



PUBLIC RI REPORT

2021 PILOT

HESTA Super Fund

Generated 2022-08-18

About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

Table of Contents

Module/Indicator	Page
Senior Leadership Statement (SLS)	4
Organisational Overview (OO)	8
Investment and Stewardship Policy (ISP)	32
Manager Selection, Appointment and Monitoring (SAM)	66

Senior Leadership Statement (SLS)

Senior leadership statement

Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment?
- What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?

Responsible investment is core to delivering HESTA's vision and mission and is part of our Investment Beliefs. The HESTA Responsible Investment Policy is grounded in HESTA's key investment objective which is to generate financial returns for members while better managing risk and generating sustainable long-term value. As such, the consideration of ESG risks and opportunities in HESTA's investment processes and decision making is consistent with maximising HESTA members' long-term investment returns while minimising risk, and is consistent with HESTA's fiduciary duty to act in the best interests of members. HESTA believes that this approach will have the benefit of contributing to improved ESG outcomes, which will in turn: * contribute to a stronger economy, which is a prerequisite for delivering the best risk-adjusted returns for members. * improve the overall retirement outcome for members, as their retirement outcome will not only be affected by the financial returns received, but by the state of the environment and the society into which they retire. Our approach to RI can be summarised into 5 key areas: integration into the investment process, deep impact investments, active ownership, advocacy & leadership and transparency & reporting.

Consideration of these factors enables a better understanding of risks and opportunities and therefore capital allocation, particularly over the long term. We can use this information to make changes at the portfolio level to manage systemic risks or benefit from trends that will arise over time. Companies that actively seek to improve their ESG practices can produce enhanced risk-adjusted returns. As such, integrating ESG issues into investment analysis, decision making processes and ownership practices contributes to investment success. We have also implemented some portfolio-wide investment restrictions and exclusions related to ESG issues. Our escalation framework considers divestment in circumstances where corporate activity breaches international treaties or conventions or where residual stranded asset risk and social risk regarding community expectations remains, even after active ownership has taken place.

As a long-term investor, active ownership is important to protect and enhance long term investment value for our members. We have developed Active Ownership priorities to focus our stewardship activities. We believe the active ownership tools of engagement, voting, advocacy and in some cases, class action, will enable us to most effectively influence a company to address ESG issues. While HESTA's RI Policy applies to all of HESTA's investments, the extent to which it is implemented across all asset classes is dependent on the relevance of ESG issues to that asset class. We are working towards implementation across all our key asset classes however implementation varies depending on the type and style of the investment e.g. active vs passive, mandated vs pooled vehicles..

Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policy makers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

For HESTA to continually improve on responsible investment practices, in February 2020 we launched HESTA's revised responsible investment policy, capturing the principles of the PRI's Active Ownership 2.0 and the Sustainable Development Goals (SDGs).

HESTA's responsible investment policy outlines our principles and commitments to integrate ESG considerations into investment decision making.

To complement the policy, HESTA also developed thematic statements that outline how we view the SDGs from a risk (system and company level) and from an investment opportunity perspective. These principle-based statements also act as expectation documents for our external investment managers and investee companies. The Board has identified 7 areas of focus for HESTA, framed within the SDGs. The selection criteria involved considering the priorities of HESTA members, the exposures of the portfolio and the areas where we could most meaningfully contribute based on our position in the market as investors. These 6 areas of focus are:

1. Health and Wellbeing (SDG 3)
2. Gender Equality (SDG 5)
3. Sustainable water (SDG 6)
4. Climate change (SDG 7 and SDG13)
5. Decent work (SDG 8)
6. Housing affordability (SDG 11)
7. Working with Indigenous Communities

Our approach to the development of the statements focused on our role as universal owners and long-term investors. For this we considered three key principles:

- **Prioritise system level risk management:** we focus on management of risk at the system level and over a long-time frame (10+ years). We seek to filter down this thinking through our investment value chain including our investment managers and investee companies. At the operational level this means encouraging them to consider externalities that are likely to play out in the long term or have deep implications to societies and environment.
- **Focus on outcomes:** We outline our outcome-oriented approach and encourage the companies we invest in to track and have accountability measures for similar outcome-oriented indicators. For example, we communicate HESTA's absolute carbon emissions reduction target of 33% by 2020 and becoming Net Zero by 2050. This approach signals our expectations that managers and companies will help us achieve those commitments by setting carbon emission reduction targets themselves.
- **Collaboration:** Our policy and statements outline the tools we use to achieve outcomes. This includes how we use voting, company engagement and advocacy in a strategic way. We recognise that we are only one shareholder amongst many and support the power of collaborating with other investors and groups in the investment community to join forces and send unified messages for deeper impact.

Net Zero by 2050 – Climate Change Transition Plan

In June 2020 HESTA launched the Climate Change Transition Plan (CCTP) including emissions reduction targets of 33% by 2030 and net zero by 2050. The CCTP seeks to align our actions and investment portfolio with the goals of the Paris Agreement. A key action will be the introduction of carbon reduction targets across HESTA's total investment portfolio to manage key financial risks while seeking further investment in opportunities arising from the low-carbon transition.

Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We have developed the HIMA (HESTA Impact Management Approach) and hope to launch it in late 2021/early 2022. The HIMA applies at a total portfolio level, capturing all asset classes and aims to aggregate the impact of investment, stewardship and advocacy activities. The HIMA identifies sub-themes, which will include outcome-oriented metrics or metrics that are proxies for outcomes. 40:40 Vision is an investor-led initiative to achieve gender balance (40% identifying as women, 40% identifying as men and 20% identifying as any gender) in executive leadership across all ASX200 companies. HESTA joined Investors Against Slavery and Trafficking AsiaPac (IAST APAC) in H2 2020 as an Investment Statement signatory and Collaborative Engagement Working Group supporting investor.

Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.

Name Debby Blakey

Position Chief Executive Officer

Organisation's name HESTA

● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by HESTA Super Fund in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of HESTA Super Fund's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

Organisational Overview (OO)

Organisational information

Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(A) Non-corporate pension or superannuation or retirement or provident fund or plan

(1) This is our only (or primary) type

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1.1	CORE	OO 1	N/A	PUBLIC	Categorisation	GENERAL

Select which pensions you offer.

(A) Defined benefit

(1) This is our only (or primary) type

Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

☐ (A) Yes

☒ (B) No

Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	June	30	2020

Assets under management

All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries US\$ 36,070,279,135.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only US\$ 0.00

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

Percentage of AUM

(A) Listed equity – internal 0.0%

(B) Listed equity – external 10-50%

(C) Fixed income – internal 0.0%

(D) Fixed income – external	10-50%
(E) Private equity – internal	0.0%
(F) Private equity – external	0-10%
(G) Real estate – internal	0.0%
(H) Real estate – external	0-10%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	10-50%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	0-10%
(M) Forestry – internal	0.0%
(N) Forestry – external	0-10%
(O) Farmland – internal	0.0%
(P) Farmland – external	0.0%
(Q) Other – internal, please specify:	0.0%
(R) Other – external, please specify:	
<div> <div></div> <div> Cash and currency overlay - 15.17% Opportunistic growth - 0.19% Alternatives - 1.43% </div> </div>	10-50%
(S) Off-balance sheet – internal	0.0%
(T) Off-balance sheet – external	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate
(A) Segregated mandate(s)	>75%	>75%	10-50%	0-10%
(B) Pooled fund(s) or pooled investment(s)	0.0%	0.0%	>75%	>75%
	(5) Infrastructure	(6) Hedge funds	(7) Forestry	(9) Other
(A) Segregated mandate(s)	0-10%	10-50%	0.0%	>75%
(B) Pooled fund(s) or pooled investment(s)	>75%	50-75%	>75%	10-50%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your listed equity assets.

	(B) External allocation – segregated
(1) Passive equity	10-50%
(2) Active – quantitative	0-10%
(3) Active – fundamental	50-75%

(4) Investment trusts (REITs and similar publicly quoted vehicles) 0.0%

(5) Other, please specify: 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 FI	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your fixed income assets.

(B) External allocation – segregated

(1) Passive – SSA 0-10%

(2) Passive – corporate 0.0%

(3) Passive – securitised 0.0%

(4) Active – SSA 10-50%

(5) Active – corporate 10-50%

(6) Active – securitised 0-10%

(7) Private debt 10-50%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 PE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your private equity assets.

	(B) External allocation – segregated	(C) External allocation – pooled
(1) Venture capital	>75%	10-50%
(2) Growth capital	0.0%	10-50%
(3) (Leveraged) buyout	0.0%	10-50%
(4) Distressed, turnaround or special situations	0.0%	0-10%
(5) Secondaries	0.0%	0-10%
(6) Other, please specify:	0.0%	10-50%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 RE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your real estate assets.

	(B) External allocation – segregated	(C) External allocation – pooled
(1) Retail	0.0%	10-50%
(2) Office	>75%	10-50%
(3) Industrial	0.0%	0-10%
(4) Residential	0.0%	0-10%
(5) Hotel	0.0%	0.0%

(6) Lodging, leisure and recreation	0.0%	0.0%
(7) Education	0.0%	0.0%
(8) Technology/science	0.0%	0.0%
(9) Healthcare	0.0%	0.0%
(10) Mixed use	0.0%	0.0%
(11) Other, please specify:	0.0%	0-10%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 INF	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your infrastructure assets.

	(B) External allocation – segregated	(C) External allocation – pooled
(1) Data infrastructure	0.0%	0-10%
(2) Energy and water resources	0.0%	10-50%
(3) Environmental services	0.0%	0.0%
(4) Network utilities	0.0%	10-50%
(5) Power generation (excl. renewables)	0.0%	0.0%
(6) Renewable power	>75%	0-10%
(7) Social infrastructure	10-50%	0.0%
(8) Transport	0.0%	50-75%
(9) Other, please specify:	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 HF	CORE	OO 5, OO 5.1	OO 9 HF, OO 10	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your hedge fund assets.

	(B) External allocation – segregated	(C) External allocation – pooled
(1) Multi strategy	0.0%	0.0%
(2) Long/short equity	0.0%	0.0%
(3) Long/short credit	0.0%	0.0%
(4) Distressed, special situations and event-driven fundamental	0.0%	0.0%
(5) Structured credit	0.0%	0.0%
(6) Global macro	>75%	>75%
(7) Commodity trading advisor	0.0%	0.0%
(8) Other, please specify:	0.0%	0.0%

ESG strategies

Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external	(4) Fixed income – securitised - external
(A) Screening alone	0.0%	0.0%	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%	0.0%	0.0%
(C) Integration alone	0.0%	0.0%	0.0%	0.0%
(D) Screening and integration	>75%	>75%	>75%	>75%
(E) Thematic and integration	0.0%	0.0%	0.0%	0.0%
(F) Screening and thematic	0.0%	0.0%	0.0%	0.0%
(G) All three strategies combined	0-25%	0.0%	0.0%	0.0%
(H) None	0.0%	0.0%	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

What type of screening is applied to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external	(4) Fixed income – securitised - external
(A) Positive/best-in-class screening only	0.0%	0.0%	0.0%	0.0%
(B) Negative screening only	>75%	0.0%	0.0%	0.0%
(C) A combination of positive/best-in-class and negative screening	0-25%	>75%	>75%	>75%

Externally managed assets

Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- ☐ (A) Yes
☒ (B) No

Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

☒ (A) Yes

☐ (B) No

Stewardship

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(1) Passive – SSA	(4) Active – SSA	(5) Active – corporate	(6) Active – securitised	(7) Private debt
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

	(1) Private equity	(2) Real estate	(3) Infrastructure
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We did not conduct stewardship activities for this asset class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5, OO 5.2 HF	Multiple, see guidance	PUBLIC	Hedge funds	2

Does your organisation conduct stewardship activities for your hedge fund assets?

(1) Engagement

(A) Through service providers	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>

ESG incorporation

External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(I) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

The following externally managed asset classes are reported in OO 5.1 as 100% pooled funds or pooled investments and, therefore, ESG incorporation into external manager appointment is not applicable.

	(3) ESG incorporation into external manager appointment is not applicable as we only invest in pooled funds
(I) Forestry	<input checked="" type="radio"/>

External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(I) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

Voluntary reporting

Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(A) Listed equity	<input type="radio"/>	<input checked="" type="radio"/>
(B) Fixed income – SSA	<input type="radio"/>	<input checked="" type="radio"/>
(C) Fixed income – corporate	<input type="radio"/>	<input checked="" type="radio"/>
(D) Fixed income – securitised	<input type="radio"/>	<input checked="" type="radio"/>
(L) External manager selection, appointment and monitoring (SAM) – private equity	<input type="radio"/>	<input checked="" type="radio"/>
(M) External manager selection, appointment and monitoring (SAM) – real estate	<input type="radio"/>	<input checked="" type="radio"/>
(O) External manager selection, appointment and monitoring (SAM) – hedge funds	<input type="radio"/>	<input checked="" type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

(1) Yes, report on the module

ISP: Investment and Stewardship Policy



(J) External manager selection, appointment and monitoring (SAM) – listed equity



(K) External manager selection, appointment and monitoring (SAM) – fixed income



(N) External manager selection, appointment and monitoring (SAM) – infrastructure



ESG/sustainability funds and products

Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

Percentage

(A) Listed equity – passive

>75%

(B) Listed equity – active

>75%

(C) Fixed income – passive

>75%

(D) Fixed income – active

>75%

(E) Private equity	>75%
--------------------	------

(F) Real estate	>75%
-----------------	------

(G) Infrastructure	>75%
--------------------	------

(H) Hedge funds	>75%
-----------------	------

(I) Forestry	>75%
--------------	------

(K) Other	0.0%
-----------	------

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

Coverage of ESG/RI certification or label:

(A) Listed equity	0.0%
-------------------	------

(B) Fixed income	0.0%
------------------	------

(C) Private equity	0.0%
--------------------	------

(D) Real estate	0.0%
-----------------	------

(E) Infrastructure	0.0%
--------------------	------

(F) Hedge funds	0.0%
-----------------	------

(G) Forestry	0.0%
--------------	------

Climate investments

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

0-25%

Other asset breakdowns

Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(2) Fixed income – SSA	(3) Fixed income – corporate	(4) Fixed income – securitised	(5) Fixed income – private debt
(A) Developed	>75%	>75%	>75%	>75%	>75%
(B) Emerging	0-25%	0-25%	0-25%	0.0%	0.0%
(C) Frontier	0.0%	0.0%	0.0%	0.0%	0.0%
(D) Other	0.0%	0.0%	0.0%	0.0%	0.0%

	(6) Private equity	(7) Real estate	(8) Infrastructure	(9) Hedge funds
(A) Developed	>75%	>75%	>75%	>75%
(B) Emerging	0-25%	0-25%	0-25%	0-25%
(C) Frontier	0.0%	0.0%	0.0%	0.0%
(D) Other	0.0%	0.0%	0.0%	0.0%

Management by PRI signatories

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What approximate percentage (+/-5%) of your externally managed assets are managed by PRI signatories?

☐ >75%

Fixed income constraints

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 5.2 FI	OO 20.1	PUBLIC	Fixed income constraints	GENERAL

What percentage of your fixed income assets are subject to constraints? The constraints may be regulatory requirements, credit quality restrictions, currency constraints or similar.

Internal and external fixed income assets subject to constraints

(A) Fixed income – SSA	0.0%
(B) Fixed income – corporate	0.0%
(C) Fixed income – securitised	0.0%

Context and explanation

Appointment: Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 33	CORE	OO 5.1	N/A	PUBLIC	Appointment: Pooled funds	GENERAL

For your externally managed pooled funds, please describe any other mechanisms in place to set expectations as part of the appointment or commitment process.

The Responsible Investment Policy applies to all of HESTA's investments including pooled funds. When considering a new external investment manager in any of our key asset classes HESTA, as well as our consultant, will assess the prospective Manager's: - Approach and policies to incorporating ESG within its investment processes and decision making, across all stages of its investment, including pre-investment, due diligence and post investment asset management. - Processes to incorporate ESG within investment processes and decision making across all stages of its investment, including pre-investment, due diligence and post investment asset management. - Capabilities related to ESG including tools, resources, reporting as well as thought leadership and involvement in any external responsible investment collaborations and/or initiatives. - Willingness to engage with HESTA and improve its capabilities and processes in the future. The ESG assessment of a prospective external investment manager will only be one of a range of factors which determine the suitability of a manager and its strategy for inclusion in HESTA's portfolio. HESTA's Manager ESG Assessment is undertaken predominantly by the relevant asset class team, with support from the Responsible Investment team. The Manager ESG Assessment is undertaken using our comprehensive suite of ESG criteria which cover the elements identified above and includes a scoring and weighting framework for each category and criteria. The results from the manager assessment are incorporated in HESTA's recommendation memo, which is reviewed by our CIO when approving an investment decision. When appointing a new external investment manager in any of our key asset classes, ESG requirements are incorporated into contractual arrangements, either within an investment management agreement or a side letter.

ESG in other asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 34	CORE	Multiple, see guidance	N/A	PUBLIC	ESG in other asset classes	1

Describe how you incorporate ESG into the following asset classes.

Description

(D) Forestry – external

Stafford is a sustainable forestry asset manager and has been selected for its robust environmental processes and met Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) industry standards around forestry practice, management and maintenance of maintain ecosystem services.

(F) Other – external

While HESTA's Responsible Investment Policy applies to all of HESTA's investments, the extent to which it is implemented across all asset classes is dependent on the relevance of ESG issues to that asset class. We are working towards comprehensive implementation across all our key asset classes including equities, infrastructure, property, private equity, timber and alternatives. However, even within these asset classes, implementation varies depending on the type and style of the investment e.g. active vs passive, mandated vs pooled vehicles. In several asset classes the extent to which we can meaningfully implement the Responsible Investment Policy is limited. This includes some fixed income investments e.g. **(response continued in row below)**

mortgage backed securities and some of the opportunistic growth investments, liquid alternatives and insurance linked securities.

We are not of the view that we can engage effectively for influence in fixed income SSA. Given finite resources we prefer to direct them in a way that delivers greater risk adjusted returns to members. While not a requirement under our mandates with fixed income managers, where there are material ESG issues we would expect our managers to engage on our behalf. We discuss such engagement with our fixed income managers as part of ongoing manager monitoring. Further we have not identified any way in which we can meaningfully incorporate ESG issues into our investment processes and decision making in relation to cash..

Investment and Stewardship Policy (ISP)

Responsible investment policy & governance

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- ☒ (A) Yes, we do have a policy covering our approach to responsible investment
- ☐ (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Approach to stewardship
- ☒ (F) Approach to sustainability outcomes
- ☒ (G) Approach to exclusions
- ☐ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives
- ☒ (K) Responsible investment governance structure

- ☐ (L) Internal reporting and verification related to responsible investment
- ☒ (M) External reporting related to responsible investment
- ☐ (N) Managing conflicts of interest related to responsible investment
- ☐ (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

☒ (A) Overall approach to responsible investment. Add link(s):

<https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html> and
https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (B) Guidelines on environmental factors. Add link(s):

<https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html> <https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment/responsible-investment-climate-change.html>
https://www.hesta.com.au/content/dam/hesta/Documents/Climate_Change_Statement.pdf
https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (C) Guidelines on social factors. Add link(s):

<https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html>
https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (D) Guidelines on governance factors. Add link(s):

<https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html>
https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (E) Approach to stewardship. Add link(s):

https://www.hesta.com.au/content/dam/hesta/Documents/0320_HESTA_ACSI_STEWARDSHIP_CODE_STATEMENT_FINAL.pdf
<https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment/active-ownership.html>
https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (F) Approach to sustainability outcomes. Add link(s):

<https://www.hesta.com.au/commitment>

☒ (G) Approach to exclusions. Add link(s):

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☒ (I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf <https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment/our-commitment.html> <https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html>

☒ (J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf <https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment.html>

☒ (K) Responsible investment governance structure. Add link(s):

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf ☐ (L) Internal reporting and verification related to responsible investment

☐ (M) External reporting related to responsible investment. Add link(s):

☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- ☐ (A) Overall approach to responsible investment
- ☐ (B) Guidelines on environmental factors
- ☐ (C) Guidelines on social factors
- ☐ (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

>75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- ☒ (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- ☒ (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- ☒ (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☐ (D) Other chief-level staff, please specify:
- ☒ (E) Head of department, please specify department:
 Head of Impact
- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

In your organisation, which internal or external roles have responsibility for implementing responsible investment?

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☐ (D) Other chief-level staff [as specified]
- ☒ (E) Head of department [as specified]
- ☒ (F) Portfolio managers
- ☒ (G) Investment analysts
- ☒ (H) Dedicated responsible investment staff
- ☐ (I) Investor relations
- ☒ (J) External managers or service providers
- ☐ (K) Other role, please specify:
- ☐ (L) Other role, please specify:
- ☐ (M) We do not have roles with responsibility for implementing responsible investment.

People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(5) Head of department [as specified]
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff	(10) External managers or service providers
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

(1) Board and/or trustees

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(D) Objective on ESG performance ☐

(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(A) Objective for ESG incorporation in investment activities ☒

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☒

(D) Objective for ESG performance ☒

(3) Investment committee

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(5) Head of department

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(D) Objective for ESG performance ☐

(6) Portfolio managers

(A) Objective on ESG incorporation in investment activities ☒

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☒

(D) Objective for ESG performance ☒

(G) We have not linked any RI objectives to variable compensation ☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- ☐ (A) Quarterly or more frequently
- ☐ (B) Bi-annually
- ☒ (C) **Annually**
- ☐ (D) Less frequently than annually
- ☐ (E) On an ad hoc basis
- ☐ (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

- ☒ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- ☒ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- ☐ (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- ☐ (D) Not applicable, we do not have a strategic asset allocation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10.1	CORE	ISP 10	N/A	PUBLIC	Strategic asset allocation	1

For what proportion of assets do you incorporate ESG factors into your strategic asset allocation process?

(A) We incorporate ESG factors into calculations for expected risks and returns of asset classes (1) for all of our assets

(B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes (1) for all of our assets

Stewardship

Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity >75%

(B) Fixed income >75%

(C) Private equity >75%

(D) Real estate >75%

(E) Infrastructure >75%

(F) Hedge funds >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- ☒ (A) Key stewardship objectives
- ☒ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- ☒ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☒ (D) Specific approach to climate-related risks and opportunities
- ☒ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☒ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☒ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)

- ☒ (H) Approach to collaboration on stewardship
- ☒ (I) Escalation strategies
- ☐ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☐ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (M) None of the above elements are captured in our stewardship policy

Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

How is your stewardship policy primarily applied?

- ☒ (A) It requires our organisation to take certain actions
 - ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
 - ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
 - ☐ (D) We have not developed a uniform approach to applying our stewardship policy

Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) Maximise the risk–return profile of individual investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)

○ ○ ○ ○ ○ ○ ○

Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

(H) Other criteria to prioritise engagement targets, please specify:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	-------------------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

(I) We do not prioritise our engagement targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

Please specify for "(H) Other criteria to prioritise engagement targets".

Issues emerging from the previous year including proxy voting recommendations (where ACSI oppose the board) and ad hoc issues or controversies (such as Rio Tinto's destruction of Juukan Gorge).

Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- ☒ (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- ☐ (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- ☐ (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- ☐ (D) We do not have a default position but collaborate on a case-by-case basis
- ☐ (E) We generally do not join collaborative stewardship efforts

Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- ☒ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?

- ☒ (A) We participate in "sign-on" letters on ESG policy topics. Describe:

ACSI participated in sign on letters via the Investor Group on Climate Change.

Regnan has participated in "sign-on" letters from working groups in which it participates. In the past this has included on topics such as unconventional oil and gas.

Through our service provider, EOS, we use a range of methods to engage with policymakers for a more sustainable financial system. This is achieved through engagements and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties. It also includes participating in public consultations. EOS participates in sign-on letters on ESG policy topics which it supports, typically as part of a number of collaborative industry bodies and initiatives around the world that it is an active participant in. For example, in 2020, EOS continued to work with FAIRR, the collaborative investor network that raises awareness of the material ESG risks and opportunities linked to intensive livestock farming, and supported a letter to 25 companies in the restaurant and food sector calling on them to demonstrate a comprehensive approach to protein diversification.

- ☒ (B) We respond to policy consultations on ESG policy topics. Describe:

HESTA made a submission to the Technology Investment Roadmap discussion paper, an effort to advance the discussion of clean technology. The submission provided the opportunity to help governments understand the needs of experienced institutional investors to attract and retain capital over the long-term.

Regnan has provided input to regulatory change and policy in areas including whistleblowing, remuneration and climate risk. In addition Regnan has actively participated in the Australian Sustainable Finance Initiative, both via the working groups and its role as special adviser to the Co-chair to establish a sustainable finance roadmap. See also <https://www.sustainablefinance.org.au/>

Through our service provider, EOS, we use a range of methods to engage with policymakers for a more sustainable financial system. This is achieved through engagements and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties. It also includes participating in public consultations – as a client of EOS we have the opportunity to endorse and co-sign responses as there is a process where drafts are shared with us ahead of submission. In 2020 EOS made 52 public policy consultation responses or proactive equivalent such as a letter.

☒ **(C) We provide technical input on ESG policy change. Describe:**

Through ACSI we participated in ASIC's Corporate Governance Consultation Panel and Consultation with APRA on Executive Remuneration proposals

Specific technical input has been provided via Regnan's participation in the Australian Sustainable Finance Initiative (ASFI) mentioned above as well as the approach of regulators to climate risk via direct input to the Australian Financial Regulators climate change working group.

Through our service provider, EOS, we use a range of methods to engage with policymakers for a more sustainable financial system. This is achieved through engagements and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties. It also includes participating in public consultations. EOS provides technical input on ESG policy change. For example, in 2020, EOS had a number of meetings with the Financial Services Agency, Japan Exchange, the Ministry of Economy, Trade and Industry and the Ministry of Environment. EOS highlighted concerns about governance issues, including board effectiveness and cross-shareholdings, as well as climate change and Japan's energy policy. EOS also worked closely with the Asian Corporate Governance Association, the International Corporate Governance Network and Asia Investor Group on Climate Change, among others, to enforce our messages.

☒ **(D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:**

We proactively engaged with ASIC, Treasury and the ASX on amendments/updates/temporary proposals due to the COVID pandemic – capital raising, virtual AGMs and continuous disclosure. Engagement with APRA on clarifying how ESG is represented in prudential standards, financial materiality and ESG. Engagement other policy makers on financial materiality and ESG.

Regnan has presented to the Australian Financial Regulators climate change working group which included a discussion on the role and opportunities for regulators with respect to disclosure, systemic risk and supporting materials to encourage good practice amongst the entities it regulates.

Through our service provider, EOS, we use a range of methods to engage with policymakers for a more sustainable financial system. This is achieved through engagements and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties. It also includes participating in public consultations. EOS engages on financial regulatory topics regarding ESG integration, stewardship, disclosure. For example, in 2020, EOS provided significant input to the Financial Reporting Council's development and consultation process for the new UK Stewardship Code, believing it to be a timely and necessary intervention to raise awareness and performance on stewardship.

☒ **(E) We proactively engage regulators and policymakers on other policy topics. Describe:**

As the government considers policies to help the Australian economy recover from the COVID-19 pandemic, HESTA lodged a submission to the COVID-19 Commission Advisory Board seeking their support to invest with us in overcoming systemic weaknesses that ensures stable and sustainable employment in sectors with predominantly female workforces.

Through our service provider, EOS, we use a range of methods to engage with policymakers for a more sustainable financial system. This is achieved through engagements and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties. It also includes participating in public consultations. EOS proactively engages regulators and policymakers on other policy topics other than ESG integration, stewardship, disclosure or similar. For example, in 2020, EOS submitted its views to the Australian Treasury on draft legislation that would allow virtual-only annual shareholder meetings under any circumstances while removing any requirement for a physical shareholder meeting. While the relief measures allowing virtual-only meetings were a necessity during the pandemic, this was only appropriate for a temporary period and in extreme circumstances. In the response, EOS explained support for a hybrid format of physical meetings, where shareholders have the option to join the meeting in person or via an online platform, as long as all shareholder rights are protected or enhanced.

☒ (F) Other methods used to engage with policymakers. Describe:

In June 2020, we announced our net zero carbon emission targets. We believe that significant public statements by major institutional investors, like HESTA, form an important part of public policy discussion. While not a specific policy submission, it sends a message to policy makers that organisations are prepared to take action on topics where policy may be lagging.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

☒ (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

HESTA has appropriate processes in place to support policy positions including a dedicated policy resource. Our service provider, Regnan, provides a summary of the key points to be included in submissions ahead of formal participation for client comment and discussion.

☐ (B) No, we do not have these governance processes in place. Please explain why not:

Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

☒ **(A) Yes, we have a policy(ies) in place. Describe your policy(ies):**

HESTA conducts due diligence on any organisation we are considering partnering with to ensure alignment with our corporate values and principles, including our sustainability outcomes. Any relationship we form, we need to meet the sole purpose test and be aligned to member outcomes.

☐ (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?

☒ **(A) Yes. Add link(s):**

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf
<https://www.hesta.com.au/content/dam/hesta/Documents/HESTA-Partnership-Principles.pdf>

☐ (B) No, we do not publicly disclose this policy(ies)

Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

☒ (A) We publicly disclosed details of our policy engagement activities. Add link(s):

Majority of the submissions we make are publicly available at <https://www.hesta.com.au/about-us/media-centre.html>. For higher profile submissions, we will also do a media release housed in the same web address. Details of Regnan's policy engagement activities are disclosed within its annual report, see page 20 - 21 of its most recent annual report available at <https://regnan.com/wp-content/uploads/2020/12/Regnan-Annual-Engagement-Impact-Report-FY20.pdf>. In addition where submission are made as part of government processes these are made publicly available as soon as permitted by the relevant authority. Since the release of its annual report Regnan has also participated in a study commissioned by the Australian Department of Social Service on the role for government in strengthening outcomes and impact measurement practices within the social impact investing sector, participated in PRI consultations on tax transparency and lobbying practices and continued its involvement in the Australian Sustainable Finance Initiative (ASFI) to create a sustainable finance roadmap for Australia alongside its clients.

☒ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

<https://www.hesta.com.au/about-us/media-centre.html>

https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

☐ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

☐ (D) Not applicable, we did not conduct policy engagement activities

Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

● (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

■ https://www.hesta.com.au/content/dam/hesta/Documents/Climate_Change_Statement.pdf

○ (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

● (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

■ https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf

○ (B) No, we currently do not publicly support the TCFD

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

☒ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

Climate risk is a key, multi-faceted consideration in investment evaluation and decision making at HESTA. This takes place in various parts of the Fund's investment process spanning asset-class specific exposure analysis, investment manager capability assessment and investee company engagement. We have incorporated the risks posed by climate change into the Trustee's Risk Register with the risks counted as a material financial risk.

The wider HESTA Board and its committees receive Board papers on climate-related risks, including but not limited to:

- physical risks of climate change (risk of the impact of increasing number of extreme weather events and chronic changes in climate over time, to the HESTA real asset portfolio, typically direct property and infrastructure)
- transition risk, such as the risks stemming from government policy and legislation resulting in increased cost of compliance (such as mitigation, taxes or permit, disclosure) and increased input costs (such as carbon risks).
- liability risk, resulting from companies not adequately managing the impacts of climate change potentially resulting in a breach of directors' duties.

In April 2019 the HESTA Board established the Impact Committee (ImpactCo), tasked with oversight of the HESTA Impact program – bringing together the Fund's responsible investment, advocacy and corporate social responsibility activities. Chaired by the Chair of the Investment Committee, ImpactCo considers and monitors the HESTA Impact program of work and reviews its ambition in consultation with the HESTA Board.

ImpactCo comprises two directors from the Investment Committee, two directors drawn from the wider HESTA Board and one external expert who is not a member of the Board. HESTA's CEO, CIO, Head of Impact and Company Secretary also attend all ImpactCo meetings. Other members of the Board are welcome to attend meetings, but do not have voting rights.

☒ (B) By articulating internal/external roles and responsibilities related to climate. Specify:

To allow members of the Investment Management and Investment Execution team to fully assess and manage climate-related and all other responsible investment-related issues, HESTA established the Responsible Investment Steering Group (RISG) in January 2019. The RISG comprises:

- Chief Investment Officer;
- Executive - Investment Execution;
- Head of Impact;
- General Manager - Listed;
- General Manager - Unlisted;
- General Manager – Strategy and Economics;
- Members of the wider Responsible Investment team, as required.

☒ (C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

HESTA's beneficiaries are our members, many of whom are engaged with the Fund on the issue of climate change. We welcome their ongoing correspondence and feedback from member seminars to provide us insight into their level of understanding on climate change and how we can best educate them about HESTA's approach to climate change

☒ (D) By incorporating climate change into investment beliefs and policies. Specify:

The HESTA Climate Change Statement outlines our principles and commitments in incorporating climate change considerations into investment processes and decision making

☒ (E) By monitoring progress on climate-related metrics and targets. Specify:

The wider HESTA Board and its committees receive Board papers on climate-related risks including annual reporting of portfolio carbon footprint.

The Investment Committee will also be updated quarterly on progress against our carbon reduction goals of 33% reduction in scope 1&2 by 2030, and to Net Zero by 2050.

☒ (F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

HESTA acknowledges that climate risk a material, foreseeable, and actionable risk in the portfolio. It is our fiduciary duty as custodians of HESTA members' retirement savings to manage the risks and opportunities related to climate change. We believe:

1. Climate change presents a financial risk to the HESTA portfolio and the world into which our members will retire and an urgent response is required.
2. An adequate response to climate change is not currently reflected in global government policies, nor has it been priced into market valuations.
3. The cost of inaction is far greater than the cost of responding to climate change – both financially and reputationally.

The Responsible Investment Policy which sets out HESTA's approach to climate related risks and opportunities requiring the Trustee to consider its duty to comply with the 'sole purpose test' set out in the Superannuation Industry (Supervision) Act 1993 (SIS Act). The sole purpose test Section 62 requires HESTA to:

- Act in the best financial interests of its members;
- Invest member's retirement income in a way that considers the level of risk and return taken when investing member contributions.

In addition to the requirements of the SIS Act, HESTA also recognises the Australia Prudential Regulation Authority's (APRA) approach to non-financial risks, including climate change risks. APRA has been clear in their expectations that funds need to develop rigorous processes to estimate the potential physical impacts of a changing climate as well as risks that may arise from the global transition to a low carbon economy.

☒ (G) Other measures to exercise oversight, please specify:

Activities undertaken to develop and maintain Board members' skills and knowledge in relation to responsible investment included:

1. Responsible investment is a dedicated module in the induction training for all new Board members.
2. Key experts in the responsible investment industry are identified and invited to present to the Board on a relevant topic.
3. From time to time HESTA's Trustees are involved in various Responsible Investment collaborations and initiatives. Former Chair, Angela Emslie, remains a member of the board of the PRI and other directors attended the PRI conference. Emslie's term as HESTA Chair ended 31 December 2018.
4. In February 2019, the HESTA Board established the Impact Committee, a board committee tasked with oversight of all aspects of the HESTA Impact program - incorporating responsible investment, but also advocacy and corporate social responsibility. This ensures greater scrutiny of responsible investment matters by a dedicated Board committee.

☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

☒ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

To allow members of the Investment Management and Investment Execution team to fully assess and manage climate-related and all other responsible investment-related issues, HESTA established the Responsible Investment Steering Group (RISG) in January 2019. The RISG comprises:

- Chief Investment Officer;
- * Head of Portfolio Design;
- Executive - Investment Execution;
- Head of Impact;
- General Manager - Listed;
- General Manager - Unlisted;
- General Manager – Strategy and Economics;
- Members of the wider Responsible Investment team, as required.

- ☐ (B) Management implements the agreed-upon risk management measures. Specify:
- ☐ (C) Management monitors and reports on climate-related risks and opportunities. Specify:
- ☐ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:
- ☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:
- ☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

☒ **(A) Specific financial risks in different asset classes. Specify:**

Expected annual return impacts remain most visible at an industry-sector level, with significant variations by scenario, particularly energy, utilities, consumer staples and telecoms. Asset class returns can also vary significantly by scenario, with infrastructure, property and equities being the most notable. Variations in results between sectors, asset classes and regions, together sustainable opportunities for a transition scenario, provide multiple portfolio construction possibilities.

Current portfolio scenario impacts undertaken by Mercer emphasised the lower returns expected under a 4C over the near term. Areas of highest divergence from long term asset class return expectations as a result of climate change risk include infrastructure, property, alternatives and private equity.

Within alternatives, the heightened risk of acute weather events as we move to a 4C scenario sees providers of insurance experience increased payouts leading to negative impacts on insurance linked securities returns.

Climate change has the potential to impact property investment returns through changes in operating costs (i.e. water and energy costs, tax, maintenance, depreciation, insurance) and occupancy rates (efficiency and location discounts/premiums). Capital growth may be affected through changes in depreciation and expected rental growth.

Governments may increasingly regulate developers to be more sustainable and climate-resilient through building standards changes on existing portfolios and/or future developments which could increase the initial build cost for implementing catastrophe resilient, low energy, intelligent lighting, rainwater harvesting, natural ventilation and improved waste management programs.

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

Australian equities are subject to transition risk through exposure to high carbon companies. Industrials, as a greenhouse gas intensive sector, is exposed to some climate-related transition risk through emissions targets and capital expenditure required to change processes and reduce emissions, higher energy and transportation fuel costs, and stringent energy efficiency requirements.

Under a 2C stress test, the risk from Energy and Utilities sectors are amplified given the sudden shift in market expectations for the prominence of stranded asset risk. Under this stress test, the energy sector as it currently stands is expected to lose just over 42% of its value, given its current 80% reliance on fossil fuels for global energy production.

Infrastructure poses a risk under a 2C stress test as Electric and Gas Utilities and to a less extent, Industrials, are positioned for relatively high financial risk under an accelerated shift towards reliance on renewable power generation. Expectations for property assets worsen given the exposure of this asset class to physical impacts of climate change.

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

Understanding and managing the resilience to physical impacts of climate change is one of the priorities of our Climate Change Transition Plan.

We believe most of these risks are concentrated in our exposure to real assets for a few reasons:

- The nature of the asset class means that their value is mainly derived from physical assets.
- Even if the assets themselves are resilient, they can be impacted by physical impacts in the cities around them
- Real assets are illiquid, which makes it more difficult for HESTA to dispose of them if they are considered to be at risk
- Given their provision of basic services to the functioning of cities and communities, any disruption to real assets has the potential of exposing HESTA not only to financial losses but also to severe reputational risk in case of disruption
- HESTA has portfolio-level exposures due to assets being concentrated in two main geographic locations (Australia and US), which means less diversification from a climate change resilience perspective.

A disproportionately large portion of the commercial real estate sector by value is low-lying and in coastal population centres and there is currently underinsurance against significant weather events, which are increasing in frequency and severity. Emerging markets are expected to have a greater exposure relative to developed markets, particularly in low-lying areas and depending on the capacity to adapt.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Utilities is the most water intensive sector, requiring almost ten times as much water as companies in the next most water intensive sector (materials). The is most applicable for water utilities where scarcity is the greatest risk. The risk of operational disruption due to weather events is highest in electrical utilities.

☒ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

HESTA engaged Mercer to conduct portfolio scenario analysis on the entire portfolio, over 2C, 3C and 4C. The results immediately emphasise the lower returns expected a 4C scenario over the near term.

Under a 2C scenario, the Australian IT and Utilities sectors are expected to have positive impacts. In particular, Australia's Renewables Utilities are expected to benefit from capital spending to a larger degree given Australia is a large 'per capita' producer of solar and wind power, with early stages of infrastructure already in place. From an energy perspective, Australia also has a relatively large natural gas industry, a cleaner-burning fuel source and while coal still is the largest energy generation source, the scenario is still expected to deliver a 2.2% better outcome than International and Emerging Market energy.

Renewable energy related policies have already had a significant impact in the sector's growth to date and the greatest technological advances and subsequent efficiency gains are expected to occur within renewables.

☒ **(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Low carbon equities are expected to track broad market indices with the potential for outperformance, if policy and technology measures develop to reward lower carbon activities. We consider low carbon indices to provide a scalable hedge against climate change transition risk, and potential for stranded asset risk, without sacrificing returns in the interim.

Fossil Fuel Free equities are also expected to insulate portfolios from stranded asset risk in a low carbon economic transition although risk protection benefit is expected to be less than a low-carbon approach since a fossil fuel free portfolio doesn't profit from extractives companies but will be exposed to high carbon emitters.

Sustainable equities are expected to also be well positioned from a policy and technology point of view but also capture upside from a low carbon transition through greater exposure to solutions providers.

Sustainable infrastructure consists of a broad range of projects and solutions, including renewables energy, that would be expected to benefit from clean energy technological innovation and strong policy action to combat emissions. Similarly, sustainable infrastructure would benefit by avoiding exposure to assets which may become stranded in a low-carbon transition.

☒ (G) Other climate-related risks and opportunities identified. Specify:

HESTA also considers the opportunities arising from climate change including consequential changes to: - the physical environment - government policy and legislation resulting in increased energy efficiency of production processes, early adoption of new technologies, greater access to finance for low emissions projects, and - the market, such as increased demand for goods and services that address climate change or become more necessary or desirable in a future impacted by climate change e.g. low emissions technologies, design of resilient infrastructure and property etc.

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Other climate-related risks and opportunities identified [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

(G) Other climate-related risks and opportunities identified [as specified]



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

☒ **(A) Specific financial risks in different asset classes. Specify:**

HESTA's investment objective is to deliver risk-adjusted net long-term returns, with our investment horizon being long term over a 10 year period. Expected annual return impacts remain most visible at an industry-sector level, with significant variations by scenario, particularly energy, utilities, consumer staples and telecoms. Asset class returns can also vary significantly by scenario, with infrastructure, property and equities being the most notable. Variations in results between sectors, asset classes and regions, together sustainable opportunities for a transition scenario, provide multiple portfolio construction possibilities.

Current portfolio scenario impacts undertaken by Mercer emphasised the lower returns expected under a 4C over the near term. Areas of highest divergence from long term asset class return expectations as a result of climate change risk include infrastructure, property, alternatives and private equity.

Within alternatives, the heightened risk of acute weather events as we move to a 4C scenario sees providers of insurance experience increased payouts leading to negative impacts on insurance linked securities returns.

Climate change has the potential to impact property investment returns through changes in operating costs (i.e. water and energy costs, tax, maintenance, depreciation, insurance) and occupancy rates (efficiency and location discounts/premiums). Capital growth may be affected through changes in depreciation and expected rental growth.

Governments may increasingly regulate developers to be more sustainable and climate-resilient through building standards changes on existing portfolios and/or future developments which could increase the initial build cost for implementing catastrophe resilient, low energy, intelligent lighting, rainwater harvesting, natural ventilation and improved waste management programs.

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

Australian equities are subject to transition risk through exposure to high carbon companies. Industrials, as a greenhouse gas intensive sector, is exposed to some climate-related transition risk through emissions targets and capital expenditure required to change processes and reduce emissions, higher energy and transportation fuel costs, and stringent energy efficiency requirements.

Under a 2C stress test, the risk from Energy and Utilities sectors are amplified given the sudden shift in market expectations for the prominence of stranded asset risk. Under this stress test, the energy sector as it currently stands is expected to lose just over 42% of its value, given it's current 80% reliance on fossil fuels for global energy production.

Infrastructure poses a risk under a 2C stress test as Electric and Gas Utilities and to a less extent, Industrials, are positioned for relatively high financial risk under an accelerated shift towards reliance on renewable power generation. Expectations for property assets worsen given the exposure of this asset class to physical impacts of climate change.

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

Understanding and managing the resilience to physical impacts of climate change is one of the priorities of our Climate Change Transition Plan.

We believe most of these risks are concentrated in our exposure to real assets for a few reasons:

- The nature of the asset class means that their value is mainly derived from physical assets.
- Even if the assets themselves are resilient, they can be impacted by physical impacts in the cities around them
- Real assets are illiquid, which makes it more difficult for HESTA to dispose of them if they are considered to be at risk
- Given their provision of basic services to the functioning of cities and communities, any disruption to real assets has the potential of exposing HESTA not only to financial losses but also to severe reputational risk in case of disruption
- HESTA has portfolio-level exposures due to assets being concentrated in two main geographic locations (Australia and US), which means less diversification from a climate change resilience perspective.

A disproportionately large portion of the commercial real estate sector by value is low-lying and in coastal population centres and there is currently underinsurance against significant weather events, which are increasing in frequency and severity. Emerging markets are expected to have a greater exposure relative to developed markets, particularly in low-lying areas and depending on the capacity to adapt.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Utilities is the most water intensive sector, requiring almost ten times as much water as companies in the next most water intensive sector (materials). The is most applicable for water utilities where scarcity is the greatest risk. The risk of operational disruption due to weather events is highest in electrical utilities.

☒ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

HESTA engaged Mercer to conduct portfolio scenario analysis on the entire portfolio, over 2C, 3C and 4C. The results immediately emphasise the lower returns expected a 4C scenario over the near term.

Under a 2C scenario, the Australian IT and Utilities sectors are expected to have positive impacts. In particular, Australia's Renewables Utilities are expected to benefit from capital spending to a larger degree given Australia is a large 'per capita' producer of solar and wind power, with early stages of infrastructure already in place. From an energy perspective, Australia also has a relatively large natural gas industry, a cleaner-burning fuel source and while coal still is the largest energy generation source, the scenario is still expected to deliver a 2.2% better outcome than International and Emerging Market energy.

☒ **(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Low carbon equities are expected to track broad market indices with the potential for outperformance, if policy and technology measures develop to reward lower carbon activities. We consider low carbon indices to provide a scalable hedge against climate change transition risk, and potential for stranded asset risk, without sacrificing returns in the interim.

Fossil Fuel Free equities are also expected to insulate portfolios from stranded asset risk in a low carbon economic transition although risk protection benefit is expected to be less than a low-carbon approach since a fossil fuel free portfolio doesn't profit from extractives companies but will be exposed to high carbon emitters.

Sustainable equities are expected to also be well positioned from a policy and technology point of view but also capture upside from a low carbon transition through greater exposure to solutions providers.

Sustainable infrastructure consists of a broad range of projects and solutions, including renewables energy, that would be expected to benefit from clean energy technological innovation and strong policy action to combat emissions. Similarly, sustainable infrastructure would benefit by avoiding exposure to assets which may become stranded in a low-carbon transition.

☐ **(G) Other climate-related risks and opportunities identified, please specify:**

☐ **(H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon**

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- ☒ (A) An orderly transition to a 2°C or lower scenario
- ☒ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☒ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☐ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Sustainability outcomes

Set policies on sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 40	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Where is your approach to sustainability outcomes set out? Your policy/guideline may be a standalone document or part of a wider responsible investment policy.

- ☒ (A) Our approach to sustainability outcomes is set out in our responsible investment policy
- ☐ (B) Our approach to sustainability outcomes is set out in our exclusion policy
- ☒ (C) Our approach to sustainability outcomes is set out in our stewardship policy
- ☐ (D) Our approach to sustainability outcomes is set out in asset class-specific investment guidelines
- ☒ (E) Our approach to sustainability outcomes is set out in separate guidelines on specific outcomes (e.g. the SDGs, climate or human rights)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 41	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Which global or regionally recognised frameworks do your policies and guidelines on sustainability outcomes refer to?

- ☒ (A) The SDG goals and targets
☒ (B) The Paris Agreement
☒ (C) The UN Guiding Principles on Business and Human Rights
☐ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
☐ (E) Other frameworks, please specify:
☐ (F) Other frameworks, please specify:

Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☐ (A) No, we have not identified the sustainability outcomes from our activities
☒ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- ☒ (A) The UN Sustainable Development Goals (SDGs) and targets
☒ (B) The Paris Agreement
☒ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors

- ☐ (E) The EU Taxonomy
- ☐ (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
- ☒ (G) Other framework/tool, please specify:
The Future Business Benchmark
- ☐ (H) Other framework/tool, please specify:
- ☐ (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

At what level(s) did your organisation identify the sustainability outcomes from its activities?

- ☒ (A) At the asset level
- ☒ (B) At the economic activity level
- ☒ (C) At the company level
- ☒ (D) At the sector level
- ☒ (E) At the country/region level
- ☒ (F) At the global level
- ☐ (G) Other level(s), please specify:
- ☐ (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

How has your organisation determined your most important sustainability outcome objectives?

- ☒ (A) Identifying sustainability outcomes that are closely linked to our core investment activities
- ☒ (B) Consulting with key clients and/or beneficiaries to align with their priorities
- ☒ (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- ☒ (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)
- ☒ (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)
- ☒ (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- ☐ (G) Understanding the geographical relevance of specific sustainability outcome objectives
- ☐ (H) Other method, please specify:
- ☐ (I) We have not yet determined our most important sustainability outcome objectives

Transparency & Confidence-Building Measures

Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☐ (J) A list of our main investments and holdings
- ☐ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☐ (J) A list of our main investments and holdings
- ☐ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- ☐ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report

- ☐ (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- ☐ (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Who has reviewed/verified the entirety of or selected data from your PRI report?

(A) Board and/or trustees (4) report not reviewed

(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO)) (4) report not reviewed

(C) Investment committee (4) report not reviewed

(D) Other chief-level staff, please specify:
☐ Report not reviewed by other chief-level staff (4) report not reviewed

(E) Head of department, please specify:
☐ Head of Impact (1) the entire report

(F) Compliance/risk management team (1) the entire report

(G) Legal team (4) report not reviewed

(H) RI/ ESG team (1) the entire report

(I) Investment teams (3) parts of the report

Manager Selection, Appointment and Monitoring (SAM)

Investment consultants

Investment consultant selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 8	N/A	PUBLIC	Investment consultant selection	4

During the reporting year, what responsible investment requirements did you include in all of your selections of investment consultants? (If you did not select any investment consultants during the reporting year, refer to the last reporting year in which you did select investment consultants.)

- ☒ (A) We required evidence that they incorporated responsible investment criteria in their advisory services
- ☒ (B) We required them to be able to accommodate our responsible investment priorities
- ☐ (C) We required evidence that their staff had adequate responsible investment expertise
- ☒ (D) We required them to have access to ESG data and quantitative ESG analytical tools to support their recommendations
- ☐ (E) We required evidence that the consultants working directly with us would receive additional ESG training where needed
- ☒ (F) We required them to analyse the external managers' impact on sustainability outcomes
- ☐ (G) Other, please specify:
- ☐ (H) We did not include responsible investment requirements in our selection(s) of investment consultants

Selection

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 11	SAM 2.1	PUBLIC	Responsible investment policy	1, 4

During the reporting year, did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers? (If you did not select any external managers during the reporting year, refer to the last reporting year in which you did select external managers.)

	(1) Yes, only when selecting external managers of ESG/sustainability funds	(2) Yes, when selecting external managers of ESG/sustainability funds and mainstream funds (This option also applies to signatories who may not hold ESG/sustainability funds)	(3) We did not include compliance with our responsible investment policy as a pre-requisite when selecting external managers
(A) Listed equity (active)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity (passive)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income (active)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income (passive)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2.1	CORE	SAM 2	N/A	PUBLIC	Responsible investment policy	1,4

In what proportion of cases did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers?

(1) Listed equity (active)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(2) Listed equity (passive)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(3) Fixed income (active)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(4) Fixed income (passive)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(7) Infrastructure

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

Research and screening

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	CORE	OO 11	N/A	PUBLIC	Research and screening	1

When selecting external managers, which aspects of their organisation do you, or the investment consultant acting on your behalf, assess against responsible investment criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Firm culture	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Firm culture	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	<div>■ "NA"</div> (4) for none of our externally managed AUM	<div>■ "NA"</div> (4) for none of our externally managed AUM

(7) Infrastructure

(A) Firm culture	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM

(G) Other, please specify:

"NA"

(4) for none of our externally managed AUM

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 11	N/A	PUBLIC	Investment practices	1

Which responsible investment practices does your organisation, or the investment consultants acting on your behalf, require as part of your external manager selection criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.) As part of the selection criteria, we require that external managers:

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<div>■ "NA"</div> (4) for none of our externally managed AUM	<div>■ "NA"</div> (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(B) Incorporate their own responsible investment policy into their asset allocation decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(K) Other, please specify:	"NA"	"NA"
	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(7) Infrastructure

(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM
--	---

(B) Incorporate their own responsible investment policy into their asset allocation decisions	(4) for none of our externally managed AUM
---	--

(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM
--	---

(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM
--	---

(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(1) for all of our externally managed AUM
--	---

(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM
---	--

(G) Embed ESG considerations in contractual documentation	(1) for all of our externally managed AUM
---	---

(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM
---	---

(I) Are willing to work in partnership with our organisation to develop their responsible investment approach

(1) for all of our externally managed AUM

(J) Track the positive and negative sustainability outcomes of their activities

(4) for none of our externally managed AUM

(K) Other, please specify:

"NA"

(4) for none of our externally managed AUM

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship policies of investment managers during the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We assess the degree to which their stewardship policy aligns with ours

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) We require that their stewardship policy prioritises systemic issues

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Other, please specify:	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM

(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Other, please specify:	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM	<div> <div></div> "NA" </div> (4) for none of our externally managed AUM
(7) Infrastructure		
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	

(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance (1) for all of our externally managed AUM

(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools (1) for all of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives (4) for none of our externally managed AUM

(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful (4) for none of our externally managed AUM

(G) Other, please specify: "NA" (4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship practices of external managers as part of the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) Other, please specify:	<div>■ "NA"</div> (4) for none of our externally managed AUM	<div>■ "NA"</div> (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
--	--	--

(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
---	--	--

(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
---	---	---

(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
--	--	--

(J) Other, please specify:	"NA" (4) for none of our externally managed AUM	"NA" (4) for none of our externally managed AUM
----------------------------	--	--

(7) Infrastructure

(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM
---	---

(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM
---	---

(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM
--	---

(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM
---	---

(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(4) for none of our externally managed AUM
--	--

(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM
--	---

(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(4) for none of our externally managed AUM
---	--

(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM
---	---

(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives (4) for none of our externally managed AUM

(J) Other, please specify: "NA"
(4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	2

Which voting policies and practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We assess whether voting rights would sit with us or with the external managers (4) for none of our externally managed AUM (4) for none of our externally managed AUM

(B) We assess the degree to which their (proxy) voting policy aligns with ours (4) for none of our externally managed AUM (4) for none of our externally managed AUM

(C) We assess whether their (proxy) voting track record demonstrates that they prioritise their stewardship priorities over other factors (e.g. maintaining access to the company) (4) for none of our externally managed AUM (4) for none of our externally managed AUM

(D) We assess whether their (proxy) voting track record is aligned with our stewardship approach and expectations, including whether it demonstrates the prioritisation of systemic issues	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
--	--	--

(E) We assess whether they have a security lending and borrowing policy and, if so, whether it aligns with our expectations and policies regarding security lending	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
---	--	--

(F) Other, please specify:	We hold all the voting rights so do not have a requirement to monitor manager voting activities.	We hold all the voting rights so do not have a requirement to monitor manager voting activities.
	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 11 and OO 9 FI	N/A	PUBLIC	Stewardship	2

Which stewardship practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers that invest in fixed income? (Per strategy, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(1) Fixed income (active)

(2) Fixed income (passive)

(A) We assess whether they engage with issuers in the context of refinancing operations to advance ESG factors beyond governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

(B) We assess whether they engage with issuers in the context of refinancing operations to advance systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

(C) We assess whether they prioritise ESG factors beyond governance in case of credit events	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

(D) We assess whether they prioritise systemic issues in case of credit events	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

Documentation and track record

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	CORE	OO 11	N/A	PUBLIC	Documentation and track record	1

As part of your selection process, which documents does your organisation, or the investment consultants acting on your behalf, review to gain confidence in external managers' responsible investment practices? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(A) Standard client reporting, responsible investment reports or impact reports	(1) for all of our externally managed AUM
---	---

(B) Responsible investment methodology and its influence on past investment decisions	(1) for all of our externally managed AUM
---	---

(C) Historical voting and engagement activities with investees	(2) for the majority of our externally managed AUM
--	--

(D) Historical engagement activities with policymakers	(1) for all of our externally managed AUM
--	---

(E) Compliance manuals and portfolios to ensure universal construction rules are applied (e.g. exclusions, thematic, best-in-class definitions and thresholds)	(1) for all of our externally managed AUM
(F) Controversies and incidence reports	(2) for the majority of our externally managed AUM
(G) Code of conduct or codes of ethics	(4) for none of our externally managed AUM
(H) Other, please specify: <div> <div></div> <div> <p>HESTA's Manager ESG Assessment is undertaken predominantly by the relevant asset class team, with support from the Responsible Investment team. The Manager ESG Assessment is undertaken using our comprehensive suite of ESG criteria which cover the elements identified above and includes a scoring and weighting framework for each category and criteria. The Assessment is conducted through (i) a desktop review of the ESG assessment provided by HESTA's consultant or advisor, (ii) a desktop review of any documented ESG information e.g. policies, relevant questionnaires (i.e. GRESB, PE LP DDQ) reports etc, provided by the prospective manager and (iii) an ESG focused meeting with the prospective manager.</p> </div> </div>	(1) for all of our externally managed AUM

Appointment

Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 12, OO 5.1, OO 15	N/A	PUBLIC	Pooled funds	4

How did your organisation, or the investment consultants acting on your behalf, include responsible investment requirements for pooled funds in your current contracts with external managers? (Indicate the proportion of your AUM invested in pooled funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) We amended or instituted side letters or equivalent legal documentation to include responsible investment requirements	(1) for all of our AUM invested in pooled funds
(B) We encouraged the external manager to include responsible investment requirements into the investment mandate, the investment management agreement or equivalent legal documentation	(4) for none of our AUM invested in pooled funds

Segregated mandates

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 12, OO 5.1	N/A	PUBLIC	Segregated mandates	4

When setting up segregated mandates with external managers, which responsible investment clauses did your organisation, or the investment consultants acting on your behalf, include in your current contractual agreements? (Indicate the proportion of your AUM invested in segregated funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) The manager's commitment to follow our responsible investment strategy in the management of our assets	(1) for all of our AUM invested in segregated mandates
--	--

(B) The manager's commitment to incorporate material ESG factors into its investment and stewardship activities	(1) for all of our AUM invested in segregated mandates
---	--

(C) Exclusion list(s)	(1) for all of our AUM invested in segregated mandates
-----------------------	--

(D) Responsible investment communication and reporting obligations, including on stewardship activities and results	(1) for all of our AUM invested in segregated mandates
---	--

(E) Stewardship commitments in line with the PRI's guidance and focused on seeking sustainability outcomes and prioritising common goals and collaborative action	(4) for none of our AUM invested in segregated mandates
---	---

(F) Where applicable, commitment to fulfil a clear policy on security lending aligned with our own security lending policy or with the ICGN Securities Lending Code of Best Practice	(1) for all of our AUM invested in segregated mandates
--	--

(G) Incentives and controls to ensure alignment of interests	(1) for all of our AUM invested in segregated mandates
--	--

(H) Commitments on climate-related disclosure in line with internationally recognised frameworks such as the TCFD	(4) for none of our AUM invested in segregated mandates
---	---

(I) If applicable, commitment to disclose against the EU Taxonomy	(4) for none of our AUM invested in segregated mandates
---	---

(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights	(4) for none of our AUM invested in segregated mandates
---	---

(K) The manager's acknowledgement that their appointment was conditional on their fulfilment of their responsible investment obligations

(1) for all of our AUM invested in segregated mandates

(L) Other, please specify:

"NA"

(4) for none of our AUM invested in segregated mandates

Monitoring

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which aspects of your external manager's responsible investment practices did you, or your investment consultant acting on your behalf, monitor?

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We monitored their alignment with our organisation's responsible investment strategy

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(C) We monitored their use of ESG data, benchmarks, tools and certifications

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<div>■ "NA"</div> (4) for none of our externally managed AUM	<div>■ "NA"</div> (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<div>■ "NA"</div> (4) for none of our externally managed AUM	<div>■ "NA"</div> (4) for none of our externally managed AUM

(7) Infrastructure

(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(1) for all of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM
--	---

(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM
--	---

(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM
---	---

(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM
---	---

(H) Other, please specify:	<div> <div></div> <div>"NA"</div> </div>
	(4) for none of our externally managed AUM

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' stewardship activities?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<p>Whatever is a systemic priority for HESTA, our managers are required to prioritise. This includes managing and implementing risks and opportunities associated with those themes, where possible, into investment decision making. HESTA carries out an ESG Assessment which evaluates each manager's: - ESG Policy and philosophy - Internal and external ESG resources - Pre-and post-investment ESG integration - Active ownership - ESG performance monitoring, transparency and reporting - Portfolio ESG characteristics</p> <p>(1) for all of our externally managed AUM</p>	<p>Whatever is a systemic priority for HESTA, our managers are required to prioritise. This includes managing and implementing risks and opportunities associated with those themes, where possible, into investment decision making. HESTA carries out an ESG Assessment which evaluates each manager's: - ESG Policy and philosophy - Internal and external ESG resources - Pre-and post-investment ESG integration - Active ownership - ESG performance monitoring, transparency and reporting - Portfolio ESG characteristics</p> <p>(1) for all of our externally managed AUM</p>
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<p>Whatever is a systemic priority for HESTA, our managers are required to prioritise. This includes managing and implementing risks and opportunities associated with those themes, where possible, into investment decision making. HESTA carries out an ESG Assessment which evaluates each manager's: - ESG Policy and philosophy - Internal and external ESG resources - Pre-and post-investment ESG integration - Active ownership - ESG performance monitoring, transparency and reporting - Portfolio ESG characteristics</p> <p>(1) for all of our externally managed AUM</p>	<p>Whatever is a systemic priority for HESTA, our managers are required to prioritise. This includes managing and implementing risks and opportunities associated with those themes, where possible, into investment decision making. HESTA carries out an ESG Assessment which evaluates each manager's: - ESG Policy and philosophy - Internal and external ESG resources - Pre-and post-investment ESG integration - Active ownership - ESG performance monitoring, transparency and reporting - Portfolio ESG characteristics</p> <p>(1) for all of our externally managed AUM</p>

(7) Infrastructure

(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(2) for the majority of our externally managed AUM

(I) We monitored whether they had participated in collaborative stewardship initiatives (2) for the majority of our externally managed AUM

(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives (2) for the majority of our externally managed AUM

(K) Other, please specify: "NA"
(1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 18	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' (proxy) voting activities?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We monitored any changes in (proxy) voting policies and processes	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We monitored whether (proxy) voting decisions were consistent with the managers' stewardship priorities as stated in their policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(C) We monitored whether their (proxy) voting decisions prioritised advancement of stewardship priorities over other factors (e.g. maintaining access to the company)	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored whether their (proxy) voting track record was aligned with our stewardship approach and expectations, including whether it demonstrated the prioritisation of progress on systemic issues	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored the application of their security lending policy (if applicable) and whether security lending affected voting	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) Other, please specify:	<p>We hold all the voting rights so do not have a requirement to monitor manager voting activities.</p> <p>(1) for all of our externally managed AUM</p>	<p>We hold all the voting rights so do not have a requirement to monitor manager voting activities.</p> <p>(1) for all of our externally managed AUM</p>

Review

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 20	CORE	OO 13	N/A	PUBLIC	Review	1

During the reporting year, how often did your organisation, or the investment consultants acting on your behalf, require your external managers to report to you on their responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Quarterly or more often	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Annually	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) Less than once a year	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Quarterly or more often	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Annually	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) Less than once a year	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
--	---	---

(7) Infrastructure

(A) Quarterly or more often	(4) for none of our externally managed AUM
-----------------------------	--

(B) Every six months	(4) for none of our externally managed AUM
----------------------	--

(C) Annually	(1) for all of our externally managed AUM
--------------	---

(D) Less than once a year	(4) for none of our externally managed AUM
---------------------------	--

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM
--	---

Engagement and escalation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 22	CORE	OO 13	N/A	PUBLIC	Engagement and escalation	1

Which actions does your organisation, or the investment consultants acting on your behalf, include in its formal escalation process to address concerns raised during monitoring?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)	(7) Infrastructure
(A) We notify the external manager about their placement on a watch list	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) We engage the external manager's board or investment committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>