HESTA

HESTA
Minutes of Annual Member Meeting
Tuesday, 13 December 2022, 5:30 to 7:00pm AEDT
Hosted virtually via hesta.tv and Zoom

IN ATTENDANCE:

Directors	***Independent Directors*** Nicola Roxon, Board Chair Mark Burgess, Investment Committee Chair ***Employer organisation appointed Directors*** Deborah Cole Gary Humphrys Catherine Smith Saranne Cooke Alan Morrison ***Employee organisation appointed Directors*** Helen Gibbons Lori-Anne Sharp Emeline Gaske Ben Davison Brett Holmes Kate Marshall
Executives and other Responsible Officers	Debby Blakey, Chief Executive Officer Sonya Sawtell-Rickson, Chief Investment Officer Stephen Reilly, Chief Operations Officer Sally Collins, Chief Financial Officer Lisa Samuels, Chief Experience Officer Joshua Parisotto, Chief Advice Officer Andrew Major, Chief Risk & Compliance Officer Sam Harris, Chief Growth Officer Laura Dhana, Company Secretary
Other attendees	Nicole Oborne, Auditor – PricewaterhouseCoopers

WELCOME

The Chief Executive Officer (CEO) welcomed the members to the virtual HESTA Annual Member Meeting, noting the opportunity to connect with members and showcase how HESTA is working to create positive financial outcomes for our members by building their financial confidence, advocating for change, and investing responsibly to deliver strong long-term returns.

The CEO commenced the meeting by acknowledging the Traditional Owners of the lands on which we were meeting across Australia, and paid respects to their Elders past, present and emerging, and to all Aboriginal and Torres Strait Islander People joining the meeting.

The CEO acknowledged the attendance of the HESTA Directors, the Company Secretary, Executives, the Fund's External Auditor, Leadership Team, and the many HESTA colleagues who joined the meeting.

On behalf of the HESTA Team, the CEO acknowledged how challenging the period has been and continues to be for our members, with events like COVID-19, the devastating floods and the rising cost of living which have profoundly impacted how we live and work. Many people, particularly those who work in health and community services, are under pressure and their work is pivotal in keeping our communities safe and well and supporting our collective welfare. The work our members do every day inspires our purpose at HESTA and it is a real privilege to help our members build stronger financial futures.

As a top-performing industry superannuation fund for over 30 years, HESTA has helped and empowered our members to maximise their retirement savings and the meeting was an opportunity to present how

HESTA has delivered value to members during the 2021/22 financial year. Members were informed that they would hear about the fund's achievements, how we are working to achieve outstanding financial returns for them, and our plans for the future.

The CEO summarised the order of the meeting, which included presentations from:

- the CEO on our purpose, how we have delivered value to members and partners, and our future plans to build on this success
- the Board Chair on our strategy and the role of our fund governance in supporting our success
- the Investment Committee Chair on our investment strategy
- the Chief Investment Officer (CIO) on investment performance and market update
- the Chief Advice Officer (CAO) on member-centred help and how we are creating relevant, connected digital experiences to empower members to make the most of their super.

The members were informed the meeting would then be opened for questions which could be submitted at any time during the meeting. The CEO noted that questions needed to be kept general and not consider personal financial situations. Account specific questions could not be addressed given the meeting was public. If account-specific assistance was required, details were provided at the end of the presentation on how the team could support members.

CHIEF EXECUTIVE OFFICER ADDRESS

The CEO spoke to HESTA's purpose, at the heart of which is delivering strong long-term investment returns for our members and helping them build brighter financial futures.

The CEO gave an overview on how HESTA has delivered value to members and partners over the year and plans to build on the success in the years ahead, which include:

- Our continued focus on investment excellence and notably the track record of performance:

  - MySuper-authorised investment option Balanced Growth has delivered an average return of 8.53% per annum to members over 10 years as of 30 June 2022 which contributed to it being ranked by Independent Rating agency SuperRatings as a top 10 balanced investment option over 1, 3, 5, 7, and 10-year time periods
  - HESTA Sustainable Growth won Best Diversified ESG Super Product in *Money* magazine's Best of the Best Awards 2022
  - over 10 years, Sustainable Growth has delivered an average of 10.39% per annum to members, and was the top performing sustainable balanced option in Australia over 7, 10 and 15-year time periods to 30 June 2022 according to SuperRatings
  - recently recognised as one of only four super funds in Australia that have received SuperRatings top rating – a Platinum rating – every year for the past 20 years since these ratings began.

- The challenging economic backdrop over the last 12 months has impacted our FY21/22 performance. This year was the third time in 35 years that the HESTA Balanced Growth option has delivered a negative return and the first since the Global Financial Crisis in 2009. Over the past financial year, our accumulation Balanced Growth option – the option that most HESTA members are invested in - delivered a return of -1.79%. The CEO emphasised that a long-term mindset is needed when it comes to investing and that our investment options are designed to make the most of long-term investment performance. The CEO noted further detail would be provided later in the meeting by the CIO on option performance and the CAO would present on help and advice to support members in financial decision-making.
- Despite short-term market volatility, our products continue to be market-leading, as demonstrated by the SuperRatings awards and ratings received, and our growth and scale will continue to enable us to keep investing in high-quality assets across the globe to continue delivering strong long-term returns to members.
- Our rigorous responsible investment approach to protect and enhance our members' investment by incorporating the environmental, social and governance risks and opportunities in our investment decision-making, being an active owner and actively exercising our rights and responsibilities as a shareholder.
- Our membership in Climate Action 100+, a global initiative supported by $68 trillion of investment focussed on engaging with 160 of the world's biggest publicly listed carbon emitters to take necessary action on climate change.
- The progress of the 40:40 Vision initiative HESTA launched in 2020, noting the ambition to have all companies within the ASX300 publicly commit to taking measurable action to improve their gender diversity by 2030.
- Partnering with purpose to foster deep connections and relationships with the health and community services sector to ensure we understand and adapt to our members' unique needs. Notably, this includes making super administration and onboarding simpler through leveraging

digital technology to implement initiatives to support our partners in making superannuation more accessible and relevant to their employees.
- Creating and influencing change through advocacy initiatives, in particular the Federal Government's scrapping of the monthly $450 Super Guarantee threshold. This has been a significant moment for HESTA following a decade of advocacy and will help ensure many HESTA members and working Australians have a better opportunity to enjoy a more financially secure retirement.
- Our future focus is building on the past successes of our investment strategy to continue delivering long-term, strong investment performance returns for our members. This includes acting on challenges like climate change and helping to improve financial systems that can impact members' economic outcomes.

Before handing over to the Board Chair, the CEO expressed gratitude on behalf of the Executive Team and organisation to the HESTA Board for their fantastic support, insight and guidance throughout the year. The Board's insights and knowledge have been fundamental to setting HESTA up for long-term success and help to make a real difference to the future of every member.

CHAIR ADDRESS

The Board Chair welcomed everyone to the meeting and took the opportunity to thank the Executive Team and all HESTA's colleagues for the work and commitment to our members over the year.

The Board Chair noted that our members continue to operate on the front lines of the COVID pandemic, and paid tribute to their efforts and response across health, aged care, community services and early childhood education.

The Board Chair shared highlights from the strategy. This included:

- Maintaining our unwavering focus on acting and making decisions in the best financial interest of members. This ethos underpins our strategy to ensure our continued success and growth benefits all our members.
- Our commitment to growth with the merger of HESTA and Mercy Super. This merger will support us in leveraging benefits of scale and enhancing the value we deliver to members through strong financial performance, competitive products and services, and connected and personal experiences.
- The regulatory environment and change advocacy in collaboration with our partners to bring about real, long-lasting change for our members.
- Improving women's financial security in retirement and opportunities for legislative and systemic changes through advocacy. For example, calling on the government to act on urgent policy solutions to address super contribution gaps for parents and advocating for super to be paid on Commonwealth Parental Leave Pay, and the introduction of a super 'carer credit' to compensate parents for missed super contributions due to unpaid parental leave.
- HESTA's commitment to making the superannuation system simpler and fairer for our members. A key highlight was HESTA being the first Australian superannuation fund to adopt the Simpler Super Splitting initiative, which uses a simple plain language form for court orders to split super following a relationship breakdown. This will go a long way towards ensuring equity in super outcomes when relationships end, and work is being undertaken with industry partners to encourage other super funds to adopt the more straightforward process.

The Board Chair gave an overview of Board governance and the HESTA governance structure and framework, noting that governance is key to setting our strategic direction and ensuring HESTA operates as a financially successful and sustainable fund for our members.

The Board Chair also acknowledged that a key part of HESTA's strength is its deep connection with the health and community services sector, in which many of our members work. Having Directors appointed from our Guarantor organisations in health and community services means our members' needs and the issues they're experiencing are heard and understood, and are integrated into our strategy, governance, and decision-making. HESTA directors, irrespective of their professional backgrounds, are united by a single common purpose to make a real difference in the lives of our members. The Board Chair expressed her thanks to the Directors for their commitment, passion, good sense and wisdom in delivering value to members over the year.

In looking to the future, it was noted that a crucial part of delivering value for our members is knowing who we are and what it means to be HESTA: a specialist fund with deep connections to the health and community services sector. Over the next three years, HESTA will focus on seizing the opportunity to make a difference to our members through sound governance and a strategy that keeps members at its core. Key member outcomes to be delivered through our strategy include strong financial returns, competitively priced products and services, timely, relevant and personal interactions with HESTA, and fundamentally improved retirement readiness.

Pleasingly, in just 12 months HESTA has achieved so much, which has contributed to strong outcomes, building our members' confidence, and positively impacting their financial futures.

The Board Chair expressed her thanks to those who joined the meeting and noted the opportunity to showcase how our strategy and governance deliver value to our members. The Board Chair then handed over to the Chair of the HESTA Investment Committee.

INVESTMENT COMMITTEE CHAIR ADDRESS

The Investment Committee Chair noted the volatile year in financial markets and provided an overview of HESTA investment performance. As noted earlier, Balanced Growth MySuper option finished the financial year with a marginally negative return of -1.79%. Market volatility is to be expected over time, with periods of negative returns generally expected four to six times over a 20-year period for our Balanced Growth MySuper option.

Pleasingly, according to SuperRatings, an independent investment research consultant, HESTA's Balanced Growth MySuper option:

- outperformed the median or average peer fund over the year, which delivered -3.44% versus our more moderate decline; and
- achieved a top 10 performance ranking over 1, 3, 5, 7 and 10 years, in its SR50 Balanced Index to 30 June 2022.

Recognition of HESTA's performance in numerous industry awards was noted.

The Investment Committee Chair shared HESTA's investment transformation strategy and the role the Investment Committee plays in governing investment strategy and process at HESTA. A key transformation was internalising new complementary investment capability, where greater portions of the fund are directly managed by our internal team, rather than using external fund managers.

It was noted that the internalisation program has been a multi-year initiative and reached an important milestone during the year with the launch of our internally managed Australian equity portfolio in December 2021. In addition, we progressed the internalisation of Australian fixed income and cash portfolios, which is expected to be delivered in 2023. These internalisation programs will enable HESTA to implement actively managed strategies on a cost-effective basis, and at a scale, while also leveraging the deep market insights into portfolio decision-making provided by an internal team.

Pleasingly, this investment has been delivered while also reducing investment costs. HESTA has continued to achieve efficiencies in its investment fees and costs, delivering a 9.88% fee reduction in our Balanced Growth MySuper option between September 2021 and September 2022. Using our scale and advantages to reduce fees is as important as increasing returns, and the Investment Committee continues to focus on both elements, delivering strong net returns to HESTA members.

The Investment Committee Chair highlighted the active focus on superannuation from regulators over the year, which was appropriate considering the important role we play in generating retirement incomes for all Australians and the role the Investment Committee plays to ensure that HESTA responds proactively to the changing regulatory environment and remains at the forefront of investment governance practices and expectations.

A high-level overview was presented on a key piece of legislation and regulation, introduced in 2021, related to Your Future, Your Super. This included the key aims of the legislation and the net return assessment required to be undertaken each year against APRA's performance benchmark test. It was noted that HESTA passed the performance test for the financial year 2021/22 and remains in a strong position to pass future performance tests.

The Investment Committee Chair presented on investment objectives and risk characteristics of the HESTA investment options noting the important role for members when planning their retirement outcomes. It was noted that:

- This year, the diversified bond option for both the super and income stream had its risk level lowered due to an improved long-term expected return and risk outlook, as bond yields have risen.
- Changes were made to the income stream options to align the investment strategies with the similarly labelled accumulation options – to make it simpler for members when considering options across both product suites.
- Additional asset allocation changes were implemented across options to help improve risk-adjusted return outcomes and take into account fee considerations.
- These changes to investment objectives and asset allocations came into effect on 30 September 2022 with the newly issued PDS.

The Investment Committee Chair also shared another key focus of the Committee over the year: responsible investment. Key highlights include:

- In addition to our net zero by 2050 commitment, HESTA strengthened our 2030 portfolio emission reduction target to 50% and set a target to have 10% of the portfolio invested in climate solutions by 2030. In approving these decisions, the Investment Committee worked through a detailed implementation plan that gave it confidence the targets could be achieved and climate-related financial risk managed, while maintaining focus on members' best financial interests.
- Continually looking for opportunities for our portfolio to contribute to minimising system risks in other areas, using the United Nations' Sustainable Development Goals (SDGs), as a framework for our ambitions. The identified eight priority SDGs were noted, which include 'Good Health and Wellbeing', 'Gender Equality' and 'Affordable and Clean Energy' and how we aspire to contribute to outcomes aligned with the aims of the SDGs.
- Review of our Sustainable Growth option, which included undertaking member research to ensure we understood what members were seeking from this option, and speaking to industry bodies that set the standards for responsible investment products, to help us align the Sustainable Growth option with the expectations of reputable industry bodies. This led to the update to the exclusions applied to the Sustainable Growth options while also strengthening the focus on investments that contribute to UN Sustainable Development Goals. These enhancements enabled Sustainable Growth to achieve certification by the Responsible Investment Association Australasia, an initiative that distinguishes quality responsible investment products in Australia.

Before concluding, the Investment Committee Chair thanked members for entrusting HESTA with their retirement savings. While it is expected that market volatility may remain elevated over the coming period, the Investment Committee Chair gave assurance that the Investment Committee and Investment Team are working to ensure HESTA is positioned to deliver strong investment returns for members over the long term.

The chair of the HESTA Investment Committee then handed over to the CIO.

CHIEF INVESTMENT OFFICER ADDRESS

The CIO presented an overview of the dynamic year in financial markets, including the key drivers as economies continue to recover towards a post-COVID world.

Noting the challenging investment environment, the CIO gave an overview of the performance of the Fund's options, noting in particular:

- The -1.79% return delivered on Balanced Growth option for the financial year. The difficult market environment was offset by diversification within and across asset classes, and dynamic asset allocation tilts undertaken to manage risk and increase return.
- The Sustainable Growth option for accumulation and Transition to Retirement members, was also impacted by the market environment. Given its higher allocation to listed shares, it had a softer return of -7.82% for the year – but despite this recent softness, remains in the top 10 of its peer universe over 3, 5, 7 and 10 year periods, as at 30 June 2022.
- Despite the short-term softness, our Balanced Growth option has delivered an average of 8.53% p.a. over the past 10 years to 30 June 2022 and has comfortably exceeded its target investment objective and remained top quartile - and in fact top 10 - amongst peers.
- Our award-winning Sustainable Growth option has produced industry leading returns of 10.39% p.a. over the decade and has exceeded its investment objective and peers. Over 10 years, it remains the number one ranked sustainable option in the country.
- Our Conservative and High Growth options delivered modest negative returns in the last financial year but have maintained a strong long-term track record. Both have exceeded their 10-year investment objectives and continue to deliver high-ranking performance against peers.
- Our High Growth option was ranked top 10 over 1, 3, 5, 7 and 10 year timeframes at 30 June 2022, while our Conservative option was ranked second over 10 years, and finished top 10 across 3, 5, 7 year and 10-year timeframes up to 30 June 2022.
- Noting the key nuances and differences in allocations in Retirement Income Streams, Retirement Income Stream Balanced Growth option returned -4.09% for the last financial year, while the Retirement Income Stream Conservative option delivered -1.76%. These options have also produced strong performance over time, with the Retirement Income Stream Balanced Growth option ranked top 10 over five years and seven years to 30 June 2022, while the Conservative option has been ranked top 10 over 3, 5, 7, and 10 years to 30 June 2022.

The CIO also presented information about investments undertaken to continue to support our sector and drive innovation. These include investments in the new St. Vincent's Health Fitzroy Campus and in digital healthcare, which will deliver digital support options for healthcare services, thereby improving the clinical experience for patients.

It was noted that although these specific investments represent a small portion of our total portfolio, they are great examples of member retirement savings creating industry-leading changes in the healthcare sector.

In looking forward, it was noted that healthcare remains an attractive investment segment alongside others such as affordable housing and climate transition. The CIO shared the commitment to invest 10% of the portfolio in climate solutions by 2030 to accelerate the transition to a low-carbon future, reducing the long-term financial risks of climate change in the portfolio while also generating strong risk-adjusted returns in the medium term.

It was noted that while market volatility is expected to continue as central banks act to tame inflation, the volatility may also present opportunities. The investment team will continue to be agile to take advantage of opportunities that help to generate strong long-term performance for our members.

The CIO thanked the members for listening and handed over to the CAO.

CHIEF ADVICE OFFICER ADDRESS

The CAO presented how HESTA created relevant, connected digital experiences to empower members to make the most of their super. Key highlights included:

- The member-centred help approach which focusses on delivering help and advice and creating stand-out digital experiences, so members have personal and relevant interactions with us. Examples included self-service online, member helpline and digital chatbot, general workplace support and help over the phone, information sessions, seminars and webinars, and specialist personal help delivered by HESTA Advisers. Digital tools and enhancements have meant more members are empowered with information, education, and advice to help them plan for their financial futures.
- The development of our bespoke Future Planner tool, which leverages digital technology to help our accumulation members plan for the future. The tool has resonated with members, evidenced by the uptick in users since its launch in 2021.
- The launch of our first interactive, on-demand member education experience to enable members to find answers to their most challenging questions, designed to help members take actions to improve their financial future at different life stages.
- Launch of our pre-retirement series email campaign which aims to reassure, guide and help members plan their future after they stop working.
- Launch of the Retirement Hub, a consolidated member service to support members with their retirement.
- Member advice delivered through our adviser network. In response to the COVID challenges, video conference and phone support were increased to help to ensure continuous delivery of service.
- Our member research and insights program, which leverages insights from surveys and digital data to help us better understand members' needs. These insights inform how we improve members' services and design and build new services and tools to help our members engage with us and their super as seamlessly and quickly as possible. Key initiatives from this work include the 'Voice of Member Interaction Program' and the 'Have a Say' initiative.

The CAO thanked the members for joining the meeting and handed back to the CEO.

QUESTION TIME

The CEO thanked the members for continuing to entrust HESTA to safeguard and grow their long-term retirement savings. The CEO then handed the floor to HESTA's Chief Operating Officer (COO) to moderate the Q&A session.

The COO opened the meeting for questions. Members were able to submit the questions online via the live event. Answers to all submitted member questions (except for specific account related questions) are included in these minutes as Appendix 1.

CLOSE

The COO thanked everyone who tuned in to HESTA's Annual Member Meeting and also thanked those who submitted questions. A recording of the meeting as well as written minutes will be available on HESTA's website within a month, including responses to those questions submitted which were not addressed at the meeting.

APPENDIX 1

Responses provided during Annual Member Meeting

Response provided by	Question	Response
CIO Sonya Sawtell Rickson	Why such a big loss last year, other super companies made a profit? In relation in making such a loss which is detrimental to my fund, you didn't seem to miss out in taking your charges?	As we've discussed tonight, there were a number of factors contributing to the negative results. We saw double-digit negative returns come from both bonds and equity markets, which is quite unusual as markets responded to rising inflation and rising cash rates. In this environment our Balanced Growth MySuper option delivered a marginally negative performance of -1.79%. We expect the Balanced Growth universe to deliver negative returns on average around two to three times a decade, so this is not unusual when you're taking risk. Over time, that level of risk delivers longer-term out-performance. Relative to peers, I think we've also mentioned tonight at -1.79%, it was well above the median peer return of -3.44%, and not only top quartile but top-10 performance relative to the peer universe for the year. So, while we're disappointed to deliver the negative performance, we remain reasonably confident on that longer-term performance as we look forward. **You may also find the below extra information useful:** All* our super Ready-Made Investment Options achieved top 10 performance rankings over 3, 5, 7 and 10-year periods to 31 August 2022, according to independent ratings agency SuperRatings. While we aim to deliver strong investment performance over the long term, market ups and downs may impact short-term performance. It is in this context that HESTA's Balanced Growth option delivered a return of -1.79% for the 2021-22 financial year. While these may not be the returns members have been used to seeing, HESTA continues to deliver good results compared to balanced options in many other funds. HESTA Balanced Growth is ranked in the top ten over the one and 10-year time periods to 31 August 2022, according to SuperRatings. When comparing the performance of funds and investment options, it's important to assess both the point in time and the time period being analysed, the targeted risk level, and investment timeframe also need to be considered. It's important to remember investments may go up or down and past performance is not a reliable indicator of future performance. Product ratings are only one factor to be considered when making a decision. Your fees and costs allow us to operate the fund. They include managing investments, providing regulatory reports, paying audit fees, services including communications, contact centre support, etc. As a member-first fund, we always aim to keep fees competitive. More information can be found in our Product Disclosure Statement. *Excludes Indexed Balanced Growth, which commenced on 1 October 2020.
CEO Debby Blakey	How is HESTA better than everyone else? Is HESTA a good company?	I think you've heard quite a bit from us tonight about various awards and accolades and recognition. But there are a few that I would call out and would start first by saying that we do receive the top rating from all independent rating agencies in the super industry. Of those, I'd call out one that we think is particularly important, and that's the SuperRatings Platinum Recognition. SuperRatings have been rating funds for about 20 years, just over 20 years, and there's a group of only four funds that have received that top platinum rating every year since those ratings started, and HESTA is in that group of four funds.

Response provided by	Question	Response
		So, that's obviously something we are very proud of, and I think for us important that it speaks to the consistency over that 20-year period. The third one I'd reference is productreview.com.au. Of course, this is a consumer review platform, but given HESTA's reviews on that platform, we have been recognised by Product Review in 2021 as the best super fund with that Best Super Fund Award for that year. Now in terms of what makes us different, I think you've heard a lot about that tonight from all of us. But there are a few areas I think that are worth emphasising, and the first of those is our investment performance. You've heard from Sonya. You've heard Stephen add to that. Being one of those top long-term performing funds, and of course investment performance is so critically important to our members - that strong long-term performance. The second is competitive fees and competitive services, products, experiences for members, and this is a key focus for all of us as a fund. And the third one I would add to is what you heard from Josh about how we help members, how we support members with information, how we help them make good decisions about their super. And if we're going to help 993,000 members - that's how many members we had at the beginning of December - to make good decisions about their super, a lot of that will happen digitally. We're absolutely thrilled with the response we've had from members to the services we are offering through that digital platform, and I think the fact that over 150,000 members have accessed that Future Planner tool in the last year and three months, I do think speaks volumes about the services that we offer as a super fund. **Members might also find the below extra information helpful:** With HESTA you have: - investment choice, with a mix of ready-made options and choice options. Plus, you can create your own strategy or tap into ready-made investment options designed by our expert team - help to build your financial confidence – we deliver information, tools and support how and when you need them, to help improve your retirement outcomes - a fund that advocates for change – we use our collective voice to call for better outcomes for our members and those we see falling behind - your super invested responsibly, with environmental, social and governance risks and opportunities part of our investment decision making, as well as active ownership, to deliver strong long-term performance - an award-winner – we've received SuperRatings' highest accolade, platinum, for 20 years straight, and *Money* Magazine's Best Balanced Super Product for 2021. productreview.com.au also awarded us the 2021 Best Superannuation Fund Award for our strong performance, outstanding customer service, and transparency about our business practices. Find out more at **hesta.com.au/about-us**

Investment Committee Chair Mark Burgess	How's the investment strategy impacted by the volatility and uncertainty of the macroeconomic across the globe to protect the retirement funds for HESTA members?	It has been a volatile time in the markets. But it's also been volatile for our members, and for all of us, with rising inflation and rising interest rates. But good investors think about this. Volatility does come from time to time, and Sonya and her team use an approach called Total Portfolio Construction where they look at the portfolio to make sure that it's delivering optimised compounding returns through time and during periods of volatility. They also call on a number of our partners, using the very best thinking around the world to construct the portfolio. I guess our advice, or our sort of indication, is that you really should take a medium-term approach to your fund. And we found over time that while volatility can affect the fund in the very short term, compounding does come back. As you've seen from the long-term returns that Sonya noted, the fund can deliver long-term returns even though things can be volatile. Our immediate outlook is for more volatility. But our medium to long-term outlook is for continuation of returns, or the expectation of compounding returns, as we've seen over many years.
COO Stephen Reilly	What is HESTA doing regarding internet hacks and does HESTA guarantee replacing any money stolen? Why are you doing it on line? Why are you pushing us to do everything on line? <u>What is your current protection against cyber-attack?</u> What steps have HESTA taken in regards of cyber security? We have some Super in GESB and to login they now provide a one-time code by email for enhanced security. Considering recent hacking issues what is HESTA doing regarding increased protection?	There are a few reasons why we promote online. It's convenient, it's increasingly personalised and contextualised, and people can, especially with our members, access it at any time of the day or night. We had over 500,000 people log on to our Member Online services in the last 12 months, which is more than half of our members, which is phenomenal for a digital service. So, the reason why we put things online is that the majority of members want to use it. That said, if you would rather talk to someone, the Contact Centre is there for you. In terms of your question about cyber-attacks, it's a profound and relevant question today. I think especially in a world post-Medibank and Optus, this is on a lot of people's minds, and I'd like to assure everyone, HESTA has state-of-the-art equipment and partners monitoring our websites 24-7, looking out for anything untoward, any anomalies, and we've got all sorts of protections and firewalls that are there. That said, I would encourage everybody to adopt where they can really good online practices - online hygiene if you will. Make sure that you are engaging with your super so that you can see if there's any unusual activity and you'll notice it. I'd recommend that you look at your password and change it every now and then, and that way you can make sure that you're keeping your own account nice and safe. It's important to keep good online hygiene, and we are providing an exceptional cyber coverage for everything else. **You may also find the below information helpful:** We understand that cyber security is front of mind for many people, especially given recent media coverage of significant data breaches in September and October, respectively, this year. Protecting our members' information and retirement funds is a top priority for HESTA. We have in place extensive information security protocols, which also extend to our key service providers and partners. As scams and fraud continue to rise in Australia, there's never been a more important time to protect your privacy and keep your super safe. Some important steps you can take to help keep your account safe include: • keep track of your account - access your HESTA online account and monitor it regularly to detect any unusual activity • create a unique, secure password and change it regularly. We also recommend you enable the two-factor authentication option in your online account as it provides an extra layer of security • being aware of unsolicited calls and SMS. While we may call you about your super, if you receive a phone call or SMS you're unsure

		• about, contact us immediately on 1800 813 327 (not the number in the SMS) and don't click on any links in the SMS or forward the message • be aware of hoax emails. We won't send you emails asking you to confirm or disclose your personal information. If you receive an email you are unsure about, contact us immediately on 1800 813 327 and don't open the attachment or click on any links. Always access your HESTA online account through the HESTA website at **hesta.com.au/login** HESTA has measures in place to identify potentially suspicious activity on accounts, which includes stopping withdrawal of funds. The Trustee, when determining whether to replace any potentially stolen funds, would consider the specific circumstances of the event, including if the member contributed to unauthorised access of their information.
CAO Josh Parisotto	Being of retirement age, employed, paying HESTA. What is a minimum amount of a person's input funds that can be withdrawn? Can regular withdrawals for deposits into a personal financial account; if so, what is the maximum amount that can be withdrawn and how many withdrawals can be made annually?	Retirement can be confusing at the best of times. In particular, in the last two years we've seen an increased take-up of people really considering retirement. Now, looking at your question, I think there's two options that come to mind. The first one is the ability to start a transition to retirement strategy. This is where you can draw down small proportions of your superannuation while you contribute some money back in in a really tax-effective manner. It's probably one option up until you reach preservation age, which varies depending on when you were born (e.g., you can access your super at 60 years if you were born from 1 July 1964). The second option that I'm thinking about, looking at retirement age, is building or going into a retirement income stream. The benefit is that there's a lot of tax advantages going into a retirement income stream, but also consistency of income. When you cease work or you stop working, the retirement income stream can actually give you regular payments each month to really support you all the way through. But thirdly, what I would recommend - and we've done a lot of work behind the scenes in launching, through what Debby spoke earlier on about our Future Planner tool – is we've developed a digital tool called our TTR Reduced Hours, which enables you to go on, add in some different amounts in there to work out what some of those options are and what you can withdraw out of your super fund. We've also developed the Retirement Hub team to support you through this. So, if you are in Future Planner and playing with some of the options in there in determining the most relevant income stream, you can talk to someone that will support you through that. And finally, I would say please come and talk to one of the Super Advisers and Super Specialists - our member engagement consultants – to support you through this process.
CEO Debby Blakey	I work part time and have concerns about the fees going up. In your letter via email, you mention that fees are also for a superannuation adviser. How many of us actually use this or know about it?	Obviously, we monitor admin fees and investment fees all the time. We have done a deeper piece of work over the last two years looking at the admin fees, and most importantly looking at the suite of products, services, experiences that we're able to offer members, and making sure these are appropriate so that we're supporting members with the decisions they make and with the operational aspects of running a super fund. This has meant that we will have a change in our admin fees from the first of February next year, 2023. For some of our accumulation members the administration fee will go up, and for our income stream members, the administration fee will go down. Now it's important to see this in the context of the total fee that members pay, and we're thrilled that we have been able to reduce our investment fees by approximately 10% across the board. Now, obviously this is important for us at HESTA so that we can continue to deliver those services, products, and investment returns to members. Even

Chair Hon. Nicola Roxon	I think it's wrong that you also take out fees when money is taken withdrawn or deposited why?	in a negative market it doesn't change what we do, and in fact you could say it's even more critical in more difficult market conditions that we're able to support members with the information and help them make good decisions. Nicola, do you want to add? Look, maybe I will, because I think it is always difficult when it's a year where admin fees are adjusted, and we don't adjust them very often. So I think it's important to assure members that this is something the Board does consider very carefully. It's a difficult decision and it's one of balancing the interests of our members, making sure they get the best value for money in the fees that are charged, but also making sure we have the expertise, the technology - the examples that have been talked about already today - making sure we've got the right cybersecurity protection, making sure we've got the right advice available, and making sure we've got an excellent investment team. From the Board's perspective, what I want to assure members about is that we look at this very closely. And I have to say as Chair that it's one of the times it's particularly excellent to have a mix of representatives on the Board that come from the membership. So, to have the Nurses Union and the United Workers Union and people from Catholic Healthcare and from ACOSS nominated to our board to try to help balance those difficult issues, make sure we don't charge a single cent more than we have to, but that we do charge enough in fees to make sure we can deliver the right services and have the expert team that we need to look after members' money. Debby, I just really want to add that it is something the Board regards as very important. We don't do it lightly, and we believe that as difficult as it is for members when there's an increase, that the value in having the right fee structure to be able to deliver outcomes that are the best for members is something that we look at very closely.
Chief Investment Officer Sonya Sawtell-Rickson	HESTA have been under pressure from concerned members for several years to divest from all fossil fuel investments. Why haven't all members been surveyed on this subject rather than the board taking a paternalistic attitude? Is HESTA working towards getting out of fossil fuel mining altogether? If not why not, and if so when is this scheduled to occur? I want my superannuation	Absolutely. As Mark mentioned earlier, we strongly believe that responsible investing is in our members' best financial interest. I think climate change is a great example of this where we have clear alignment - something that obviously represents environmental, social, and governance risks, but ultimately presents in terms of potential material financial risks in our portfolio if we were to leave it unmanaged. So we are actively engaging on climate, and we've aimed to be leaders in this space. As you know, we were the first major fund to divest from thermal coal. We were the first major fund to commit to net zero by 2050 back in 2020. And we've been working hard towards the interim target we set to achieve 30% reduction in carbon emissions by 2030. Pleasingly, we are well on the way to achieving that objective, and we'll be announcing more in the next little while. And so much so that we have become more ambitious, increasing our target for carbon emission reduction to 50% by 2030. But to achieve those carbon emission reductions, we're doing two key things. The first is we have allocated and committed to investing in climate solutions to help the transition. We know we can't divest our way to a better future. We have to invest and help the economy transition to a low-carbon future, so we're looking actively for investment opportunities in this space to help facilitate that transition. The second thing we're doing is actively engaging with companies. Again, you know, we need to change not just the carbon emissions in our portfolio but the carbon emissions in the real economy. So, we need to work with companies to make sure that they are setting carbon emission targets, that

	to support a positive climate future. How does HESTA invest to support a renewable future and not support climate damaging fossil fuels? It looks like HESTA is chasing a Climate Change agenda instead of fund performance. Which of the HESTA funds are pursuing this value?	they are disclosing their carbon risks, that they are developing transition roadmaps aligned with 1.5-degree transition pathways. And ultimately, we all need to work together to transition energy, as well as all other industries, towards that future. Now, I'd love to say that everybody is 100% on-track with those commitments. We're not there yet. Pleasingly, we are seeing evidence of success in this active engagement model. So, through the influence that our ownership affords, we've been able to now have almost 60% of the Australian stock market committed to net zero by 2050, and that's continued to move, build momentum over time. Obviously, the government's now announced its commitment to net zero by 2050, so positive momentum is building here. Not all companies are on that trajectory, so last year we introduced what we call an escalation framework. What that allows us to do is for companies where we think they have a material role to play in the transition and present more of a material systemic risk to our portfolios, we've added them to a watch list, and we're now actively engaging with those companies in a heightened way. Obviously, we have a number of tools at our disposal as owners of these companies, and those tools include things like voting on resolutions. Where they have a say on climate, we've exercised our right to vote on those climate transition plans. We can vote against directors. We can even actually put up our own shareholder resolutions on the changes we want shareholder support to achieve in these companies. And ultimately, of course, we have the option of divesting if we really believe these companies aren't on a credible pathway towards 2050 in a timely manner. But ultimately, we're working very hard to really drive the economy both here in Australia and globally through our global partners and global collaborations towards a net zero future. **You may also find the below information helpful:** You can read the HESTA responsible investment policy at **hesta.com.au/impact** to find out more about our approach to responsible investment.

CEO Debby Blakey	How much is being spent on Marketing per annum? The short-form expenditure summary cites an expenditure of $22,277,485 on promotion etc. Can you provide a breakdown of this expenditure and detail when the last cost benefit analysis was undertaken of this expenditure and the results of that analysis, and when the next analysis will be undertaken?	Thank you for the question. Firstly, the aggregate sponsorship marketing and promotion amount that we spend is disclosed in the Annual Member Meeting disclosure, so I won't go to the specifics of that. It's all available in that annual meeting disclosure that you can find online. But I will say if we look at marketing as a line in our expenses, and if we look at the total expenses of the fund, including insurance, investment, all our operational activities, that marketing line, the promotion, sponsorship, marketing amounts to about 2.7% of that total budget. So, I think that'll give you a better context of what proportion we're spending on marketing. Obviously, it is very important. We do believe in the benefits of scale, and we do believe that marketing is important, firstly to support the engagement we have with members, but secondly, also to support our growth so that we are able to deliver those benefits of scale to all of our members. And I'm sure Lisa might want to add a bit to that.
CEO Lisa Samuels		Thanks, Debby. The marketing that we invest in covers things like the design, production, distribution of materials, our advertising, all of our media and sponsorship, and it also covers things such as our events and awards program that HESTA hosts. So, as Debby mentioned, it’s really important that we invest in the growth of the fund to make sure HESTA is robust and sustainable long into the future so we can continue to improve our products and services. **You may also find the below information helpful:** This item includes the design, production and distribution of Fund promotional materials, advertising and media costs, costs to support events and awards hosted by HESTA and sponsorship arrangements made on commercial terms. The total was approximately 2.7% of our total expenditure (or 13.2% if investment costs are excluded) for FY22. This is not segmented between marketing and promotion. We’re unable to provide a further breakdown of this expenditure as this information is considered commercial in confidence. HESTA invests in advertising and other promotion to build brand awareness that enables member growth. We believe member growth is critical in providing benefits of scale that can help us deliver the best possible retirement outcomes for our members. It’s our view that growing the fund can help us: • keep our operating costs low for members • improve our ability to attract quality investment opportunities • expand our range of products and services, and • focus on further improving members’ experiences with us. We use a combination of various brand health metrics, including survey data on brand awareness, brand preference, campaign awareness and recall from members, and continued growth in both our member numbers and assets we manage on members’ behalf to assess the effectiveness of our advertising activities. Our membership grew by nearly 5% over FY22.

CIO Sonya Sawtell-Rickson	When will you fully divest from the two biggest oil and gas producers, Woodside and Santos, and will you correct your false claims of net-zero investment? Woodside has announced it will spend $5 billion on **'**new energy**'** by 2030. This pales in comparison to the over $30 billion the company is planning to spend on oil and gas expansion. Why is HESTA investing in Woodside?	We need these companies to be investing more into new economy and transition opportunities of renewables. I mentioned earlier our approach to actively engaging and escalating. What I didn't mention is that we are actively engaging with the companies on these particular issues at the moment. We have written to both Santos and Woodside asking for three things. Number one, how does their climate transition roadmap align with 1.5 degrees? We're asking them to make sure it does and asking for it to be independently audited. We need to be confident that their scientifically proven and science-based aligned targets are achievable. The second is to align their investment decision-making with that 1.5-degree pathway, and make sure they are evidencing any time they are undertaking any expansions. Because I think that, like you, we have a lot of concern about continued expansion of oil and gas fields. The third thing we're asking for, which has just left my mind at the moment, is around capital expenditure. The very question, which is why I raised it. We're basically asking them to redirect capital expenditure towards the new economy - a material redirection of that. So we're waiting for responses from these boards, we're continuing to meet with management, and we're continuing to drive for exactly that outcome that you're seeking. **You may find this additional information helpful:** Woodside has the potential to be an energy company rather than an oil and gas company. Much of the technical capabilities and infrastructure required for new energy sources exists within current oil and gas companies. That's one of the reasons why most capital allocation into new energy sources has been made by these oil and gas companies. But we want to see capital allocation to new energy sources increase significantly. One of key engagement asks of Woodside is that the company shows how its capital allocation aligns to a 1.5^{o}C transition pathway. Through direct and collaborative engagement and through benchmarking of capital allocation such as that undertaken by Climate Action 100+, we are calling on companies like Woodside to reallocate capital to new energy sources.
Investment Committee Chair Mark Burgess	Has the super performance been improved recently and what is your house view of the markets next year?	Well, the good news is that the Balanced Growth fund is up about 4.3% since the 30th of June. But I'd caution you not to take that much notice of that, even though it's a positive outcome after only a very modest fall in the previous financial year. The reason is that we continue to encourage our members to look at investing for the longer term. This brings me to your second part of the question, which is what is the forecast for the next 12 months? It's very common, if you pick up a newspaper today, that you'll see everyone forecasting for 2023. As professional investors, we would caution you against forecasting for such a short period, and in fact, forecasting at all in that sense. No one can really tell exactly what will happen over a 12-month period. So, how do we do it? How do we position your fund and your investments so that they could be robust through time? The way the investment team does this – that is, Sonya and the team - is they look at a range of scenarios. For example, what happens if inflation rises or falls? What happens if interest rates stop rising or rise even a little bit further? And a whole bunch of other scenarios that they test the portfolio against to make it as robust as possible through an economic cycle. It's how we've been able to achieve strong returns over five and 10-year periods – in fact, beating others in the market by being very consistent and not taking a short-term approach or believing that we can forecast for one year.

CAO Josh Parisotto	I work part time and have concerns about the fees going up. In your letter via email you mention that fees are also for a superannuation adviser. How many of us actually use this or know about it? I think it's wrong that you also take out fees when money is taken withdrawn or deposited, why?	Thanks for the question. The cost of advice is included in the administration fee, and it pays for the services when you need to use it. Advice is interesting, because people use the service during different life events. What I mean by life events is, for example, members at the age of 18 starting work for the first time. They have usually worked at a few different places and need to consolidate their superannuation. So they jump onto Member Online, as do half a million other members to check their balance or accounts to activate the consolidation function there. But through their life journey, they start to use different parts of the services we offer. People come in with insurance needs where they look at that and say, "Actually, I did receive a pay rise," or "I've changed employment, so how can I increase that insurance cover all the way through?" And that's where the need for advice really comes in, to see one of our supervisors nationally. We've also built additional tools over that journey, being Future Planner. Debby spoke earlier on regarding the number of members who have used this tool over the last 15 months. Around 150,000 people have used a digital platform, Future Planner, across three key member journeys. The first is retirement. The second journey is members looking into their risk profile to assess whether or not they need to change, as we've seen some volatility over the past few years. The third journey is whether or not members want to make a contribution to the fund in the future. We've seen a large increase in members wanting to engage us also through the Retirement Hub team. It's a service that can be utilised at members' volition at different points in time. And just a final point, as people get closer to their retirement age, which can change, we find that members start to come in a lot more. They want to engage us on different matters as they approach the time when they actually leave the workforce. **You might also find the below information helpful:** We recently reviewed our administration fees and operating costs. As a result, there will be some changes to our administration fees and costs from 1 February 2023. To ensure we can continue to deliver value to our members through quality products, services and experiences, the administration fee will increase for some accumulation members, while it will decrease for income stream members. The costs of advice are included in the administration fee and the service to ensure the service is there when you need it. It's important to note too that no super fund charges entry or exit fees. Your super may be taxed when money is deposited in your account or when you withdraw your super. The way super contributions are taxed depends on: the type of contribution being made; the amount of contributions made in the financial year; and the amount of your total income. Generally, money paid into your super account by your employer (Superannuation Guarantee contributions) or as a salary sacrifice contribution is taxed at 15%. Contributions made to your account from after-tax income (aka take-home pay) aren't taxed again when they hit your super account. However, any investment earnings you receive on these contributions will be taxed. Super is tax free from age 60 if you withdraw it after you've met a 'condition of release' such as reaching your preservation age (the age at which you can start accessing your super if you have stopped working). For more information, read *How super is taxed.*

Chief Experience Officer Lisa Samuels	HESTA has invested my membership fees in tools like the "member-only Future Planner tool." Can I opt out of these and get a lower administration fee instead?	Future Planner tool is one of many online tools and services provided to members at no additional cost. As you've heard from Debby and Josh, Future Planner helps members build their financial confidence by allowing them to set their own goals to build a better retirement outcome. A lot of our members use our Future Planner tool. In fact, Future Planner was co-designed with members to help them plan their financial future, project their retirement income, work out their desired retirement lifestyle, and build a financial action plan. We also care about ensuring we deliver value for money for our members. SuperRatings recognised our value for money this year by awarding HESTA the Net Benefit Award for 2022. It's something dear to our heart and we appreciated that recognition from SuperRatings. **You might also find the below information helpful:** When it comes to administration fees and costs (described in this member's question as membership fees), we're required under MySuper legislation to calculate and charge in the same manner for each member of the fund. Therefore, members cannot lower their administration fee by 'opting out' of services that contribute to the administration fees and costs. If members wish to access more personal advice, this is available on a fee for service 'activity fee' basis – in other words, members only get charged if they wish to use it and the costs are agreed up front before the advice is prepared. More broadly, it's important to point out that, as a member-first industry fund, we aim to keep fees and costs as competitive as possible. Most of our members are invested in the HESTA Balanced Growth MySuper option. The administration fee for this product has not materially increased over 10 years. We have tried to minimise fee increases over time despite steady rises in the fund's operating costs. For more info about how administration fees and costs are calculated and charged, please refer to the 'Fees and Costs' section of our PDS.
CIO Sonya Sawtell-Rickson	Are you planning to invest in government housing initiatives? If so will you be investigating the government's ability to deliver. News reports stated that Homes Vic finances are such that they can't fund next year's costs. I am concerned that this initiative will cost HESTA members in the long run. Investment in Government housing: given the financial state of Homes Vic will HESTA be	Affordable housing, as we all know, is a key challenge here in Australia. We've obviously heard the government talking a lot about it, and if anybody's tried to access rental properties, they know that rental prices have been rising quite substantially. A big part of the reason for that is lack of supply of new rental accommodation. So, for the past 18 months here at HESTA, we've been working on different models and partnerships and ways that we might be able to help contribute to the challenge of providing affordable supply of accommodation and dwellings, while at the same time generating a strong and attractive risk-adjusted return. The nice thing about housing in our property portfolio is it provides diversification from other assets we own. We currently have exposure to investments like retail shopping centres or office buildings. We currently have some housing, mostly international. But the housing market in Australia is really developing, so pleasingly, we've been able to find a model, which we've just announced, where we've committed $240 million to affordable housing. What this investment aims to achieve is a combination of different types of housing - social housing, affordable housing, and market-aware housing, as well as some specialist disability housing – which brings it all together to supply 1600 new dwellings here in Victoria. We're incredibly excited about this model. That's in terms of what it can achieve for supply of affordable housing, obviously, which is important to our members. But also, that affordable housing is located near public transport and healthcare hubs, so it meets the needs of our cohort as well as others, at the same time as delivering diversifying and attractive risk-adjusted returns for our members into the future. We're confident this model we can build out into other regions in Australia and continue to contribute to that supply, and hopefully that challenge of

	investigating the government's ability to honour investment return promises to protect our super balances?	alleviation. So yes, we are really excited about our new super housing partnership. **You might also find the below information helpful:** Homes Victoria is the agency responsible for delivering the Victorian Government's 'Big Housing Build' project. HESTA is not involved with this initiative. We're open to new investment opportunities in build-to-rent housing in Australia. Like all our investments, those in housing are required primarily to deliver appropriate risk-adjusted returns for members as part of our diversified investment approach, and we undertake robust due diligence on all our investments. HESTA is in favour of government support for affordable and social housing build-to-rent investments. The Albanese Government this year announced a Housing Accord, which aims to bring together all levels of government, investors and the residential development, building and construction sector to boost housing supply and create more social and affordable housing. Governments can put in place policy settings that assist super funds to achieve the risk and return profile they need for investment in affordable housing. The Housing Accord is an opportunity for all levels of government to do this. We welcome the national Accord as an important first step to removing long-term barriers to growing the supply of affordable and social housing. We look forward to working with all stakeholders to build a pipeline of investment opportunities that offer the necessary risk and return characteristics investors are seeking.
Chair Hon. Nicola Roxon	Actually I don't know about everything just wants to explain for me about HESTA. Thanks	I think that lots of our members are curious about who their other members are in the fund. Of course, we were originally set up as the health and community services fund, and those who work in healthcare, aged care, disability care still make up a huge proportion of our members, which number nearly a million. It's nice to reflect on the fact that we, our members, educate and care for Australians at almost every point in their lives. So, from early childhood workers through to people that work in schools, through to people that work in hospitals, that work in aged care, that work in the disability sector, and increasingly, those who work across the community sector, but also are very engaged in issues relating to the community. I think that picks up, a little bit, Sonya's last point. We really do believe that because of the work our members do, they deserve the absolute best outcomes that good investment and wise investment can get for them. But they also care about the community they work in, doing jobs that really matter to the lives of all Australians. So we increasingly understand that we're an attractive place, no matter where you might work, and we're a fund that anybody can join who are interested in the sort of impact smart investing can have. I think Sonya described it really well – that we try to get the best returns and have a positive impact. And as many of our investments that can be in that sweet spot, we think those members who are working in the community doing good work, caring for our parents, caring for our grandchildren, caring for, really, a very wide range of the community, they make up this family, if you like, that HESTA is made up of. And when it's nearly a million members across the country, that's a lot of different sectors that we touch on. We're very proud of our expertise and focus on care, education, and community services.

		You might also find the below information helpful: Operating for more than 35 years, we invest close to $70 billion of assets on behalf of more than 970,000 members. Our core responsibility is to grow and protect our members' retirement savings by investing responsibly for strong long-term returns. We offer ready-made and choice options for our super and income stream products with a total of 10 different investment options to choose from. You can find more information on our investment options, including performance, on our website.

All other Annual Member Meeting questions and responses

Question	Response
I need more information on how to get investment for superannuation in the future to come and buy the house on it as investors. How much you can get to pay for a house? Does superannuation allow you to buy your own household?	We understand that making changes to your super is a big decision. Our Superannuation Advisers can help you get the most out of your super, helping you to understand your super options, including contributions and investment options. We can work with you to plan for your retirement, including strategies to grow your wealth, reduce tax, help with budgeting, Centrelink benefits, and protecting your loved ones. For more information on how to use your super to buy a home, we recommend this Money Smart article. If you need help with your super, make a time to chat. Visit our dedicated advice page via the HESTA website.
What kind of insurance is included in my superannuation?	Our members (including HESTA for Mercy Super members from 1 December 2022) receive automatic insurance with HESTA when they become eligible. This generally includes: • standard Income Protection (IP) Cover to age 67 with a benefit payment period of up to five years (two years for HESTA for Mercy members) • Death Cover up to age 75 (67 years for HESTA for Mercy members) • optional lump-sum Total and Permanent Disablement (TPD) Cover to age 70 (67 years for HESTA for Mercy members) • a Permanent Incapacity Support Benefit of $10,200 to eligible members (not available for HESTA for Mercy members) • a reduced insurance fee for those members who meet certain occupational criteria. You should think about whether the insurance provided meets your personal needs. If your circumstances or financial commitments change, it's a good idea to review your insurance cover. You can do this at any time by checking your latest member statement or viewing your online account at **hesta.com.au/login** For a summary of the insurance available through your HESTA super, you can view the insurance fact sheet available on the HESTA insurance web page and HESTA for Mercy web page.
It is frustrating to log into the HESTA website. The connection to retrieve information in general is very	We're sorry to hear your experience online hasn't been what you expect from HESTA. We work with our members and digital experts to try to ensure our website can help you have a great experience with us. We'd love to hear more about how we can improve. Please make a time to chat with us so we can keep enhancing the way we support our members. You can access this via the **Contact us** page of our website.

slow. Wondered how many others experience the same problem. Why your communication systems are so poor and website is useless? I am very disappointed.	
My super is in cash. I stopped investing due to Ukraine war. Is it a good decision to stop investing?	Before you think about switching your investment options, it's important to consider your investment timeframe and the potential impact of switching investments based on short-term market movements. Reacting to short-term market movements (for example, switching your investment options) can negatively impact the long-term performance of your super. It risks locking in losses from the temporary fall in the value of your investments and missing out on potentially higher returns when the market recovers. While markets can fluctuate over the short term, it's the returns generated over the long term that really matter. Even after periods of extreme market volatility, like the Global Financial Crisis, or more recently in the COVID pandemic, long-term investment returns recovered well to grow super accounts. We strongly encourage you to seek financial advice before making any change to your investment strategy.
Is the Board considering adding fund performance against other like funds and standardised indexes for members who have selected a standard HESTA Fund?	All HESTA investment options have long-term investment objectives. For our Ready-Made Options and the Property and Infrastructure Your Choice Option, the investment objective is linked with the Consumer Price Index plus investment targets. Our other Your Choice Options have investment objectives based on market indices for each asset class. Asset class indices are widely used in the super industry and make it easier for HESTA members to compare our Your Choice Options with similar asset class-specific investment options. We have no plans to change how we set our investment objectives. Investment objectives reflect what HESTA believes is an achievable return for a particular option given its level of investment risk and are not a guarantee of performance. More information about our investment objectives is available in our Product Disclosure Statement. You can see how our investments performed on our website. Also note that we do compare the investment options products as part of our member outcomes assessment.
Communities like mine are being devastated by climate-driven bushfires & floods. We're further devastated to see Australian super fund HESTA profiting from industries that are destroying our homes and communities. When will you stop funding our destruction?	We recognise climate change poses a material, direct and current financial risk that is relevant to HESTA's management of its investment portfolio. Our approach is dynamic and multi-faceted and is centred on the belief that engagement to influence investee companies to participate in the transition to a net zero economy is in our members' best financial interests. We consider that these interests are best served through a timely, equitable and orderly transition to a low-carbon economy. Reflecting both the science and regulatory guidance, HESTA incorporates climate change into its investment process. You can read more about our approach to managing climate-related financial risk in our Climate Change Statement, which you can find on our Climate action web page. In 2020, we announced our ambition to reach net zero carbon emissions across our investment portfolio by 2050. In September 2022, HESTA strengthened its interim emissions reduction target to a 50% reduction in normalised emissions (scope 1 and 2 emissions per dollar invested) below the 2020 baseline, by 2030.

Now, or after more homes are destroyed? Why should I invest with you when you are actively supporting fossil fuel industries?	HESTA was the first large Australian superannuation fund to announce the exclusion of pure-play thermal coal investments in 2015. In March 2022, work was done to consider the potential stranded asset risks across the oil and gas industry, which found that 'unconventional oil and gas' represented the highest risk of asset stranding and misalignment with the goals of the Paris Agreement. HESTA's Board subsequently approved an exclusion for 'pure play' unconventional oil and gas companies (with revenues and reserves >75% unconventional oil and gas). Climate change is a global systemic challenge and climate-related risks exist across the whole economy. So, divestment alone will not protect members from climate-related risks. We believe that simply selling shares in emissions-intensive companies, without first attempting to change the companies' behaviour through engagement, does not contribute to reducing global emissions. Instead, active ownership of companies exposed to transition risk enables us to push companies to take greater action. HESTA has been engaging with emissions-intensive companies through direct and collaborative programs for a number of years. We understand that strategic transformation is not necessarily achieved in a singular exchange or short-term approach, and our investment decisions are made with this in mind. Through our engagement programs we have sought scenario analysis and disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and targets aligned with the Paris Agreement. 'Say on Climate' advisory vote provide a means to express a view on companies' climate plans. HESTA has voted against the climate plans of some companies, sending a strong message that we believe their transition strategies require greater ambition, and has supported a number of climate-related shareholder resolutions. Societal expectations, scientific research and government action continue to evolve. Accordingly, our broader approach to risk management and to investment in companies is not static. For each company, we continue to assess and monitor progress towards specific engagement objectives related to their operations, strategy and governance. The engagement escalation framework provides a broad framework for the engagement and escalation of investee company approaches to the management of material risks. It considers the use of either one or a combination of escalation tools such as voting against 'Say on Climate' resolutions, directors' elections, support or filing of shareholder resolutions and/or consideration of divestment, where HESTA considers there is inadequate evidence of progress to address risks, and where we consider this to be in members' best financial interests.
HESTA's portfolio holdings disclosures show the fund sold down 20% of the Santos and Woodside shares held in the Balanced option. Will this continue? Will HESTA continue to divest from companies expanding fossil fuels? When I have called for HESTA to divest from Santos and Woodside, HESTA has stated it would prefer to	HESTA manages investments in Australian equities through both our internal investment team and external investment managers. This will involve a range of strategies and investment decisions that may mean our holdings in companies can vary at different time periods and for a range of reasons. Please refer to the response to the previous question for general information about our approach to climate change. Climate change is a global systemic challenge and climate-related risks exist across the whole economy. So, divestment alone will not protect members from climate-related risks. We believe that simply selling shares in emissions-intensive companies, without first attempting to change the companies' behaviour through engagement, does not contribute to reducing global emissions. Instead, active ownership of companies exposed to transition risk enables us to push companies to take greater action. Active ownership can be very effective in influencing companies' behaviour, especially when cooperating with other institutional investors. HESTA uses active ownership and engagement with companies it invests in, to preserve long-term shareholder value and enhance long-term returns. We use collaboration with other institutional investors to gain more influence on specific topics like climate change, with the belief that the bigger the collective ownership, the stronger the influence. HESTA's process of engagement with investee companies is genuine, robust, and understands that strategic transformation is not necessarily achieved in a singular exchange or short-term approach and our decisions are made with this in mind.

engage. But engagement has failed as both companies are increasing their oil and gas production. What are the next steps for HESTA and will it today commit to divesting from both of these companies? I will be divesting my funds if you do not withdraw from investing in Adani, Woodside and Santos. Will you divest? Will you divest from investing in Adani, Woodside and Santos, otherwise I will have to put you on notice to invest elsewhere. To what extent will HESTA's investment in climate wrecking companies (like Santos and Woodside) that ignore the Paris agreement damage the futures for women due to increased climate risks and the cumulative impacts of compounding and cascading natural disasters? Many sports and arts organisations are refusing sponsorship from companies like Santos and Woodside over	An example of how we use active ownership is our engagement with AGL. HESTA has been engaging with AGL, Australia's largest emitter of greenhouse gases, for a number of years. However, in 2022 we started to see significant progress. As highlighted in HESTA's 2022 Annual Report, we publicly expressed our intent to vote against the proposed demerger of AGL's business into two entities, and in light of rising resistance from shareholders, the AGL Board decided to withdraw the demerger proposal. Consequently, AGL has refreshed its board by appointing directors experienced in clean energy, energy policy and workforce transformation, and has updated its climate strategy and committed to the early closure of coal fired power stations. This commitment is expected to reduce AGL's emissions by 52 percent and align AGL with the goals of the Paris Agreement. AGL committing to Paris-aligned targets will have a positive impact on Australia's pathway to net zero, lowering the overall systemic risk exposure of our members' investments. Remaining invested enables us to use active ownership to push companies to change, thereby helping to manage the long-term systemic climate change risk our members face. HESTA has been engaging with Woodside and Santos through both direct and collaborative programs for a number of years on how they plan to transition their businesses to a low-carbon future. As some of Australia's largest fossil fuel energy producers, Santos and Woodside have a key role in mitigating climate risk and reducing emissions in Australia and the portfolio as our members are typically invested over long timeframes across the economy. It is our view that gas still has a limited role in the energy system, which should be narrowly focused only on firming renewables and certain industrial processes, until technological advances allow for gas to be phased out. Accordingly, we believe the case for divestment from tobacco companies differs from that of gas where there is currently no appropriate substitute in circumstances where its use is limited to this narrow context. The ability to use active ownership to push for change is also quite different. Unlike other sectors that can respond to engagement by changing their practices, the tobacco industry cannot, being no safe level of tobacco consumption. There also hasn't been a successful tobacco engagement, and shareholder pressure has previously been counterproductive. Our engagement, both directly and collectively, has contributed to influencing Woodside and Santos to be more ambitious in their approach to decarbonisation in recent years. For example, our engagement has sought scenario analysis and disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This was subsequently provided by both companies. We also sought targets aligned with the Paris Agreement. At the companies' 2022 AGMs we voted against the companies' climate plans. One of the reasons for our votes was because we believed the companies' plans were not sufficiently aligned to Paris Agreement goals which seek to limit average global temperature increases to 1.5°C. There were strong shareholder votes against the plans, sending a clear message to these companies that their transition strategies require greater ambition. At the AGMs, we also supported several other climate-related shareholder resolutions, with our voting record available on the HESTA website. Societal expectations, scientific research and government action continue to evolve. Accordingly, our broader approach to risk management, and to investment in companies such as Woodside and Santos, is not static. For each company, we continue to assess and monitor progress towards specific engagement objectives related to their operations, strategy and governance. In 2021, we introduced our engagement escalation framework. This provides a broad framework for the engagement and escalation of investee company approaches to the management of material risks. In July 2022, as part of implementing the framework, we assessed the transition progress of companies that are key contributors to emissions in the HESTA portfolio of investments. That assessment identified that Woodside and Santos faced significant decarbonisation challenges, requiring a major shift in their strategies to offer low-carbon energy products. These companies were subsequently moved to a watchlist position according to the engagement escalation framework. This reflects our heightened concern about the disparity between these companies' strategic targets and alignment to a pathway to limit global warming to 1.5oC. Watchlist companies are subject to closer engagement and monitoring. The engagement escalation framework also considers the use of either one or a combination of escalation tools such as voting against 'Say on Climate' resolutions, directors' elections, support or filing of shareholder resolutions and/or consideration of divestment, where HESTA considers there is inadequate evidence of progress to address risks, and where we consider it's in members' best financial interests. Companies' responsiveness to engagement, together with any public announcements (including those in relation to new projects), will inform our

their negative climate and social impacts. Why is HESTA putting members' money into these toxic companies? A tobacco company will not become a health food company so I am glad HESTA has divested from tobacco. It is just as unlikely Woodside will lead in renewable energy so why won't HESTA divest from Woodside?	regular review of our investment in these companies consistent with the best financial interests of our members. Climate change risk management is part of our responsible investment approach that we apply across all investment options. However, we understand that some members may want an investment option that applies a broader range of investment exclusions aligned with their social and environmental values. For these members, we offer the Sustainable Growth investment option.
My super is my second biggest investment. My house is the first. If my super is invested in companies like Santos, Woodside & other fossil fuel producers, I'm effectively investing in burning my own home down. Why shouldn't I completely divest from HESTA & invest ONLY in climate-friendly industries?	HESTA uses the Sustainable Development Investment Asset Owner Platform [(SDI AOP) Taxonomy] to identify investments that qualify as climate solutions. At the end of June 2022, 7.7% of HESTA's investment portfolio (across all asset classes) was invested in climate solutions. Using the SDI AOP, we have identified that within listed international equities, only 2% of the benchmark qualify as climate solutions and for listed Australian equities, that figure is less than 1%. An investment strategy that invests in a small proportion of the available universe is going to be much more concentrated and have more volatile performance than a more diversified investment strategy. It means that over shorter timeframes, that concentrated portfolio might have performance that differs materially from the benchmark. If this were to persist over time, there is a risk that your balance may not be sufficient at retirement. Climate change is a global systemic challenge and climate-related risks exist across the whole economy. So, divestment alone will not protect members from climate-related risks. We believe that simply selling shares in emissions-intensive companies, without first attempting to change the companies' behaviour through engagement, does not contribute to reducing global emissions. Instead, active ownership of companies exposed to transition risk enables us to push companies to take greater action. If we were not a shareholder, we wouldn't be able to effectively push for change and our members would remain exposed to the broader economic impact of climate change. We believe that efforts to cut emissions may not be helped if companies simply sell high-emitting assets, particularly to private owners focused on extending the life of those assets. Shifting these assets to unlisted entities may also limit our ability to influence these companies and manage risks.
If it's important to maintain a long-term perspective when investing, why is HESTA continuing to invest in the very industries that are increasingly endangering our	We share your concerns that the social impacts of climate change are particularly relevant to HESTA members, as the health and community services sector is at the front line in dealing with impacts such as heatwave-related deaths, the spread of infectious diseases, and the potential social dislocation caused by climate refugees. However, we believe the case for divestment from tobacco companies is different, as the ability to use active ownership for change differs. Unlike other sectors that can respond to engagement by changing their practices, the tobacco industry cannot, with there being no safe level of tobacco consumption. There also

lives, homes, livelihoods by causing climate damage? If it's not ok to invest in tobacco, it's not ok to invest in coal, oil or gas. WHO Director Dr Ghebreyesus has called our addiction to fossil fuels an act of self-sabotage on our health. As the super fund for health professionals, why is HESTA investing in companies expanding fossil fuels?	hasn't been a successful tobacco engagement[1], and shareholder pressure has previously been counterproductive. Climate change is a global systemic challenge and climate-related risks exist across the whole economy. So, divestment alone will not protect members from climate-related risks. We believe that simply selling shares in emissions-intensive companies, without first attempting to change the companies' behaviour through engagement, does not contribute to reducing global emissions. Instead, active ownership of companies exposed to transition risk enables us to push companies to take greater action. HESTA has been engaging with emissions-intensive companies through direct and collaborative programs for a number of years. We understand that strategic transformation is not necessarily achieved in a singular exchange or short-term approach, and our investment decisions are made with this in mind. Through our engagement programs we have sought scenario analysis and disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures, and targets aligned with the Paris Agreement. 'Say on Climate' advisory vote provides a means to express a view on companies' climate plans. HESTA has voted against the climate plans of some companies, sending a strong message that we believe their transition strategies require greater ambition, and supported a number of climate-related shareholder resolutions. Another example is the engagement we have undertaken with AGL, Australia's largest emitter of greenhouse gases. In May 2022, AGL proposed to demerge its business into two, creating a separate business for its coal-fired power stations. This new entity, Accel, would run the coal-fired power stations with no commitment to close these plants in a timeframe aligned with the Paris Agreement goals. Our view was that the proposed demerger did not adequately support economy-wide decarbonisation which is in the best financial interest of HESTA members. The proposed model did not incentivise AGL Australia or Accel to invest in renewables and storage at the scale required or reduce emissions and close coal-fired power plants within a timeframe aligned with a <2ºC scenario. With consideration to the stranded asset risk for Accel, along with demerger costs, ongoing coal asset maintenance costs and long-term electricity price uncertainty, our research suggested a combined entity would give AGL the better opportunity for a Paris Agreement-aligned energy transition. After meeting with AGL, we were unconvinced that its demerger strategy would help to accelerate the transition. As a result, we publicly indicated our intention to vote against the demerger. In light of rising resistance from shareholders, the AGL Board decided to withdraw the demerger proposal. As mentioned, if we were not a shareholder, we wouldn't be able to effectively push for change and our members would remain exposed to the broader economic impact of climate change. We believe that efforts to cut emissions may not be helped if companies simply sell high-emitting assets, particularly to private owners focused on extending the life of those assets. Shifting of these assets to unlisted entities may also limit our ability to influence these companies and manage risks.
NGS Super has said other super funds would need to dump Woodside and Santos holdings to meet their emissions targets. How will HESTA meet its targets if it won't divest from Woodside and Santos? How is continuing to invest $228	Mitigating climate change-related risks requires an accelerated transition and a more rapid reduction in emissions. In 2020, we announced our ambition to reach net zero carbon emissions across our investment portfolio by 2050. In September 2022, we strengthened our 2030 target to a 50% reduction in normalised emissions (scope 1 and 2 emissions per million dollars invested), measured against a 2020 baseline. Our detailed analysis gives us confidence that we can achieve our targets primarily through active ownership, focusing on aligning emissions-intensive companies' actions to a 1.5°C transition pathway. Climate change is a global systemic challenge and climate-related risks exist across the whole economy. So, divestment alone will not protect members from climate-related risks. We believe that simply selling shares in emissions-intensive companies, without first attempting to change the companies' behaviour through engagement, does not contribute to reducing global emissions. Instead, active ownership of companies exposed to transition risk enables us to push companies to take greater action. HESTA has been engaging with emissions-intensive companies through both direct and collaborative programs for a number of years. We understand that strategic transformation

[1] https://www.ifswf.org/divestment-spotlight-tobacco

billion in fossil fuels companies consistent with your objective of clean investments?	is not necessarily achieved in a singular exchange or short-term approach, and our investment decisions are made with this in mind. Through our engagement program we have sought scenario analysis and disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and targets aligned with the Paris Agreement. 'Say on Climate' advisory vote provides a means to express a view on companies' climate plans. HESTA has voted against the climate plans of some companies, sending a strong message that we believe their transition strategies require greater ambition and supported a number of climate-related shareholder resolutions. Achieving our targets will require us to continue to adjust and advance our approach to management of climate-related risks as circumstances change. Where we don't believe we can achieve the required change from a company, our engagement with consequences escalation approach considers divestment, if it's in members' best financial interests. In addition, we've set ourselves the target of having 10% of the portfolio invested in climate solutions such as renewable energy and sustainable property by 2030. We'll report progress on this target annually. You can read more about our climate targets on our website.
This year I saw on SBS world news that 130 HESTA members left the fund due to HESTA's investments in companies expanding fossil fuels. How is this impacting the fund? Is HESTA losing a lot of members over this issue?	HESTA invests close to $70 billion in assets under management on behalf of more than 970,000 members. We value the opportunity to help make a difference to all our members' financial futures. Our data does not show any abnormal spikes in the number of members rolling their super out of HESTA in FY22. In fact, our fund continues to grow, and HESTA membership increased by nearly 5% over FY22. HESTA was also in the top 12 superannuation funds for largest net member benefit flows, according to APRA's Annual fund-level superannuation statistics at 30 June 2022. Net member benefit flows represent the total members' benefit flows in, plus net rollovers, less total members' benefit flows out. HESTA operates to serve our members and we take member feedback seriously. Since 2014 we have collected and reviewed the thoughts, expectations and experiences of our members through our Member Experience Program. This data also indicates that HESTA's Net Promoter Score has been trending upwards since tracking commenced in 2017, with more members likely to recommend our products and services. We're committed to keep improving our products and services based on our members' needs. We appreciate that there will be a diverse range of views among our members when it comes to how best to transition to a low-carbon economy. For members seeking a broader range of investment exclusions aligned with their social and environmental values, including fossil fuel-related investment exclusions and restrictions, we offer the HESTA Sustainable Growth investment option. Find out more about our exclusions here.
What proportion of investment in renewable energy is in the sustainable growth fund?	At a Fund-wide total portfolio level, we have 7.7% invested in climate solutions[2]. We have set a target to have 10 percent of the portfolio invested in climate solutions opportunities such as renewable energy and sustainable property by 2030. Identification of opportunities is based on the SDI AOP Taxonomy and includes investments with alignment to UN Sustainable Development Goals (SDGs); SDG 7: affordable and clean energy, SDG 11: sustainable cities and communities and SDG 13: climate action. You can read more about our climate targets here. Our renewable energy investments are held in our infrastructure asset class and to an extent, the private equity asset class. All investment options that have exposure to those asset classes have exposure to renewable energy in proportion to the size of the asset class allocation. In September 2022, HESTA's Sustainable Growth option strengthened its tilt towards investment in companies and assets whose activities are thematically aligned with the Sustainable Development Goals (SDGs). As a result, HESTA has introduced a 2% strategic allocation to the infrastructure asset class in Sustainable Growth, supporting greater capital allocation to investments aligned with the

[2] As at 30 June 2022. http://www.sdi-aop.org/how-it-works/

	SDGs. The initial allocation will increase Sustainable Growth's existing exposure to renewable energy assets currently held through the listed equity and private equity portfolios. This contributes to SDG 7: affordable and clean energy.
How is HESTA working towards supporting action to mitigate climate change and divesting from fossil fuels and climate damaging investments?	In 2020, we announced our ambition to reach net zero carbon emissions across our investment portfolio by 2050. In September 2022, HESTA strengthened its interim emissions reduction target to a 50% reduction in normalised emissions (scope 1 and 2 emissions per dollar invested) below the 2020 baseline, by 2030. HESTA was the first large Australian superannuation fund to announce the exclusion of pure-play thermal coal investments in 2015. In March 2022, work was done to consider the potential stranded asset risks across the oil and gas industry, which found that 'unconventional oil and gas' represented the highest risk of asset stranding and misalignment with the goals of the Paris Agreement. HESTA's Board subsequently approved an exclusion for 'pure play' unconventional oil and gas companies (with revenues and reserves >75% unconventional oil and gas). HESTA endorses the Paris Agreement and the recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD). We are a signatory to the Paris Aligned Investment Initiative and have committed to address climate risks and opportunities across the Fund by: • incorporating the underlying principles of the Paris Agreement and an equitable transition into our approach to the management of climate-related risks and opportunities • considering the short, medium and long-term consequences of climate change and integrating these into investment strategy, stress testing and portfolio construction processes • assessing investment manager processes used to identify and manage climate-related risks and opportunities as part of the selection and monitoring of investment managers • actively engaging with investment managers and service providers to encourage greater awareness and integration of climate risks and opportunities into the investment process • assessing the exposure of our investments and their supply chains to climate-related risks including, but not limited to, physical, transition and legal risks • engaging with investment managers to ensure risks are being managed appropriately • engaging with companies and assets, and collaborating with other investors, to advocate for emission reduction targets and plans aligned to the Paris Agreement, capital allocation and executive remuneration aligned with climate targets, disclosures in line with the TCFD recommendations and Board capabilities in the area of climate change • exercising our voting rights consistent with our engagement objectives • escalating engagement to manage material residual climate risks • considering divestment either on a sector or company basis where HESTA considers there is inadequate evidence of progress to address risks and it's in members' best financial interests (current sector exclusions are described in *Investment choices*) • proactively investing in climate solutions such as renewable energy and sustainable property that offer competitive risk-adjusted returns • advocating for strong action on climate change by companies and governments consistent with transition to a net zero emissions global economy by 2050 • measuring and monitoring portfolio carbon emissions, with a view to reducing emissions in line with HESTA's climate targets • maintaining carbon neutrality under the Climate Active program for HESTA corporate operations • disclosing our progress on the above with regard to the TCFD recommendations.
Given how rapidly green hydrogen production costs have gone below $2 a kilo AUD, what due diligence has	Commercialisation of hydrogen and deployment of hydrogen for energy generation at the scale we need to support the transition we expect will take some time. A significant amount of investment is required in renewable energy generation over many years to displace oil and gas, and in the interim, traditional energy sources will continue to be relied on globally. We believe green hydrogen can play a potential role in providing tangible emissions reduction, alongside other renewable energy sources such as wind and solar powered energy.

HESTA done to ensure members investments in gas (Woodside and Santos) don't become stranded assets when the Ukraine war ends? New gas projects contravene the Paris agreement. Ethics to divest?	We are pleased to advise that HESTA signed a term sheet this year for a potential investment of up to $100 million in the Re Nu Energy Group's projects to produce green hydrogen. HESTA's proposed investment is intended to support domestic green hydrogen projects from concept to production to be used in gas networks and industrial applications. As some of Australia's largest fossil fuel energy producers, Santos and Woodside have a key role in mitigating climate risk and reducing emissions in Australia and the portfolio as our members are typically invested over long timeframes across the economy. The life expectancy of current projects within Woodside and Santos portfolios suggests these assets will cease operating ahead of that point at which the world transitions to renewables energy. Woodside, for example, is actively working on a number of hydrogen projects. The company is seeking to get to Final Investment Decision on the first of these projects in 2023, a US-based green hydrogen project. By remaining a shareholder in companies that have the potential to transition to clean energy producers, we can use active ownership to advocate for them to accelerate the transition to a low-carbon economy by allocating greater capital to new energy technologies like green hydrogen.
What is HESTA's approach to ethical divestment?	As a large and diversified asset owner, the financial performance of our portfolio is supported by a strong and stable market and affected by systemic risks[3] and opportunities. Factors such as gender equality, decent work, and good health and wellbeing support strong market fundamentals including economic growth that drive member investment returns, while systemic risks such as climate change and biodiversity loss[4] have the potential to undermine these. System-level issues cannot be mitigated through diversification or divestment. We may restrict investment in sectors and companies that we consider: • contravene international treaties or conventions, or • cause indiscriminate harm to society or the environment, or • face significant risk of asset stranding[5], or • are involved in severe or repeated controversies that erode their social licence to operate, and • where a company has failed to address material risk exposures and engagement is either not possible or has proved ineffective, and • where divestment is believed to be in the best financial interest of members. HESTA was the first large Australian superannuation fund to announce the exclusion of pure-play thermal coal investments in 2015. In March 2022, further work was done to consider the potential stranded asset risks across the oil and gas industry, which found that 'unconventional oil and gas' represented the highest risk of asset stranding and misalignment with the goals of the Paris Agreement. HESTA's Board subsequently approved an exclusion for 'pure play' unconventional oil and gas companies (with revenues and reserves >75% unconventional oil and gas). In recognition that some members prioritise sustainability-related issues such as climate change beyond other issues, we offer the Sustainable Growth investment option that excludes investments in companies involved in certain fossil-fuel related activities. You can read more about the exclusions in *Investment choices*.
What ethical investments does HESTA make?	We invest responsibly to deliver strong long-term performance. Responsible investment is an approach to investing that incorporates the consideration of environmental, social and governance risks and opportunities into investment decision making and active ownership, to promote the best financial interests of members. You can find our responsible investment policy on our website and it applies to the whole of portfolio. We use a range of tools to invest responsibly including responsible investment integration, exclusions, active ownership, portfolio tilting, thematic investing and impact investment.

[3] Systemic risk are those that threaten the functioning of the economic, financial and wider systems on which investment performance relies (United Nations Environment Project Finance Initiative)

[4] HESTA defines gender equality, decent work, good health and wellbeing, climate change and biodiversity loss in line with the relevant UN Sustainable Development Goals (SDG5, SDG8, SDG3, SDG7 and 13, SDG14 and SDG15), which are HESTA's priority SDGs.

[5] Stranded assets are those assets that at some time prior to the end of their economic life are no longer able to earn an economic return.

	We endorse the ambitions of the United Nations Sustainable Development Goals ('SDGs') as an ambitious framework to address systemic risks and identify areas of opportunity. Our resourcing prioritises a number of SDGs: • Climate Action • Good Health and Wellbeing • Gender Equality • Decent Work • Sustainable Cities and Communities • Biodiversity We aspire to contribute to outcomes aligned with the aims of these priority SDGs through our capital allocation and active ownership. As at 30 June 2022, HESTA had more than $4 billion invested through listed equities in alignment with these priority and broader SDGs, and in alignment with the Sustainable Development Investment Asset Owner Platform (SDI AOP) Taxonomy. We term this thematic investment. Learn more about the Sustainable Development Investments taxonomy in our 2021-22 Annual Report. The HESTA Sustainable Growth investment options seeks to avoid exposure to particular activities and tilt investment towards company and assets whose activities are thematically aligned with the SDGs. You can read more about the Sustainable Growth option. HESTA has set a target to have 10% of the portfolio invested in climate solutions opportunities such as renewable energy and sustainable property by 2030. This is from the current baseline of 7.7% invested in climate solutions across the total portfolio. Identification of opportunities is based on the SDI AOP Taxonomy and includes investments with alignment to UN Sustainable Development Goals (SDGs); SDG 7: affordable and clean energy, SDG 11: sustainable cities and communities and SDG 13: climate action. You can read more about our climate targets here.
Do you intend to put a cap on the admin fees charged on your income stream (allocated pension) product, or do you intend to remain the most expensive industry fund income stream?	At HESTA, we regularly review our fees and costs to ensure they remain competitive while providing the services, benefits, information, member care and online tools that our members expect. We're pleased to tell you that the administration fees and costs on your income stream account will decrease from 1 February 2023. We're also introducing a cap on our administration fees and costs, so you won't pay fees on the part of your balance over $600,000 from 1 February 2023. Read more here. Note that for members who joined HESTA by way of a successor fund transfer with balances less than $25,000 may have previously been entitled to a full or partial waiver, or rebate of the weekly fee component of the administration fee, exercised at HESTA's discretion. To simplify ongoing administration across all accounts, from 1 February 2023, this waiver will no longer apply. Read more here.
Given that Siemens AG invests in fossil fuels, does HESTA propose to continue investing in this company in the sustainable growth fund.	As at 30 June 2022, HESTA Sustainable Growth had no exposure to Siemens AG. To find the full list of portfolio holdings for each of HESTA's investment options, please visit our portfolio holdings web page.

A UN convened group report on greenwashing states companies cannot claim to be "net zero" while continuing to build or invest in any new or existing fossil fuel supply. Is HESTA greenwashing?	In 2020, HESTA declared its ambition to reach net zero carbon emissions across the investment portfolio by 2050. By this point we would expect that investments in fossil fuels would be significantly lower than today, as they would be within the energy mix. In September 2022, HESTA strengthened its interim emissions reduction target to 50% reduction in normalised emissions (scope 1 and 2 emissions per dollar invested) below the 2020 baseline, by 2030. We measure progress toward our 2030 and 2050 carbon reduction targets through monthly measurement of emissions for listed equities, and annual measurement for all other asset classes. Our progress will be reported through our annual Climate change eport.
What analysis have HESTA directors done to ensure companies they are not divesting from, will not become climate damages litigation liabilities to members material interests? Is this sufficient to fulfil your fiduciary duties to members?	HESTA's exposure to financial risk as a result of portfolio company climate litigation is limited to the value of its shareholdings in any particular company. At HESTA, we consider climate-related risk as a financial risk that can include transition risk, physical risk and liability risk. As an Australian Prudential Regulatory Authority regulated entity, the Prudential Practice Guide CPG 229 Climate Change Financial Risks has been integrated into our climate change approach. The HESTA Board is at all times responsible for the Fund's investments including management of investments in a manner consistent with the best financial interests of members. Regular reporting is provided to HESTA directors including information on sectors, activities and companies that may be exposed to significant risk, and broader assessment on transition risks, including stranded asset risks to particular companies across the portfolio (not only oil and gas companies). HESTA continues to assess and evaluate the ongoing role of high emitting companies in the portfolio as the dynamic and complex issues associated with climate change continue to evolve. Governance is a pillar of our Climate Change Transition Plan available on our website. HESTA's 2021 Climate change report outlines our Climate Change Governance Framework, and how the Board oversees climate risk and opportunity management.
I am a bit alarmed about how your social activism, especially when leveraged with quotas, is going to be developed. 40% women on boards now...climate metrics next??...then quotas for what next? people of colour, vegans. Not sure how this is connected to 'growing my super balance'.	HESTA seeks to invest responsibly and deliver strong returns. As a super fund invested in the global economy, a strong and stable market supports the long-term financial performance of our portfolio. Factors such as gender equality, decent work, and good health and wellbeing support strong market fundamentals, including economic growth, that drive member returns. Systemic risks such as climate change, inequality and biodiversity have the potential to undermine these fundamentals and these issues cannot be mitigated through diversification or divestment. There is a growing body of evidence that shows more women in leadership can help improve business performance and enhance long-term value for shareholders, which can ultimately benefit our members. In addition, research shows organisations that set composition targets for their executive teams are more likely to achieve balanced representation of men and women. Chief Executive Women's Senior Executive Census 2022 found more than 70% of ASX 300 companies with 40%+ gender targets had achieved gender balance in their executive teams. Conversely, the 2022 census also showed most companies that had achieved gender balance in 2021 but did not maintain it in 2022 had either set low or had no targets. Climate risks include physical, transition and liability risks which can cause damage to assets, reduced revenue, increased costs, changes in asset viability, business disruption and penalties. Additionally, industries that fail to adapt to a low-carbon economy may have workforces that become displaced, resulting in unemployment and precarious economic conditions for some communities. As a large, diversified asset owner, long-term climate-related risk exists for HESTA members, regardless of portfolio assets, as the risk is systemic. We consider that members' best financial interests are served through a timely, equitable and orderly transition to net zero emissions by 2050 to minimise the systemic risks of climate change. HESTA also has an important role to play in the transition to a low-carbon economy in line with the Paris

	Agreement goals, and we think there are important investment opportunities that will help deliver long-term value for HESTA members. We have more information available on our website. You can read the HESTA responsible investment policy to find out more about our approach to responsible investment.
Will the recent court decision finding Santos has failed to properly consult with Munupi Traditional Owners over the Barossa gas project affect HESTA's investment in Santos?	We will approach this in the same way we treat any other company involved in a court case. The outcome of the court decision does influence our engagement and what we're expecting from the company in future engagement. We are supportive of the Court's findings, and it is our position that companies must consult with Traditional Owners. We note that the regulator, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), originally approved Santos' consultation process. This goes to the heart of the issue where we have weak regulatory processes and why we are supportive of, and have advocated for, strengthened cultural heritage protection standards. We understand that the next step is that Santos will seek new approvals, in accordance with the guidance provided by the Court. The rights of First Nations and the protection of cultural heritage is a priority focus for HESTA. You can watch this short video for more information on the importance of laws that protect Traditional Owners and their heritage.
HESTA's website lists thermal coal divestment as one of the key demonstrations of HESTA being a "leader in climate action." However, wouldn't divestment from companies involved in oil and gas production also constitute leadership in climate action?	HESTA was the first large Australian superannuation fund to announce the exclusion of pure play (concentrating on one product) thermal coal investments in 2015. In March 2022, further work was done to consider the potential stranded asset risks across the oil and gas industry, which found that 'unconventional oil and gas' represented the highest risk of asset stranding and misalignment with the goals of the Paris Agreement. As part of this work, we conducted a stranded asset analysis of fossil fuel exposures based on the following assessment factors: transition risk, un-burnable carbon cost competitiveness, social licence, and engagement escalation. As a consequence of this analysis, in June 2022 HESTA's Investment Committee endorsed, and in July 2022 HESTA's Board approved, an exclusion for pure play unconventional oil and gas companies (with revenues and reserves >75% unconventional oil and gas) in addition to other existing exclusions. You can find more information about our exclusions here. Where we have divested from thermal coal, we have taken this action because we believe these assets pose a nearer term stranded asset risk. Our responsibility to act in the best financial interests of our members means that we will only divest from a sector after in-depth analysis has been conducted and we determine that divestment is the in the best financial interests of our members. Societal expectations, scientific research and Government action continues to evolve. Accordingly, our broader approach to risk management and to investment in companies is not static.
If the sustainable option has consistently earned more and does not invest in companies expanding fossil fuels why doesn't HESTA exclude those investments across the whole portfolio?	Over 10 years to 30 November 2022, our Sustainable Growth option has been our best performing Ready-Made option*. Our Ready-Made options are designed to meet the needs of members who want exposure to a diversified portfolio of investments across different asset classes and with different risk/return outcomes. As such, Sustainable Growth has a different asset class mix to other investment options and will produce different investment outcomes. For example, Sustainable Growth has a slightly higher allocation to listed markets compared to Balanced Growth. In contrast, Balanced Growth has a higher allocation to infrastructure and alternative assets. The HESTA Sustainable Growth option seeks to avoid exposure to particular activities and tilt investment towards companies and assets whose activities are thematically aligned with the UN Sustainable Development Goals (SDGs). In addition to our portfolio-wide restrictions and exclusions, we have implemented more extensive ones in Sustainable Growth, pertaining to issues broader than fossil fuels and includes (but not limited to) gambling, palm oil, weapons and live animal exports. This in turn adjusts the composition of the asset classes and can lead to different investment outcomes. An investment strategy that invests

<table>
<tr><td></td><td>in a smaller proportion of the available universe is going to be much more concentrated and have more volatile performance than a more diversified investment strategy.

* Investments may go up or down. Past performance is not a reliable indicator of future performance.</td></tr>
<tr><td>Is Balanced Growth better option for retirees or best to stay with Conservative? (I don't income stream)</td><td>HESTA offers Ready-Made Investment Options to suit a spectrum of risk appetites from conservative to high growth. HESTA also offers members a range of Your Choice investment options, which provide members the flexibility to invest in their preferred mix of assets. For our HESTA Income Stream members, our default strategy is a blend of HESTA Income Stream Balanced Growth and HESTA Income Stream Conservative. This strategy gradually reduces the weighting of growth assets as the member withdraws capital, and therefore lowers the risk of the portfolio over time. To assist with investment decisions, HESTA encourages members to engage with our advice team who can recommend a tailored portfolio following an assessment of the member's financial position and risk appetite.</td></tr>
<tr><td>HESTA says they are investing at least 10% of their portfolio in climate solutions by 2030. What percentage of HESTA's portfolio is currently invested (and likely for the next 8 years!) in climate wrecking companies. Surely 8 years of climate damaging investment is more damaging than last hour help?</td><td>At a fund-wide, total portfolio level, we have 7.7% invested in climate solutions.[6] We have set a target to have 10% of the portfolio invested in climate solutions opportunities such as renewable energy and sustainable property by 2030.

Identification of opportunities is based on the SDI AOP Taxonomy and includes investments with alignment to UN Sustainable Development Goals (SDGs); SDG 7: affordable and clean energy, SDG 11: sustainable cities and communities, and SDG 13: climate action. You can read more about our climate targets here.

We have analysed HESTA's total portfolio exposure by fossil fuel type for the past three years. This exposure is reported in our annual Climate Report, detailing developments in our Climate Change Transition Plan. HESTA's current fossil fuel investment exclusions can be found in Investment choices.

The slight increase in FY22's fossil fuel generation exposure (comparative with FY21) is attributable to the June 2022 merger of BHP's petroleum business into Woodside Energy, leading to an overall increase in HESTA's portfolio holding of Woodside to shareholders.

Fuelled by the ongoing conflict in Ukraine, FY2022 presented challenges across the energy sector, which saw large supply chain disruptions, leading to higher oil and gas prices and increasing market valuations of energy companies.

<table>
<tr><th></th><th>FY20 %</th><th>FY21 %</th><th>FY22 %</th></tr>
<tr><td>Thermal coal mining</td><td>0.08%</td><td>0.08%</td><td>0.04%</td></tr>
<tr><td>Fossil fuel generation</td><td>0.38%</td><td>0.21%</td><td>0.28%</td></tr>
<tr><td>Oil and gas:</td><td></td><td></td><td></td></tr>
<tr><td>- refining</td><td>0.52%</td><td>0.58%</td><td>0.61%</td></tr>
<tr><td>- extraction</td><td>1.04%</td><td>1.00%</td><td>1.41%</td></tr>
<tr><td>- pipelines</td><td>2.41%</td><td>2.02%</td><td>1.99%</td></tr>
<tr><td>Total fossil fuel exposure*</td><td>4.43%</td><td>3.89%</td><td>4.33%</td></tr>
</table>
*The June 2022 exposure % is calculated on $66bn total funds under management</td></tr>
<tr><td>What expertise does HESTA have among executive decision makers on issues of holistic sustainability?

Do you have representation on the board with a focus on zero carbon targets?</td><td>HESTA maintains a Skills Matrix which captures the experience and qualifications of all directors and provides a cohesive view of the collective capability of its Board. This Skills Matrix is reviewed on an annual basis and takes into account the expertise needed of the Board (including its committees) regarding the organisation's strategic objectives.

The Skills Matrix is utilised in the context of planning for Board renewal and is referred to in filling Board vacancies as they arise. The skills and competencies of Board members is also reviewed as part of the Board's regular external Board performance review process.

Over FY22, HESTA directors attended climate change education sessions held by various peak groups including The Association of Superannuation Funds of Australia, Australian Institute of Superannuation Trustees, Australian Council of Superannuation Investors and Australian Institute of Company Directors. The sessions ranged from climate governance to climate adaptation and climate change investing.</td></tr>
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	Our Investment Committee (IC) works closely with our investments team and the Board to make strategic decisions on how we manage members' money. Each quarter the IC monitors climate-related risks and reviews annually the implementation, performance, and progress of our Climate Change Transition Plan, which includes HESTA's commitment to halve normalised emissions (scope 1 and 2 emissions per million dollars invested, measured against a 2020 baseline) across our entire investment portfolio by 2030 and achieve net zero by 2050.
Does HESTA have exposure to cryptocurrency? e.g. recent FTX bankruptcy etc. Also is there any investment write-off?	At this stage, HESTA does not allocate any investments to cryptocurrencies. However, with our investment management partners we monitor developments across different sectors. We were unable to answer the "investment write-off" component of the question presented to the Annual Member Meeting as we were unclear as to its intention.
Is it advisable to have an Income Stream Account? If so, how is beneficial to us members?	It really depends on your personal circumstances and your need to access income payments. By opening a Retirement Income Stream using your super, you can receive a regular income (tax free if you're over 60) while the balance stays invested for you. The HESTA income stream is a flexible way to access your super as you can choose how much and the frequency of when you're paid an income (within the limits set by the government) as well as accessing additional tax-free lump sum payments (generally not available for TTR members). Another great thing about Retirement Income Stream Accounts is that all earnings generated are tax free (except for TTR). There are some age and work-related requirements that need to be met to open a Retirement Income Stream account and the suitability will ultimately be decided by your personal circumstances. If you'd like to speak to someone about a Retirement Income Stream, make a time to chat with us at **hesta.com.au/advice**
Are there suggested portfolios based on the age of the member?	HESTA does not recommend portfolios based on the age of our members. We encourage our members to speak with our member advice team who can assist with understanding their financial situation and preferences and help select the most appropriate investment option to suit their needs.
Thank you for your presentation. This is largely aimed at Accumulation accounts however I am now concerned with pension funds of which I now have. What do you now have for retirees where our balance is decreasing much faster than the amount we are taking to live on.	We're sorry to hear that your balance has fallen more than you have been drawing out. This is likely due to the challenging investment climate we have found ourselves over the previous 12 months. Drawing down on retirement savings is the nature of an income stream account. Therefore, the investment objective is not simply to preserve the account balance. Our Retirement Income Strategy considers factors including if members are drawing enough from their accounts. Superannuation is a long-term investment. While it's disappointing when there is short-term market volatility, a focus on the long term will ensure that the returns generated will help to support your lifestyle over the entirety of your retirement. If you would like to review your investment strategy to ensure that it is appropriate for you, please reach out at **hesta.com.au/retirement-hub**
Are there plans to support two factor authentication to reduce the risk of cyber-attack?	HESTA recommends that you enable the two-factor authentication option for your online account as this provides an extra layer of security. Log into your account via the HESTA website and within your 'Personal details' settings, head to the 'Preferences' tab. Scroll down to the section labelled 'Extra online security for your account', which you can toggle to 'Yes'. HESTA will send a verification code to your registered mobile for you to enter. A new code will be sent each time you log in.
Noticed Hesta is among 2-3 super funds I noticed that	HESTA invests in advertising to build brand awareness to enable member growth. We believe member growth is critical in providing benefits of scale that can help us deliver the best possible retirement outcomes for our members. It's our view that growing the fund can help us:

advertises on prime time television. What is the purposes of such advertisement?	• keep our operating costs low for members • improve our ability to attract quality investment opportunities • expand our range of products and services • focus on further improving members' experiences with us.
Why does income protection insurance through superannuation not increase as a member has pay rises? For example my income protection was commenced over 10 years ago and my pay has progressively increased over this time. For me to increase my insurance I need to complete a new application.	Income Protection Cover does not automatically increase as your salary increases. If your salary has increased since you first received IP, you can apply to increase your cover in line with your new salary. It is important for members to assess their insurance needs as their circumstances changed, including their income, as this is only one factor to consider in assessing the cover you need. To apply for a change in cover, simply complete and return the Getting standard insurance cover more than 90 days after joining form available from **hesta.com.au/forms**
When will HESTA increase their ambition with climate solution investment? Since women are the highest impacted group from climate disasters, surely they owe it to their members to make a more significant investment?	HESTA has set a target to have 10% of the portfolio invested in climate solutions opportunities such as renewable energy and sustainable property by 2030. Identification of opportunities is based upon the Sustainable Development Investment Asset Owner Platform (SDI AOP) Taxonomy and includes investments with alignment to UN Sustainable Development Goals (SDGs); SDG 7: affordable and clean energy, SDG 11: sustainable cities and communities and SDG 13: climate action. You can read more about our climate targets here. Additionally, in 2022, HESTA's Sustainable Growth option has strengthened its tilt towards investment in companies and assets whose activities are thematically aligned with the SDGs. From 30 September 2022, HESTA introduced a 2% strategic allocation to the infrastructure asset class in Sustainable Growth, supporting greater capital allocation to investments that are aligned with the SDGs. The initial allocation will increase Sustainable Growth's existing exposure to renewable energy assets currently held through the listed equity and private equity portfolios. You can find more information about how Sustainable Growth invests here.
Is HESTA open to investing in the Victorian government's proposed State Electricity Commission of Victoria?	HESTA considers opportunities to invest in unlisted assets like infrastructure assets and may do so where they provide appropriate risk-adjusted returns for members. These investments are well suited to long-term super fund capital, providing diversification and delivering value for members over the long term. We have not considered opportunities arising from the Victorian Government announcement. However, supporting appropriate opportunities arising from the energy transition globally is an area of focus for HESTA. Investment opportunities arising from this announcement would be subject to the same due diligence process as all infrastructure investments to assess whether the investment is in our members' best financial interests.
HESTA could deliver some temporary 3D printed housing in the Renewable energy zones	HESTA is committed to identifying solutions to our affordable housing challenge and expects to commit a founding investment of $240m in a specialist affordable housing fund manager Super Housing Partnerships. HESTA considers a broad list of evaluation factors when assessing investments and seeks external advice as appropriate. The core foundation is to ensure that any investment decision is in the best financial interest of members. This investment selection process

(REZ) that could also become good emergency housing for women (in domestic violence circumstances) and provide longer term housing for the homeless. What commitment will Hesta make to mobile dentists and GPs?	would also apply to the investment opportunities listed in the question; however, we can't provide any specific details at this time.
Total terminal disability because of an accident, why is it not in our insurance policy as a matter of law for us as members and not as a choice??	We believe that insurance through super must be balanced against the impact that insurance fees can have on members' retirement outcomes. This consideration drives decisions we make about our automatic insurance offering for members. Most HESTA members receive automatic insurance cover with HESTA when they become eligible. In addition to the standard IP Cover and Death Cover, you also have the option of applying for Lump-sum TPD Cover, which provides a lump-sum benefit to assist you and your family in the event you are totally and permanently disabled and unlikely ever to be able to return to work. Read more about our insurance cover, including TPD. You can tailor your type of insurance and level of cover to suit your changing needs. You can do this if you are eligible through your online account at **hesta.com.au/login** • additional Death/Terminal Illness Cover • additional IP Cover • changes to the IP waiting period, or benefit payment period or the age at which cover ceases • optional Lump-Sum Total and Permanent Disablement (TPD) Cover • a reduced insurance fee for those members who meet certain occupational criteria. For a summary of the insurance available through HESTA super, see *Insurance options.* For a summary of the insurance available through HESTA for Mercy, see *Insurance options.*
Can you introduce more indexed based options with low fees?	HESTA does currently offer an Indexed Balanced Growth option for our members. Our Indexed Balanced Growth option has an investment fee and costs of 0.05% p.a., as per our 30 September 2022 PDS. At this stage, we don't have any plans to introduce new investment options.

6 As at 30 June 2022. http://www.sdi-aop.org/how-it-works/