



Australian Government

Future Fund

FUTURE FUND STATEMENT OF INTENT

This Statement of Intent provides the framework for how the Future Fund Board of Guardians (the Board) will meet the Government's expectations as set out in the Statement of Expectations issued by the Minister for Finance and the Treasurer (the responsible Ministers) on 21 November, 2024. It should be read alongside that document as well as the relevant laws and Investment Mandate Directions that apply to the Board.

As Australia's sovereign wealth fund, the Future Fund is a unique asset and an important economic and financial institution for the country. The strong investment performance delivered since inception reflects its robust statutory, governance and operational arrangements. We appreciate the Government's continued support for these arrangements.

Chair of the Future Fund Board of Guardians

Investment Strategy

As set out in the Statement of Expectations, the Board notes its primary role is to maximise returns over the long term, consistent with the Future Fund Act and the Future Fund Investment Mandate Direction.

Subject to that, the Board will assess the risk and return profile of appropriate investment opportunities in national priority areas both in the context of the broader portfolio - in line with its joined-up whole of portfolio approach to investing - and the Board's legislative obligations, and make investment decisions accordingly. Investments in national priorities would need to generate substantially the same risk-adjusted rate of return and other attributes as similar types of investments which might otherwise be considered by the Board in accordance with its investment strategy.

In having regard to national priority areas when managing its investments, the Board will comply with applicable laws and Directions and will take into account international best practice for institutional investment in respect of corporate governance principles.

The Board will continue to seek opportunities to engage in knowledge sharing and collaborative consultation (subject to any confidentiality constraints) with the Government's Specialist Investment Vehicles on investment and economic trends and the national priority areas.

Likewise the Board will engage, as appropriate and subject to its legislative obligations, with the arrangements and structures that are being established by the Australian Government under its Future Made in Australia agenda.

Compliance with legislative framework

The Board will perform its functions, including managing the investments of the investment funds, in accordance with the requirements of all applicable laws and any legally binding Directions of the Australian Government.

The Board will continue to seek to maximise the risk-adjusted returns over the long term for the investment funds under its management, consistent with international best practice for institutional investment and the target return and risk guidance set out in the Investment Mandate Directions. This includes when having regard to the relevant national priorities in considering investment opportunities and when managing its investments.

The Board will act in a way that minimises the potential of causing any abnormal change to the volatility or efficient operation of Australian financial markets. The Board will also not act in a way likely to cause a negative impact on the Australian Government's reputation in Australian and international financial markets.

Governance and accountability

Each Board member recognises their obligation to comply with the duties set out in the *Future Fund Act 2006* and any other legislative obligations that relate to the functions of the Board.

The Chair will provide a board skills matrix and recommended Board succession plan to the responsible Ministers annually.

Communication and engagement with government

The Board recognises the importance of timely and proactive communication and engagement with government. The Board values the strong relationships it has had with responsible Ministers of all Governments since the Future Fund's inception, as well as the constructive and productive working relationship the Board and Agency have with both Treasury and the Department of Finance.

The Board will seek to inform both Treasury and Department of Finance together when responding to any request from either department, and notes that the Chair will be main conduit of information between the Board and the responsible Ministers.

Reporting and Transparency

The Board recognises that the operations and functions of the Board are a matter of public interest.

The Board thanks the responsible Ministers for their acknowledgement of the work that the Board already does to make comprehensive information about its operations, investments and approach publicly available.

The Board will continue to periodically review and enhance its practices on public reporting and disclosure, subject to appropriately protecting information that may be commercially sensitive, and will continue to comply with its legislative reporting obligations.

The Chair of the Board will inform the responsible Ministers, in a timely manner, of any event that is likely to impact on the reputation of the Board, the Agency or the Government.

Environmental, Social and Governance matters

The Board has long recognised the importance of environmental, social and governance (ESG) issues. Further developing our ESG capabilities, in particular in relation to climate risks and opportunities, is a focus for the Board.

The Board will continue to integrate the consideration of ESG risks and opportunities into its investment process, publish its ESG policy on our website and report on its ESG approach via its annual report and other publications.

The Board will continue to maintain, implement, publish and review its investment exclusions policy, in the context of its legal requirements and investment strategy.

Accountable Authority of the Agency

The Chair will ensure that the responsible Ministers and their departments are kept up-to-date and well-informed on the activities of the Agency.

The Chair will ensure the remuneration structure for the Agency remains transparent, appropriately aligned to key performance indicators and justifiable to the Parliament and the Australian public.

CEO of the Future Fund Management Agency

The CEO will assist the Board in performing its functions, consistent with the enabling legislation and Investment Mandate Directions. This will include supporting and assisting the Chair in managing the affairs and staff of the Agency in accordance with all applicable legislation, including promoting and upholding the Australian Public Service Values and Code of Conduct.

Collaboration with other Commonwealth entities

The Agency will seek opportunities to share knowledge and have ongoing, open and collaborative consultations with other Commonwealth entities, where it is appropriate and practical to do so and subject to any confidentiality constraints.

It will also include engaging as appropriate with the proposed arrangements and structures that are being established by the Australian Government under the Future Made in Australia agenda.