

# Dialogue with gambling companies

In the Fund's analysis of progress with sustainability for its ten largest Swedish shareholdings, the companies identified as facing the greatest challenges were online gambling companies. Gambling companies operate in an industry challenged by many sustainability risks. An addiction to gambling can lead to major social problems and, on several markets, there is a considerable lack of clarity about which laws and regulations apply to online gambling. Aware of this, the Second AP Fund focused special attention in 2016 on exchange-listed gambling companies in Sweden.

## The Swedish gambling market

At present, Sweden lacks any legislation that addresses online gaming and betting. Companies are free to operate in Sweden, since they have obtained licences for online gaming and betting from another EU country (Malta). A Swedish government enquiry is scheduled to publish a proposal in spring 2017 as to how the gambling industry in Sweden might be regulated. The directive for this enquiry states that "This regulation shall be based on a licensing system that requires that all who operate on the Swedish gambling market shall only do so with an official permit, and that operators without permits shall be excluded. Furthermore, a key requirement of such regulation shall be to limit the negative consequences of gambling. A high level of consumer protection also assumes regulation that addresses social concerns that, among other things, necessitate appropriate and moderate marketing."

## Dialogue with companies

During the year, the Second AP Fund has pursued a dialogue with gambling companies that are exchange-listed in Sweden. Attention has focused on compliance with the law, gambling addiction and marketing. These companies are well aware of their particular sustainability risks and are adopting a variety of approaches to reduce them. The fact that several countries are introducing regulations for online gambling is creating clarity about what applies on different markets.

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To enhance confidence in the sustainability programmes operated by companies, the Fund feels it is crucial that they become more transparent, for example, about their efforts to combat gambling addiction – and that they develop indicators to illuminate what they are doing. The Fund hopes that the anticipated publication of the enquiry in the coming spring will provide clarity about many sustainability issues.

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