

**Minutes of Annual Member Meeting
Health Employees Superannuation Trust Australia (HESTA)**

Tuesday, 30 November 2021, 5.30 to 7pm AEDST
Hosted virtually via www.hesta.tv and Zoom

IN ATTENDANCE:

Directors	<p><i>Independent Directors</i> Nicola Roxon, Board Chair Mark Burgess, Investment Committee Chair</p> <p><i>Employer organisation appointed Directors</i> Deborah Cole Gary Humphrys Catherine Smith Saranne Cooke Alan Morrison</p> <p><i>Employee organisation appointed Directors</i> Lloyd Williams Helen Gibbons Lori-Anne Sharp Emeline Gaske Benjamin Davison Brett Holmes</p>
Executives and other Responsible Officers	<p>Debby Blakey, Chief Executive Officer Sonya Sawtell-Rickson, Chief Investment Officer Stephen Reilly, Chief Operations Officer Megan Bolton, Chief Financial Officer Lisa Samuels, Chief Experience Officer Joshua Parisotto, Chief Advice Officer Andrew Major, Chief Risk & Compliance Officer Tim Mitchell-Adams, Chief Growth Officer</p> <p>Laura Dhana, Company Secretary</p>
Other attendees	Nicole Osborne, Auditor – PricewaterhouseCoopers
Apologies	Klaus Zimmermann - Employer organisation appointed Director

WELCOME

The Chief Executive Officer (CEO) welcomed the members to the virtual HESTA Annual Member Meeting (**AMM**) and commenced the meeting by acknowledging the Traditional Owners of the lands on which we were meeting across Australia, and paid respect 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, the Fund’s External Auditor and the Leadership Team at the meeting and also the Fund’s employees who have joined the meeting.

The CEO acknowledged the incredible sacrifices that all our members working in the health and community services sector have made to support and care for our community this year, in the face of prolonged uncertainty and challenges, which has been inspiration for our purpose and everything we do at HESTA.

The CEO explained that the AMM is an opportunity to connect with members directly on our performance, plans for the future and to for members to ask questions.

The CEO summarised the order of the meeting which includes presentations from:

- The CEO on our purpose, how the year unfolded at HESTA and the results we delivered.
- The Board Chair on member outcomes and the role of fund governance in supporting HESTA's purpose through this period of such rapid change.
- The Investment Committee Chair on our investment focus and strategy.
- The Chief Investment Officer on investment performance.

The meeting will then be open for questions which can be submitted online at any time during the meeting. The CEO noted that questions will need to be kept general and not take into account personal financial situations. Account specific questions will not be answered. If account specific assistance was required, details will be provided at the end of the presentation on how the team can support.

CHIEF EXECUTIVE OFFICER ADDRESS

The CEO spoke to HESTA's purpose - We invest in and for people who make our world better. Acting in members best financial interest is at the core of what we do at HESTA. All decisions made are done in this context to create a positive impact on members' financial futures in retirement

The CEO gave an overview of how HESTA has made a positive impact on members' financial futures over the year which included:

- Our continued sharp focus on positive financial impacts through superannuation as COVID continued to disrupt Australia and the world.
- Delivering value through investment excellence, through innovative digital and advice experiences, and through strong partnerships.
- Investment performance and strong returns:
 - HESTA MySuper authorised accumulation default option, Balanced Growth achieved just over 19% for the year. This result contributes to this investment option achieving a 10-year average return of over 8.8% per annum.
 - HESTA's Sustainable Growth investment option continues to be a flagship globally for sustainability and responsible investment achieving over 23% for the financial year. This is the best performing balanced product in Australia over the past year. The Sustainable Growth result is an example that we can invest with a sustainability lens while delivering those strong returns.
- The accolades received in recognition of the pursuit of our purpose which included:
 - Most awarded super fund in Money magazine's Best of the Best Awards for 2021
 - HESTA Sustainable Growth investment option winning four awards recognising the power of responsible investment and investing in long-term meaningful change
 - Bring recognised across the board for our investment performance and quality products by ratings agencies.
 - Being recognised by SuperRatings as Career Fund of the Year and with the Net Benefit award.
 - HESTA scored the highest customer satisfaction rating among industry and retail funds according to independent research agency, Roy Morgan's latest survey.

The CEO noted the development of the HESTA Climate Change Transition Plan, which outlines the strategy to achieve net zero carbon emissions in our portfolio by 2050 with an interim target at 2030.

The CEO shared the focus to support a fairer and more sustainable world and the impact that can be achieved through its size and scale to raise awareness on issues that not only affect the value of our investments, but also help protect our environment, build stronger communities and achieve better long-term outcomes for our members. This is achieved through engagement with the companies and the organisations we invest in to ensure the long-term potential for return and risk is appropriately managed. The CEO shared a couple of case studies of this engagement such as its engagement with Rio Tinto to hold them accountable for the destruction of the Juukan Gorge Aboriginal heritage sites last year; and the work done leading engagement with ASX 200 companies on improving their gender diversity.

The CEO also shared the internal enhancements that have been undertaken through the disruptive COVID year to maintain member engagement and experience such as digital enhancements when using our products and services including the online distribution of annual statements; and the enhanced new digital dashboard which allows members to understand how their super has grown and to view the impact of their contributions and returns on their balance. The CEO noted the

development of the online tool, Future Planner to provide help and advice to members at scale and the positive uptake of this offering within the first two months of the launch of Future Planner.

Bearing in mind the continued challenging time for many of our partners in the health and community sector and for our community as we navigate the global shockwaves of COVID, the CEO also noted the use of our data and insights to publish research into the future of our aged care, early childhood education and care, community and disability workforces to assist our partners to understand their workforces better and aid them in meeting the workforce challenges.

Before handing over to the Board Chair, the CEO reaffirmed HESTA's commitment to not only seek to deliver strong long-term returns to improve members' retirement outcomes, but also to have that positive impact on members' lives and the world in which our members live and work. The CEO acknowledged and thanked the HESTA Board for the incredible commitment, unwavering diligence, and support through a challenging year. The Board's insights and counsel have been fundamental to setting the fund up for long term success in the years ahead.

CHAIR ADDRESS

The Board Chair welcomed everyone to the meeting and took the opportunity to acknowledge to thank the Executive Team and HESTA's employees who have continually adapted to this year's demands arising from COVID and the state-wide lockdowns and their unwavering focus on members over the last 12 months.

The Board Chair gave an overview of the Board's focus to ensure the delivery on the outcomes set to continue to deliver value to members, particularly throughout COVID recovery period. This included:

- Maintaining its focus on acting and making decisions in the best financial interest of members
- Navigating the external regulatory environment to ensure the management of change and advocacy is well-designed for the benefit of members.

The Board Chair gave an overview of the Board composition and changes to the Board members over the last 12 months. The Board Chair thanked the directors for their flexibility, tolerance and determination in making the remote board meetings over the year successful and effective. Noting that most of the Directors are nominated by eligible guarantor organisations in the health and community services sector, the Board Chair acknowledged and thanked the guarantors for the vital work of their own members which has been pivotal in supporting the community throughout the COVID crisis.

The Board Chair noted HESTA's future focus and the recommitment to maintain HESTA's ambitious focus. This included the evolving partnerships and employer relationships to capture growth, leveraging our significant digital investment and platforms to deliver faster and smarter online and mobile solutions; investing and making decisions to return value and improve outcomes; and using expertise and influence to deliver strong long-term returns that contribute to better financial and retirement outcomes for members, while accelerating progress to a more sustainable world.

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

INVESTMENT COMMITTEE CHAIR ADDRESS

The Investment Committee Chair noted the exciting year from an investment perspective and gave an overview of the strong investment performance over the last 12 months noting that it was the strongest financial year returns for our MySuper Balanced Growth option in its history. Funds under management grew from \$53.3 billion to \$64.3 billion with strong cash flows.

The Investment Committee Chair shared his insights on the importance of staying invested and maintaining a long-term perspective including market movements during the pandemic.

The Investment Committee Chair also shared and presented the forward-thinking approach in setting investment objectives.

The Investment Committee Chair also gave an overview of:

- The legislative changes introduced during the year such as the early release payments program and the annual performance test, of which HESTA had passed the first annual performance test

- The extensive work undertaken around climate change and modern slavery
- The overall approach to responsible investment in the UN Principles of Responsible Investment global assessment report noting that HESTA was the first major superannuation fund in Australia to announce its commitment to net zero by 2050, along with interim targets and published its climate transition plan, which outlines the steps being taken to meaningful climate action
- The evolution of the HESTA investment team as it expands its internal capability and the potential benefits in leveraging from that expansion across the organisation and ultimately for its members
- The composition and recent changes to the investment committee.

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

CHIEF INVESTMENT OFFICER ADDRESS

The Chief Investment Officer (CIO) gave an overview of the latest market news and HESTA's investment performance over 2020/21 which included an overview of how the economy recovered from the COVID pandemic over the year, how it has driven investment performance and the future market outlook.

Noting the strong asset class performance, the CIO gave an overview of the performance of the Fund's options noting in particular:

- The strong performance for the MySuper Balanced Growth option. The Balanced Growth option delivered 19.03% for the financial year which as mentioned previously is an all-time high. The Balanced Growth option substantially exceeded its target investment objective over the year and through time. Over the past decade, HESTA's Balanced Growth has produced an average annualised return of 8.87% per annum for members. Not only is this a strong absolute return, but it is also a strong outcome relative to peers. The Balanced Growth option continues to outperform the SuperRatings balanced fund appear index and is in the top quartile over three, five and ten year periods ended 30 June.
- Other Ready-Made investment options also delivered excellent investment outcomes for the financial year. The High Growth option was the strongest performing option for the year, delivering 24.92%, given its higher exposure to growth assets. All options have also materially outperformed their investment objectives and achieved top quartile performance over three, five and ten year periods as ranked by the independent consultant, SuperRatings
- The Income Stream Ready-Made options also performed very well
- HESTA's Sustainable Growth option delivered an annual return last financial year of 23.03% and has achieved an average return of 11.28% over a 10 year period ended 30 June. It is the best performing balanced fund in the country across one, three, five, seven, ten, and fifteen year time periods as ranked by the independent consultant SuperRatings at 30 June. HESTA's Sustainable Growth option represents HESTA's long-term history in responsible investing and is first sustainable investment option in Australia in superannuation, and now has more than 20 years of performance history demonstrating that you can invest responsibly while also generating a strong financial outcome.

The CIO also gave an overview of the focus on delivering the Climate Change Transition Plan and the continuing work in this space. Pleasingly, over the last financial year there has been a reduction in carbon emission of 20% at the portfolio level.

The CIO also noted the evolution of the HESTA investment team as mentioned earlier and the continuous work to identify opportunities to improve net investment returns for members, to add value and protect capital through times of volatility that may emerge. It was noted that given the strong performance achieved and the level of interest rates, the outlook for future returns is expected to be more modest.

The CIO thanked the members for their trust and continuing support of HESTA and handed back to the CEO.

QUESTION TIME

The CEO thanked the members for continuing the journey with HESTA and the opportunity to help contribute to a stronger financial future. The CEO handed the floor to HESTA's Chief Operating Officer to moderate the Q&A session.

The Chief Operating Officer 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

	Question	Response
		<i>(Responses in italics denotes the answer was provided on the evening of the Annual Member Meeting).</i>
1.	<p>Can we use part of our super money as deposit for a plot of land or a house? If no, why not?</p> <p>And if yes, how can we access it?</p> <p>Can I use my funds to secure buying a new home?</p>	<p>Super is savings for your retirement. So generally, you can only access your super if you meet a condition of release, which is dependent on your age and work status.</p> <p>But if you're a first home buyer, you might be able to take advantage of the Federal Government's First Home Super Saver Scheme (FHSS).</p> <p>The FHSS Scheme allows you to access voluntary contributions you've made into your super account. The scheme is administered by the Australian Tax Office (ATO) who assess and approve your eligibility. You can find out more at the ATO website.</p> <p>For answers to this and all other super questions, we recommend having a chat with our Superannuation Specialists as a first step. You can make a time at hesta.com.au/speak-to-an-adviser</p>
2.	<p>Why do beneficiaries need to be renewed every three years?</p> <p>What are the current requirements for binding nominations for benefits?</p>	<p><i>Actually, you've got three choices when it comes to deciding who will receive your super benefits. You can choose not to make a beneficiary, name a preferred beneficiary, or make a binding nomination. It's really important to keep your binding nominations updated every three years to keep it legally binding. Updating it helps make sure your super goes to the person you choose.</i></p> <p><i>Because it's binding, and that's the key word here, you want to make sure it continues to reflect your wishes by checking it every three years so it goes to that loved one in particular.</i></p> <p>[members may find the below extra information helpful]</p> <p>Under superannuation law, a three-year timeframe has been set for a binding beneficiary to remain valid.</p> <p>Only certain people can be considered valid beneficiaries. They must be dependants under the definition in super law, which includes a child, spouse, financial dependant or interdependent person and legal personal representative. The nomination must be valid at the time of your death.</p> <p>To find out more about this, read How super works.</p>
3.	<p>Is it possible to share my super equally with my kids before anything happens to me?</p>	<p>Super is intended to support you in retirement. But in some cases, you might be able to access it earlier, and if you've fully retired, how you use your super is up to you.</p> <p>To access your super, you need to meet a condition of release and have the benefit paid to you. This would allow you to</p>

		<p>distribute your benefit as you choose. However, you need to be aware, that financially assisting family by 'gifting' some of your assets such as your retirement savings, may impact your Age Pension or other government benefits.</p> <p>The government has set certain limits on the amounts that can be gifted over single and successive financial year periods. Amounts in excess of the limit may result in it being treated as a 'deprived asset', which will be counted as an asset under the assets test and deemed under the income test.</p> <p>We recommend you obtain financial advice to consider the impact gifting may have on your income in retirement.</p> <p>Find out more about accessing your super here.</p>
<p>4.</p>	<p>Are the proceeds of the franked dividends shared out amongst the shareholders who as a form of investment choose Australian /overseas shares?</p>	<p><i>Franking credits are a rebate for the tax paid by companies where the investors pay a lower tax rate effectively. So Australian shares are where we receive a lot of franking credits, but we also receive franking of tax credits from some of our international shares.</i></p> <p><i>The way that we attribute these back to members is through the unit price. So effectively, investment options such as your choice Australian shares option may benefit from this, but also some of our ready-made options that have Australian shares exposure benefit from that franking credit uplift. And that flows back to members through the unit price, in proportion to their holdings of those assets.</i></p> <p>[Members may find the additional information below helpful].</p> <p>Franking credits are generated by Australian shares held across the Fund. This applies to members who may be invested in our Your-Choice Australian Shares option, or our Ready-Made options, which all have exposure to Australian Shares.</p> <p>For our accumulation, TTR and income stream members, this franking credit benefit will be reflected in the unit price of the investment options.</p> <p>Therefore, each member will receive the correct proportion of franking credit benefit relative to the number of units they hold in options which receive franking credits.</p>
<p>5.</p>	<p>I'm hoping to retire at the end of 2021, what's the best way of managing my retirement savings and what's my retirement pathway?</p> <p>I am a retiree. How long can I keep my money in HESTA? Not contributing anymore.</p> <p>Do you offer financial advice to someone about to retire?</p> <p>Can I get help from HESTA to make a retirement plan?</p>	<p><i>We offer financial advice to all our members who are looking to retire into the future to become confident in what they do. And we offer advice across all our national major cities and capital cities by in person, on the phone, or now by video conference also.</i></p> <p><i>But, in particular to this question, you've got two options to consider in allowing HESTA to manage your super into retirement. Your first option is to consider a transition to retirement strategy, which if you're looking to continue working full-time or part-time, allows you to salary sacrifice pre-tax dollars into super.</i></p> <p><i>Alternatively, if you've made that decision to retire, or when you meet another condition of release, such as reaching preservation age, you may consider one of the HESTA retirement income streams.</i></p> <p><i>Please speak to one of our Super Specialists across the country. They'll be able to support you and walk you through what those options are that are related to your key objectives.</i></p>

		<p>[Members may find the extra information below helpful].</p> <p>Superannuation is a means of saving for the purpose of providing financial income for you in retirement. So, whilst members can retain their HESTA account for as long as they choose regardless of age, working arrangements or contribution frequency, obtaining financial advice to ensure your retirement savings are supporting you when you are no longer working can help ensure your HESTA benefit is working in the most appropriate way for your circumstances.</p> <p>For superannuation accounts there are certain circumstances such as where there is no activity on an account or where the account is of low balance that we may be required to transfer the balance to the Australian Taxation Office. Income stream accounts require minimum drawdowns to occur each financial year.</p> <p>Please note, you can keep contributing to your super while drawing down from a transition to retirement income stream. Find out more at hesta.com.au/retire</p>
<p>6.</p>	<p>Will you be making a mobile app for members?</p>	<p><i>We're considering an app and we'll keep members informed about how this progresses into the future. We're constantly asking for feedback from members and receiving feedback and also conducting research. And this plays a really important part in our decision making about the products and services that we offer to members.</i></p> <p><i>Most recently we've invested in our member online platform, which is how members access their account details. And we have a new tool on this that we've had really positive feedback from members about, which is called Future Planner. This helps people to decide or gives them a projection of an estimated retirement balance in the future.</i></p> <p><i>And it gives them options about levers and things that they can change to improve their outcomes at retirement, including making different investment choices. So, I would really encourage everyone listening to go into their member online through their account member number and access Future Planner, which is at the top of the screen and give that a try.</i></p> <p>[Members might find the additional information below helpful].</p> <p>Our website is designed to be mobile responsive to offer the best possible experience for members on all contemporary devices.</p> <p>So right now, the easiest way to manage your super on mobile is to add hesta.com.au/login as a shortcut to your home screen. That will take you straight to your online account login.</p> <p>Here's the process to add a shortcut to your mobile device.</p> <p>For Apple users:</p> <ol style="list-style-type: none"> 1. Open your browser on your iPhone and go to hesta.com.au. 2. Tap on Login. 3. Tap the Bookmark icon and then tap Add to Home Screen. 4. Tap Add to save the shortcut to the iPhone Home screen. <p>For android users:</p>

		<ol style="list-style-type: none"> 1. Launch the browser. 2. Press Menu then select Bookmarks. 3. Long press any bookmark and click Add Shortcut to the Home Screen.
<p>7.</p>	<p>Congratulations on the global call for an equitable response to COVID-19. Will the board survey members on further health and welfare issues, such as support for the Israel BDS campaign?</p>	<p>Our approach to responsible investment means we consider environmental, social and governance (ESG) risk and opportunities in investment decision making, to generate sustainable, long-term returns that create positive impact.</p> <p>As part of this approach and our overall investment strategy HESTA monitors and assesses geopolitical events, risks and their potential impacts on our portfolio. While we have a number of portfolio-wide restrictions and exclusions related to health and welfare issues, such as tobacco and on companies that provide services to asylum seeker detention centres, we do not currently have an investment restriction or exclusion applying to companies operating in or involved in business in Israel.</p> <p>From time to time, we conduct research into the ESG issues our members would like us to focus on and consider how this might align with our ability to generate strong returns for member retirement outcomes. If appropriate, we may consider additional exclusions in response to this research in the future.</p>
<p>8.</p>	<p>Do you apply a Human Rights framework to assessing which investments you are making on members' behalf? e.g. taking into account a company's Environmental, Social and Governance commitments?</p>	<p><i>Human rights really fall into what we refer to as the social category. When we're thinking about environmental, social, and governance issues, we expect our teams and our managers to assess and underwrite these risks. And it's something we care deeply about. You may be aware that one of the SDGs that we focus on is decent work and economic growth. And that's really where labour rights and labour standards are captured.</i></p> <p><i>We were very early advocates for the Modern Slavery Act here in Australia. And as Mark mentioned, we're in the process of publishing our second modern slavery statement, which outlines where we think these risks may be existing across our portfolio, any high-risk areas, and the actions we're taking to really engage with companies and engage with investments to make sure these risks are being assessed and well managed.</i></p> <p><i>I think this is an area for us at HESTA that's incredibly important because we can see the link between things like modern slavery and poor labour practices through to financial risk. By underpaying workers, we're seeing obviously reputational risks, we're seeing risks around sustainability of those organisations because people that are being underpaid and undervalued are likely to leave. So high turnover, which has its own cost imperatives. So I think there's this really strong link between these poor practices and financial risk for our portfolio. And so we're actively taking action.</i></p> <p>[Members may find the additional information below helpful].</p> <p>Our approach to responsible investment means we consider environmental, social and governance (ESG) risk and opportunities in investment decision making, to generate sustainable, long-term returns that create positive impact.</p> <p>Our investment managers are expected to assess ESG risks and opportunities against international laws, standards and frameworks aligned with responsible investment practices. For example, our managers may be informed by international standards such as the United Nations Universal Declaration of</p>

		<p>Human Rights or the International Labour Organisation’s International Labour Standards. Our managers also consider global policies that may impact the value of a company. For example, when considering the impact of climate change, a manager may assess a company’s alignment with the goals of the Paris Agreement.</p> <p>HESTA believes that as a universal owner, where we are a long-term investor, invested in the global economy, the achievement of the United Nations Sustainable Development Goals (SDGs) is aligned with our duty to act in the best interests of our members. We have prioritised SDG8: Decent Work and Economic Growth as a key focus area where we believe we can affect change. You can read more about our commitment to decent work here.</p> <p>HESTA is also required to comply with the Australian Modern Slavery Act. The Act was introduced to assist Australian businesses in identifying and mitigating the risk of harm to people in business operations and supply chain. The 2020 Modern Slavery statement is available on our website and describes the work HESTA undertakes to manage modern slavery risks and comply with the Act. We will publish the FY2021 Modern Slavery Statement in early 2022.</p>
<p>9.</p>	<p>Will there be more investment options available for members to choose to invest in? Why did HESTA remove the Infrastructure and Private Equity options and will they return?</p> <p>Why did you amalgamate "Private Equity" and "Infrastructure" into broader investment sectors? Members specifically chose these sectors as they are difficult for small investors to access</p> <p>The fund removed the ability for members to invest directly into infrastructure and forced into an under-performing infrastructure / property asset class. Your liability for this is what exactly?</p> <p>Why has the property and infrastructure return been so bad last two years?</p>	<p><i>We did a review of the investment options suite last year, and we took a lot of input into making the decisions about the appropriate investment options. Obviously listening to members, speaking to the HESTA team who engage with the members and looking at the options that members chose to switch into, or chose to switch out of. And we came up with 10 options.</i></p> <p><i>So we have five Ready-Made options and we have five Your Choice options. The Ready-Made options are a mix of asset classes and design, so that it's fairly simple for members to choose an option that suits them in terms of their personal risk profile. The Your Choice options are either standalone options like Australian shares or a combination of two asset classes.</i></p> <p><i>So for example, infrastructure and property. But the important thing is that the same suite of investment options applies across the accumulation product when people are saving for retirement, transition to retirement and also in the retirement income stage. And this was very purposeful.</i></p> <p><i>This was in response to feedback from members, but also because we wanted to make it very efficient and simple for members to transition through the different products and have the same investment options.</i></p> <p><i>Now, we obviously continue to monitor the investment suite and make sure that the options are relevant for members and to take feedback from members, but the options have been very well-received.</i></p> <p>[Members may also find this additional context helpful].</p> <p>In October 2020, we went through the process of simplifying our investment offering. We settled on a model of five Ready-Made options and five Your-Choice options, mirrored across our accumulation, TTR and Retirement Income Stream products. We felt this approach provided our members with the best opportunity to select a range of investments to suit their investment strategy, while also ensuring the HESTA investment team could better concentrate their expertise on a more focused set of choices for members, with the ultimate</p>

		<p>member outcome in mind of higher investment returns and lower fees.</p> <p>So, at this stage, we're not planning to release any additional products. Instead, we are focussing on enhancing our processes and capabilities, to generate strong long-term investment returns, while lowering costs.</p> <p>Regarding the Property and Infrastructure option, we decided to close the Infrastructure option and merge it with the Property option. This was to allow members to retain a dedicated exposure to unlisted assets with broadly consistent characteristics in a more diversified portfolio.</p> <p>The Property & Infrastructure option's investment objective remains consistent with the prior sector-specific Property option and Infrastructure option, that is, to earn a net return equivalent to or higher than CPI +3.0% on average over 10 years. While the investment objective remains consistent, the more diversified assets are expected to contribute to less volatility in returns over the longer term.</p> <p>Similarly, the Private Equity investment option was closed and allocated to High Growth. The Private Equity option and High Growth option had very similar growth/defensive weightings and, likewise, similar risk profiles. So by merging the Private Equity option into the High Growth option, we are able to offer members a more diversified investment option with similar risk characteristics.</p>
<p>10. HESTA performance is mainly based on national and international financial markets. So what is the role of well-paid investments executives?</p>		<p>Our commitment is centred around member outcomes and achieving strong long-term returns. To achieve this, our investment team is integral to the performance of HESTA investment options.</p> <p>The HESTA investment team is responsible for:</p> <ul style="list-style-type: none"> • Designing, recommending, and managing the asset class mix. • Routinely monitoring each investment option's actual exposure versus asset allocation targets and ranges. • Researching and developing views of both the medium-term investment environment and the opportunity set in the market. • Keeping costs low by restructuring investments and asset allocations, and renegotiating fees with external fund managers. <p>Also, we:</p> <ul style="list-style-type: none"> • Have recently internalised some of our asset management and are actively scaling this operation. • Ensure that responsible investment considerations are implemented across the portfolio, as we believe that members interest are best served by having a deep commitment to responsible investing. <p>To ensure our investment capability remains strong and we continue to attract talented people, we remunerate our employees appropriately based on their responsibility, skills and experience.</p>

<p>11.</p>	<p>Is HESTA likely to come under pressure to amalgamate with another industry fund? Or is this already on the agenda?</p> <p>Are there any plans for a merger with another super fund in the next twelve months?</p>	<p><i>Obviously, this is a question that a lot of members would be thinking about because there is a lot of information in the media about mergers and the regulator requiring some funds to merge. We're in a really happy position as HESTA that we have a significant size and we are in a terrific industry, the health and community services sector, which is growing. And so we don't feel pressure to merge, which I think some of our smaller competitors and other funds in the market might be feeling.</i></p> <p><i>However, we do keep our eyes open and it would be foolish, I think, as a Board for us not to consider what opportunities might be there that would benefit our members. So the truth is we feel we're in a very happy place, we are very committed to our sector, which is fast growing. We love servicing our members in age care and disability services, local government health, of course. But we will keep our options open and we will talk with others when there's opportunities if we think that will benefit our members.</i></p> <p>[members may find the additional information below helpful]</p> <p>We're the largest industry super fund dedicated to people working in Australia's health and community services. We have more than 900,000 members and manage over \$66 billion in assets invested around the world.</p> <p>For over 30 years we have been privileged to serve and advocate for our members and partner with the sector. We remain committed as ever to delivering strong, long-term performance and high-quality products and services for HESTA members.</p>
<p>12.</p>	<p>Is HESTA going to invest in hydrogen technology and cryptocurrency at all?</p> <p>Is our investment/s exposed to cryptocurrency Instruments? If not, are we looking to add them in the future?</p>	<p><i>By way of background, cryptocurrency is a form of virtual or digital currency, distinguishing it from traditional Fiat currencies, which are issued by a central bank, tend to have physical notes and coins and tend to earn a rate of interest in local currency.</i></p> <p><i>Because of the new nature of it, cryptocurrency isn't really institutionalised yet and custodians are only now starting to think about how they might take custody of these assets in a more institutional form.</i></p> <p><i>As such, at this stage we're not investing in cryptocurrency, but we're continuing to monitor the opportunity along with our managers. And that's both in terms of the coins, but also the infrastructure that supports cryptocurrency and the technology required.</i></p>
<p>13.</p>	<p>What effect or influence are volatile cryptocurrencies and non-fungible tokens having on the national and global economies, and how is that being reflected in superannuation performance?</p>	<p>Cryptocurrencies and NFTs have captured a lot of attention in global financial news. Their volatile performance is widely reported.</p> <p>Cryptocurrencies and NFTs bring with them a wave of new technologies and associated applications, such as blockchain technology and smart contracts. This is creating opportunities for existing businesses, as well as paving the way for emerging companies. All of this generates investment opportunity and risk.</p> <p>At this stage, HESTA does not allocate any investments to cryptocurrencies or NFTs. However, together with our investment partners, we dedicate resources to monitoring investment opportunities which may be appropriate for institutional investors in future.</p>

		<p>Presently, it is difficult to quantify whether cryptocurrency performance and NFT performance is being reflected in HESTA's superannuation performance, because it would be an indirect factor since HESTA is not invested in these assets.</p>
<p>14. With the current volatility and uncertainty of the stock market at present, is there any way we can manually change our preferences faster than once a month?</p>		<p><i>We now have daily switching. We used to do it weekly, which made sense for long-term investments, but we know our members have asked for the ability to switch daily. So now, if you make a switch, it'll go through and over the next two days, we'll process that transaction.</i></p> <p><i>And that allows you to make more informed decisions close to the moment for when you want to make those investments. So we've got many more options now for you to deal with the volatility and uncertainty in the market.</i></p> <p>[Members might also find the additional information below useful].</p> <p>This is part of our change to offering daily unit pricing, allowing you to switch your investment option (or options) on any day you choose (even on weekends). However, the switch will only take effect on a business day.</p> <p>Valid investment switch requests received by 4pm AEST/AEDT on a business day will receive the unit price calculated for that business day. The switch will be applied to your account two business days later. Valid investment switch requests received after 4pm AEST/AEDT on a business day or received on a non-business day will be treated as if received the next business day.</p> <p>Daily unit pricing means you have more up-to-date valuations of your investments, enabling you to make more informed decisions about your investment strategy.</p> <p>As always though, we recommend members speak with a financial adviser before making changes to your investment strategy.</p>
<p>15. Until what age can you boost you super for if you're still working or not working?</p>		<p>You can generally boost your super by adding before-tax or after-tax contributions until you're age 66, and then between 67-74 as long as you meet the work test. This means between ages 67-74, you must have worked a minimum of 40 hours in any 30 consecutive day period in the financial year the contributions are made. The Federal Government has proposed to reduce the age to 60 with effect from 1 July 2022.</p> <p>A work test exemption applies if you met the work test in the previous financial year, had a total super balance of less than \$300,000 at 30/6 in the previous financial year, and you haven't previously made contributions to super under the work test exemption.</p> <p>The federal government has proposed as part of its budget package announcements to abolish the work test from 1 July 2022 for people below age 75 (subject to existing contribution caps). If this becomes law, it will allow non-concessional and salary sacrifice superannuation contributions to be made. This change will not apply to those people who wish to make personal deductible contributions.</p> <p>You can also explore:</p> <ul style="list-style-type: none"> • Downsizer contributions: if you're over age 65, you may be eligible to contribute up to \$300,000 from the sale of your home.

		<ul style="list-style-type: none"> Spouse contributions: where you or your spouse makes contributions into the other's super account so you can share more in retirement, and receive a tax offset if your spouse is on a low income or not working. <p>One more thing to note: depending how much you have already saved, you may not be able to make additional super contributions regardless of your age.</p> <p>Find out more about boosting your super in How super works.</p>
<p>16. Can you advise the plan for sustainable investment? I'd like to know what green energy resources HESTA is supporting or planning on supporting as Australia moves towards its renewable energy goal for 2050.</p>		<p>Our Climate Change Transition Plan maps out how we manage climate related risk and identify opportunities that will support an orderly and equitable transition to a low-carbon world that is aligned with the goals of the Paris Agreement. You can read the report here.</p> <p>We consider investment integration through opportunities to invest in clean technology solutions as an integral part of achieving this. We have approximately 5% of the investment portfolio invested in renewables and low carbon solutions and we are seeking opportunities to further invest in this technology.</p> <p>However, Australia needs enhanced policy conditions to support additional capital allocation. Over the past decade the lack of a clear decarbonisation roadmap from the government has resulted in abrupt and ad hoc policy changes, making it difficult for investors and companies to set long-term strategies with confidence.</p> <p>Current barriers to domestic investment in renewables mean that for every \$1 we commit to Australian assets, we have \$3 invested overseas. Certainty is vital when it comes to committing capital over the long time frames required for a renewable energy investment.</p>
<p>17. What is the difference between HESTA and other super?</p>		<p>HESTA is an industry super fund, so we're run only to benefit our members. We're dedicated to the health and community services sector. You can find out more about HESTA and how to compare funds in our superannuation guide.</p>
<p>18. Congratulations on your 40:40 Vision campaign. Can you give us an update on how it's going? Are many companies on board? And, what else are you doing for gender equality?</p> <p>One on diversity! What is the HESTA leadership team doing to promote diversity, and especially gender diversity in the healthcare industry, especially given the 80/20% ratio currently existing. Give some examples please.</p>		<p><i>40:40 Vision is a very exciting program of work and it is led by HESTA, but I think they're two important aspects of the support and the traction. The first is it's an investor-led initiative. And we actually have the support of an enormous number of investors. In fact, over \$6 trillion in funds under management and advice, organisations that are supporting this work. So it has enormous support from the investment community.</i></p> <p><i>In terms of the companies that have signed up, we have 16 of the ASX 200 companies that have signed up. And just for any that aren't aware what this program is, it's calling for gender diversity at executive level. So we are asking companies to commit to having 40% who identify as women, 40% identifying as men and 20% potentially either by 2030. And we are asking them to declare targets for 2023 and 2027, and most importantly, to declare transparently against those targets that they set. So those 16 companies that have signed up have obviously undertaken this target setting and will be reporting in that way, which is fantastic.</i></p> <p><i>And we have a large number in the pipeline that we are continuing to engage with, and we expect to see a growing number. In fact, we are looking at extending it beyond the</i></p>

		<p><i>ASX 200 to the ASX 300, because of companies in that broader group that are interested in signing up to this initiative.</i></p> <p><i>In terms of broader gender equality, look, it's a very broad question and there's obviously a lot that HESTA does. I think the first aspect I'd like to talk about is our organization and the leadership we have and the leadership we show as an organization. That we are... first of all, we have a diverse board. Our board is pretty much 50, 50 and has been for a very long time. Occasionally it goes up a little bit depending on the nominations, but never beyond that 40, 40 for a very long time.</i></p> <p><i>And then our executive management team, which likewise is 50, 50. It is something that we focus on as an organisation and ensuring that we have that broad gender diversity. And it is something that we believe organisations should turn their attention to and make it an area of focus. So that's what we are doing at HESTA. But very broadly, we obviously engage extensively on this in the companies that we invest in. And I do think, to wrap it up, it's really important to remember that this is a financial issue. There's an enormous amount of research that shows that companies that have better gender diversity, particularly at board level and executive level actually have better long-term performance. So this actually matters as an issue in terms of the returns that our members ultimately get from their super fund. And that's one of the key reasons that we engage on this very important issue.</i></p> <p>[members might find the additional information below helpful].</p> <p>In 2020, HESTA launched 40:40 Vision. 40:40 Vision an investor-led initiative to achieve gender balance in executive leadership across all ASX200 companies by 2030.</p> <p>Companies signing up to 40:40 Vision pledge to achieve gender balance of 40% identifying as female, 40% identifying as male and 20% identifying as any gender in executive leadership by 2030.</p> <p>There are 15 healthcare companies in the ASX200, so we are working with them through 40:40 Vision. Ramsay are the one healthcare company signed up to 40:40 Vision – their composition is currently 80% women across the organisation, but 75% men at the executive level so there is progress to be made.</p> <p>You can read more about their targets in their annual report.</p> <p>Our CEO, Debby Blakey, is a WGEA pay ambassador, committed to pay equity and gender equality. Pay Ambassadors help to create change by:</p> <ul style="list-style-type: none"> • Playing a leadership role in their business community and to the broader public. • Reinforcing their commitment to pay equity within their own organisation. • Profiling and promoting their approach to pay equity.
<p>19. What action is taken to ensure gender balance on the Trustee Board and executive team?</p>		<p><i>Nicola Roxon: I think it is a good question. And because we are a fund that has, over 80% of its members are women, we know that this is important to our members. And as Debby said, our commitment in the companies that we invest in, we actually also know it actually improves the performance of organisations if we get that balance right. So we do have deliberate strategies and policies. So on the board, people might be aware that we have two independents, Mark and I,</i></p>

that are chosen by the board. And we have 12 other directors that are nominated by employer and union organisations. When we have a vacancy, we actively engage on this. So as Chair, I would write to our nominating bodies, we would tell them if we were needing more women. We would tell them if we were wanting people of a certain age, or we're wanting a particular skills base.

And because we do have terrific industry focused organisations that really want HESTA to be well governed, we've had great response whenever we ask for a particular skill set or a particular gender. As Debby said, it hasn't really been as big a challenge. In recent times, we are blessed with being in a sector where there are a lot of women to choose from. And we actually believe there are in lots of industries and sometimes they're not identified by companies. And that's the strategy that Debby was talking about. For the executive, I'm sure Debby may want to add this. Again, it's a deliberate choice for us to make sure that we have diversity and we have balance. And I mean, it's great I think to be here with a female CEO, and a female CIO.

We have a lot of capable young people being mentored and developed within the organisation, occasionally poached by other organisations. So, we're committed to making sure we're walking the talk. We're not just asking the listed companies to do something that we don't ourselves do. And I think we have a really good record, but it is something that we need to keep doing. And I think increasingly also trying to look at the range of diversity. Whether that's views, background, ethnicity, diversity, age, I think this is a growing area. And making sure we have strong women and strong voices of women is something that's important. And I think can only continue to strengthen the fund. Did you want to add to that?

Debby Blakey: Maybe I will just add: we are also a Workplace Gender Equality Agency employer of choice. And I think that's a very important recognition for us. And to Nicola's point, it's about broader diversity. It's not just gender. Gender is obviously very important to us, but it is broader diversity. And we actually, as an organisation, are very mindful about the incredible people we have who choose to work at HESTA and what development we offer them to make sure that we have an appropriate pool that is developing and becoming eligible to become general managers to ultimately become executives. So I think being thoughtful, to your point, around the development of our female talent, the development of our broad employee base is a very big part of that.

Sonya Sawtell-Rickson: I was just going to jump in and just add some comments from the investment perspective as well. We are incredibly proud to have 40% of our investment team made up of female talent, which is quite rare in the industry. The average is in low teens. And we also take campaigns to our investment managers in our sort of broader investment pipeline. So we undertake a bi-annual gender survey of our investment value chain for exactly the reasons that Nicola and Debby alluded to, which is we believe that diversity improves decision making and improves risk management and improves financial outcomes.

And so we want to be investing with partners that are pursuing gender balance in their businesses and their teams as well. And so this is something that's even broader and we are really sort of trying to drive and see these outcomes in the financial aspect of our business as well.

20.	It would be great to hear how HESTA has simplified its procedures for us when we need to contact HESTA and/or to make any transactions on its website. Thanks.	<p>You can reach out to HESTA by phone, email, or face to face anytime. Visit the Contact Us page to choose when and how you'd like to get in touch.</p> <p>We're continually working on making it easier for you to manage your super. The easiest way to see your balance, update your details, combine your super and most other super actions is online. Log in to your online account at hesta.com.au/login. Not set up yet? Visit hesta.com.au/register – it only takes a few minutes.</p>
21.	Do I have an option to choose a more aggressive investment plan?	<p>As a HESTA member, you have a wide range of investment options to choose from. HESTA investment options cover varying levels of risk/return, and you can choose single or multiple options to achieve the level of risk exposure you're comfortable with.</p> <p>You can also change your chosen options at any time by logging in to your online account at hesta.com.au/login</p> <p>We strongly recommend you speak to a HESTA Superannuation Specialist before you make any changes to your current choices.</p> <p>Make a time to chat here or give us a call on 1800 813 327.</p>
22.	What education seminars for transition to retirement are coming to the Gold Coast for members to attend?	<p>We are running information sessions in Toowoomba, Bundaberg and Southport in February and March 2022, with more dates and locations likely to be scheduled later in the year.</p> <p>You can register here, but if these dates and locations don't work for you and you'd like to chat with our team directly, please make a time here.</p>
23.	How well has HESTA members Core Pool performed.	<p>In October 2020 we changed the name of our investment options, including changing Core Pool to Balanced Growth.</p> <p>As of 30 June 2021, Balanced Growth (for the accumulation option) returned 19.03% for the financial year and an average of 8.87% p.a. over ten years. According to SuperRatings[^], Balanced Growth also achieved top quartile performance versus other balanced options over three, five, seven, 10 and 20-year time periods.</p> <p>[^]SuperRatings Fund Crediting Rate Survey</p> <p>You can see up-to-date performance data on HESTA Balanced Growth at hesta.com.au/performance</p>
24.	Please talk about life insurance benefits changing from another insurance provider	<p>Insurance through super can be one of the easiest ways to stay protected 24/7. HESTA offers Death, Total and Permanent Disability, and Income Protection Cover.</p> <p>You might be able to transfer your insurance cover from another fund too.</p> <p>There are some conditions you need to meet; read the Insurance transfer form to understand your options.</p>
25.	At what age can I start an income stream?	<p><i>You can start accessing your super through an income stream once you meet a condition release, such as reaching your preservation age. That's an age set by the government based on when you were born. The type of HESTA income stream you can invest in will depend on what condition of release you meet.</i></p> <p><i>So, this is quite a complex area and I would say, please come and talk to us earlier on to help us understand exactly what you are trying to achieve from that perspective. So, then the</i></p>

		<p><i>team of Super advice experts around the country can talk you through what is that perfect option for your particular need.</i></p> <p>[Members may find the following additional information helpful].</p> <p>To open a HESTA Transition to Retirement Income Stream, you must have reached your preservation age and have not yet retired from the workforce.</p> <p>To open a HESTA Retirement Income Stream, you must have: reached your preservation age and have fully retired; stopped working on or after age 60; be age 65 or over, or be permanently incapacitated, or terminally ill.</p> <p>It's a great idea to chat about your options with us: our advice team are specialists in helping our members make the most of their hard earned super. You can also read up on how the HESTA Income Stream works in the Product Disclosure Statement – just visit our website at hesta.com.au/pds</p>
<p>26. I'll be starting a new job and working from home. Can I pay into my super before I pay tax?</p> <p>What are the benefits for salary sacrifice and personal deposit into your super?</p>		<p><i>Firstly, what I'd like to say is please check with your employer about what arrangements you've got currently in place and what you can salary sacrifice.</i></p> <p><i>Secondly, it's a fantastic way of accumulating more into your super and building that retirement nest egg that creates that confidence.</i></p> <p><i>And you can do that by putting in pre-tax dollars. But more importantly, we'd love to understand more about your personal situation and what you want to achieve. So please come talk to one of those supervisor experts across the country, again, video conference, phone, or in person, which will be fantastic to understand your situation a little more.</i></p>
<p>27. How is the performance of HESTA and other super funds better than private investment?</p>		<p><i>I think there are two aspects to call out if we are comparing super funds and performance. And I think the first is the tax concessions. Obviously, there are particular tax concessions for super. And if you think of the investment earnings in a super fund, when you're in the accumulation stage on saving towards retirement, they are taxed at a maximum of 15%. When you're in the retirement phase and drawing down from your super, your investment earnings are actually tax-free.</i></p> <p><i>Now that obviously compares against the earnings at your marginal tax rate if you invest privately. So there is very much a tax advantage to super, but I think the other important aspect is the access to quality investment management. And you get a sense of this tonight when you hear from Sonya and Mark, in terms of the thinking that a fund like HESTA puts into our investment management.</i></p> <p><i>And as a \$66 billion fund, the opportunity we have to invest in diverse asset classes and to invest globally. We invest in very diverse assets, covering all the different asset classes, Australian shares, international shares, obviously cash-fixed interest, infrastructure, property, and many of these assets are actually not assets that you would have access to as a private investor.</i></p> <p><i>And the other aspect of course is the global nature. So we have asset managers and partners around the world that are experts in their jurisdiction. And that gives us access to a very diverse suite of investments that would be difficult to access as a private investor. So, I think there are some clear advantages to investing in a super fund like HESTA.</i></p>

		<p>[Members may find the following additional information helpful].</p> <p>HESTA provides members with the benefit of a suite of professionally managed investment options. By pooling capital together, these investment options capture scale benefits, which enable us to keep costs low and still ensure the high quality of asset management.</p> <p>Furthermore, the HESTA investment options provide members access to assets that could not be accessed privately. These include infrastructure and property assets that are only available to institutional investors.</p> <p>The performance of the HESTA investment options have been very strong within the industry. You can read about our recent rankings within the industry here.</p>
28.	As a self-employed person, how much of my earnings should I invest into my super fund?	<p>It's generally up to you to add money into your super if you're self-employed. Every little bit you put into your super now is invested and, over time, can really grow your savings.</p> <p>Most people who are self-employed or contracting can claim a tax deduction on up to \$27,500 of contributions per year into their super account. Find out more in How super works.</p> <p>You can set up one-off or recurring payments into your super account, just like you would any other payment from your bank account. You'll just need your BPAY® biller code and reference number for your HESTA account.</p> <p>To find your BPAY details:</p> <ul style="list-style-type: none"> • log in to your online account and go to the 'Contribute extra' tab, OR • download your digital member card. <p>It's a great idea to chat with a HESTA Superannuation Specialist about your specific needs. Make a time at hesta.com.au/advice or give us a call on 1800 813 327.</p>
29.	I'm a relatively new member, joined a couple of months ago. I'd like to know how best to invest using my super with better dividends. Thank you.	<p>Advice about your super is part of your HESTA membership, and it's always a great idea to chat with us about your specific needs.</p> <p>We can help you understand your super investment options and what you need to think about when making a choice.</p> <p>Make a time to chat now at hesta.com.au/advice or give us a call on 1800 813 327.</p>
30.	I heard before that, the government want to put their hands on the whole superannuation funds, can they do that, thanks.	<p>HESTA is an industry super fund that manages over \$66 billion in super savings on behalf of our 900,000 members.</p> <p>We hold these assets in trust for the sole purpose of providing retirement benefits to our members.</p> <p>Like all super funds, we are subject to legislation and regulation that may affect our operations and the circumstances in which members can access their super.</p>

<p>31.</p>	<p>When will the companies that are invested in for the Sustainable Growth option be visible to the public? I would like to know exactly where my money is invested.</p> <p>Please advise when you will be publishing the entities invested in within each investment type/fund?</p>	<p><i>I think a lot of our Sustainable Growth members are really interested to see where their capital is invested. And I'm pleased to say that we do disclose the portfolio holdings for Sustainable Growth. They're available on our website now, and we'll also be moving to disclose the portfolio holdings of all of our options by 31 March next year. So, we are hoping to provide that transparency to our members so you can see exactly where your superannuation savings are invested.</i></p> <p><i>As I mentioned earlier, the portfolio holdings for Sustainable Growth are already on the website. You should be able to find those with a quick Google. And the broader fund portfolio holdings will be disclosed by 31 March. There's a three-month lag, with 31 December holdings loaded by the end of the quarter to allow basically to stop any sensitive information.</i></p> <p>[members might also find the additional information below helpful]</p> <p>Portfolio holdings disclosure for the Sustainable Growth investment option is now live. Holdings are updated every six months with a three month delay due to pricing calculations and data confidentiality. For example, actual values for 30 June 2021 for Sustainable Growth are live now, and 31 December 2022 will be updated in March 2022. Please visit the Sustainable Growth webpage for more information.</p>
<p>32.</p>	<p>Why is HESTA still invested in companies like Woodside and Santos when they clearly have no credible plans to make the required steep emissions cuts in order to address climate change?</p> <p>The vast majority of Woodside's emissions come from burning its oil & gas (scope 3 emissions). Can HESTA please explain why it ignores scope 3 emissions and fossil fuel reserves in its climate disclosures & targets.</p> <p>Given HESTA has publicly committed to the goal of net zero emissions by 2050, yet remains invested in companies undermining that goal by pursuing new fossil fuel projects, could HESTA face legal action over greenwashing?</p>	<p>We share your concern about climate change. HESTA takes very seriously its responsibility to protect the interests of members now and the future environment and society they will retire into. In 2020, we announced our commitment to transition the investment portfolio to net zero carbon emissions by 2050, with a 33% reduction by 2030, as part of our Climate Change Transition Plan (CCTP).</p> <p>Our CCTP maps out how we manage climate related risk and identify opportunities that will support an orderly and equitable transition to a low-carbon world that is aligned with the goals of the Paris Agreement. In August, we published HESTA's first Climate Change Report using the framework of the Taskforce for Climate Related Financial Disclosures (TCFD) which may provide you with more information, including our position on the role of gas in the transition. The TCFD is a globally accepted framework used as the standard for assessing, managing and disclosing on climate-related financial risks. The report can be accessed here or through our website.</p> <p>In the report, we have shared analysis on our exposure to fossil fuel by fuel type. At 30 June 2021 oil and gas companies represent only 3.60% of our total portfolio exposure, of which 2% is attributable to gas pipelines in our infrastructure asset class.</p> <p>When considering oil and gas's role in the transition it's important to note that the IEA is explicit that its net zero roadmap (NZE) is "a path, not necessarily the path" and also that it assumes a role for gas in the global economy in the future where "each country will need to design its own strategy, taking into account its specific circumstances. There is no one-size-fits-all approach to clean energy transitions."¹</p> <p>Specifically, in relation to companies like Woodside, BHP and Santos, we continue to engage regularly with them and others to help change the way in which they conduct their business. Through our active ownership approach, we use engagement as a tool to assist us to form our voting position on portfolio holdings. For example, through</p>

	<p>engagement with Woodside, the company have confirmed their intention to provide the necessary climate disclosure and put their climate reporting to a non-binding, advisory vote of shareholders at its 2022 Annual General Meeting giving investors a mechanism to voice any concerns.</p> <p>Woodside has articulated its climate strategy to:</p> <ul style="list-style-type: none"> • Reduce its equity Scope 1 & 2 net greenhouse gas emissions, with clear near and medium term (15% 2025 and 30% 2030²) targets on a path to its aspiration of net zero by 2050 or sooner. • Invest in supplying the products and services its customers need as they too reduce emissions, including natural gas as well as new energy products and lower carbon services. <p>Woodside has further articulated that the Scarborough project:</p> <ul style="list-style-type: none"> • Fits within its Scope 1 & 2 net emissions reduction trajectory, have ~0.1% reservoir CO₂, and will be processed through an efficient new LNG train at the Pluto facility. • Fits within its investment strategy due to the demand in Asia for natural gas as part of decarbonisation pathways. <p>We believe the actions outlined by Woodside in their climate strategy, and similar climate strategies presented by Santos, BHP and CBA during the 2021 voting season satisfy the substance of the ask of the shareholder resolutions filed, whilst supporting an orderly and just transition.</p> <p>We will make divestment decisions when we believe this is the best way to manage the risk to the investment portfolio. By selling shares in these companies, HESTA doesn't remove or reduce carbon from the atmosphere. As noted in the recent ACCR report³, responsible owners need to meet with companies to try and change business practices and contribute to real world outcomes on global warming. 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. It's also not in our members' interests that companies divest high-emitting assets, particularly into private hands, as this limits our ability to influence companies and manage risks.</p> <p>We can appreciate that members may wish to minimise their exposure to fossil fuels. That's why our Sustainable Growth option has less exposure to some of the companies you have mentioned. Information about this option can be found here.</p> <p>Our approach is carefully considered and informed by a wide breadth of investment expertise and research. We understand there are a broad range of views among our more than 900,000 members on a variety of issues. However, we believe this approach to climate change can most effectively support a timely, just and orderly transition to a less carbon-intensive future that we all want.</p>
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<p>33.</p>	<p>How is HESTA faring with divesting from the fossil fuel industry. Investment in renewables, is considered high risk, yet to invest in this way is the most ethical. How likely is it that this will change and when?</p> <p>Vision Super, UniSuper & AusSuper have dropped Woodside and Santos from their active holdings, NGS aims to be carbon neutral by 2030. Why does HESTA claim to be climate leader when it is fast becoming a climate laggard?</p> <p>HESTA's climate report says "every \$ that goes into gas, are dollars not invested in renewables or innovative climate solutions" Is this HESTA's official position gas? If so why not divest from oil and gas companies?</p> <p>How can HESTA honestly commit to aligning its portfolio with "...the ultimate goal of the Paris agreement" (Our Path to Net Zero, pg. 8) when it remains invested in companies in direct conflict with this agreement?</p> <p>Does HESTA accept that investing in gas expansion colludes with Australia's global pariah status on climate action?</p>	<p>Climate change presents a clear financial risk to our members' investments. That's why we've restricted any new investment in thermal coal for over seven years now. In 2020, we announced our commitment to transition the investment portfolio to net zero carbon emissions by 2050, with a 33% reduction by 2030, as part of our Climate Change Transition Plan (CCTP).</p> <p>Climate-related risks exist across the whole economy and cannot be effectively addressed by simply divesting from high emitting companies. By selling shares in these companies, HESTA doesn't remove or reduce carbon from the atmosphere. As noted in the recent ACCR report, responsible asset owners need to meet with companies to try and change business practices and contribute to real world outcomes that limit global warming. 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 and physical impact of climate change.</p> <p>We consider investment integration through opportunities to invest in clean technology solutions as an integral part of achieving the goals of the Paris Agreement. We have approximately 5% of the investment portfolio invested in renewables and low carbon solutions and we are seeking opportunities to further invest in this technology. The International Energy Agency states that "Investment in renewable and clean electricity production will emerge as the largest investment opportunity overall".</p> <p>Globally, annual clean energy investment must increase by 3.5 times – from \$1.2 trillion to \$4 trillion to achieve net zero emissions by 2050". However, Australia needs enhanced policy conditions to support the additional capital allocation. Over the past decade the lack of a clear decarbonisation roadmap from the Government has resulted in abrupt and ad hoc policy changes, making it difficult for investors and companies to set long term strategies with confidence. Current barriers to domestic investment in renewables mean that for every \$1 we commit to Australian assets, we have \$3 invested overseas. Certainty is vital when it comes to committing capital over the long timeframes required for a renewable energy investment.</p> <p>Australia has the technology required to achieve significant emissions reductions by 2030 (solar, wind, electric vehicles) but we must now scale the use of these. With more than \$3 trillion in superannuation savings and the investment expertise that manages it, is an incredible national advantage for Australia that can help achieve that scaling, but we need the right policy conditions so we can allocate capital power and support the national transition to a low carbon future.</p>
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<p>34.</p>	<p>What happens if you require funds if ill health becomes an issue?</p> <p>I have had cancer and struggle with aftermath of treatment. My present job in childcare is extremely taxing physically. Pension options?</p> <p>I would like to draw from my super because I am in hardship.</p>	<p>The first step is to check if you have insurance cover and contact us to consider if making a claim is appropriate for you.</p> <p>As super is savings for your future, generally you can only access it once you meet a condition of release, which is dependent on your age and work status. But in certain circumstances, you may be able to access it sooner.</p> <p>If you're facing ill health, there are 'compassionate grounds' on which super can be released early. They relate to medical treatment, funeral assistance, and palliative care. You can make a claim on your account if you meet the ill health condition of release.</p> <p>The Australian Taxation Office (ATO) deals with the early release of super on compassionate grounds. To apply, access the ATO application form, or visit ato.gov.au linked services in myGov. Alternatively call the ATO on 13 10 20.</p> <p>If you're facing financial hardship, you might be eligible to claim some of your super if you meet certain conditions. This includes if you have been receiving an eligible government support benefit and are unable to meet your living expenses. Find out more about accessing super in financial hardship here.</p>
<p>35.</p>	<p>If I was to withdraw money out of my super would I have to pay any fees or taxes?</p> <p>When I reach preservation age, how do I change my salary contribution so I don't pay 15% tax when I invest additional funds in my super account?</p> <p>How much income can I earn when I qualify for aged pension without paying tax?</p> <p>If I remove all of my bank term deposit and put it into my super account, how much money can I withdraw as lump sum when I reach preservation age?</p> <p>Will my super be considered when I qualify for my aged pension? What are the scales?</p> <p>How much money can you have in your super before it affects the Age Pension?</p>	<p>There are no exit fees to access your benefit and the amount of tax you will need to pay varies and depends on your age and the type of claim you are making.</p> <p>But as you get closer to retirement, it's important to understand all your super and income options. That includes how super can work with the Age Pension.</p> <p>All concessional contributions (those made by your employer including any salary sacrifice) are taxed at 15% when entering your account. Non-concessional contributions such as personal after-tax contributions are not taxed on entering your account. Other tax may apply if you exceed your contribution caps in a year or are a high-income earner.</p> <p>The amount you can contribute to your super depends on your age, how much you have already contributed and your total super balance. Similarly, the amount you can withdraw upon reaching preservation age will depend on if you have retired from the workforce, or ceased an employment arrangement after reaching age 60.</p> <p>The type of super account and when it was started may impact how your benefit is treated by the government in the assessment of your Age Pension eligibility. This is complex area that requires your full personal circumstances to be considered.</p> <p>You can make a time to chat with our advice team now at hesta.com.au/advice or give us a call on 1800 813 327 to find out how we can help you make the most of your retirement income.</p> <p>You can also find out more about super and tax in How super is taxed, and more about your contribution options after you reach preservation age in How super works</p>

36.	<p>How do I find out for Centrelink purposes how much super my employer paid on my behalf for 2020/2021 tax period?</p>	<p>You can find your full annual super statement and transactions for the past year in your online account; log in at hesta.com.au/login or visit hesta.com.au/register to get set up now.</p> <p>You can also contact us directly (visit hesta.com.au/contact) to request a copy.</p>
37.	<p>How do we arrange unrestricted non-preserved benefit? Could we take it out from the preserved benefit? Thank YOU :)</p>	<p>Unrestricted non-preserved benefits can be accessed at any time using this form.</p> <p>A preserved benefit is separate and only accessible once a condition of release is met (and if you're under age 60, any benefit will be subject to tax on release).</p> <p>Our Superannuation Specialists can help you explore your options around accessing your super. Generally access depends on your age and work status. Make a time to chat with our advice team now at hesta.com.au/advice or give us a call on 1800 813 327 to find out how we can help you make the most of your retirement income.</p>
38.	<p>Given the increasing adoption of Bitcoin by many highly respected global companies and some super funds, has HESTA begun assessing when customers may be provided with this option in their super funds?</p>	<p>At this stage, HESTA does not allocate any investments to cryptocurrencies. However, together with our investment partners, we dedicate lots of resources to monitoring investment opportunities which may be appropriate for institutional investors in future.</p>
39.	<p>Impact on life insurance when you retire.</p> <p>How to set up ability to withdraw from account.</p>	<p>Our insurance cover (including Death Cover to age 75 and Income Protection Cover to age 67) is available only through your accumulation account. So if you retire and access a HESTA Income Stream, you need to keep your HESTA super account open (with at least \$6,000 in it) to maintain your insurance cover. You should consider your circumstances, including whether paying insurance premiums while reducing your retirement savings is appropriate for you.</p> <p>You can withdraw money from your super account once you meet a condition of release, such as reaching your preservation age. One option is to move your super into an income stream account, where you can draw down on your savings while they stay invested.</p> <p>Our advice team can help you with your options relating to both insurance and retirement income. Make a time to chat with our advice team now at hesta.com.au/advice or give us a call on 1800 813 327 to find out how we can help you make the most of your retirement income.</p>
40.	<p>When will you stop investing in fossil fuels? Why do you claim to invest our hard-earned money into things that are "good for the planet?" Do you think the fossil fuel industry is good for the planet?</p> <p>Woodside and BHP last week made the final investment decision on the</p>	<p><i>Firstly, like you, we care very deeply about climate change and our ambition is to deliver strong financial outcomes while also accelerating the transition to a low-carbon future. We do believe strongly that the best way to do this is through active engagement. We can't divest our way to a low-carbon future. We need to work with companies that are high emitters, understand the risks, help the boards, and then other investors to understand those risks and put in place pathways to align with a one-and-a-half-degree scenario.</i></p> <p><i>We do this through collaborations. So obviously we engage with companies directly. We also collaborate with other investors from around the world coming towards companies, discussing these issues and really trying to help them</i></p>

	<p>Scarborough gas project, so engagement with these companies has clearly failed to stop them expanding oil & gas. Will you know divest from Woodside?</p> <p>Marginalized people are on the front lines of climate impacts. Don't you think community sector workers would be prepared to sacrifice the profits from fossil fuel expansion?</p> <p>How as women leaders can you invest in companies doing fossil fuel expansion when women and children are disproportionately impacted by climate change?</p> <p>When will you stop investing in fossil fuels?</p>	<p><i>understand that the shareholders care deeply about these issues and want to see action.</i></p> <p><i>We use our proxy votes to support that action, both positive and negative if we're not seeing companies taking this seriously. And we really can only do that because we are shareholders in these vehicles. And so for us it's quite critical that we actually do continue to invest and drive that sustainable future that I think you and we are working towards.</i></p> <p>[Members may find the following additional information helpful]</p> <p>HESTA takes very seriously its responsibility to protect the interests of members now and the future environment and society they will retire into. That's why we've restricted any new investment in thermal coal for over seven years now. And in 2020, we announced our commitment to transition the investment portfolio to net zero carbon emissions by 2050, with a 33% reduction by 2030, as part of our Climate Change Transition Plan (CCTP).</p> <p>Climate-related risks exist across the whole economy and cannot be effectively addressed by simply divesting from high emitting companies. By selling shares in these companies, HESTA doesn't remove or reduce carbon from the atmosphere. As noted in the recent ACCR report, responsible owners need to meet with companies to try and change business practices and contribute to real world outcomes on global warming. 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.</p> <p>Our CCTP maps out how we manage climate related risk and identify opportunities that will support an orderly and equitable transition to a low-carbon world that is aligned with the goals of the Paris Agreement. We encourage you to read our climate change report, which embodies the CCTP and how it intersects with our regulatory obligations while continuing to support the achievement of strong, sustainable, long-term returns for HESTA members. You can find the report on our website alongside other information on our approach to climate change.</p> <p>As detailed in the report, our approach is carefully considered and informed by a wide breadth of investment expertise and research. We believe this approach to climate change can most effectively support a timely, just and orderly transition to a less carbon-intensive future that we all want.</p>
<p>41.</p>	<p>What will you invest in instead of fossil fuels, so that we can all have a bright future and we can actually use our super funds?!</p>	<p>Climate-related risks exist across the whole economy and cannot be effectively addressed by simply divesting from high emitting companies. By selling shares in these companies, HESTA doesn't remove or reduce carbon from the atmosphere. As noted in the recent ACCR report, responsible owners need to meet with companies to try and change business practices and contribute to real world outcomes on global cooling. 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.</p> <p>Our Climate Change Transition Plan maps out how we manage climate related risk and identify opportunities that will support an orderly and equitable transition to a low-carbon world that is aligned with the goals of the Paris Agreement. You can read</p>

		<p>it at https://www.hesta.com.au/about-us/hesta-impact/un-sustainable-development-goals/climate-action.html</p> <p>We consider investment integration through opportunities to invest in clean technology solutions as an integral part of achieving this. We have approximately 5% of the investment portfolio invested in renewables and low carbon solutions and we are seeking opportunities to further invest in this technology.</p> <p>However, Australia needs enhanced policy conditions to support the additional capital allocation. Over the past decade the lack of a clear decarbonisation roadmap from the government has resulted in abrupt and ad hoc policy changes, making it difficult for investors and companies to set long term strategies with confidence. Current barriers to domestic investment in renewables mean that for every \$1 we commit to Australian assets, we have \$3 invested overseas. Certainty is vital when it comes to committing capital over the long timeframes required for a renewable energy investment.</p> <p>Our approach is carefully considered and informed by a wide breadth of investment expertise and research. We believe this approach to climate change can most effectively support a timely, just and orderly transition to a less carbon-intensive future that we all want.</p>
<p>42. How to update or change my name on my HESTA account? And also I have new job and need my detail to new company.</p>		<p>To change your name you must complete the change of member details form and provide appropriate linking documents to reflect your old and new name.</p> <p>If you have changed jobs and would like your new employer to continue to make super contributions to your existing HESTA account, complete the choice of fund form and give this to your new employer.</p> <p>You can update your other details such as your address anytime in your online account at hesta.com.au/login.</p> <p>If you have any trouble logging in, give us a call on 1800 813 327 or click the 'Got a question?' box on the website and type 'live chat' to be connected to our team.</p>
<p>43. What is the best recommended investment in the HESTA scheme so far?</p>		<p>HESTA offers five Ready-Made options and five Your Choice options, mirrored across our accumulation, TTR and Retirement Income Stream products. This provides our members with the best opportunity to select a range of investments that suits their investment strategy.</p> <p>Each investment option has its own investment objective and risk characteristics. You can choose to invest in just one option or a mix of options.</p> <p>It's important for members to assess which investment options are appropriate for them, based on their own personal objectives, financial situations and needs.</p> <p>Our default option, HESTA Balanced Growth, is a diversified option and represents the most suitably constructed default portfolio for our members, based on our understanding of HESTA's members' account balances, risk tolerance, and appetite for product complexity.</p>

<p>44.</p>	<p>How is our fund's performance in comparison to other super funds?</p>	<p>HESTA investment options have performed very well compared to their investment objectives, and amongst our peers.</p> <p>As of the end of the recent financial year, 30 June 2021, HESTA's Sustainable Growth option was the top performing balanced investment option in Australia across one, three, five, seven, 10 and 15-year timeframes, according to independent ratings agency, SuperRatings*.</p> <p>Furthermore, Sustainable Growth was also the leading option across one, three, five, seven, 10, 15 and 20-year time periods, compared with other dedicated sustainable investment options, as measured by Super Ratings^ as at 30 June 2021.</p> <p>Members invested in other investment options also benefited from strong performance, with HESTA's MySuper authorised option Balanced Growth achieving top quartile performance versus other balanced options over three, five, seven, 10 and 20-year time periods, according to SuperRatings^.</p> <p>The HESTA Ready-Made High Growth investment option was another outstanding performer. As of 30 June 2021, High Growth was ranked in the top quartile of performance for one, three, five, seven, 10, 15, and 20-year timeframes, according to Super Ratings^.</p> <p>And last but not least, as of 30 June 2021, the HESTA Conservative option was ranked as the number 1 investment option over 5 years in the Capital Stable category, according to Super Ratings^. Similarly, it was the second-best ranked option in the same Capital Stable category over 10 years^.</p> <p>The ATO provides a comparator tool that allows members to compare the performance of <i>My Super</i> investment options based on a prescribed performance test.</p> <p>*Fund Crediting Rate Survey Sustainable Investment Survey June 2021 ^SuperRatings Fund Crediting Rate Survey</p>
<p>45.</p>	<p>HESTA uses AIA to provide death, TPD and income cover. Is AIA value for money?</p>	<p><i>So the answer to that is we think so. We go to tender, we test the market every three years, we go to tender roughly every six. And what we do is we strive to get the very best deal that we can for our members. In general, you will get a better insurance rate, premium, better premium by going in this way. That said, it may not be the most appropriate for you.</i></p> <p><i>And if your arrangements need to be something different, then we can always arrange underwritten insurance with AIA and we've negotiated very competitive rates in that regard. I think some of the other things that are worth noting is that by dealing directly with AIA and in some of the arrangements we have, we're able to improve the experience for our members.</i></p>
<p>46.</p>	<p>Are there any plans within the next 12 months to two years to have direct ASX shares and / or EFTs as investment options for members?</p>	<p><i>As Debby mentioned earlier, we've actually recently conducted a review of our investment options suite. At that time, this was obviously one of the things that we considered that was on the table and we've actually decided not to pursue it. And we continue to focus on the range of 10 options, five ready-made, five your choice that Debby spoke through earlier.</i></p> <p><i>Because really what we're seeing is that simplicity often allows our members to better understand and engage with their superannuation and allows us to keep the cost down for all of our members. So at this stage, I don't think we will be pursuing direct shares and ETFs.</i></p>

<p>47. What does the new COVID variant 'Omicron' mean for markets and investors?</p>	<p><i>I think the greatest challenge is saying the word Omicron. But before I do that, I'd just like to say on behalf of HESTA, thanks to our members for the great work that you are doing at the front line, this really does matter. And we're so, so, so appreciative of the work you're doing.</i></p> <p><i>So in relation to Omicron, and many people will know a great deal about this, perhaps even more than I do, but it is a very early changing variant. It is a concern. The World Health Organization last night re-emphasised their concern for it. And it really has three elements to it that we look at as investors to consider its impact. The first is how contagious is it? And it does appear to be quite contagious. It's certainly beginning to dominate in Southern Africa.</i></p> <p><i>The second is how serious are the effects? And here the signals seem to be a bit better than perhaps the Delta variant, but it's far too early to tell. So this is a question mark, rather than a statement about its effects. And the third of course is will the vaccines work? And again, it's not absolutely clear, although both Moderna and Pfizer have come out and said that they feel that they can either adjust the vaccines or the current vaccines will offer a degree of protection.</i></p> <p><i>This matters to our members out there on the front lines. And so, I don't mean to trivialise it by talking about the investment markets, but for the fund, it also has an effect. And so what investors are trying to weigh up is this going to last a long time and what degree will it affect the way the economy operates? And the question there really is that financial markets, as you can see from returns, have begun to anticipate what we describe as COVID normal, a degree of working with COVID as we are here in Australia, which results in economic growth and therefore reasonable investment returns.</i></p> <p><i>If however this variant turns out to be a worse than expected one that could affect investment returns, could for example, slow down economies, stop travel, and some of the other elements that we've seen at least temporarily. And secondly may also continue to cause problems with supply chains and supply chains are the way we get all of our goods around world. And as many of you would be aware what that's doing at the moment is causing a bit of inflation because of the effects of COVID and what that's doing to supply chains.</i></p> <p><i>So it's early days. Now how does our team actually manage through that to manage and look to protect your funds during this period? What we do is we work on scenarios and we try and build the portfolio to suit a variety of environments of which this changing environment is one of them, so it can be as robust as possible.</i></p> <p><i>There are no guarantees, but we certainly work on a range of scenarios to build a portfolio, not just about the virus, but it might be about the economy, for example. What happens if inflation rises, how can we protect and grow your portfolio, even in that environment? The last point I'd make, and it really does depend on your personal circumstances, but as I mentioned before, perhaps also another lesson is that there'll be a lot of news about the virus almost certainly in the next 12, 18 months and maybe even longer.</i></p> <p><i>It's very important, I think, and the lesson of the last two years is to take a long-term view with your superannuation savings. Because it just does seem likely we'll get volatility, but as you've seen from the returns most recently, if you can</i></p>
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		<i>hang in there during these periods of volatility, it certainly allows compounding of returns, which is really the aim of long-term superannuation.</i>
48.	Does HESTA have any specialist about estate planning for super?	<p><i>Now we do, as part of our advice process, talk around the implications of estate planning with super. I spoke earlier on around binding nominations and the importance of making sure you update that every three years to look at where the assets get distributed. But what I would say, it is a complex area.</i></p> <p><i>So please talk to the team of financial planners and supervisors to really look at your situation and objectives in particular about what you're looking to achieve so we can actually help you through this process.</i></p>
49.	Is HESTA moving to a more in-house investment management team?	<p><i>As we spoke about earlier, we have been moving to internalise aspects of the investment process, where we see clear value for our members. We've actually just internalised our Australian equities capability and we've done this for a number of reasons. We think this is going to give us more access to deal flow. So things like IPOs and new issuance, which currently we don't get directly, they go through our managers, we can now access and harvest directly for our members. It gives us a lower cost of execution, so we can do it more cheaply and some of our managers who have a profit motive, it gives us capacity.</i></p> <p><i>So one of the biggest challenges in Australian equities, especially in active management is actually getting capacity in quality managers. So we are now able to set up a really high-quality team and reserve that capacity, if you like, for our managers. And then we can harvest all of that intel and market insight into our broader investment process. So, there's a lot of really clear benefits for HESTA members through internalisation. So Australian equities is done. And I think now we're starting to turn our mind to what next, we're looking at fixed interest and cash markets. And we'll continue to you investigate further options in the future where we see clear benefit for HESTA members.</i></p> <p><i>I think it's also shows the benefit, I think, of being part of a large fund. As a member of a large fund, we're able to put more resources together so that we've got a more robust team, frankly, than a smaller fund. And so we're using that to your advantage and we're doing that by bringing it in house, reducing fees, reducing costs, but also making sure expertise is working for us and us only. And that's part of the benefit of them having an in-house team.</i></p>
50.	What are the key investment risks that keep you awake at night?	<i>I Chair the Investment Committee and so I think a lot about it, but I know Sonya does as well. So I'm sure Sonya may want to comment also. First thing I'd say about risks and risks generally is that no one can forecast the future. Certainly not with great accuracy. What you do as I alluded to before is you try to forecast a range of possibilities, what sort of risk could develop in the next period. And so I'll give you an example. One that investors are looking at the moment is the risk of say rising inflation. We haven't seen inflation for a very long time. And what are the implications for the portfolio? Another risk might be that we've had very strong investment returns and you need to be careful when you've had such a long run. You need to be cautious in the way you choose your next set of investments.</i>

		<p><i>But what we do at HESTA is we try and build the portfolio around a range of risks to make the portfolio as robust for a risk environment, and also a range of really, frankly, good outcomes. And we've been fortunate to have good outcomes because the economies have recovered and central banks and governments have helped support the economy during this period. And so it's the combination of those two things that we think about considerably.</i></p> <p><i>So at the investment committee, Sonya and her team present to us, and we go through all of the risks and talk about their thinking to make sure the portfolio is as robust as it can be looking forward. The last thing I just say on risk, of course, as I mentioned before, is our long-term investment business. And so we're looking to build investment over the medium term. So short-term volatility, we don't consider to be a risk. It's more avoiding those bigger issues that we think may impact the portfolio negatively.</i></p>
<p>51. How active is your fund in regard to investment?</p>		<p><i>I might just explain what the difference between active and passive is first for those who don't follow this closely. Passive is when you just buy the total market and you hold it passively. You don't try to choose between anyone companies in the portfolio. But you, for example, may own the entire, a weighted share of the ASX200 and you own all of them. That's passive and you just hold that through time. What active managers do is that they choose what they perceive to be the best. What gives you the best risk-reward trade off. Now, it is difficult to add value as an active manager, but there are many areas that active managers can, and there are other areas where the information is so efficient that active managers can't easily choose between them. Generally, the market does just as well. And so what we do at HESTA is we weigh those up and we have some passive in large parts of the portfolio, which are low fee, keep the fees down and therefore move with the markets.</i></p> <p><i>And then we target, in active areas, those fund managers that are skilled to select good investments on your behalf. And they can add very significant value. And they also provide us information back to us about what's going on in the world, how they're seeing the world. So active managers have an additional role to play. The last part of active is our own internal team which will move the portfolio around depending on the outlook that we have.</i></p> <p><i>As I mentioned before, the scenarios that we're looking at. And that's really an active decision. That's the decision of perhaps increasing when we see opportunity or taking a more cautious position if we believe that there is some degree of risk. And so we combine both and we keep very close eye on both because of their costs, but also constantly asking can the active manager add value and where they can, will support them and put some of your funds into those active managers to add extra returns.</i></p>
<p>52. You mentioned that earnings within pension accounts are tax free. Is this true for Transition to Retirement arrangements?</p>		<p><i>What I would say because we're getting into some technicality of retirement income streams, I would recommend that you speak to one of our Superannuation Specialists across the country to get clarity on and to understand probably some of your personal situation in terms of your goals in one of those appointments.</i></p> <p><i>I mean, I think it's worth adding at a broad level that investment earnings and transition to retirement are the same</i></p>

		<p><i>as an accumulation. So you do actually pay up to 15% tax on the investment earnings. It's only once you are in retirement that it's actually tax free. But I think Josh's advice is really helpful because often it's difficult for people but to be clear that they are in retirement or are in transition to retirement and that's why it's very helpful to get some advice.</i></p>
<p>53.</p>	<p>Will you offer some form of annuity package as part of the retirement options?</p>	<p><i>So first of all, we have quite an extensive option in terms of our retirement product already. So in terms of how people can mix up their options and the choices they can make. We are actually in the process right now of reviewing our retirement strategy. What is the strategy in terms of the product we offer members, but also the advice options, the help that we give our members.</i></p> <p><i>And Lisa spoke earlier about our member online portal and Future Planner, which is such an important part of building our members' confidence in their financial future, their confidence in their retirement. But we are developing that retirement income strategy at the moment. And we certainly are thinking very broadly about it. It may potentially have some sort of annuity product. We haven't decided on that yet. But what will be very important for us is to make sure that it's what our members need and be very thoughtful about the broad spectrum of members that we have moving into those retirement products.</i></p> <p><i>It's probably good to remember as well that for members with lower balances, it's not always is appropriate, is it? So what we're trying to do is get the right outcome for the majority of our members.</i></p>
<p>54.</p>	<p>Why does HESTA claim alignment with the Paris goals, when it failed to support shareholder resolutions put to WPL, STO & OSH this year asking these companies to manage down oil & gas production in line with Paris goals?</p> <p>Does HESTA genuinely believe that engagement with oil & gas companies that have plans to expand will achieve the fund's engagement goals when experts like the IEA are calling for no new investment in fossil fuels?</p> <p>In her opening address Debby spoke Rio Tinto as an example of how your engagement creates impact. Can you provide evidence that your engagement with oil & gas companies</p>	<p>In our climate change report, we have shared analysis on our exposure to fossil fuel by fuel type. At 30 June 2021 oil and gas companies represent only 3.60% of our total portfolio exposure, of which 2% is attributable to gas pipelines in our infrastructure asset class.</p> <p>In relation to specific companies like Woodside, Santos and Oil Search, we continue to engage regularly with them and others to help change the way in which they conduct their business. For example, through engagement, all three companies have confirmed their intention to provide the necessary climate disclosure and put their climate reporting to a non-binding, advisory vote of shareholders at its 2022 Annual General Meeting giving investors a mechanism to voice any concerns.</p> <p>Using Woodside as an example, Woodside has articulated its climate strategy to:</p> <ul style="list-style-type: none"> • Reduce its equity Scope 1 & 2 net greenhouse gas emissions, with clear near and medium term (15% 2025 and 30% 2030) targets on a path to its aspiration of net zero by 2050 or sooner. • Invest in supplying the products and services its customers need as they too reduce emissions, including natural gas as well as new energy products and lower carbon services. <p>Woodside has further articulated that the Scarborough project:</p> <ul style="list-style-type: none"> • Fits within its Scope 1 & 2 net emissions reduction trajectory, has ~0.1% reservoir CO₂, and will be processed through an efficient new LNG train at the Pluto facility.

	<p>creates impact ? If not, why not divest?</p> <p>With the engagement policy on page 40 of your climate report, can you justify staying invested in climate wrecking companies like Woodside, which are clearly not aligned with transition to a low carbon world?</p> <p>Does HESTA genuinely believe that it can positively influence companies like Woodside & Santos who clearly have no plans to reduce fossil fuel production in line with the climate goals of the Paris Agreement?</p>	<ul style="list-style-type: none"> • Fits within its investment strategy due to the demand in Asia for natural gas as part of decarbonisation pathways. <p>Investors are still engaging with Woodside to understand how the proposed Scarborough/Pluto development fits with its existing net zero ambitions, and aligns to the goals of the Paris Agreement to hold global warming to well below 2 °C with the pursuit of a limit of 1.5°C.</p> <p>However, we believe the actions outlined by the companies in their climate strategy during the 2021 voting season satisfy the substance of the ask of the shareholder resolutions filed, whilst supporting an orderly and just transition.</p> <p>When considering oil and gas’s role in the transition, it’s important to note that the IEA is explicit that its net zero roadmap (NZE) is “a path, not necessarily the path” and also that it assumes a role for gas in the global economy in the future where “each country will need to design its own strategy, taking into account its specific circumstances. There is no one-size-fits-all approach to clean energy transitions.”</p> <p>The IEA considers various scenarios of how the world will decarbonise that companies can use to test the resilience of their business plans.</p> <p>In the IEA’s World Energy Outlook (October 2021 Edition), it finds that \$365 billion of investment in oil and gas supply is required every year to 2030 to meet oil and gas demand in the net zero scenario as supply from existing projects naturally declines.</p> <p>The Sustainable Development Scenario, which the IEA describes as another gateway to achieving the goals of the Paris Agreement, natural gas demand in Asia grows by 36% between 2020-2030 and remains above 2020 levels into 2050.</p> <p>If we were to sell shares in the companies mentioned above, HESTA doesn’t remove or reduce carbon from the atmosphere. As noted in the recent ACCR report , responsible owners need to meet with companies to try and change business practices and contribute to real world outcomes on global warming. 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. It is also not in our interests that companies divest high-emitting assets, particularly into private hands, as this limits our ability to influence companies and manage risk.</p> <p>Through ongoing engagement with our collaborative partners, we have worked with companies to set net zero ambitions and shorter-term targets, particularly in hard to abate, difficult to decarbonise industries that currently have no defined pathway.</p> <p>Of the climate priority companies with collaboratively engage with, 25 of 26 companies have set net zero targets.</p> <p>Of 19 companies from oil and gas, energy, building materials, mining and fertiliser/explosives, 12 companies show a pathway to net zero.</p>
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55.	Given the increasing demand by members for ESG/environmental investments, when will the fees for this reduce to be closer to the fees charged for other streams?	<p>HESTA applies the same base administration fee across all investment options. The investment fee is what differentiates fees across the various investment options. This is a fee related to the investment of an asset that we incur direct from investment managers.</p> <p>We do not apply a margin to this and pass on the cost that we receive. We are always looking to achieve fee reductions where we can, and as a profit to member super fund, we pass this saving onto members. You can read more about fees and costs on our website here.</p>
56.	Does HESTA invest with Imugene? If so, in what portfolio? Or does HESTA not invest in medical companies?	<p>HESTA does not invest in the Australian listed company Imugene (ASX:IMU).</p> <p>HESTA does invest in other medical companies across a range of asset classes and investment instruments.</p> <p>From 2022 all portfolio holdings will be available to view on our website, increasing our transparency to members about their investments.</p>
57.	Did HESTA divest from three thermal coal companies only because they could become stranded assets, or because they did not align with Paris?	<p>The divestment decision was made on the basis of stranded asset risk.</p>
58.	"Your insurance through HESTA covers you for pandemics including the coronavirus. So, if you currently have death, TPD or income protection within your HESTA super account, we've got you covered." You said.	<p>Insurance through HESTA provides round the clock cover for our members, including for pandemics.</p> <p>You can find general information on cover through HESTA in Insurance options.</p> <p>For information on your specific cover, log in to your online account and click on the Insurance tab, or give us a call on 1800 813 327.</p>
59.	Debby Blakey was on Radio National last Wednesday calling on the Federal Government to set stronger climate targets. Did you make the same or similar demands of Woodside? If so, what	<p>We have been actively engaging with companies as part of the Climate Action 100+ investor collaboration, both in Australia and overseas.</p> <p>There is a role for companies and investors like HESTA to work collaboratively on taking action to accelerate the necessary transition to a lower carbon future.</p> <p>We are engaging with Woodside on its business activities and the company has to date articulated its climate strategy as</p>

	<p>demands did you make?</p>	<p>follows:</p> <ul style="list-style-type: none"> • Reduce its equity Scope 1 & 2 net greenhouse gas emissions, with clear near and medium term (15% 2025 and 30% 2030[1]) targets on a path to its aspiration of net zero by 2050 or sooner. • Invest in supplying the products and services its customers need as they too reduce emissions, including natural gas as well as new energy products and lower carbon services. <p>In addition, Woodside has confirmed its intention to provide the necessary climate-related disclosures and put their climate reporting to a non-binding advisory shareholder vote at their 2022 AGM, giving investors a mechanism to voice concerns.</p> <p>We are continuing to prioritise engagement with key emitters and are continuing to engage with Woodside to help progress the way they conduct their business.</p>
<p>60.</p>	<p>How will HESTA respond to Woodside's decision to go ahead with the Scarborough gas & Pluto 2 project, which Carbon Tracker has found is not even compatible with a 2.7°C warming scenario?</p>	<p>When considering oil and gas's role in the transition it's important to note that the IEA is explicit that its net zero roadmap (NZE) is "a path, not necessarily the path" and also that it assumes a role for gas in the global economy in the future where "each country will need to design its own strategy, taking into account its specific circumstances. There is no one-size-fits-all approach to clean energy transitions."</p> <p>We continue to engage regularly with Woodside to help change the way in which they conduct their business. They have confirmed their intention to provide the necessary climate disclosure and put their climate reporting to a non-binding, advisory vote of shareholders at its 2022 Annual General Meeting giving investors a mechanism to voice any concerns.</p>
<p>61.</p>	<p>Nicola Roxon has taken on big tobacco and won. Will Nicola take on big fossil fuels and make Hesta the first fossil free industry fund?</p>	<p>In 2019, Nicola Roxon was appointed Independent Chair of the HESTA Board of Directors, which is responsible for the Fund's overall governance and strategic direction. In relation to setting investment policy, HESTA's Investment Committee is responsible for overseeing our investment strategy and frameworks and ensuring proper governance of the Fund's investment practices.</p>
<p>62.</p>	<p>Why does HESTA consider its "sustainable option" only as an option? Why not make the whole fund fossil free?</p>	<p>HESTA takes a whole of fund approach to climate change and responsible investment more broadly. The Sustainable Growth option has exclusions that are defined by member research we conduct on a regular basis, and to date this research has specified a preference of environmental issues. This has led us to apply tighter exclusions of investment in fossil fuels in this option.</p> <p>We have a fiduciary responsibility to consider the best financial interests of all HESTA members, which is why we offer a range of investment options to suit the different risk profiles, financial objectives and investment appetite of members.</p>
<p>63.</p>	<p>The monthly insurance premium deducted for death and TPD cover is significant. Is the current insurance provider HSBC value for money?</p>	<p>HESTA insurance is provided by AIA. You can find out all about our insurance cover at hesta.com.au/insurance, and about your specific cover by logging into your online account at hesta.com.au/login (then choose the 'Insurance' tab).</p>

<p>64.</p>	<p>Pls detail about international shares</p>	<p>These are shares listed on markets other than Australia. Our members can invest in international shares through their investment options, by either choosing Your Choice International Shares or through one of our diversified Ready-Made options.</p> <p>Given the general nature of the question we're unclear about the information you need – and we will reach out to you directly to ensure we have addressed your query.</p>
<p>65.</p>	<p>How much tax HESTA paid in last three years?</p>	<p>All financial statements for HESTA each year are available in our annual reports; visit hesta.com.au/annualreport to see them.</p>