

Position Statement

Non-Medical Cannabis

Summary: Non-medical cannabis products are often marketed within the framework of health and wellness, and related companies may be classified as *Health Care* by market data providers. However, independent research indicates that non-medical cannabis use is associated with negative public-health outcomes. Therefore, we exclude companies with material exposure to non-medical cannabis from our investment universe.

Purpose of this document

This document explains the reasoning behind our non-medical cannabis exclusion and describes our due diligence process.

What is covered by our policy?

The commercial production and sale of non-medical cannabis products is legal in several markets, including the United States and Canada (Yimer et al. 2025). Non-medical cannabis products include flowers, edibles, and extracts that are not regulated as medicines and may be purchased and consumed without prescription from a licensed medical doctor. Companies that produce or sell these products are covered by our exclusion.

Our position

Companies operating in the non-medical cannabis sector often present themselves and their products within the context of health care and well-being (Han and Shi 2023; Reboussin et al. 2024). This type of health-based marketing drives increased cannabis consumption (Han and Shi 2023). However, we do not see non-medical cannabis companies as valid components of the healthcare sector. Independent research consistently identifies the health claims made by these companies as dubious (Duan et al. 2024; Han and Shi 2023; Nali et al. 2025; Reboussin et al. 2024; Spindle et al. 2022). The preponderance of independent scientific evidence indicates that non-medical cannabis use has negative effects on public health by causing increased rates of lung cancer, psychosis and suicide, and motor vehicle accidents (Gandjour 2025; Manthey et al. 2021; Shao et al. 2024; Yimer et al. 2025; Zhu et al. 2025). Morbidity and mortality are especially high the daily/near daily users that comprise about 10% of the customer but about 90% of sales (Kerr and Ye 2022). These companies should not be equated to the types of biotech and pharmaceutical companies that we try to invest in, and therefore we exclude these companies from our investment universe.

What is not covered by the policy?

We do not exclude pharmaceutical companies developing new therapies from cannabis if the intended outcome is a regulated product. The pharmaceutical industry has a distinguished history of deriving therapeutic compounds from plants and other natural sources, and clinical trials have produced compelling evidence for cannabis-derived therapies for a small number of conditions such as Dravet Syndrome (e.g., Devinsky et al. 2017; Lattanzi et al. 2020; Solmi et al. 2023).

The line between recreational and medical use of cannabis is sometimes blurred, not the least because pharmaceutical industry involvement with medicinal cannabis was a precursor to the legalization of non-medical cannabis (Adams et al. 2021). The characteristics we look for to differentiate valid medicinal

cannabis products from non-medical products include:

- Approval from an authority like the U.S. Food and Drug Administration or the European Medicines Agency (or the intention to seek approval from these authorities).
- High-quality clinical trials
- Standardized formulations and purity
- Defined dosing guidelines, routes of administration, and frequencies of use

Jazz Pharmaceuticals (Nasdaq: JAZZ) is an example of a company producing a cannabis derived product that we do not exclude from our investment universe. Specifically, *Epidiolex* is a cannabis-derived therapy for patients with otherwise difficult-to-treat seizures, such as those associated with Lennox-Gastaut syndrome and Dravet syndrome. *Epidiolex* was approved by the U.S. Food and Drug Administration to treat these conditions after high-quality clinical trials (e.g., Devinsky et al. 2017), has standardized formulation and purity, has defined dosing guidelines, and must be prescribed by a licensed medical doctor. It therefore meets our criteria for investment.

In contrast, STENOCARE (First North: STENO) produces medical cannabis extracts, but the product is not targeted for specific conditions and has no defined dosing guidelines. Therefore STENOCARE does not meet our criteria and is excluded from our investment universe.

Links to SDG 3

Legal non-medical cannabis markets are relatively recent. Therefore there is a dearth of high-quality studies linking this market to public health, at least compared to alcohol and tobacco use. For these other substances, population-level health impacts can take decades to fully manifest; for example, lung cancer rates lag changes in cigarette consumption by about two decades (Peace 1985). Hence it's unlikely that the full health impacts of this industry have been felt, especially given that smoking is the most popular way to consume cannabis and cannabis smoke has many of the same harmful effects as tobacco smoke. We will update our mapping as scientific research in this area develops. Below we list the SDG 3 dimensions where the literature currently supports clear negative impacts.

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	3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease	Hospital admissions due to cannabis use disorder are driver by availability of non-medical cannabis. Patients visiting hospitals for CUD die within 5 years at significantly higher rates than the broader population (Myran et al. 2025). Lung cancer mortality is one of the primary drivers of this increased mortality (Myran et al. 2025). Cannabis use and use-disorder have strong links to non-medical cannabis availability (Yimer et al. 2025).

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	Hospital admissions due to cannabis use disorder are driver by availability of non-medical cannabis. Patients visiting hospitals for CUD die within 5 years at significantly higher rates than the broader population (Myran et al. 2025). Suicide mortality is one of the primary drivers of this increased mortality (Myran et al. 2025). Cannabis use and use-disorder have strong links to non-medical cannabis availability (Yimer et al. 2025).
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	The legalization and increasing commercial distribution of non-medical cannabis is the opposite of strenghtening prevention of cannabis use and development of cannabis use disorder (Yimer et al. 2025)
3.6 Halve the number of global deaths and injuries from road traffic accidents	3.6.1 Death rate due to road traffic injuries	Several studies find that cannabis use increases the risk of injury or death due to traffic accidents, although the total number of deaths directly attributable to cannabis is limited (Jin et al. 2025; Yimer et al. 2025).
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	In-home cannabis smoking exposures children to second-hand-smoke, which contains toxic and carcinogenic chemicals (Tripathi et al. 2025).
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	Multiple scientific reviews have identified clear increases in hosptilization due to unintentional poisoning by non-medical cannabis after legalization. Mortality is rare, but children are particularly impacted (Allaf et al. 2023; Hall et al. 2023; Leung et al. 2019; Walker et al. 2023; Yimer et al. 2025).

Portfolio implications

We exclude companies that generate more than 5% of their revenue from non-medical cannabis activities, including cultivation/production, processing, branded consumer products, retail/distribution, or licensing/royalty streams linked to non-medical cannabis.

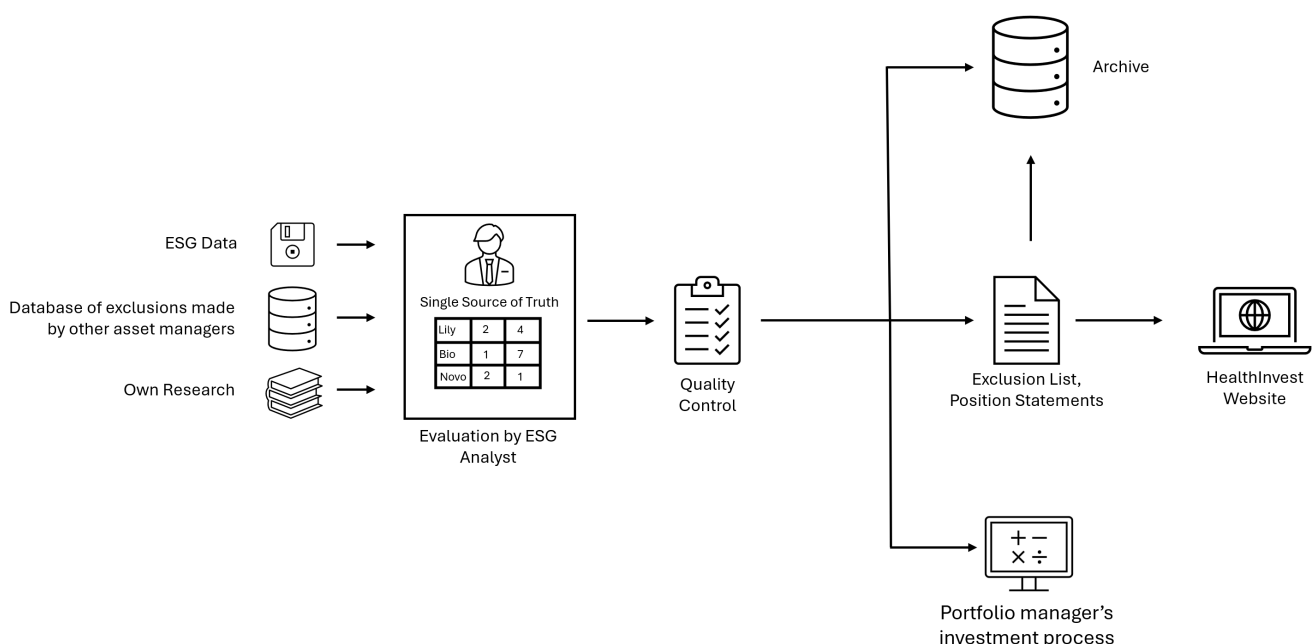
For Non-Medical Cannabis, we exclude 1CM Inc, 4Front Ventures Corp, Adastra Holdings, Aurora Cannabis, Auxly Cannabis Group Inc., Avant Brands, Ayr Wellness Inc., Bhang Inc, Body and Mind

Inc, Britannia Life Sciences Inc, C21 Investments Inc, Cannara Biotech Inc, Canopy Growth, Craftport Cannabis Corp, Cresco Labs Inc., Cronos Group, Curaleaf Holdings Inc, Decibel Cannabis Company Inc, Green Scientific Labs Holdings Inc, Green Thumb Industries Inc, Greenlane A, Greenrise Global Brands Inc, Greenway Greenhouse Cannabis Corp, Grown Rogue International Inc, High Tide, Ionic Brands, Leef Brands, Lowell Farms Inc, MariMed Inc, Maven Brands Inc, Medipharma Labs Corp, Nass Valley Gateway Ltd, New Leaf Ventures Inc, Nextleaf Solutions Ltd, PharmaCielo Ltd., Red White & Bloom Brands Inc., Rubicon Organics Inc, STENOCARE, Sproutly Canada Inc, TerrAscend Corp, Terranueva Corp, Tilray Brands, Trulieve Cannabis Corp, Vertical Peak Holdings Inc, Vext Science Inc., West Island Brands Inc and iAnthus Capital Holdings Inc.

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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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