Position Statement

Gambling

Summary: Globally, 449 million people experience at least one negative personal, social, or health related consequence from gambling, of which 80 million suffer from gambling addiction or otherwise experience multiple harms from gambling. Countless family and friends are negatively impacted by spill-over harms. The digitization of the industry has allowed for the unrestricted access of rapid pace gaming, which is known to bait people into problem gambling. Viable methods for limiting gambling harms will reduce gambling company profits. Therefore the industry fundamentally conflicts with good health and wellbeing, and we do not invest in it.

Purpose of this document

The connections between gambling and sustainability may not be obvious to investors because gambling is widespread, socially accepted, and in some cases sponsored directly by the government. This document explains the reasoning behind our commercial gambling exclusion and the implications for HealthInvest's portfolios.

What is gambling?

Gambling is an activity that involves placing something of value at risk in the hope of gaining something of greater value (Potenza et al. 2001). Traditional forms of commercial gambling include wagering in casinos, lotteries, and horse races (Potenza et al. 2001). The desire to gamble is deep-rooted in humanity and is described, for example, in ancient religious texts and practiced by indigenous groups dating back thousands of years (e.g. Binde 2005; Landman 1967). Most adults in western countries participate in some form of gambling each year, and many governments administer gaming programs (e.g. lotteries) for their citizens (Potenza et al. 2001). In the context of investment exclusions, gambling refers to companies generating more than 5% of their revenue from activities regulated by the Swedish Gambling Authority Spelinspektionen or similar authority abroad. Securities like stocks, bonds, and ETFs are not regulated by the Swedish Gambling Authority and therefore trading securities is not considered to be gambling.

The connection between gambling and sustainability

Our funds promote good health and wellbeing (SDG 3) by investing in healthcare companies with good corporate governance. Gambling conflicts with both good health and good governance. Specifically, research shows that gambling is a causal factor for poor health including non-communicable disease, suicide, and substance abuse disorder (see mapping below). Additionally, poor corporate governance is prevalent in the industry. Specifically, online gaming, the primary driver of industry expansion, is identified by Spelinspektionen as having very high risks for being used by criminals for money laundering (Spelinspektionen 2020). Further, the industry is known to use its political and economic power to further itself in harmful ways that mimic other unsustainable industries like alcohol, tobacco, and fossil fuels (Wardle et al. 2024). Not all people that gamble suffer harms, but it is important to recognize that choice and consent can exist for this subset of people within a broader system that is exploitative and harmful to others. All viable means for limiting gambling harms will directly impact the profitability and expansion potential of gambling industry (Wardle et al. 2024).

Mapping Gambling to SDG 3

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	People diagnosed with gambling disorder have significantly higher suicide rates than the general public (Karlsson and Håkansson 2018; Kristensen et al. 2024; Wardle et al. 2024).
3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	3.5.1 Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders	Problem gambling is a behavioral disorder, not a substance use disorder, but it links to this indicator because it shares some characteristics with substance abuse disorder and affects many of the same people. Effective interventions for gambling disorder are rarely implemented because of successful industry framing of problem gambling affecting only small numbers of delinquent individuals, preventing gambling from being viewed through a healthcare lens (Wardle et al. 2024).
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	Gambling disorder is both a cause and consequence of substance abuse, including alcohol abuse (Wardle et al. 2024).
3.6 Halve the number of global deaths and injuries from road traffic accidents	3.6.1 Death rate due to road traffic injuries	High-risk gamblers are more likely to be involved in traffic crashes involving injury than non-gamblers, although the relationship may be indirect and reflect high rates substance abuse among the high-risk gambler population (Bhatti et al. 2019). It could also reflect impulsive behavior common among high risk gamblers (Bhatti et al. 2019). Casinos increase rates of nearby alcohol-related fatal traffic accidents (Cotti and Walker 2010; Ponicki et al. 2013).

SDG Target	SDG Indicator	Comment
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	International Health Regulations and health emergency preparedness are focused on the detection of pathogenetic diseases, that may spread from developing to developed countries, not behavioral health risk that can be propagated through the internet. Many of the markets where online gambling is expanding have insufficient regulatory and reporting systems to respond to industry expansion (Sichali et al. 2023).

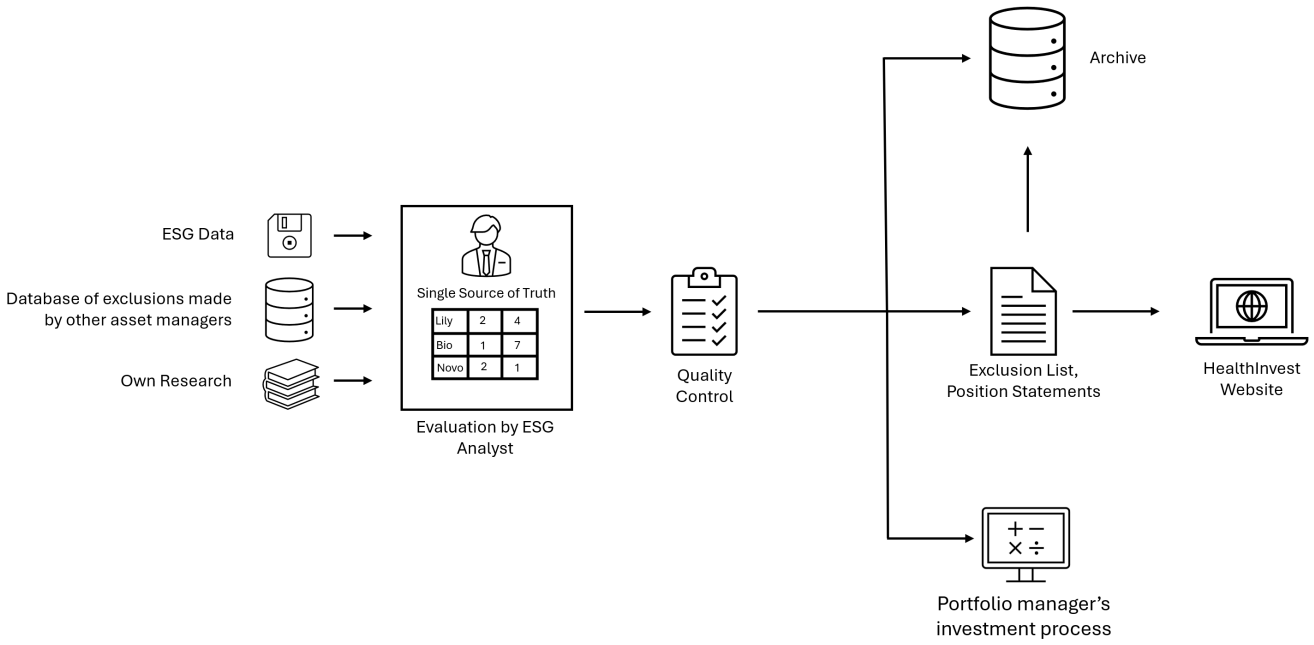
Why not invest and engage instead of exclude?

The gambling industry has expanded by increasing the accessibility of high intensity gaming, primarily online. The viable methods for limiting gambling harms will reduce gambling company profits and limit market expansion (Wardle et al. 2024). This indicates that the problems are fundamental to the business and engagement will not be effective. Therefore we decided to exclude the entire sector.

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.



Impact on HealthInvest's portfolios

For Gambling, we exclude 180 Life Sciences Corp and Accel Entertainment.

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