

Position Statement

Alcohol

Summary: Alcohol is a dependence-producing substance with no nutritional benefit. Harmful alcohol use is widespread and there is overwhelming evidence that alcohol consumption undermines Sustainable Development Goal 3: Good Health and Wellbeing. For this reason, we do not invest in companies that produce or distribute alcohol.

Purpose of this document

The links between alcohol consumption and SDG 3 might not be obvious because alcohol is widely consumed, socially accepted, and sold to the public by the government (Systembolaget). In this document, we describe our alcohol exclusion and map alcohol consumption to SDG 3 based on authoritative reports and academic research.

What is alcohol?

For the purposes of this exclusion, alcohol refers to beverages produced for human consumption that contain 2.25% or more ethanol by volume. This includes beer, wine, cider, and spirits like vodka or whiskey. Our exclusion does not include alcohol intended for industrial, medical, or scientific purposes (ie. *teknisk sprit* in the Swedish Alcohol Control Act).

How does alcohol relate to SDG 3?

Harmful alcohol use is a causal factor for more than 200 disease and injury conditions, and contributes to an estimated 3 million deaths per year (Griswold et al. 2018; Rehm et al. 2009; Shield et al. 2020). At the population level, the volume of alcohol consumed per person is closely linked to the level of alcohol related harm in society (Norström and Mäkelä 2019; Norström and Ramstedt 2018). This impact of alcohol consumption on SDG 3 is so strong that the United Nations uses alcohol consumption per capita as one of the quantitative indicators for measuring good health and wellbeing (SDG 3.5.2).

Why exclude instead of “invest and engage”?

The harmful effects of alcohol on the human body are inherent and cannot be mitigated through corporate engagement or changes in production processes or packaging. Because alcohol is fundamentally harmful to human health, we do not invest in companies that produce, market, or sell it.

Mapping alcohol to SDG 3

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	3.3.1 Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations	Alcohol consumption is a major risk factor for contracting infectious diseases including HIV (Fritz et al. 2010)

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	3.3.2 Tuberculosis incidence per 100,000 population	Alcohol consumption is a major risk factor for contracting infectious diseases including tuberculosis (Griswold 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	Alcohol use is a leading risk factor for NCDs, especially cardiovascular disease (Griswold 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	3.4.2 Suicide mortality rate	Alcohol use leads to impulsive behavior that is linked to suicide (Breet et al. 2018; Griswold et al. 2018; Sher 2006).
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	Alcohol consumption is increasing globally and is forecast to continue increasing through at least 2030 (Manthey et al. 2019). This is closely tied to the rate of alcohol-related harms at the population level (Norström and Mäkelä 2019; Norström and Ramstedt 2018).
3.6 Halve the number of global deaths and injuries from road traffic accidents	3.6.1 Death rate due to road traffic injuries	Alcohol impairs judgment, increases reaction time, and decreases vigilance and visual acuity. Alcohol use is associated with a significant proportion of traffic accident injuries and deaths. The number of road deaths due to alcohol consumption increased between 2000 and 2016 (Griswold et al. 2018; Shield et al. 2020).
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	A substantial portion of hospital visits are tied to alcohol use. This is thought to place a large burden on the attention and resources of healthcare providers, sometimes resulting in insufficient supply of healthcare services, for example during the Covid-19 pandemic (Myran et al. 2024; Parry 2021; Stockwell et al. 2021).

Why our mapping is different from those published by the World Health Organization and Movendi International

The World Health Organization and Movendi International suggest that alcohol consumption undermines SDG 3.2 because it causes fetal alcohol syndrome and increases the chance of miscarriage or stillbirth (Movendi International 2020; World Health Organization 2020).

We agree there is evidence that alcohol causes these harms (Bailey and Sokol 2011; Kesmodel et al. 2002; Sundermann et al. 2019). However, these outcomes are not the indicators used by the UN to operationalize the SDG 3.2. It is reasonable to allow some flexibility in sustainability mapping when specific indicators are difficult to study directly, but in this case the link between alcohol and the indicators 3.2.1 and 3.2.2 have been studied. These studies have inconsistent results, with some reporting significant associations between parental alcohol use and neonatal and childhood mortality (Burd et al. 2004; O'Leary et al. 2013), and some finding no significant relationship (Bailey and Sokol 2011; Kesmodel et al. 2002; Sokol et al. 1980). Zooming out to the global scale, under-5 and neonatal mortality rates have declined substantially in recent decades even though alcohol consumption has increased (Manthey et al. 2019; Sharrow et al. 2022).

The WHO mapping appears to rely heavily on Movendi International's mapping. Movendi is a temperance organization that potentially benefits from overstating evidence. Considering this, and the inconsistent empirical evidence, we do not include SDG 3.2 in our mapping. Doing so would trivialize the strong evidence for alcohol's other harms. However, we will continue to study this issue in detail and will revise or finalize this decision upon completion of our work.

We are aware that some researchers cited in our mapping may receive funding from Movendi International (e.g., Stockwell et al. 2021) or similar organizations, and that their work may be influenced by conflicts of interest. However, in these cases we believe the empirical evidence is consistent among multiple independent studies.

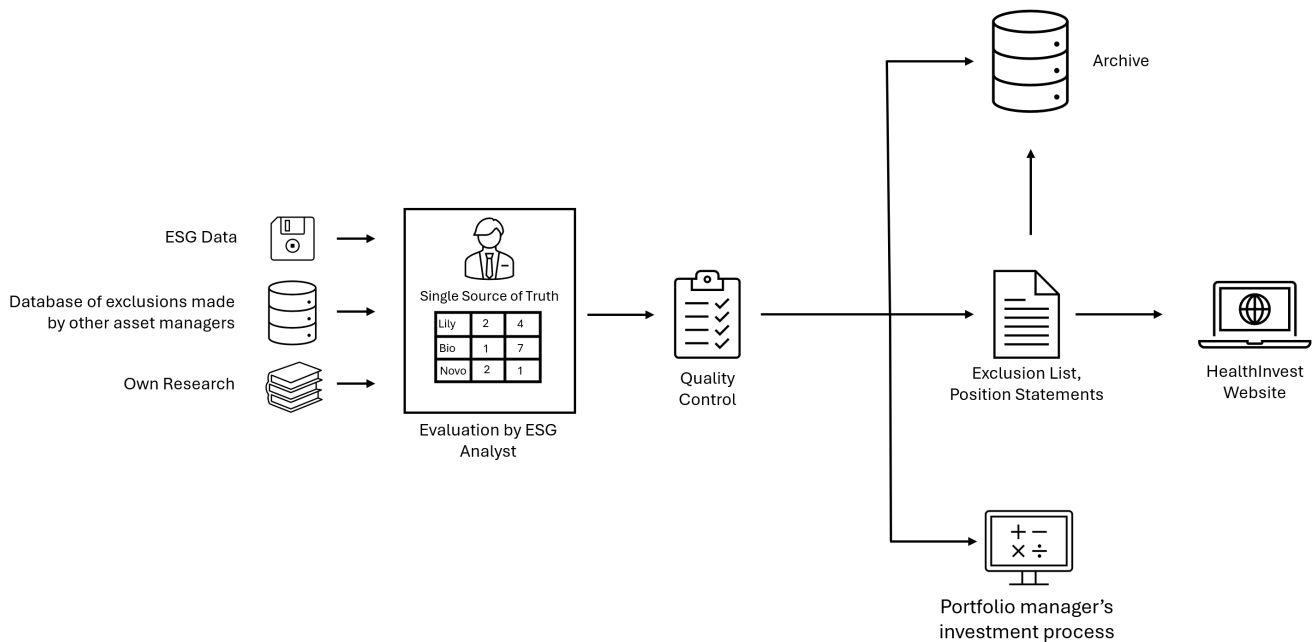
Impact on HealthInvest's portfolios

For Alcohol, we exclude 1CM Inc, MatsukiyoCocokara & Co and Otsuka Holdings Ltd.

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.



Do you serve alcohol at sales events?

Yes, we sometimes offer guests alcoholic drinks at sales events. It is important to be transparent about this apparent contradiction with our exclusion policy.

Our products are marketed with a sustainability profile, and therefore professional ethics oblige us to exclude fundamentally unsustainable sectors like alcohol (i.e., it would be unethical to market a product with a sustainability profile that includes fundamentally unsustainable investments). While exclusions are normative statements, they are not meant to convey moral absolutism. Alcohol consumption has been an important component of culture, religion, and social interaction since the earliest known human civilizations (Mandelbaum 1965). Our belief that specific investment funds should not profit from alcohol is based on a desired sustainability profile for those funds and does not represent a moral judgment on the decisions of individuals to consume or abstain from alcohol.

We have considered that serving alcohol at sales events may create the appearance that we profit from alcohol consumption, even if the clients do not receive investment returns originating from the alcohol industry. In other words, if serving alcohol generates client deposits into a fund, the fund company would profit from the management fee applied to these alcohol-induced deposits, despite the investment returns received by clients being alcohol-free. This is not how our company or the Swedish mutual fund industry works in practice. We offer guests alcoholic beverages as an expression of hospitality that is consistent with norms of social etiquette. Our clients are not making decisions to deposit money in our funds on the basis of a glass of wine at dinner or drinks after a game of golf. While our hospitality may contribute to building relationships with clients that later decide to deposit money in a fund, these are so many steps removed from each other that there is no discernible link between any individual aspect of social etiquette and management fees generated by the fund company.

There are often situations like this in life and business where ethical norms (or etiquette) that are "good" in isolation, conflict or compete when considered collectively (cf. Hill 1987). Navigating these challenges is a continuous process that we are committed to pursuing with transparency and integrity.

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Historical returns are no guarantee of future returns. The money invested in the fund may increase or decrease in value, and there is no guarantee that an investor will get back the full amount invested. Additional information can be found in the fund's fact sheet, information brochure, annual report, and semi-annual report at healthinvest.se