Position Statement

Weapons

Summary: Weapons are regularly used to violate human rights and undermine sustainable development. The death, injury, and denial of access caused by weapons fundamentally conflicts with Sustainable Development Goal 3: Good Health and Wellbeing. For this reason, we do not invest in companies that produce or distribute conventional or controversial weapons.

Purpose of this document

We are committed to the principles of international relations as outlined in the United Nations Charter. Article 51 recognizes the right of countries to self-defense, which may imply the necessity of producing and storing weapons. However, we also strongly support the advancement of Human Rights and Sustainable Development. Weapons are often used to undermine both. This creates a significant conflict between core values when evaluating the role of the weapons industry in our investment strategy. The purpose of this document is to explain why, when confronted with this values conflict, we decided to exclude weapons from our investment universe.

Democracy and Sustainable Development

Promoting and strengthening democracy is essential for achieving sustainable development (Sen 1999). This is because:

- Public debate, discussion, and criticism are crucial for shaping and enhancing sustainable development objectives. In democratic societies, these discussions shape policies that respond to development needs. Autocratic governments and hybrid regimes, which suppress debate, cannot fulfill this role effectively.
- Democracy is the most effective form of governance for developing human capital, fostering social and political participation that is central to sustainable development.
- Democracy enables people to advocate for their basic needs, including their health and wellbeing.

While Sweden is a stable democracy, this should not be taken for granted. Democracy is in decline, with a shrinking proportion of the world's population living in democratic systems (Boese et al. 2022). The Russian Federation has directly threatened Swedish democracy and demonstrated its willingness to attack democracies, as seen in Ukraine. We recognize the importance of a credible and effective military in protecting Sweden's democracy and, by extension, its role as a foundation for sustainable development. However, this societal necessity is not equivalent to a requirement that our mutual funds profit from weapons manufacturers given that there are other means available for financing such enterprises.

Weapons undermine sustainability development

The United Nations 2030 Agenda for Sustainable Development prioritizes eliminating poverty and ensuring the resilience of Earth's natural systems. Achieving these goals requires a safe physical environment, which weapons actively undermine in two ways:

- **Immediate Degradation of Capital:** Weapons cause direct harm to human, physical, and natural capital. This includes death and injury, destruction of infrastructure and agricultural assets, and environmental damage.

- **Long-Term Access Denial:** Weapons create long-term barriers to accessing land, infrastructure, and essential services. This results in a decline in financial, social, and natural capital over time, limiting access to markets, schools, healthcare, and agricultural land. This leads to economic and social marginalization, perpetuating cycles of poverty and food insecurity. Explosive remnants of war such as landmines can deny access for years after conflicts conclude.

These consequences are fundamentally opposed to sustainable development goals.

Our position

As active managers, we typically use our minority ownership stakes to monitor and influence corporate sustainability practices. However, our ability to influence the weapons industry is limited by significant political involvement in the industry's activities, and the secrecy associated with many contracts. Furthermore, weapons produced in democratic countries are often exported to authoritarian regimes that use them to suppress democracy and violate human rights. Given these concerns, alongside the clear adverse impacts of weapons on sustainable development, we have chosen to exclude this sector from our investment universe. Our position includes conventional weapons as well as controversial weapons such as mines and cluster bombs, chemical and biological weapons, and nuclear weapons.

Mapping weapons to SDG 3

Our investment focus is aligned with Sustainable Development Goal 3: Good Health and Wellbeing. Based on academic research and authoritative reports, we have mapped the use of weapons in violent conflict to SDG 3's indicators. Our analysis reveals that weapons have significant negative effects on 25 of SDG 3's 30 indicators. There is inconsistent or unclear evidence for a relationship to three indicators, and a positive but likely spurious effect of violent conflict on two indicators.

SDG Target	SDG Indicator	Comment
3.1 Reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.1 Maternal mortality ratio	Armed conflict increases maternal mortality rates by undermining economies both locally and nationally; and by destroying infrastructure including health centers, hospitals, and roads (Kotsadam and Østby 2019). This effect holds both at the local and national scales (Kotsadam and Østby 2019; Urdal and Che 2013).
3.1 Reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.2 Proportion of births attended by skilled health personnel	Women who live in locations near armed conflict have lower probability of giving birth in a healthcare facility. Conflict displaces people from their homes, eroding social institutions and making it harder for certain groups to make use of the health system (Østby et al. 2018).

SDG Target	SDG Indicator	Comment
3.2 End preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births	3.2.1 Under-five mortality rate	Under-five mortality rate is higher in regions with armed conflict than regions without conflict due to increased exposure to malnutrition, injury and disability, and acute and infectious illness (Bendavid et al. 2021).
3.2 End preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births	3.2.2 Neonatal mortality rate	Infant mortality is higher in areas with armed conflict than in areas without conflict for a variety of reasons including increased exposure to malnutrition, and acute and infectious illness (Wagner et al. 2018).
3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases	3.3.1 Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations	Armed conflict increases new HIV infections by disrupting care, changing risk behaviors, and through the use of sexual violence as a weapon (Bisimwa et al. 2024; Daw et al. 2022; Friedman et al. 2023). This occurs locally but also spills over outside the conflict zone with the movement of refugees.
3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases	3.3.2 Tuberculosis incidence per 100,000 population	Armed conflict increases new TB infections by disrupting care, changing risk factors (Dahl et al. 2022; Friedman et al. 2023; Holt 2022). This occurs locally but also spills over outside the conflict zone with the movement of refugees.
3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases	3.3.3 Malaria incidence per 1,000 population	Armed conflict increases Hepatitis B infections due to increased poverty, use of sexual violence, medical deprivation, and breakdown of social structures which facilitates transmission (Bisimwa et al. 2024; Marou et al. 2024).

SDG Target	SDG Indicator	Comment
3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	3.3.5 Number of people requiring interventions against neglected tropical diseases	Researchers believe that conflict increases the number of people burdened by neglected tropical diseases for the same reasons as other infectious diseases (see above), although the general lack of data (they are "neglected" diseases) means that empirical evidence remains weak (Du et al. 2018).
3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease	While data is scarce due to the difficulties conducting studies during and after conflicts, armed conflict is believed to increase cardiovascular mortality rate through changes in risk factors (smoking, hypertension, alcohol consumption), and reduced access to healthcare (Allen et al. 2022; Garry and Checchi 2019).
3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	3.5.2 Alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol	There is some evidence of increased alcohol use during and after conflict, although the quality of evidence is weak compared to other connections in this mapping (Bruffaerts et al. 2024; Kelsall et al. 2015; Roberts and Ezard 2015)
3.7 Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes	3.7.1 Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods	Family planning services rely on a robust network of supplies, communication, and qualified personnel. Disruptions to this network by violent conflict impair both the capacity and quality of service (Nsashiyi et al. 2024).
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	3.8.1 Coverage of essential health services	Achieving universal health coverage requires a strong, well-resourced, and functional health system that delivers good quality care across at all levels. Violent conflict destroys such systems. Health coverage rates are lowest in conflict-affected countries (Dafallah et al. 2023; Khogali and Homeida 2023; Olu et al. 2024).

SDG Target	SDG Indicator	Comment
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income	During and after conflict, financial access deteriorates as a result of a combination of the impact of conflict on livelihoods and incomes, the collapse of the financial protection function of the health system, and an increasing reliance on user fees in response to inadequate government health budgets (Witter 2012).
3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	3.9.1 Mortality rate attributed to household and ambient air pollution	There is clear evidence that weapons and destruction caused by weapons increases harmful air pollution (Hopke 2009; Skalny et al. 2021; Zalakeviciute et al. 2022). However there has been little research seeking to tie this to mortality rates.
3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)	Diarrheal diseases caused by lack of clean water and sanitation takes more children's lives in countries with protracted armed conflicts than the violence itself (Kayembe et al. 2023; UNICEF 2019).
3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all	3.b.1 Proportion of the target population covered by all vaccines included in their national programme	Armed conflict disrupts vaccine coverage including through threats to cold chains, transportation, and storage (Grundy and Biggs 2019).

SDG Target	SDG Indicator	Comment
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3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all	3.b.3 Health product access index	Health facilities in conflict areas often do not have essential medicines available due to destruction and looting of facilities, diversion for military use, and insecure supply chains, among other factors (Ibrahim et al. 2021).

SDG Target	SDG Indicator	Comment
3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States	3.c.1 Health worker density and distribution	Healthcare workers are often displaced from conflict zones, and many are specifically targeted with violence by armed combatants (Fardousi et al. 2019; Rubenstein and Bittle 2010).
3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks	3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness	Early warning systems still operate in many conflict areas due the remarkable dedication of health care providers, but typically at a greatly reduced capacity due to fragmented governance, destruction of healthcare facilities, and targeting of health care professionals (Ismail et al. 2016).
3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks	3.d.2 Percentage of bloodstream infections due to selected antimicrobial-resistant organisms	A systematic review of research studies found that armed conflict leads to a large pool of multidrug-resistant infections that could potentially spread especially if infection control at healthcare facilities is compromised by the conflict (Granata et al. 2024).

Indicators with inconclusive mapping

There was no conclusive evidence for relationships between armed conflict and three of SDG 3's indicators.

SDG Target	SDG Indicator	Comment
3.7 Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes	3.7.2 Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group	Studies have found both that conflict increases and decreases adolescent birth rates (Neal et al. 2016).

SDG Target	SDG Indicator	Comment
3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	3.9.3 Mortality rate attributed to unintentional poisoning	We did not find research addressing the relationship between violent conflict and unintentional poisoning.
3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate	3.a.1 Age-standardized prevalence of current tobacco use among persons aged 15 years and older	The evidence for links between violent conflict and tobacco use is not clear enough for definitive conclusions, and most studies have been of moderate or weak quality (Lo et al. 2016).

Indicators positively impacted by violent conflict

Reports indicate that violent conflict contributes positively to two of SDG 3's indicators. However, the mechanism is unclear and the mortality could simply be displaced to combat deaths as young men that make up disproportionate amounts of road and suicide deaths instead become active in conflict. Hence, there is a positive impact on these indicators when considered in isolation, but this is unlikely to reflect true or lasting sustainability progress.

SDG Target	SDG Indicator	Comment
3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	3.4.2 Suicide mortality rate	Studies find that armed conflict is associated with lower suicide rates, or at least does not raise them (Aida 2020; Grubišić-Ilić et al. 2002; Lester 1994; Somasundaram and Rajadurai 1995).
3.6 Halve the number of global deaths and injuries from road traffic accidents	3.6.1 Death rate due to road traffic injuries	Data are scarce, but research studies from Libya and Iraq suggest that road traffic deaths decline during armed conflict (Leidman et al. 2016).

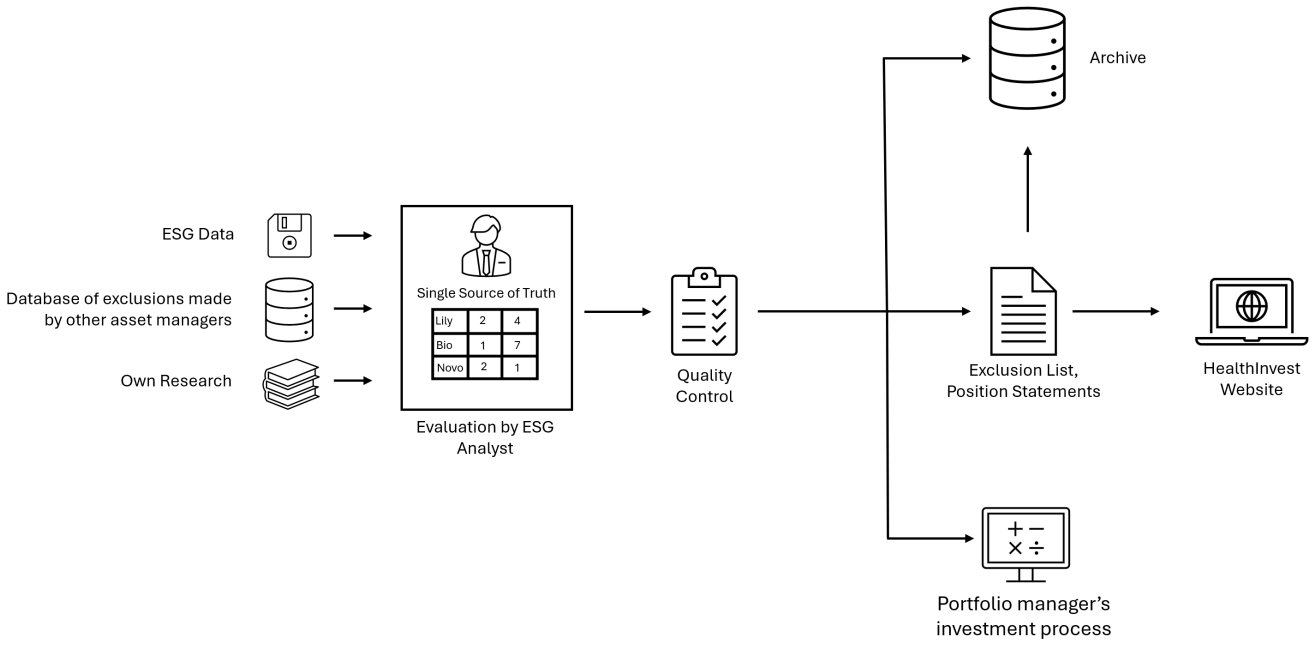
Impact on HealthInvest's Portfolios

Currently, no companies are excluded for weapons or controversial weapons. Historically, healthcare companies have been active in this sector. For example, Bayer used to develop chemical weapons.

HealthInvest's Due Diligence Process

Our due diligence process is built around a *single source of truth* ESG dataset. We gather information on companies from ESG data providers, the exclusion lists of other asset managers, and our own internal research. This information is reviewed by our ESG Analyst and validated through internal checks before it is committed to the ESG dataset. Potential and current investments are evaluated against this dataset.

Changes to the *single source of truth* ESG dataset are automatically reflected in our online documentation and in the digital tools used by portfolio managers to evaluate potential investments and monitor portfolios. All changes are documented to ensure traceability and consistency over time. In practice, updates most often occur due to corporate actions (e.g., IPOs, delistings, mergers, and name changes) as opposed to changes in a company's underlying economic activities.



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