,236,255	681,860
Financial Investments			
Cash and Short Term Deposits		9,915,570	9,329,532
Derivative assets	17	622,570	824,682
Australian equities		22,612,354	21,284,585
International equities		34,545,744	28,844,558
Global Debt		19,024,383	16,412,521
Alternatives		99,348	177,653
Property		8,030,643	7,459,399
Infrastructure		11,317,572	10,637,268
Private equity		5,261,521	4,850,742
Property, plant and equipment		29,548	26,803
Deferred tax assets	8	7,544	7,248
Total assets		**113,244,354**	**101,052,683**
Liabilities			
Payables and other liabilities	5	128,252	136,344
Payables for securities purchased		2,011,967	1,010,578
Income tax payable		223,209	198,600
Derivative liabilities	17	1,115,507	375,011
Deferred tax liabilities	8	2,770,403	2,603,330
Total liabilities excluding member benefits		6,249,338	4,323,863
Net assets available for member benefits		**106,995,016**	**96,728,820**
Member liabilities			
Allocated to members		106,421,591	96,204,146
Unallocated to members		5,251	18,415
Total member liabilities		106,426,842	96,222,561
Net assets		**568,174**	**506,259**
Equity			
Fund development reserve	2(n)	133,081	110,909
Investment account	2(n)	191,687	166,541
Operational risk reserve	2(n)	243,406	228,809
Total equity		**568,174**	**506,259**

The above statement of financial position should be read in conjunction with the accompanying notes.

HESTA
Income Statement
For the year ended 30 June 2026

	Notes	Jun-26 $'000	Jun-25 $'000
Superannuation activities			
Interest		832,067	932,879
Dividend income		1,145,149	1,200,109
Distributions from unit trusts		838,891	776,577
Changes in fair value of financial investments	6	7,022,009	7,101,667
Other investment income		24,562	19,453
Other income		21,954	21,465
Total superannuation activities income		**9,884,632**	**10,052,150**
Investment expenses		(289,308)	(243,371)
Administration expenses		(61,531)	(55,002)
Operating expenses	9	(202,182)	(199,277)
Total expenses		**(553,021)**	**(497,650)**
Net result from superannuation activities		**9,331,611**	**9,554,500**
Net benefits allocated to members' accounts		(8,593,974)	(8,592,334)
Operating result before income tax		**737,637**	**962,166**
Income tax expense	8	675,722	766,792
Operating result after income tax		**61,915**	**195,374**

The above income statement should be read in conjunction with the accompanying notes.

HESTA
Statement of Changes in Member Benefits
For the year ended 30 June 2026

	Notes	Jun-26 $'000	Jun-25 $'000
Opening balance of member benefits		96,222,561	84,992,226
Contributions:			
Employer		7,299,661	6,579,225
Member		1,807,461	1,517,444
Transfer from other superannuation plans		1,096,890	1,084,464
Government co-contributions		5,065	5,124
Low income superannuation contributions		30,950	34,052
Income tax on contributions		(1,167,961)	(1,004,267)
Net after tax contributions		**9,072,066**	**8,216,042**
Benefits paid to members/beneficiaries		(7,290,143)	(5,413,936)
Insurance premiums charged to members' accounts		(257,938)	(256,510)
Death and disability insurance benefits credited to members' accounts		86,322	92,405
Benefits allocated to members' accounts, comprising:			
Net investment income		8,799,562	8,783,037
Administration fees		(205,588)	(190,703)
Closing balance of member benefits	3	**106,426,842**	**96,222,561**

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

HESTA
Statement of Changes in Equity
For the year ended 30 June 2026

	Fund development reserve $ '000	Investment account $ '000	Operational risk reserve $ '000	Total equity/ reserves $ '000
Opening balance as at 1 July 2025	110,909	166,541	228,809	506,259
Net transfers to/from reserves				
Transfer to the Operational Risk Reserve	-	-	-	-
Net allocations to/from Income Statement	22,172	25,146	14,597	61,915
Closing balance as at 30 June 2026	**133,081**	**191,687**	**243,406**	**568,174**

	Fund development reserve $ '000	Investment account $ '000	Operational risk reserve $ '000	Total equity/ reserves $ '000
Opening balance as at 1 July 2024	112,296	(1,132)	199,721	310,885
Net transfers to/from reserves				
Transfer to the Operational Risk Reserve	(13,537)	-	13,537	-
Net allocations to/from Income Statement	12,150	167,673	15,551	195,374
Closing balance as at 30 June 2025	**110,909**	**166,541**	**228,809**	**506,259**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

HESTA
Statement of Cash Flows
For the year ended 30 June 2026

	Notes	Jun-26 $'000	Jun-25 $'000
Cash flows from operating activities			
Interest income		767,355	719,712
Distributions		837,850	778,483
Dividends		1,139,441	1,220,688
Group life insurance proceeds		86,322	92,405
Other general administration expenses		(395,116)	(248,404)
Investment expenses		(156,975)	(253,546)
Group life insurance premiums		(257,672)	(252,599)
Other income		43,169	38,070
Income tax (paid)/received		(484,336)	(291,835)
Net cash inflows from operating activities	11	**1,580,038**	**1,802,974**
Cash flows from investing activities			
Purchase of investments		(72,779,051)	(66,487,248)
Proceeds from sale of investments		69,379,785	61,962,370
Net cash outflows from investing activities		**(3,399,266)**	**(4,524,878)**
Cash flows from financing activities			
Employer contributions		7,299,661	6,579,225
Member contributions		1,807,461	1,517,444
Transfers from other superannuation plans received		1,096,890	1,084,464
Government co-contributions received		5,065	5,124
Low income superannuation contributions received		30,950	34,052
Benefits made to members/beneficiaries		(7,306,699)	(5,382,474)
Income tax paid on contributions received		(1,167,961)	(1,004,267)
Net cash inflows from financing activities		**1,765,367**	**2,833,568**
Net increase in cash		(53,861)	111,664
Cash at Bank at the beginning of the financial year		203,763	92,099
Cash at Bank at the end of the financial year		**149,902**	**203,763**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Description of the Fund

HESTA (the Fund) is a defined contribution fund established on 30 July 1987. The purpose of the Fund is for profit to members and to provide employees primarily in the health, early childhood education and care, aged care and community services sectors with a portable superannuation scheme. However the Fund is a public offer fund and comprises an accumulation product and an income stream product. Under the terms of the Fund's declaration of trust, H.E.S.T. Australia Ltd., 'the Company' (A.B.N. 66 006 818 695), a company limited by guarantee and incorporated and domiciled in Australia, is appointed Trustee of the Fund. The registered address of H.E.S.T. Australia Ltd.'s registered office is Level 20, 2 Lonsdale Street, Melbourne, Victoria, Australia.

2. Summary of material accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Superannuation Industry (Supervision) Act 1993 and regulations and the provisions of the Trust Deed.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative liabilities and net assets available for member benefits.

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the Board of Directors of the Trustee H.E.S.T. Australia Ltd. on 22 September 2026. The directors of the Trustee have the power to amend and re-issue these financial statements.

(b) New accounting standards and interpretations

There are no standards, interpretations or amendments to standards that are effective for the first time in the financial year commencing on 1 July 2025 that have a material impact on amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period and have not been early adopted. The assessment of the impact of these new standards and interpretations is set out below.

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18)

AASB 18 is effective for financial years beginning on or after 1 January 2027 and replaces AASB 101 Presentation of Financial Statements. It aims to improve how entities communicate financial performance in the income statement, and introduces new requirements for the aggregation and disaggregation of information in primary financial statements and notes.

The AASB has recognised that superannuation entities face specific application challenges under AASB 18 and issued Exposure Draft 338 proposing targeted relief. Under the proposals, superannuation entities would retain the existing AASB 1056 Superannuation Entities (AASB 1056) requirements for presentation of the income statement and the statement of changes in member benefits, rather than adopting the new operating, investing and financing classification structure introduced by AASB 18. The proposals also clarify that the statement of changes in member benefits remains a primary financial statement. The Fund is monitoring the finalisation of Exposure Draft 338 and will assess the impact on financial statements at that time.

Other Material Accounting Policies

(c) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprises cash held with banking institutions and is subject to an insignificant risk of changes in value.

Cash equivalents are held for the purposes of meeting short-term cash commitments rather than for investment or other purposes.

Cash and short term deposits in the statement of financial position represents cash products that comprise the Fund's cash portfolio mix, are highly liquid investments with original maturities of three months or less and are held for investment purposes on behalf of members.

These products have been assessed against the Fund's accounting policy and criteria of AASB 107 Statement of Cash Flows and are deemed to not fall under the definition of a 'cash and cash equivalent' as these products are not drawn upon to meet any short term commitments of the Fund.

Other cash held forms part of the Fund’s investment portfolio and is classified as a financial asset, disclosed as financial investment cash and short term deposits. This includes short-term deposits, and margin accounts.

2. Summary of material accounting policies (continued)

(d) Financial assets and liabilities

(i) Classification

The Fund's investments and derivative liabilities are measured at fair value in accordance with AASB1056.

(ii) Recognition/derecognition

The Fund recognises financial assets and liabilities on the date it becomes a party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures financial assets and liabilities at fair value. Transaction costs for financial assets and liabilities carried at fair value are expensed in the income statement.

Subsequent to initial recognition, all financial assets and liabilities are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial investments.

For further details on how the fair values of financial instruments are determined refer to Note 16.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 17 of the financial statements for further information.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Changes in the fair value of financial instruments are calculated as the difference between the fair value upon sale, restructure, settlement or termination, or at the end of the reporting period, and the fair value at the end of the previous reporting period or at the date the financial instruments are acquired.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The last sale price is used by the Fund to value listed equity valuations. Fixed income securities are priced at the mid-price. For unlisted assets managed by an external manager, the investment will be valued by the manager in accordance with their valuation policy. If there is no external manager, the Fund will use an independent valuation. The appropriate quoted market price for financial liabilities is the last sale price.

Investments in other, typically closed-ended, unlisted unit trusts are recorded at the redemption value per unit, as reported by the investment managers of such funds on a monthly or quarterly basis, based on unobservable inputs from significant underlying Level 3 investments. The Fund might make adjustments to the value based on considerations such as; liquidity of the Investee Fund or its underlying investments, the valuation date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 16.

HESTA values investments on a daily basis, producing a daily unit price for each investment option. Investment switching is also daily priced. The change provides our members with more regular and up to date valuation of their investment portfolio.

(f) Receivables, payables and receivables/payables for securities sold/purchased

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(d) above. Amounts are generally received within 30 days of being recorded as receivables.

Payables represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services.

2. Summary of material accounting policies (continued)

(f) Receivables, payables and receivables/payables for securities sold/purchased (continued)

Receivables for securities sold and payables for securities purchased represent trades that have been contracted for but not yet delivered at the end of the year. Trades are recorded on trade date and normally settled within three business days.

The prior year figures have been re-presented to align with the classification of receivables/payables for securities sold/purchased in the current year. This does not impact the net assets of the Fund.

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight line method to allocate an asset's cost over its estimated useful life. The assets residual values and useful lives are reviewed at the end of each reporting year, and adjusted if required.

Any gain or loss on disposal of an item is recognised in the Income Statement.

(h) Employee entitlements

Liabilities for wages and salaries including annual leave and long service leave are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(i) Revenue recognition

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividend and distributions income are recognised gross of withholding tax in the income statement within dividend income and distribution income when the Fund's right to receive payment is established.

Other changes in fair value for financial instruments are recorded in accordance with the policies described in Note 2(e) above.

(j) Investment expenses

Master custodian and investment management fees and other investment expenses are recognised on an accruals basis and represent costs incurred directly by the Fund in managing the investment portfolio. They do not include fees incurred within underlying investment vehicles. Total investment expenses including direct and indirect expenses are deducted from the valuation of investments before daily unit prices are calculated.

(k) Income tax

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial investments held for less than 12 months are taxed at the Fund's rate of 15%. For financial investments held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the Australian Taxation Office (ATO) during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(l) Goods and services tax (GST)

The GST incurred on the costs of services provided to the Fund by third parties such as administration, investment management and custodial fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75%, such that investment management fees, custodial fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office ('ATO'). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

2. Summary of material accounting policies (continued)

(m) Foreign currency

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses arise from the settlement of such transactions and from the translations at year end exchange rates of monetary items denominated in foreign currencies. Amounts are recognised in the period in which they arise within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance date. Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within net changes in fair value of financial instruments.

(n) Reserves

Transfers in and out of the reserves are made only at the authorisation of the Company and in accordance with the Fund's Reserving Policy.

Operational Risk Reserve
Superannuation Prudential Standard 114 Operational Risk Financial Requirement (SPS 114) requires an RSE licensee to hold adequate financial resources to address losses or deprivation of a financial gain arising from operational risk incidents that may affect an Registrable Superannuation Entity (RSE) within its business operations. The Operational Risk Reserve (ORR) is the reserve established by the Trustee for this purpose.

The Operational Risk Reserve represents approximately 0.23% of the net assets available for member benefits as at 30 June 2026 (2025: 0.24%). The Trustee has a tolerance limit set at 80% (2025: 80%) of the ORR target amount, to assist in maintaining the reserve at 0.23% (2025: 0.25%). The Trustee is within the tolerance limit for the year ended 30 June 2026.

Fund Development Reserve
The Fund Development Reserve (FDR) supports the liquidity of the Fund's operations ensuring that the Fund can meet both its current and future expenditure obligations.

The Company maintains Trustee indemnity in its personal capacity due to Sections 56 and 57 of the Superannuation (Industry) Supervision Act 1993 (Cth) (SIS Act). Superannuation fund trustees are prohibited from accessing superannuation fund assets to pay criminal, civil or administrative penalties incurred by the Company or its directors in relation to a contravention of any Commonwealth law. The Trustee received Court approval to amend the HESTA Trust Deed to authorise it to charge an appropriately limited trustee fee.

Administration fees and costs includes the trustee fee. All administration costs (including the trustee fee) are paid out of the FDR. The Trustee fee is paid into the Trustee Capital Reserve (TCR) of the Company and is not part of the Fund assets. The TCR represents the balance of funds held by the Company as capital on its own account to address the risks associated with its role as trustee of the Fund.

Investment Account
The Investment Account is maintained for the purpose of accumulating the investment earnings of the Fund's assets prior to allocation to member accounts. The Investment Account comprises the difference between the cumulative amount of investment income earned (net of expenses and tax) and the cumulative amount of investment income allocated to members' accounts, including timing differences between the investment valuations and tax provisions. These timing differences can result in large movements year on year.

(o) Use of estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

2. Summary of material accounting policies (continued)

(o) Use of estimates and assumptions (continued)

Fair Value of Financial Instruments
When the fair values of the financial instruments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as a discounted cash flow model (DCF model). The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility, details of which are set out in Note 15. Changes in assumptions about these factors could affect the reported fair value of these investments.

(p) Consolidation

The Trustee has determined that the Fund qualifies as an 'investment entity' under AASB 10 Consolidated Financial Statements and has applied the exception under that standard to measure subsidiaries at fair value through the income statement rather than consolidate them.

(q) Rounding

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members, or their beneficiaries, in the future as a result of the membership up to the end of the reporting period.

Member account balances are determined by unit prices that are based on the underlying investment values.

Members bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Unit prices are updated daily.

As at 30 June 2026 $5,251,112 (2025: $18,415,506) has not been allocated to members. The amount not yet allocated to members' accounts consists of contributions received by the Fund that have not been able to be allocated to members as at balance date.

Refer to Note 15 for the Fund's management of the investment risks.

Member liabilities vest 100% to members.	Jun-26 $'000	Jun-25 $'000
Members liability at end of the financial year	(106,426,842)	(96,222,561)
As compared to net assets available for member benefits	**106,995,016**	**96,728,820**

4. Receivables and other assets

	Jun-26 $'000	Jun-25 $'000
Investment income receivable	376,988	305,527
GST receivable	1,605	1,945
Prepayments	10,955	4,197
Sundry debtors	1,852	400
	391,400	**312,069**

5. Payables and other liabilities

	Jun-26 $'000	Jun-25 $'000
Group life premiums payable	18,081	19,711
Member benefit payable	27,172	43,727
Investment manager fees payable	27,742	16,830
Operating expenses payable	15,577	20,700
Provision for employee benefits	31,666	28,260
Sundry creditors	8,014	7,116
	128,252	**136,344**

6. Changes in fair value of financial investments

	Jun-26 $'000	Jun-25 $'000
Cash and Short Term Deposits	138,697	243,450
Derivative Assets and Liabilities	2,014,478	(898,783)
Australian equities	560,677	1,810,144
International equities	4,330,541	4,154,565
Global Debt	(468,690)	610,582
Alternatives	(28,253)	(92,959)
Property	(81,164)	106,524
Infrastructure	446,254	928,695
Private equity	109,469	239,449
	7,022,009	**7,101,667**

7. Funding arrangements

Employers contributed to the Fund on behalf of members at the Superannuation Guarantee rate of 12% (2025: 11.50%). Member and additional employer contributions are paid to the Fund at a rate determined by the member and/or employer.

Additionally, eligible members have received government super contributions during the year including super co-contributions and low income super tax offset payments.

8. Income tax

(a) Major components of income tax expense are:	Jun-26 $'000	Jun-25 $'000
Income statement		
Current tax expense		
Current tax charge	565,233	151,088
Adjustments in respect of current income tax of previous years	(56,287)	33,573
Deferred tax		
Relating to origination and reversal of temporary differences	166,776	582,131
Total tax expense as reported in the income statement	**675,722**	**766,792**

(b) Reconciliation between income tax expenses and the accounting profit before income tax

Net result from superannuation activities	9,331,611	9,554,500
Income tax at 15%	1,399,742	1,433,175
Non-deductible expenses	1,319	3,528
Capital (gains)/losses not (assessable)/deductible	(287,559)	(387,603)
Exempt pension income	(129,915)	(109,302)
Net imputation and foreign tax credits	(251,595)	(206,579)
Other assessable income	17	-
Under/(over) provision in the previous year	(56,287)	33,573
	675,722	**766,792**

8. Income tax (continued)

(c) Deferred Tax

	Opening Balance $'000	Jun-26 (Charged)/ Credited to income $'000	Closing Balance $'000
Deferred tax assets			
Insurance premiums payable	2,958	(246)	2,712
Other expenses payable	4,290	542	4,832
	7,248	**296**	**7,544**
Deferred tax liabilities			
Income receivable	(974)	(1,859)	(2,833)
Unrealised foreign currency losses / (gains)	(65,898)	145,799	79,901
Unrealised losses / (gains) on investments	(2,536,458)	(311,013)	(2,847,471)
	(2,603,330)	**(167,073)**	**(2,770,403)**
Net deferred tax (liability) / asset	**(2,596,082)**	**(166,777)**	**(2,762,859)**

	Opening Balance $'000	Jun-25 (Charged)/ Credited to income $'000	Closing Balance $'000
Deferred tax assets			
Insurance premiums payable	2,729	229	2,958
Other expenses payable	2,706	1,584	4,290
	5,435	**1,813**	**7,248**
Deferred tax liabilities			
Income receivable	(16,650)	15,676	(974)
Unrealised foreign currency losses / (gains)	(55,170)	(10,728)	(65,898)
Unrealised losses / (gains) on investments	(1,966,176)	(570,282)	(2,536,458)
	(2,037,996)	**(565,334)**	**(2,603,330)**
Net deferred tax (liability) / asset	**(2,032,561)**	**(563,521)**	**(2,596,082)**

The Fund offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets.

9. Operating Expenses

	Jun-26 $'000	Jun-25 $'000
External and internal audit fees	1,439	2,378
Trustee fees and reimbursements	2,273	2,087
Trustee fee*	4,807	12,749
Sponsorship and advertising expenses	13,512	14,551
Marketing and communication expenses	3,521	5,547
Professional fees	19,623	17,609
Personnel expenses	109,692	97,102
Regulatory levies	3,723	3,762
Technology and telecommunication expenses	24,573	24,645
Premises expenses	7,834	7,911
Other expenses	11,185	10,936
	202,182	**199,277**

* On 30 October 2025, $5,060,000 (including GST) was paid from the Fund Development reserve to the Trustee Capital Reserve (TCR) and treated as an expense in the Income Statement. The TCR has been funded by a Trustee Fee payable by the Fund to the Company.

10. Auditor's remuneration

	Jun-26	Jun-25
(a) PricewaterhouseCoopers		
(i) Audit of the Fund		
Audit of financial report	484,166	468,996
(ii) Other statutory assurance services		
Audit of compliance and other regulatory returns	314,588	149,226
(iii) Other assurance services	192,392	186,586
(iv) Other non-audit services		
Tax Compliance	-	20,395
Consulting services	207,500	146,457
Total other non-audit services	**207,500**	**166,852**
Total auditors' remuneration	**1,198,646**	**971,660**

11. Cash flow statement reconciliation

Cash at bank at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Jun-26 $'000	Jun-25 $'000
Cash at bank	149,902	203,763

Reconciliation of net cash from operating activities to net profit after income tax

Profit after income tax	61,915	195,374
Adjustments for:		
(Increase) in assets measured at fair value	(7,022,009)	(7,101,667)
Net insurance premiums charged less benefits credited to members	(171,615)	(164,105)
(Increase) in receivables	(74,808)	(193,530)
(Decrease) in depreciation and impairment	(2,745)	(10,175)
Increase in payables	3,940	9,786
Increase in income tax payable	191,386	474,957
Allocation to members' accounts	8,593,974	8,592,334
Net cash inflows from operating activities	**1,580,038**	**1,802,974**

12. Key management personnel

(a) Key Management Personnel

Directors

The names of the Directors in office during the financial year and up to the date of this report are:

N. Roxon (Independent Chair)
M. Wilton (Independent Director) (appointed 01/03/2026)
S. Dahn (Independent Director) (ceased 28/02/2026)

Employer Appointed	Employee Appointed
E. Maiden* (Acting Deputy Chair)	E. Gaske (Deputy Chair)
M. Brydon	K. Marshall*
T. Brown	A. van Vorst
J. Parker* (appointed 01/07/2025)	R. Bonner*
S. P. McNamara (appointed 01/01/2026)	J. Angrisano
A. Scaramuzza (appointed 01/07/2026)	J. Lowe (appointed 01/01/2026)
C. Smith* (ceased 31/12/2025)	H. Gibbons (Deputy Chair) (ceased 31/12/2025)
A. Morrison* (Deputy Chair) (ceased 30/06/2026)	

*Members of HESTA the Fund
** Unless otherwise stated, all Directors were in office for the full financial year.

In addition to the above named Directors of the Fund Trustee, the following individuals were also key management personnel of the Fund during the year:

Executive Team	Position Held
D. Blakey*	Chief Executive Officer (ceased 30/08/2026)
R. Campo**	Chief Executive Officer (appointed 31/08/2026)
L. Samuels*	Chief Experience Officer
S. Sawtell-Rickson*	Chief Investment Officer
S. Reilly*	Chief Operating Officer (ceased 15/06/2026)
S. Jelleff*	Acting Chief Operating Officer (appointed 01/05/2026)
J. Parisotto*^	Chief Engagement and Growth Officer
S. Harris*	Chief Strategy Officer
N. Kelly	Chief Financial Officer
N. Alford*	Chief Risk Officer (appointed 3/11/2025)

* Certain Directors and Executives are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund.
** D. Blakey's accountability as a Key Management Person ceased on 30 August 2026, with full executive responsibilities transferring to R. Campo. D. Blakey remained available in a transitional support capacity until 9 September 2026.
^ J. Parisotto will cease as Chief Engagement and Growth Officer on 2 October 2026.

(b) Key Management Personnel Compensation

During the year the Board of Directors agreed to pay fees or remuneration to:

(a) Individual Directors; or
(b) Where requested by the Director, the organisation employing the relevant Director (such payments recognise that the organisation has allowed their employee paid time to contribute to the operation of the Fund); and
(c) Executive Personnel.

Total remuneration received by Directors and Executives for services provided during the period:

	Jun-26 $'000	Jun-25 $'000
Short-term employee benefits	9,496	8,250
Post-employment benefits	436	389
Other long term benefits	222	-
Termination benefits	-	-
	10,154	**8,639**

Total remuneration receivable by Directors and Executives as at the reporting date was:

	Jun-26 $'000	Jun-25 $'000
Short-term employee benefits	419	502
Other long term benefits	2,123	2,347
	2,542	**2,849**
Total	**12,696**	**11,488**

13. Related party disclosures

(a) Transactions with Trustee

H.E.S.T. Australia Ltd. is the Trustee of the Fund. The Trustee Company holds an Australian Financial Services Licence and a Registrable Superannuation Entity Licence. Under the terms of the Trust Deed, the Company incurs operating expenses in providing trustee services to the Fund.

The Company is entitled to receive trustee management fees, calculated by reference to the costs incurred by the Company in running the Fund. These costs are limited to Directors' fees and related costs, including insurance premiums. The Company is also entitled to receive a Trustee fee from the Fund, to be calculated in accordance with the Trust Deed.

Fees paid and payable	2026 $'000	2025 $'000
Trustee fee paid and payable to the Trustee	4,600	12,200
Trustee management fee paid and payable to the Trustee	1,906	1,552

(b) Related Party Investments and Transactions

The Company, as Trustee of the Fund, has disclosed below the related parties of the Fund.

Frontier Advisors Pty Ltd ("Frontier")

The Fund held a 23.6% (2025: 31.0%) shareholding of ordinary shares valued at $2,864,400 (2025: $2,595,258) in Frontier. Frontier receives fees from the Fund for investment consulting services. These fees were $2,135,844 (2025: $1,829,373).

Industry Super Holdings Pty Ltd ("ISH")

The Fund held a 17.0% (2025: 17.0%) shareholding in ISH valued at $536,809,964 (2025: $452,209,661). ISH has a number of subsidiary companies, which includes IFM Investors Pty Ltd ("IFM").

IFM manages a selection of infrastructure, property, Australian listed equities, private equity, fixed interest, and cash portfolios on behalf of the Fund. IFM manages investments totalling $17,355,777,442 (2025: $14,859,195,396) on behalf of the Fund. The Fund paid fees of $1,772,606 (2025: $1,940,235) for the management of the portfolios. Fees deducted directly from investments are not included.

Other transactions between the fund and subsidiaries of ISH are summarised in the following table:

Company	Nature of transaction	2026 $'000	2025 $'000
Industry Super Australia Pty Ltd	Marketing and research services	1,839	1,979
Industry Fund Services Pty Ltd	Financial planning services	161	172
IFM	Rent and outgoings relating to office space leased by HESTA.	7,708	7,648

Grow Technology Services Limited ("GROW")

During the financial year, the Fund exercised its option to acquire an equity interest in GROW. This transaction was completed on 5 March 2026, resulting in the Fund acquiring a 14.09% shareholding in GROW for consideration of $18,253,540. GROW provides fund administration services to the Fund. Following aquisition, fund administration fees of $14,298,437 were paid to GROW. Of this, an amount of $5,611,406 remained payable to GROW at the end of the period. Subsequent to year end, MUFG Pension & Market Services (MPMS) announced that it had entered into a binding, conditional scheme implementation deed to acquire GROW. The acquisition remains subject to, among other things, shareholder, court and regulatory approvals.

The Fund has the following significant investments:

Investment	Equity Holding 2026	2025
	%	%
Assemble HoldCo 1 Pty Ltd	40.4	40.4
Castle Living SCSp (Castleforbes)	39.0	39.0
EQT Angle Unit Trust	100.0	100.0
Land Services WA Holdings Trust (LSWA)	10.0	10.0
Land Services WA Holdings Pty Limited (LSWA)	10.0	10.0
Land Services SA Holding Trust (LSSA)	10.0	10.0
Land Services SA Holding Pty Limited (LSSA)	10.0	10.0
Utilities Trust Australia Pty Ltd (UTA)	8.2	8.2

These investments are included in the relevant investment categories in the statement of financial position.

13. Related party disclosures (continued)

(b) Related Party Investments and Transactions (continued)

During the financial year ended 30 June 2026, the following Directors and Executives also held other roles relevant to Related Parties:

Director / Executives (Positions held)	Other Shareholdings and transaction
C. Smith (Director) (ceased 31/12/2025)	• Director of Utilities of Australia Pty Ltd
L. Samuels (Chief Experience Officer)	• Director of Industry Super Australia Pty Ltd (ISA)

All transactions disclosed in Note 13 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.

14. Controlled Entities

The Fund has determined that it is an investment entity under the definition in AASB 10 as it meets the control definition criteria:
- Power over the investee;
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Fund does not consolidate these investments but accounts for them at fair value.

The Fund's exposure to the fair value of investments held in the controlled entities and commitments to these entities are shown below:

30 June 2026	No. of Controlled Entities	Fair Value of Controlled Entities $'000	Commitments to Controlled Entities $'000
Asset Class			
Global Debt	1	95,362	-
Alternatives	1	7,949	82,266
Property	7	556,823	1,488,972
Infrastructure	3	363,482	223,000
Private Equity	8	1,927,039	2,813,290
Total	**20**	**2,950,655**	**4,607,528**

30 June 2025	No. of Controlled Entities	Fair Value of Controlled Entities $'000	Commitments to Controlled Entities $'000
Asset Class			
Global Debt	1	121,761	-
Alternatives	2	24,239	143,739
Property	6	445,411	1,430,573
Infrastructure	3	340,715	223,000
Private Equity	7	1,614,868	2,609,999
Total	**19**	**2,546,994**	**4,407,311**

14. Controlled Entities (continued)

The Fund has the following directly held controlled entities:

Name of Entity	Equity Holding	
	2026	2025
Global Debt		
HESTA Relative Value Debt Trust	100%	100%
Alternatives		
Social Impact Investment Trust	100%	100%
Inspire Impact Investment Trust	100%	100%
Property		
Eureka Property Fund 5	100%	100%
HESTA Healthcare Property Trust	100%	100%
H2I Europe SCSP	100%	100%
Housing Fund 1	100%	100%
Housing (BTR) Fund 2	100%	100%
Housing (BTS) Fund	100%	100%
Infrastructure		
HESTA AI (Port) Trust	100%	100%
HESTA Palisade Infrastructure Trust	100%	100%
HESTA Palisade Sustainable Infrastructure Trust	100%	100%
Private Equity		
Blackbird Purple Trust	100%	100%
HESTA Investment Partner Trust	100%	100%
HESTA QP Trust	100%	100%
HESTA Sustainable Capital Investment Trust	100%	100%
BCP HESTA Co-Investment Trust	100%	100%
Carepoint Co-Invest LP	100%	100%
EPIC HESTA Co-Investment SLP	100%	100%
FTV Growth VIII Picks LP	100%	-

The fair values of these investments are included in the relevant investment asset class in the statement of financial position.

15. Financial risk management objectives and policies

Management actively manages the financial risks that the Fund is exposed to, with the approach outlined further below and the fair value of the Fund's investments continue to be valued in accordance with the frequency set out in the Fund's valuation policy, applying valuation methodologies reflective of the prevailing market conditions.

The Fund's principal financial investments, other than derivatives, comprise Cash and Short Term Deposits, Alternatives, Australian Equities, International Equities, Global Debt, Infrastructure, Property and Private Equity. The main purpose of these financial investments is to generate a return on investment.

The Fund also has various other financial investments such as financial assets and liabilities, which arise directly from its operations.

The Fund also enters into derivative transactions, principally fixed interest and equity futures and foreign exchange contracts. The main purpose is to manage financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix. The Fund's accounting policies in relation to derivatives are set out in Note 2(d).

The Investment Governance Framework ('IGF') provides an overarching structure to ensure that the Fund's Investment Options ('Options') are designed and managed appropriately to achieve the Fund's investment strategy. The IGF outlines how the Fund prudently selects, manages and monitors investments and related risks, consistent with its obligation to act in the best financial interests of members, and gives consideration to member equity risks and fairness.

15. Financial risk management objectives and policies (continued)

Sensitivity Analysis

The following tables in this note summarise the sensitivity of the Fund's net assets attributable to interest rate risk, price risk and currency risk. A reasonable possible range of risk variables has been determined in conjunction with the Fund's investment consultant. The methodology employed analysed historical data and considered the 90th percentile range of outcomes for one year rolling outcomes for each factor. The analysis of each factor has been limited to a timeframe considered to be representative of the environment at the time and was dependent on the availability of historical data. Outcomes were very time dependent so where possible simplified assumptions have been applied. However actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including large market shocks. As a result, historical variations in risk variables are not a definitive indicator of future variations in the risk variable.

(a) Market Risk

Market risk includes factors that affect investment markets, like domestic and international economic conditions, interest rates, exchange rates, inflation, government policy, current valuation levels and market sentiment. These factors can affect various investments differently at different times or may have an impact on returns from all investments in that market.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset classes, regions, industry sectors and individual securities. Futures or Options contracts on indices or Securities may be used to manage specific aspects of market risk on equity investments and debt securities. It is also possible over the counter contracts may be used to manage specific aspects of market risk. The selection of high quality counterparties, brokers and financial institutions minimises market risk that may occur through the failure to settle transactions in a timely manner.

(a)(i) Interest Rate Risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing securities (other asset classes are also affected). This risk is measured using a sensitivity analysis disclosed in the tables below.

The Fund's approach is to manage this risk primarily through asset allocation change. Where appropriate the Fund uses interest rate derivatives to change the exposure to fixed or floating interest rates. The Fund's exposure to interest rate movements on those investments at 30 June is set out in the below table. These disclosures present interest rate risk based on underlying assets and liabilities (at fair value) within the Fund's investments.

2026	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest bearing $'000	Total $'000
Investments				
Cash and Short Term Deposits	1,412,799	7,442,339	1,060,432	9,915,570
Global debt	5,463,006	13,561,377	-	19,024,383
Derivative Assets*	2,112,018	5,020,479	-	7,132,497
Derivative Liabilities*	(375,110)	(4,261,518)	-	(4,636,628)
Property	41,253	-	7,989,390	8,030,643
Total	**8,653,966**	**21,762,677**	**9,049,822**	**39,466,465**

2025	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest bearing $'000	Total $'000
Investments				
Cash and Short Term Deposits	1,297,118	6,401,178	1,631,236	9,329,532
Global debt	5,124,439	11,288,082	-	16,412,521
Derivative Assets*	567,582	4,134,657	-	4,702,239
Derivative Liabilities*	(4,379)	(4,001,899)	-	(4,006,278)
Total	**6,984,760**	**17,822,018**	**1,631,236**	**26,438,014**

* Represents market notional exposure

Based on an assessment of historical longer term movements in cash and bond rates over rolling twelve month periods, this analysis assumes +1.40% or -1.40% (2025: +1.40% or -1.40%) on fixed interest securities and +1.40% or -1.40% (2025: +1.40% or -1.40%) on floating interest securities for the 2025-26 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

15. Financial risk management objectives and policies (continued)

(a)(i) Interest Rate Risk (continued)

An increase (or decrease) in interest rates at the reporting date would have decreased or (increased) the value of the net assets available for member benefits by the amount shown below respectively.

	Change for the Year in Net Assets Available for Member Benefits	
	+1.40% $'000	-1.40% $'000
30 June 2026		
Floating Interest Securities	(5,264)	5,264
	+1.40% $'000	-1.40% $'000
Fixed Interest Securities	(1,329,651)	1,331,296
	+1.40% $'000	-1.40% $'000
Non-Interest bearing Securities	(2,375)	2,375
Total Interest Rate Risk	**(1,337,290)**	**1,338,935**
	1.40% $'000	-1.40% $'000
30 June 2025		
Floating Interest Securities	(2,638)	2,638
	1.40% $'000	-1.40% $'000
Fixed Interest Securities	(1,144,739)	1,146,202
	1.40% $'000	-1.40% $'000
Non-Interest bearing Securities	(3,654)	3,654
Total Interest Rate Risk	**(1,151,031)**	**1,152,494**

(a)(ii) Other Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

The Fund is exposed to price risk on all investments in the portfolio; this arises from investments held by the Fund for which the prices in the future are uncertain.

Price risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. This risk is measured using a sensitivity analysis detailed below, as recommended by the investment advisor.

Following analysis of historical data the following assumptions are based on an expected range of outcomes for the 2025-26 reporting period:

	Range	
Australian equities	+32.2%	-18.7%
International equities	+30.2%	-16.7%
Global Debt	+11.0%	0.4%
Alternatives	+19.1%	-4.8%
Property	+16.7%	-5.6%
Infrastructure	+27.8%	-9.4%
Private equity	+42.0%	-20.2%

The AASB7 Financial Instrument: Disclosures (AASB7) sensitivity inputs specify that volatility factors are to be calculated by considering what is "reasonably possible" and should not include remote or "worst case" scenarios or "stress tests". The volatility factors provided reflect a spread of outcomes where 1 in 10 years returns are expected to be outside the range provided for each asset class. Long-term equilibrium after-tax capital market assumptions are reviewed annually and have been used to determine the ranges. Return and volatility factors have been determined after considering long-term historical data series complemented by a forward-looking view of expected returns.

15. Financial risk management objectives and policies (continued)

(a)(ii) Other Price Risk (continued)

The increase/decrease in the market price against the investments of the Fund at 30 June would have increased/decreased the change for the year in net assets available for member benefits by the amount shown below. This analysis assumes that all other variables, in particular, interest rates and foreign exchange rates remain constant. The analysis was performed on the same basis for both 2025 and 2026.

	Change for the Year in Net Assets Available for Member Benefits	
	Increase $'000	Decrease $'000
30 June 2026	26,522,891	(12,502,716)
30 June 2025	22,152,968	(10,739,636)

(a)(iii) Currency Risk

Currency risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund hold assets denominated in currencies other than the Australian dollar and is therefore exposed to currency risk. This risk is measured using a sensitivity analysis disclosed in the table below.

Foreign exchange contracts are used by the Fund to reduce exposure to adverse foreign currency movements in the value of underlying International listed equities and other international investments.

The Fund's total net exposure at 30 June to foreign exchange rate movements on its international investments was as follows:

Total Currency Exposure

	USD $'000	EUR $'000	JPY $'000	GBP $'000	Other $'000	Total $'000
30 June 2026	34,196,244	5,978,901	1,716,403	1,540,060	6,352,583	49,784,191
30 June 2025	30,858,970	6,375,362	1,124,578	1,508,770	4,608,401	44,476,081

Following analysis of historical data, a 16.7% movement in the Australian Dollar is considered reasonably possible for the 2025-26 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 16.7% strengthening/(weakening) of the AUD against the currencies listed in the table below at 30 June would have decreased/ (increased) the change for the year in net assets available for member benefits by the amount shown below:

Change for the year in net assets available for member benefits

		USD $'000	EUR $'000	JPY $'000	GBP $'000	Other $'000	Total $'000
30 June 2026	+16.7%	(4,893,550)	(855,592)	(245,621)	(220,386)	(909,067)	(7,124,216)
30 June 2025	+16.7%	(4,415,979)	(912,327)	(160,929)	(215,908)	(659,471)	(6,364,614)

		USD $'000	EUR $'000	JPY $'000	GBP $'000	Other $'000	Total $'000
30 June 2026	-16.7%	6,855,670	1,198,651	344,105	308,751	1,273,567	9,980,744
30 June 2025	-16.7%	6,186,612	1,278,134	225,456	302,479	923,893	8,916,574

(a)(iv) Climate Risk

As responsible investors, the Fund manages a broad range of risks and opportunities that have the potential to affect the performance of its investment portfolio, and ultimately, the returns that can be delivered to its members.

The Fund assesses the exposure of its investments to climate-related financial risks on a regular basis through top-down scenario analysis, updated to reflect the latest climate science, transition progress and evolving stakeholder expectations. The Fund also conducts bottom-up assessment of investments identified at highest risk based on carbon footprint, exposure to revenues from fossil fuels and geographic exposure.

The Fund has implemented the following controls and processes to manage the impact of climate-related financial risks:

- Climate risks are overseen by the Investment Committee (a sub-committee of the Board) which receives regular reporting on climate risk management.
- Management of climate-related risks is delegated to relevant executives, and roles and responsibilities have been defined for investment management and risk management teams.
- Formal processes are in place to identify climate-related risks and integrate them into strategic processes. Substantively, in order to support a timely and orderly transition to a low carbon economy and manage climate-related risks, the Fund has committed to net zero carbon emissions across the investment portfolio by 2050. This is supported by an interim emissions reduction target of a 50% reduction in normalised scope 1 and 2 emissions below the 2020 baseline, by 2030.
- Climate-related risks are addressed in the Fund's risk management framework through the risk appetite statement and risk management strategy.

15. Financial risk management objectives and policies (continued)

(a)(iv) Climate Risk (continued)

- Qualitative and quantitative metrics are monitored on a regular basis and targets have been set to manage key risks.
- The Fund publicly discloses progress in implementing its Climate Change Transition Plan in accordance with the relevant standards that guide disclosure on climate risks and opportunities.

Management has reviewed climate-related risks at the Fund operational level and has implemented the above controls to manage these risks. The residual climate-related risks are considered to be within an acceptable range of the current risk appetite.

(b) Credit Risk

Credit risk represents the risk that a counterparty will be unable to pay amounts owed in full when they fall due causing the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these investments.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with a large number of counterparties, including counterparties on recognised exchanges where practicable, and holding collateral against these exposures where practicable. The Fund's credit risk exposure to derivative instruments as at the reporting date is shown in note 17 under the heading net amount of financial assets/(liabilities) presented in the statement of financial position. The Fund restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements as disclosed in note 17.

The credit quality of financial assets is managed by the Fund using Standard & Poor's and Moody's rating categories in accordance with the investment mandate of the Fund. The Fund's exposure in each grade is routinely monitored. The review process allows the Trustee to assess the potential loss as a result of risks and take corrective action. An analysis of debt securities by rating is set out in the table below. There are circumstances where not all debt securities have been rated by Standard & Poor's/Moody's for example, directly held private debt securities which are assessed and rated by the Fund's appointed investment managers. In certain circumstances, the investment manager assigned credit rating has been converted into the equivalent Standard & Poor's/Moody's rating for the purposes of the table below. Unrated debt investments of $1,473,633,885 do not have a third-party credit rating at the security level and primarily relate to debt investments with various corporations.

	AAA to AA- $'000	A+ to A- $'000	BBB+ to BBB- $'000	BB+ to B- standard	CC & Below $'000	Total $'000
2026	15,285,790	4,326,560	4,261,098	2,567,947	7,086	26,448,481
2025	8,957,347	2,963,084	2,594,966	1,892,375	11,139	16,418,911

Securities Lending

The Fund maintains a securities lending program with JP Morgan Chase Bank NA (Sydney Branch) under which legal title to certain investments is transferred to another entity. The lending program is restricted to Australian Equities, International Equities and fixed interest securities. The terms of the arrangement require the borrower to post collateral with JP Morgan Chase Bank NA (Sydney Branch) equal to at least 102% of the value of the investments subject to the lending arrangement. Whilst legal title transfers to another entity, the terms of the arrangement provides that the risks and benefits of ownership of the securities remain with the Fund and the securities on loan are not derecognised. The risks of ownership to which the Fund remains exposed are currency risk, market risk and price risk. No collateral held has been sold or repledged during the year or recognised by the Fund in its statement of financial position. Collateral is legally isolated from the assets of the Fund. The Fund allows a limited amount of securities to be lent on a term basis which restricts the redelivery until the term period concludes. For those securities not lent on term, the Fund may, at any time, call for the redelivery of any or all of the securities in the ordinary course of business. However sufficient notice of not less than the standard settlement period for the relevant exchange on which the securities are traded is required. The collateral held at reporting date as security, consisted of cash, equity and fixed interest securities with a fair value of $4,462,085,839 (2025: $2,755,229,014).

The total value of investments subject to securities lending as at 30 June 2026 was $4,121,711,288 (2025: $2,550,997,253).

(c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations to members or counterparties in full as they fall due or can only do so on terms that are disadvantageous. The Fund’s Liquidity Management Policy (LMP) provides an overview of the Fund’s approach to liquidity management.

15. Financial risk management objectives and policies (continued)

(c) Liquidity Risk (continued)

The LMP is supported by procedures that are in place to ensure the Fund meets its obligations as and when they fall due by ensuring it:
- has sufficient cash and liquid assets to sell to minimise the risk of needing to dispose of assets on terms that are disadvantageous;
- maintains sufficient cash and liquid investments to meet its obligations to members and counterparties in both orderly markets and in periods of stress.

The Investment Committee periodically monitors the Fund's liquidity position and reviews the results of liquidity stress testing across a number of different scenarios. These tests assess the impact on the liquidity of the investment portfolio and any consequential impact on asset allocations for a range of stressed market events taking into account potential adverse impacts on cash flows resulting from investment switching by members, rollover and benefit requests, settling foreign currency transactions and funding capital call commitments.

The Fund's significant financial liabilities are benefits payable to members, as disclosed in Note 3. The Fund considers it highly unlikely that all members will request to withdraw/roll over their superannuation fund account at the same time.

2026	Less than 1 month $'000	1-6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial Liabilities					
Payables and other liabilities	128,252	-	-	-	128,252
Payables for securities purchased	2,011,967	-	-	-	2,011,967
Income tax payable	-	223,209	-	-	223,209
Derivative liabilities	468,945	560,802	5,971	79,789	1,115,507
Member liabilities	106,426,842	-	-	-	106,426,842
Total Financial Liabilities	**109,036,006**	**784,011**	**5,971**	**79,789**	**109,905,777**

2025	Less than 1 month $'000	1-6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial Liabilities					
Payables and other liabilities	136,344	-	-	-	136,344
Payables for securities purchased	1,010,578	-	-	-	1,010,578
Income tax payable	-	198,600	-	-	198,600
Derivative liabilities	68,830	237,817	927	67,437	375,011
Member liabilities	96,222,561	-	-	-	96,222,561
Total Financial Liabilities	**97,438,313**	**436,417**	**927**	**67,437**	**97,943,094**

(d) Structured Entities

The Fund considers all investments in managed investment schemes ('MIS') to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and/or earning investment income.

The fair value of the Fund's investments in structured entities by asset class at balance date is as follows:

	Jun-26 $'000	Jun-25 $'000
Cash and Short Term Deposits	1,060,432	1,631,236
Global Debt	3,111,796	1,924,167
Alternatives	91,399	152,428
Property	5,658,407	5,175,712
Infrastructure	10,954,090	10,296,554
Private Equity	3,316,229	3,236,859
	24,192,353	**22,416,956**

The Fund's maximum exposure to loss from its interests in the structured entities is equal to the total fair value of its investments and potentially any uncalled capital and additional expenses.

(e) Geopolitical Risk

There is heightened risk of market disruptions associated with increasing international tension. These risks may manifest through market, credit, foreign exchange and liquidity risk channels. Geopolitical risks can translate into disruptions in energy markets, supply chains, sanctions and trade restrictions and by extension, adversely affect various asset classes and performance of the Fund. Management monitors these geopolitical risks and manages our liquidity to withstand disruptions that could be caused by these events.

16. Financial Instruments

(a) Classification of Financial Instruments under the Fair Value Hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For level 1 investments the Fund relies on information provided by independent pricing vendors via the investment administrator for the valuation of its investments. Refer to Note 2(e).

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. Securities quoted in an inactive market are also included in level 2.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Securities priced using dealer or broker quotes corroborated by observable market data are classified as level 2.

Level 3: one or more of the significant inputs are not based on observable market data.

The fair value of financial assets and liabilities that are not quoted in an active market are determined using valuation techniques. These can include recent arm's length market transactions, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices which could potentially be obtained in actual market transactions. Where discounted cash flow techniques are used, forecast future cash flows are based on best estimates and the discount rate used is a market rate applicable for an instrument with similar terms and conditions.

2026	Valued at Quoted Market Price (Level 1) $'000	Observable Market Inputs (Level 2) $'000	Unobservable Inputs (Level 3) $'000	Total $'000
Cash and Short Term Deposits	2,437,969	7,477,601	-	9,915,570
Derivative Assets	52,673	569,897	-	622,570
Australian Equities	22,607,262	-	5,092	22,612,354
International Equities	34,545,436	-	308	34,545,744
Global Debt	549,570	17,894,661	580,152	19,024,383
Alternatives	-	26,341	73,007	99,348
Property	1,815,413	-	6,215,230	8,030,643
Infrastructure	-	6,265	11,311,307	11,317,572
Private Equity	-	-	5,261,521	5,261,521
Derivative Liabilities	(39,676)	(1,075,831)	-	(1,115,507)
Total	**61,968,647**	**24,898,934**	**23,446,617**	**110,314,198**

2025	Valued at Quoted Market Price (Level 1) $'000	Observable Market Inputs (Level 2) $'000	Unobservable Inputs (Level 3) $'000	Total $'000
Cash and Short Term Deposits	2,281,223	7,048,309	-	9,329,532
Derivative Assets	36,473	788,209	-	824,682
Australian Equities	21,279,237	-	5,348	21,284,585
International Equities	28,844,469	-	89	28,844,558
Global Debt	407,419	16,004,309	793	16,412,521
Alternatives	-	30,803	146,850	177,653
Property	1,838,277	-	5,621,122	7,459,399
Infrastructure	-	-	10,637,268	10,637,268
Private Equity	-	-	4,850,742	4,850,742
Derivative Liabilities	(25,997)	(349,014)	-	(375,011)
Total	**54,661,101**	**23,522,616**	**21,262,212**	**99,445,929**

16. Financial instruments (continued)

(b) Level 3 Investments managed by external investment managers

Level 3 Investments managed by external investment managers are investments generally held in investment vehicles such as unlisted units trust and limited partnerships which are closed-ended and not actively traded. The Trustee values these investments using the price or valuation provided by the fund manager unless there is a specific verifiable reason to vary from the valuation provided.

As the valuation of the Fund's interest in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and is therefore classified as a level 3 investment.

The Fund reviews the valuation policy adopted by the relevant investment manager and may make further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations. In accordance with HESTA's Valuation Policy the assets may be revalued with reference to the performance of similar assets on the listed markets and/or known disclosed revenue streams and expectations. Managers may implement an out-of-cycle valuation where market or operating conditions change. Refer to Note 2(e) for further information.

As at 30 June 2026 the Fund had financial instruments categorised as level 3, that are recorded at the latest available valuation at balance date. This is provided by the external investment manager, general partner or independent valuer. Unlike level 2 categorised financial instruments where inputs are observable (either directly or indirectly) and include quoted prices for similar assets and liabilities in active and inactive markets, inputs for the valuation methodology in level 3 investments are unobservable and often based on internally developed valuation models and assumptions.

(c) Valuation Inputs for level 3 investments

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description**	Fair value as at 30 June 2026 $'000	Fair value as at 30 June 2025 $'000	Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs to Fair Value $'000
Australian Equities	5,092	5,348	Stale Price*	Last available price	A change in the price by -18.7% to +32.2% (2025: -18.2% to +32.7%) would change the value by -952 to 1,640 (2025: -973 to 1,749)
International Equities	308	89	Stale Price*	Last available price	A change in the price by -16.7% to +30.2% (2025: -16.6% to +29.5%) would change the value by -51 to 93 (2025: -15 to 26)
Global Debt	580,152	793	Stale Price*	Last available price	A change in the price by 0.4% to +11% (2025:-0.4% to +8.5%) would change the value by 2,321 to 63,817 (2025:-3 to 67)
Private Equity	4,664,204	4,356,590	Unit Price	Last available price	A change in the price by -20.2% to +42% (2025:-19.2% to +36.8%) would change the value by -945,856 to 1,966,632 (2025:-836,465 to 1,603,225)
Private Equity (Directly Held)	576,199	491,557	Discount rate	13.7%-19% (2025:13.6% -20.7%)	The higher the discount rate, the lower the fair value
	18,254	-	Unit Price	Last available price	A change in the price by -20.2% to +42% (2025:N/A) would change the value by -3,687 to 7,666 (2025:N/A)
	2,864	2,595	Earnings multiple	3.5%-4.5% (2025:3.5% - 4.5%)	The higher the earnings multiple, the higher the fair value
Property	6,215,230	5,621,122	Unit Price	Last available price	A change in the price by -5.6% to +16.7% (2025: -5.8% to +17.3%) would change the value by -348,053 to 1,037,943 (2025: -326,025 to 972,454)
Infrastructure	10,899,595	10,327,360	Unit Price	Last available price	A change in the price by -9.4% to +27.8% (2025:-6% to +20.5%) would change the value by -1,024,562 to 3,030,087 (2025: -619,642 to 2,117,109)
Infrastructure (Directly Held)	411,712	309,908	Discount rate	8.9%-13.29% (2025:8.7%-19.28%)	The higher the discount rate, the lower the fair value
Alternatives	73,007	146,850	Unit Price	Last available price	A change in the price by -4.8% to +19.1% (2025: -5.5% to +18.3%) would change the value by -3,504 to 13,944 (2025: -8,077 to 26,873)
	23,446,617	**21,262,212**			

*A price that may not reflect the most recent information

** Externally managed unless otherwise specified

16. Financial instruments (continued)

(d) Level 3 Financial Instruments Transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

2026	Alternatives $'000	Australian Equities $'000	International Equities $'000	Infrastructure $'000	Global Debt $'000	Property $'000	Private Equity $'000	Total $'000
Balance at 1 July 2025	146,850	5,348	89	10,637,268	793	5,621,122	4,850,742	21,262,212
Purchases	38,586	-	217	784,643	68,341	780,391	591,887	2,264,065
Sales	(71,951)	(15)	(5,210)	(551,452)	23,979	(212,158)	(290,563)	(1,107,370)
Transfers into level 3	-	-	-	-	487,430	-	-	487,430
Transfers out of level 3	(43,100)	-	-	(6,225)	-	-	-	(49,325)
Total gains/(losses)*	2,622	(241)	5,212	447,073	(391)	25,875	109,455	589,605
Balance at 30 June 2026	**73,007**	**5,092**	**308**	**11,311,307**	**580,152**	**6,215,230**	**5,261,521**	**23,446,617**

* Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period, as disclosed in Total Gains/(Losses) Level 3 below.

2025	Alternatives $'000	Australian Equities $'000	International Equities $'000	Infrastructure $'000	Global Debt $'000	Property $'000	Private Equity $'000	Total $'000
Balance at 1 July 2024	280,017	3,852	172	5,068,322	-	682,848	2,610,829	8,646,040
Purchases	6,452	1	-	34,843	5,010	176,996	135,551	358,853
Sales	(34,021)	(1)	(87)	(94,085)	-	22,958	108,437	3,201
Transfers into level 3	-	222	-	4,998,858	-	4,682,857	1,696,798	11,378,735
Transfers out of level 3	-	-	-	-	-	-	-	-
Total gains/(losses)*	(105,598)	1,274	4	629,330	(4,217)	55,463	299,127	875,383
Balance at 30 June 2025	**146,850**	**5,348**	**89**	**10,637,268**	**793**	**5,621,122**	**4,850,742**	**21,262,212**

* Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period, as disclosed in Total Gains/(Losses) Level 3 below.

Total Gains/(Losses) Level 3

2026	Alternatives $'000	Australian Equities $'000	International Equities $'000	Infrastructure $'000	Global Debt $'000	Property $'000	Private Equity $'000	Total $'000
Total gains/(losses) recognised in the Income Statement for the period	2,622	(241)	5,212	447,073	(391)	25,875	109,455	589,605
Total unrealised gains/(losses) recognised in the Income Statement for the period for assets held at the end of the reporting period	50,240	(1,250)	-	(416,475)	(393)	21,283	(130,975)	(477,570)

Transfers Between Levels

2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Australian Equities	-	-	-	-
International Equities	-	-	-	-
Global Debt	-	(487,430)	487,430	-
Alternatives	-	43,100	(43,100)	-
Property	-	-	-	-
Infrastructure	-	6,225	(6,225)	-
Private Equity	-	-	-	-
Total	-	**(438,105)**	**438,105**	**-**

16. Financial instruments (continued)

(d) Level 3 Financial Instruments Transactions (continued)

Total Gains/(Losses) Level 3

2025	Alternatives $'000	Australian Equities $'000	International Equities $'000	Infrastructure $'000	Global Debt $'000	Property $'000	Private Equity $'000	Total $'000
Total gains/(losses) recognised in the Income Statement for the period	(105,598)	1,274	4	629,330	(4,217)	55,463	299,127	875,383
Total unrealised gains/(losses) recognised in the Income Statement for the period for assets held at the end of the reporting period	(78,190)	1,331	201	517,554	138	100,706	303,705	845,445

Transfers Between Levels

2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Australian Equities	(222)	-	222	-
International Equities	-	-	-	-
Global Debt	-	-	-	-
Alternatives	-	-	-	-
Property	-	(4,682,857)	4,682,857	-
Infrastructure	-	(4,998,858)	4,998,858	-
Private Equity	-	(1,696,798)	1,696,798	-
Total	**(222)**	**(11,378,513)**	**11,378,735**	**-**

17. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the table below.

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amount of financial assets/(liabilities) $'000	Gross amount set off in the statement of financial position $'000	*Net amount of financial assets/(liabilities) presented in the statement of financial position $'000	Amounts subject to master netting arrangements $'000	Related amounts net offset. Net amount $'000
2026					
Financial Assets					
Foreign exchange forwards	465,089	-	465,089	105,894	359,195
Swaps	94,546	-	94,546	36,399	58,147
Futures and options	62,935	-	62,935	-	62,935
	622,570	**-**	**622,570**	**142,293**	**480,277**
Financial Liabilities					
Foreign exchange forwards	(997,759)	-	(997,759)	(340,969)	(656,790)
Swaps	(74,108)	-	(74,108)	(10,665)	(63,443)
Futures and options	(43,640)	-	(43,640)	-	(43,640)
	(1,115,507)	**-**	**(1,115,507)**	**(351,634)**	**(763,873)**

17. Offsetting financial assets and financial liabilities (continued)

		Effects of offsetting on the statement of financial position		Related amounts not offset	
	Gross amount of financial assets/(liabilities) $'000	Gross amount set off in the statement of financial position $'000	*Net amount of financial assets/(liabilities) presented in the statement of financial position $'000	Amounts subject to master netting arrangements $'000	Related amounts net offset. Net amount $'000
2025					
Financial Assets					
Foreign exchange forwards	718,673	-	718,673	165,676	552,997
Swaps	69,538	-	69,538	40,451	29,087
Futures and options	36,471	-	36,471	-	36,471
	824,682	**-**	**824,682**	**206,127**	**618,555**
Financial Liabilities					
Foreign exchange forwards	(279,355)	-	(279,355)	(85,925)	(193,430)
Swaps	(69,866)	-	(69,866)	(13,658)	(56,208)
Futures and options	(25,790)	-	(25,790)	-	(25,790)
	(375,011)	**-**	**(375,011)**	**(99,583)**	**(275,428)**

*ISDA Master Agreements are in place to facilitate netting and are enforceable on a per counterparty basis only. No cross counterparty netting is possible.

18. Insurance

The Fund provides death, disability and income protection benefits to members. These benefits are greater than the member liabilities and as such the Trustee has a group policy in place with a third party to insure death, disability and income protection benefits in excess of member liabilities. Income protection insurance is not paid via the Fund. The Trustee acts as an agent for these arrangements.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts and reinsurance recoveries allocated are recognised in the statement of changes in members benefits.

19. Commitments

(a) Capital Commitments

As at 30 June 2026, the Fund had capital commitments of $5,251,421,311 (2025: $5,368,161,419) representing uncalled capital from certain investment managers. The exact timing of the capital commitments cannot be reliably estimated as the amounts are called at the discretion of the underlying investment manager. The minimum call notice period is usually 10 business days, however the Fund anticipates the uncalled capital will be called over a number of years.

(b) Non-cancellable operating leases

HESTA leases commercial offices spaces (within Australia), vehicles, printers and laptops. The office leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Jun-26 $'000	Jun-25 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	12,922	11,559
Later than one year but not later than five years	53,361	51,458
Later than five years	21,644	27,956
	87,927	**90,973**
Rental expense relating to operating leases		
Minimum lease payments	12,579	11,875
Total rental expense relating to operating leases	**12,579**	**11,875**

20. Significant events after balance date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

TRUSTEE DECLARATION

In the opinion of the Directors of the Trustee of HESTA:

(a) the accompanying financial statements and notes set out on pages 17 to 43 are in accordance with:
   (i) Australian Accounting Standards and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

(b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation *Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and *Regulations*; the requirements under *section 13 of the Financial Sector* (Collection of Data) Act 2001 during the year ended 30 June 2026; and

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of H.E.S.T. Australia Ltd. as Trustee for HESTA.

Signed at Melbourne, 22 September 2026

Director

Director

Independent auditor's report

To the members of HESTA (ABN: 64 971 749 321)

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of HESTA (the RSE) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the RSE's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2026;
- the income statement for the year then ended;
- the statement of changes in member benefits for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information; and
- the trustee declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the RSE, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where H.E.S.T. Australia Ltd. (the Trustee) made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Our audit approach reflects the nature of HESTA's investment operations and administration of member balances, with consideration to the work undertaken by HESTA's third-party service organisations and external investment managers and external valuation experts.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Finance Audit and Compliance Committee.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of level 3 externally managed unlisted investment fund assets *Refer to Note 2(e) Fair value measurement and Note 16 Financial instruments* As at 30 June 2026, HESTA's externally managed unlisted investment fund assets included infrastructure, property and private equity, amongst others. Notes 2(e) and Note 16 of the financial statements describe the valuation methodology, data, and inputs used by HESTA to measure the fair value of externally managed unlisted investment funds under Australian Accounting Standards. HESTA's unlisted investment funds assets are valued using the valuation provided by the relevant external investment manager responsible for each investment fund. We consider this a key audit matter because of the: • Financial significance of the balance of externally managed unlisted investment funds • The level of estimation uncertainty of the valuation as reported by the external managers that are used in determining fair value. Such unlisted investment funds are not actively traded in a public market and are valued by the external fund managers based on	We assessed the design and implementation, and tested the operating effectiveness, of certain controls supporting HESTA's valuation process relating to level 3 externally managed unlisted investment fund assets. This included controls relating to HESTA's oversight and review of the valuation policies and methodology adopted by HESTA's external investment managers. We performed risk assessment procedures, taking into consideration the characteristics of the externally managed unlisted investment funds, as well as the nature and type of underlying assets held by those funds. Based on the risk assessment procedures undertaken, we performed the following procedures, amongst others, for a selection of investments: • Obtained a confirmation from the external investment manager of the respective unlisted investment funds and compared the confirmed balance to HESTA's accounting records; • Obtained valuation statements provided by external investment manager of the respective unlisted investment funds and compared the valuation quoted by the external investment manager to HESTA's accounting records; and • Assessed the reliability of the valuation statements provided by external investment managers with reference to the unlisted investment funds' latest

Key audit matter	How our audit addressed the key audit matter
unobservable inputs from significant underlying level 3 investments.	available audited financial statements and results of controls reports (where available) of the external managers in relation to valuation, or by performing other procedures such as inspecting transactions close to the balance date, when available. • Assessed the valuation movement analysis prepared by HESTA for the period from the date of the latest available audited financial statements to 30 June 2026 with reference to available market data and other external evidence to evaluate valuation movement. We assessed the reasonableness of HESTA's disclosures in the financial statements in light of the requirements of Australian Accounting Standards. In particular, we considered the adequacy of the disclosures made in Note 2(e) and Note 16 to the financial statements which explains HESTA's fair value measurement determination of the level 3 externally managed unlisted fund assets.
Financial significance of level 1 and 2 financial assets and liabilities *Refer to Note 2(e) Fair value measurement and Note 16 Financial instruments* As at 30 June 2026, HESTA's level 1 and 2 investments primarily included investments in cash and short-term deposits, listed Australian and international equities, global debt, property, derivative assets and derivative liabilities. As described in note 2(e) of the financial report, these investments are measured at fair value through profit or loss in accordance with Australian Accounting Standards. Whilst there is no significant judgement in determining the existence or valuation of these investments, we determined this to be a key audit matter because they represent a significant proportion of the total net assets	We performed the following procedures, amongst others: • We obtained and evaluated the most recent controls reports issued by HESTA's administrator and custodian, setting out the controls in place at these service organisations, which included an assurance report over the design and implementation, and operating effectiveness of those controls. • We obtained and assessed the reliability of an audit report from the third-party service organisation's auditors on the valuation and existence of the RSE's financial assets and liabilities as at balance sheet date. We compared the quantity holdings and value of the financial assets and liabilities as at 30 June 2026 as recorded in the RSE's financial statements

Key audit matter	*How our audit addressed the key audit matter*
available for members' benefits and fluctuations in the balance impact the net change in fair value of financial instruments recognised in HESTA's income statement.	and underlying accounting records to the third-party service organisation's auditor's report. • For a selection of non-custody investment positions held by the Fund which were not included in the scope of the third-party service organisation's auditor's report on existence, obtained independent confirmations from appropriate third parties and compared the confirmed balances to the Fund's underlying accounting records as at year end. • Evaluated the Fund's valuation policy and for a selection of level 2 derivative assets and liabilities and certain fixed income securities held by the Fund which are measured at fair value using valuation techniques and observable market data inputs and were not included in the scope of the third-party service organisation's auditor's report on valuation, together with assistance of PwC valuation experts, assessed the appropriateness of the valuation methodology and inputs used by the Fund and independently recalculated the valuation as at year end date. We assessed the reasonableness of HESTA's disclosures in the financial statements against the requirements of Australian Accounting Standards.

Other information

The directors of the Trustee of the RSE are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Trustee of the RSE for the financial report

The directors of the Trustee of the RSE are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors of the Trustee of the RSE determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Trustee of the RSE are responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Trustee of the RSE either intend to liquidate the RSE or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2026.

In our opinion, the remuneration report of HESTA for the year ended 30 June 2026 complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The directors of the Trustee of the RSE are responsible for the preparation and presentation of the remuneration report in accordance with section 300C of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

George Sagonas
Partner

Melbourne
22 September 2026

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