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Policy owner: Executive Director

# Investment Guidelines

## **Sustainability and human rights screening**

The Right Livelihood Foundation's vision is a just, peaceful and sustainable world for all, and Right Livelihood Laureates are among the most important champions of environmental and human rights around the world. It is therefore self-evident that any investments by Right Livelihood need to meet the highest ethical standards.

Recognising that ESG (Environmental, Social and Governance) has become a buzzword and that greenwashing is rife in the financial industry, investment decisions will not rely on labels, but require a thorough screening of the substance of any proposed ESG approach. Asset managers shall demonstrate not only their exclusion criteria, but also how they select positively for sustainability and human rights leadership and how they engage with companies to exert an active influence.

The following sectors will be excluded entirely: fossil fuels and their complete "value" chains; tobacco and alcohol; pornography; gambling; nuclear weapons and energy, and other weapons of mass destruction; conventional arms; pesticides, chemical fertiliser, GMOs and landgrabbing; aviation; cement; and government bonds from countries disrespecting human rights or overinvested in fossil fuels.

## **Structure of investments**

The Right Livelihood Award Foundation's capital consists of two distinct parts, each following their own more specific guidelines for investments: The Foundation Capital and the special endowment for the cooperation with the Global Campus of Human Rights.

## **Period for review**

These investment guidelines (in a more detailed version) were last reviewed and approved by the Board in August 2023, taking into account the advice of the Investment Committee.

## **Foundation capital**

### **Investment goals**

The purpose of the Foundation capital is:

- To be a reserve for the long-term security of Right Livelihood's work maintained at low risk.
- To create a surplus, if possible, while respecting risk minimisation.
- To provide office space for Right Livelihood's Stockholm staff while saving rent.

### **Asset classes and risk profile**

*Real estate:* The Foundation should own its own house in Stockholm, to be used as office space and for the excess space to be rented out. The Foundation should invest in the maintenance of the house, in accordance with good real estate practice, to preserve and/or increase its value.

*GLS Förderfonds:* The Foundation has a support account with the German charity GLS Treuhand e.V. The Foundation can receive German donations on this account and transfer them to its operations in Sweden. The balance of the account is invested by GLS Treuhand e.V. in accordance with the sustainability and human rights criteria as described above.

*Bond portfolio in SEK:* This portfolio currently consists of shares that have been bequeathed to the Foundation. The shares should be sold and invested in secure bonds in SEK that live up to the sustainability and human rights criteria as described above.

*Cash:* To guarantee its payroll, the Foundation should hold cash in SEK and CHF.

*Grassroots shares:* The Foundation holds two shares in the German charitable company Grassroots Foundation gGmbH. Grassroots has its own guidelines and its own governance for the investment of its capital. These are compatible with the sustainability and human rights criteria described above.

### **Management and oversight**

The Foundation capital is overseen by the Executive Director, with regular reporting to Right Livelihood's Investment Committee and the Board. Any strategic changes to the management (like sale of the house, changing of asset classes or risk profile) need to be approved by the Board.

## **Special endowment for the cooperation with the Global Campus of Human Rights**

The Foundation has entered into a 20-year cooperation with the Global Campus of Human Rights, the world's largest academic education programme for human rights, teaching eight master's programmes around the world. The purpose of this cooperation is to promote the acknowledgement and observance of human and child rights and to strengthen the participation of children in all matters affecting their lives in the present and in the future.

The cooperation makes up an important part of the Foundation's global education work and it is made possible by a special endowment. The project is governed by written agreements with the donor and with the partner.

### **Investment goals**

The purpose of the investment of the endowment – in order of priority – is:

- To secure the annual payments for the cooperation.
- To create a model of responsible investment of the highest standard for sustainability and human and child rights.
- To create a surplus to be balanced back into the endowment.

The goal for the average annual return after costs shall be 4% in EUR.

### **Asset classes and risk profile**

The portfolio is diversified by investing in various asset classes and applying different investment styles. Considerations guiding the overall allocation are global economic developments; the possible effect of inflation (or deflation); the expected tax consequences of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the Foundation; and the expected total return of the portfolio, including both income and appreciation of investments.

As the investment has a long time horizon, the overall risk profile should be medium to high. The reporting currency for the portfolio will be EUR.

The overall portfolio shall be structured in the following way:

2-3 public equity mandates	≈ 75%
Public equity funds	≈ 10%
Real estate and/or impact investing (even if illiquid)	≈ 10%
Cash	0 – 5%

## **Management and oversight**

The implementation of the investment is coordinated by the family office BFP Brune Financial Planning GmbH (in the following “BFP”). They support the Foundation in identifying 2-3 asset managers and other vehicles to invest the endowment and stress-test the overall proposed portfolio. Asset managers have been selected based on their track record from similar mandates, the quality of their reporting, and their leadership within ESG. Agreements with BFP and all other agreements for the investment are signed by the Executive Director and a Board member.

BFP monitors the investments and reports to the Foundation about the overall portfolio on a monthly basis. They will organise an annual meeting for reporting to the Investment Committee. Any changes to the strategy for the investment or these guidelines need to be Board approved.