Future Fund Investment Issues

Subject/Issue

The Future Fund Board of Guardians' investment decisions and disclosures.

Key facts and figures

- The Future Fund Board of Guardians invests independently from the Government.
- The Future Fund Board's long-term investment strategy is consistent with its obligations under the *Future Fund Act 2006* (Act), its Investment Mandate and Australian law and sanctions.
- The Act requires the Future Fund Board to maximise returns over the long term, consistent with best practice for institutional investment. The Investment Mandate also requires the Board to have regard to national priorities where possible.
- The Future Fund publishes a Responsible Investor Policy which sets out the Board's position on responsible investment.
- This position is reflected in a new investment belief: That integrating environment, social and governance considerations, including climate change, as a Responsible Investor enhances long-term returns and the Future Fund's reputation.
- The Future Fund Board is required to invest through external investment managers, except in relation to certain Australian infrastructure and property investments.
- Before deciding to manage an investment internally the Future Fund Board must be satisfied that the Future Fund Management Agency (Agency) has the right skills, resources, processes, and technologies; and that it is cost effective to do so.
    - There were no internally managed investments in 2024-25.

Key points

- The Board is responsible for deciding how to invest the Australian Government's investment funds, consistent with primary legislation and Investment Mandates.

- The Future Fund Board's independence is enshrined in legislation, with Ministers prohibited from directing the Board to invest in particular assets or a particular business. This independence has had bipartisan support since the Future Fund was established in 2006.
- The Future Fund Board has a broad, globally diversified investment portfolio across thousands of listed and unlisted entities. These investments are made via external investment managers. The Future Fund Board currently engages over one hundred external investment managers.
- The Future Fund Board applies its environmental, social and governance policy (ESG) by integrating consideration of ESG risks into its processes, actively engaging with companies on ESG matters and exercising voting rights.
- The Board has explicit investment exclusions for:
    - activities that are banned through international conventions and treaties ratified by Australia (including for relevant sanctions on Russia)
    - entities that manufacture complete tobacco products.
- The Future Fund Board has due diligence processes in place to ensure it does not make investments that breach Australian sanctions and abide by any new sanctions introduced by the Government. The Board has implemented all relevant sanctions on Russia that have been imposed by Australia, the United States, and the European Union.
- There has been interest from Senators and the media in the Future Fund's investments in certain companies in the fossil fuel, gambling, and weapons industries. There are no Government sanctions on such investments, and each investment decision is made by the independent Board, having regard to its legislated objectives and investment mandate.
    - The Board has faced criticism over the last few years for its investment in Elbit Systems which is a provider of Israeli military land-based equipment. Over the period from 30 June 2025 to 31 December 2025 the Future Fund Board increased its total number holdings to 10,585 shares at a value of $9.2 million.

- At the 2026 Additional Estimates, Senator Barbara Pocock raised concerns about the Board's holding in Palantir due to criticisms around its human rights records regarding its mass surveillance practices without consent. Over the period from 30 June 2025 to 31 December 2025 the Future Fund Board increased its total number of Palantir holdings to 737,780 shares at a value of around $196.6 million.

Reporting and disclosures

- The Future Fund Board of Guardians publishes its ESG policy, called the Responsible Investment Policy, and the current list of excluded companies (last updated in November 2025) on the Future Fund website.
- The Board discloses detailed information about its portfolio through its annual report, quarterly portfolio updates, and periodic investment reports.
- The 31 December 2025 periodic investment report is available on the Future Fund website.
- Under the Australian Government's Commonwealth Climate Disclosure Policy, the Agency will be required to disclose climate-related information in its 2024–25 annual report. In this first climate disclosure, the Agency will report against the 'Year 1 Commonwealth Climate Disclosure Requirements'.

Background

The Board has built a broadly diversified portfolio which includes investments in thousands of entities globally. The Board's limited exclusions keep the investment universe large, which helps in achieving its legislated objective to maximise returns over the long term while also managing risk in line with investment mandates issued by the responsible Ministers.

Environmental, Social and Governance (ESG) considerations and investment exclusions

The Future Fund Board of Guardians integrates ESG into its decision-making process by assessing the potential impacts of ESG matters on the risk and return of the portfolio. The board also exercises its ownership rights associated with investments according to the board's ESG policy, which considers human and labour rights, climate change, sustainable supply chain, corruption, and bribery.

The board recently adopted a new investment belief that integrating ESG considerations, including climate change, enhances long-term returns and the board's reputation. This is reflected in the updated ESG policy called the Responsible Investment Policy which is published on the Future Fund website.

The Responsible Investment Policy sets out the board's approach to responsible investment and provides a framework for implementing the board's responsible belief across the investment portfolio. The policy includes the following responsible investments priorities that are integrated into the board's investment research, stewardship, and industry collaboration activities:

- climate change
- responsible technology
- and nature and biodiversity.

The Future Fund Board of Guardians has processes in place to ensure it does not make investments that breach Australian sanctions and will continue to abide by any new sanctions introduced by the Australian Government. The economic activities that are currently subject to these exclusions relate to controversial weapons and include cluster munitions, anti-personnel mines, selected nuclear weapons, chemical weapons, and biological weapons.

Australia has not signed the Treaty on the Prohibition of Nuclear Weapons, so it is not a treaty that the board has regard to under its ESG policy.

Elbit and Palantir are not on the Future Fund's current list of investment exclusions.

Media has recently reported that after advocacy by the Palestine Solidarity Network Aotearoa (which pressured the Fund to divest from Israel's largest weapons company, Elbit) the New Zealand High Court ruled that the statement of investment policies and the sustainable investment framework developed by the Guardians of New Zealand Superannuation does not comply with the *New Zealand Superannuation and Retirement Income Act 2001* and are unreasonable and unlawful.

While the ruling is limited to the New Zealand Superannuation, the ruling establishes a legal precedent for sovereign wealth funds, where they can be subject to judicial scrutiny where investment policies do not adequately reflect legislative requirements on ethics and human rights.

The Responsible Investment Policy (published on the Future Fund website) also provides a framework to assist the board to determine if any entities and sectors should be excluded from the investment portfolio for non-financial reasons.

The Board has chosen to restrict investments in entities directly involved in the manufacture of complete tobacco products as it has the view that there is no safe level of usage.

Senators and the media regularly raise concerns regarding the Future Fund Board of Guardians' investments in certain companies in the fossil fuel, gambling, and weapons industries. There are no Australian Government sanctions on these industries.

The current coverage and scope of the Future Fund's investment exclusions is outlined below.

Future Fund Investment Exclusions

Economic Activity	Basis for exclusion	Criteria
Controversial weapons		
Cluster Munitions	2008 Convention on Cluster Munitions	Develop or produce
Anti-Personnel Mines	1997 Convention on the Prohibition of Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction	Develop or produce
Nuclear Weapons	1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT) 1985 South Pacific Nuclear Free Zone Treaty	Develop or produce weapons or supporting technology in non-nuclear states Operate peaceful nuclear technologies in states not party to the NPT or International Atomic Energy Agency safeguards
Chemical Weapons	1993 Convention on the Prohibition of the Development, Stockpiling and Use of Chemical Weapons and on their Destruction and Annexes	Develop or produce
Biological Weapons	1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction	Develop or produce
Tobacco		
Primary Tobacco Production	Undisputed health consequences, including serious illness and increased risk of death, and that the consumption of tobacco is not safe in any quantity	Produce

Supporting information

Questions on Notice

- F017. Woodside: remuneration voting. Asked 10 February 2026 (Senator Barbara Pocock). Response tabled 10 April 2026.
- F016. Whitehaven: Climate change risk and remuneration voting. Asked 10 February 2026 (Senator Barbara Pocock). Response tabled 10 April 2026.
- F015. Uplift in responsible investment capabilities. Asked 10 February 2026 (Senator Barbara Pocock). Response tabled 10 April 2026.
- F071. Housing Australia Future Fund Periodic Investment Report. Asked 16 November 2025 (Senator Barbara Pocock). Response tabled 28 November 2025.
- F070. Investments in the Housing Australia Future Fund. Asked 16 November 2025 (Senator Barbara Pocock). Response tabled 01 December 2025.
- F036. Investor remuneration reports. Asked 08 October 2025 (Senator Barbara Pocock). Response tabled 28 November 2025.
- F035. Gambling related investments. Asked 08 October 2025 (Senator Barbara Pocock). Response tabled 01 December 2025.

Freedom of Information (FOI) Requests

- The Future Fund Management Agency has recently published four relevant FOI requests. FOI 58 and 60 provide data relating to certain companies. FOI 59 provides documents relating to certain investment policies. FOI 61 provides documents relating to certain investments.
- All FOI responses are available on the Future Fund's FOI disclosure log.
- There have been no applicable FOI requests for the Department of Finance since the last estimates hearings.

Recent Ministerial Comments

- Nil

Relevant Media Reporting

- Future Fund doubles down on investments in companies linked to genocide, Deepcut, 11May 2026
- Kiwi High Court ruling to pave the way for changes at Future Fund? - Michael West Micheal West Media, 25 April 2026
- Palantir helped Australian intelligence agency sort 42m data points, Crikey, 27 April 2026
- Future Fund says it didn't choose to buy its $100m Palantir stake Crikey, 11 February 2026
- Australia’s Future Fund discloses huge profits from weapons manufacturers despite fierce criticisms of support for industry, The Guardian, 30 September 2025
- Future Fund drops Dexus as stake manager, AFR, 19 June 2025

Date sent to MO:	12/05/2026
Cleared by (SES):	Marisa Purvis-Smith
Telephone No:	6215 1342
Group/Division:	Commercial Group
Contact Officer:	Fotos Andreou
Telephone No:	6215 2636
Consultation:	Future Fund Management Agency
PDR Number:	SB26-000082