

ESG Index: Other topics

Social, environmental and economic (SEE) impact valuation

Any business activity has intended and unintended consequences – positive as well as negative. Impact valuation is an emerging discipline that seeks to measure the effects of companies on society and the environment. Novartis is pioneering an approach called social, environmental and economic (SEE) impact valuation that aims to show the positive impact we bring to countries, health systems and individuals, balanced by the negative impact of our operations on the environment and other areas. Expressing these impacts in monetary terms makes them transparent and comparable for stakeholders. Currently impact valuation results are available for 190 countries across SEE impact indicators.

Relevant links and disclosures

- [Social, Environmental and Economic \(SEE\) Impact Valuation - YouTube](#)
- [Operationalizing impact valuation](#)
- [Methodology Impact Statement General Paper](#)
- [General Methodology 1: Conceptual Framework for Impact Accounting](#)

Novartis social impact valuation

The social dimension of the Novartis SEE impact valuation approach covers two main parts: the social impact of our medicines and the human capital impact.

Novartis has developed a methodology together with the WifOR Institute that captures the social impact of our medicines. The first component is a quantification of the health benefits resulting from patients being treated with our medicines, where we attribute the incremental benefit in relation to the current standard of care. The second component is the monetization of the paid and unpaid time of healthier people expressed through the resulting contribution to gross domestic product (GDP). The total social impact is the sum of the direct, indirect, and induced effects of paid activities as well as the direct effect of unpaid work activities.

The human capital part comprises the impact valuation of living wages, employee development, occupational health, and safety as well as human rights in the supply chain.

Relevant links and disclosures

- [Impact Valuation: Social Impact of Medicines - YouTube](#)
- [Social Impact of innovative medicines](#)
- [The Social Impact of Novartis medicines: Two Case Studies from South Africa and Kenya](#)
- [Impact Valuation: Social Impact of Living Wages - YouTube](#)
- [Methodology Impact Statement, Focus: Socio-economy Version 0.1](#)
- [Valuing the impact of wages on human capital \(valuingnature.ch\)](#)
- [The burden of childhood pneumonia, effects of amoxicillin use, and the associated impacts on future productivity and output \(wifor.com\)](#)
- [Measuring human rights impact in corporate supply chains \(valuingnature.ch\)](#)

Novartis environmental impact valuation

The environmental dimension of the Novartis SEE impact valuation approach quantifies and monetizes greenhouse gas emissions (including carbon sink projects), air emissions, water footprint and pollution, waste as well as land use over the direct, indirect, and induced effects. Additionally, our share of the pharmaceuticals in the environment (PIE) gets captured as the downstream effect.

Relevant links and disclosures

- [Impact Valuation: Environment - YouTube](#)
- [Methodology Impact Statement, Focus: Environment V 0.1](#)
- [The Environmental Impact of Novartis Along Global Supply Chains](#)

Novartis economic impact valuation

Following the methodology of national accounts, the economic impact quantifies the GDP contribution achieved by business activities related to own operations as well as along our supply chain (indirect and induced effects). Additionally, this section quantifies the employment generated through our direct activities and along the supply chain (indirect and induced effects).

Relevant links and disclosures

- [Impact Valuation: GDP Contribution - YouTube](#)
- [The Global Economic Impact of Novartis](#)
- [Direct Gross Value Added Calculation Method](#)
- [Impact Valuation: Employment - YouTube](#)
- [Methodology Impact Statement, Focus: Socio-economy Version 0.1](#)

Philanthropy

Novartis engages in strategic donations to address access gaps for neglected and infectious diseases (e.g., leprosy) and expand the availability of our medicines to patients in low-income settings. All our product donations comply with the WHO Checklist and the requirements set forth in the WHO Guidelines for Medicine Donations. In addition, for over 40 years through the Novartis Foundation, we have helped improve the health of low-income populations. Novartis also engages in various initiatives and projects in humanitarian emergency relief, social affairs and the fostering of culture and sports.

Relevant links and disclosures

- [Donation programs](#)
- [Novartis Foundation](#)

- [Novartis External Funding](#)

Tax disclosures

Novartis views tax as a core part of our contribution to society. Governance of tax matters is overseen by the Board of Directors. Where appropriate, tax risks are escalated to the Board for review and tax decisions are presented to the Board for endorsement

Relevant links and disclosures

- [Novartis Tax Policy Statement \(PDF 0.2 MB\)](#)
- [Relevant disclosure 2024 \(PDF 3.5 MB\)](#)

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