

# Impact Measurement and Valuation

Novartis joins seven global companies to found the Value Balancing Alliance

Aug 19, 2019

Novartis joins BASF, Deutsche Bank, LafargeHolcim, Philip Morris International, Bosch, SAP and SK to found the Value Balancing Alliance, a non-profit organization addressing the need to rethink the value contribution of business as it pertains to capital. The alliance aims to create a standard for measuring and disclosing the environmental, human, social and financial value companies provide to society.

More specifically, it aims to:

- Standardize calculations, ensure comparability of methods, pilot in management accounting, make outcomes publicly available
- Increase transparency about business decisions, creation and loss of value
- Work with external bodies to develop and extend accounting frameworks
- Shift the priority from profit maximization to optimizing value creation

“The Value Balancing Alliance aims to standardize impact valuation. We believe standardization is required in order to drive broader adoption and will ultimately serve stakeholders – including shareholders and governments – helping to effectively compare non-financial performance among companies,” said Patrice Matchaba, Group Head of Global Health and Corporate Responsibility at Novartis and co-chair of the Value Balancing Alliance. “At Novartis, we have developed and tested our approach to Financial, Environmental and Social impact valuation, and we are interested in sharing our experience and exchanging with other like-minded companies to help evolve it further.”

The partnership is supported by Deloitte, EY, KPMG, PwC, the OECD, leading universities and stakeholders from government, civil society and standard-setting organizations.

Read the [press release](#).

Visit the [Value balancing alliance website](#) for more information.



## Measuring and valuing our impact

The Novartis financial, environmental and social (FES) impact valuation is our approach to measuring the social and environmental impact our business activities have on society, in addition to our economic value. We first developed, tested and applied our methodology in 2016.

Since then, we have further developed the approach, significantly expanding the scope. In 2017, this approach showed that our activities contributed USD 84 billion to the global gross domestic product (GDP), as well as an estimated 830 000 jobs beyond those held by our own employees.

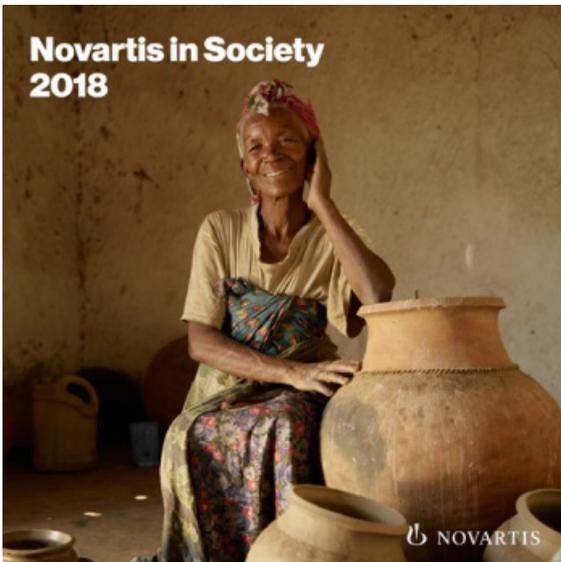
For more information [download the Global Health & Corporate Responsibility at Novartis section \(PDF 0.2 MB\)](#) of the Novartis in Society ESG 2018 report.

Relevant publications:

- [The global economic impact of Novartis: case study](#)
- [The social impact of Novartis medicines: two case studies from South Africa and Kenya](#)
- [The environmental impact of Novartis along global supply chains: case study](#)
- [Valuing the impact of wages on human capital](#)

## Novartis in Society ESG Report

Transparent reporting has been a central part of our CR commitment for many years, and we continue to make progress in this area. Our Novartis in Society ESG Report (formerly the Corporate Responsibility Report) is issued at the same time as our Annual Report to provide readers with a more integrated view of Novartis.



Download the full [Novartis in Society ESG 2018 report \(PDF 3.1 MB\)](#)

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