



Sustainable
Finance
Platform

SDG 3 Impact Measurement Overview

By the Sustainable Finance Platform

The Sustainable Finance Platform

This report is a reflection of the deliberations of the SDG Impact Assessment Working Group set up under the auspices of the Sustainable Finance Platform. The working group consists of financial and non-financial companies and is sponsored by PGGM.

The Sustainable Finance Platform is a cooperative venture of De Nederlandsche Bank (chair), the Dutch Banking Association, the Dutch Association of Insurers, the Federation of the Dutch Pension Funds, the Dutch Fund and Asset Management Association, Invest-NL, the Netherlands Authority for the Financial Markets, the Ministry of Finance, the Ministry of Economic Affairs and Climate, and the Sustainable Finance Lab. Platform members meet twice a year to forge cross-sectoral links, to find ways to prevent or overcome obstacles to sustainable funding and to encourage sustainability by working together on specific topics.

The Sustainable Finance Platform fully supports this paper. However, the practices and advice described herein are in no way binding for the individual financial institutions comprising the industry organizations which are members of the Platform, nor are they committed to take any specific follow-up actions. Furthermore, this paper outlines private sector initiatives and as such does not contain any supervisory requirements.

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1 Introduction

This Impact Measurement Overview on Sustainable Development Goal (SDG) 3 – Good Health and Well-being – follows up on the publication [SDG impact indicators – A guide for investors and companies \(2017\)](#) by the [SDG Impact Assessment Working Group](#) ('Working Group') of the [Sustainable Finance Platform](#). Its aim is to provide the investor community with a summary of available methodologies, data sources and examples of impact measurement for SDG 3. The SDG 3 Impact Measurement Overview can be found on the website of the [Sustainable Finance Platform](#) for use by the wider investor community, as a **dynamic document** that will be improved upon and refined with progressing insights, experiences and data quality.

SDG 3 aims to “ensure healthy lives and promote well-being for all at all ages.”¹ As shown clearly by the hardship brought about by the COVID-19 pandemic in rich and poor countries alike, this is an essential condition for building prosperous and sustainable societies. Nonetheless, in 2017, only one third to half of the global population was covered by essential health services.² Concerted efforts are needed for addressing present and future global health challenges, including the lack of access to health coverage and financing, the growth of zoonotic and non-communicable disease, and environmental factors contributing to health issues.³

Positive impact indicators and the logic model

The positive impact indicators originally suggested by the Working Group for SDG 3 were:

- Number of people reached with improved healthcare (Target 3.3; Target 3.4)
- Cost reduction for standard treatments and medicines (Target 3.8)

These and other indicators can be mapped on the logic model below:



<ul style="list-style-type: none"> • Equity and/or credit 	<ul style="list-style-type: none"> • Companies developing, producing and distributing products and services, in the areas of:⁴ <ul style="list-style-type: none"> ◦ Access to maternal care and care for children under 5 years ◦ Communicable and Non-communicable diseases ◦ (R&D of) vaccines and medicines ◦ Health care equipment and services 	<ul style="list-style-type: none"> • Number of drug treatments and/or medical devices sold⁵ • Number of drugs approved 	<ul style="list-style-type: none"> • Number of people reached with improved healthcare⁶ • Cost reduction for standard treatments and medicines (€) 	<ul style="list-style-type: none"> • Number of lives extended • Number of sick days avoided • Number of hospitalization days avoided • Quality of life (QALYs)
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¹ See <https://sdgs.un.org/2030agenda>

² See https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/03/3_Why-It-Matters-2020.pdf

³ Ibid.

⁴ Taxonomies can be used to identify appropriate companies/projects, based on their activities.

⁵ See <https://iris.thegiin.org/metric/5.0/pi1263/>

⁶ See <https://iris.thegiin.org/metric/5.1/pi4060/>

The focus of this SDG 3 Impact Measurement Overview on positive impact measurement does not preclude the need to identify and measure adverse impacts. After all, solely accounting for positive impact, and disregarding potential adverse impacts, may facilitate 'SDG washing'. Companies that contribute positively to SDG 3 (e.g. by developing and providing health-related products and services) may nonetheless have adverse impacts on other, interlinked SDGs (e.g. through adverse environmental impacts) or even on SDG 3 itself (e.g. through excessive pricing, which reduces the accessibility of care).

In this context, it is important to note that pharmaceutical and healthcare companies' approach to pricing, intellectual property protection and licensing can play a pivotal role in whether they contribute meaningfully to expanding access to affordable health care.⁷ Additionally, issues may arise in the context of companies' sales, marketing and lobbying practices, which, again, may reduce or even negate positive contributions to SDG 3.

⁷ See <https://www.hhrguide.org/2017/06/09/access-to-medicines-and-human-rights/>

2 Methodologies and initiatives

Several SDG 3-specific methodologies and initiatives are available for evaluating the impact of companies and investments on 'Good Health and Well-being'. Some relevant methodologies and initiatives are included in the table below and mapped to the logic model.



<ul style="list-style-type: none"> • APG-PGGM taxonomy • Access to Medicine Index 	<ul style="list-style-type: none"> • Philips' Methodology for calculating Lives Improved • Cost-effectiveness analysis (QALYs) 	<ul style="list-style-type: none"> • UBS/PGGM/Harvard impact model • Net Purpose
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Among the methodologies and initiatives that approximate impact measurement by classifying companies' activities and revenues, we identify the taxonomy developed by APG and PGGM and the Access to Medicine Index.

The **taxonomy developed by APG and PGGM** offers guidance on which companies contribute to the advancement of SDG 3, by mapping their revenues to pre-defined SDG 3 solutions.

The **Access to Medicine Index** analyses 20 of the world's largest pharmaceutical companies and ranks them according to their efforts to improve access to medicine in low- to middle-income countries. The ranking is produced on the basis of 33 indicators grouped into three Technical Areas, namely Governance of Access, Research & Development, and Product Delivery, that largely evaluate companies' operational performance (i.e. policies and practices).

Among the methodologies and initiatives that approximate impact measurement by evaluating or quantifying outputs and/or outcomes, we identify a method for quantifying lives improved by Philips and cost-effectiveness analysis.

Philips' **Methodology for calculating Lives Improved** is aimed at capturing the number of lives improved as a result of the company's sale of 'care solutions' and 'well-being solutions' (i.e. product impact). More specifically, this methodology maps out how to obtain country-level outcome data from sales (output) data, while avoiding double counting.

Cost-effectiveness analysis examines the costs and health outcomes of one or more interventions and compares these to the costs and health outcomes of another intervention (e.g. standard treatment) for a specific health problem (e.g. standard treatment). The Quality-Adjusted Life Year (**QALY**) is the gold standard for measuring the "degree to which a treatment improves patients' lives"⁸, i.e. the health benefits of an intervention, and is thus an essential component of cost-effectiveness analysis. QALYs are often published per drug and

⁸ See https://34eyi51jerf417itp82ufdoe-wpengine.netdna-ssl.com/wp-content/uploads/2020/12/QALY_evLYG_FINAL.pdf; as well as, for example <https://www.celforpharma.com/insight/do-you-know-what-qaly-and-how-calculate-it>

according to disease type by academics, research institutes⁹ and national health institutes. Therefore, determining the revenues coming from a particular type of medicine and/or treatment, retrieving the related QALYs and connecting those measures at the aggregate level can help unveil the positive impact of a company on people's quality of life.¹⁰

Among the methodologies and initiatives that measure impact, we identify the impact modelling methodology developed by the Harvard School of Public Health for UBS and PGGM, and Net Purpose.

The **UBS/PGGM/Harvard impact model**¹¹ provides a framework for measuring the impact of pharmaceutical and medical device companies, including on number of (1) deaths prevented (i.e. lives extended), (2) sick days prevented and (3) hospitalization days prevented. Impact data is obtained by combining information about drugs or medical devices (e.g. from the FDA label), with disease-specific¹² information (e.g. prevalence, mortality, typical sick days and hospitalization days) and company-specific information (e.g. annual revenues per country). Subsequently, the obtained data is used to create revenue-to-outcome conversion factors that can be applied to future drugs related to the same health outcome.

Finally, the start-up **Net Purpose** combines global data on the SDGs, corporate performance data, and scientific estimates of corporate impact to produce a comprehensive dataset on companies' social and environmental performance, which investors can then access. On SDG 3, they provide information on, for example, number of lives extended.

⁹ The [institute for Medical Technology Assessment \(iMTA\)](#) and the [Institute for Clinical and Economic Reviews \(ICER\)](#) are two examples of research institutes producing such assessments.

¹⁰ See, for example, https://www.wifor.com/uploads/2019/02/2018_Novartis_Social-Impact-ZA-and-Kenya_Case-Study_WifOR-4.pdf

¹¹ Reference documents are available upon request.

¹² Diseases and conditions considered are limited to the top 20 worldwide causes of mortality and disability according to the World Health Organization.

3 Data sources

In the table below, we include the most relevant available data sources to support the above-mentioned methodologies and map them to the logic model.



<ul style="list-style-type: none"> • Company reports • FactSet Revere • Prescriptions Database • Sales information 	<ul style="list-style-type: none"> • US Food & Drug Administration Product Code Classification Database • CEA Registry • iMTA Tools • ICER • National health institutes: e.g. NICE 	<ul style="list-style-type: none"> • Peer-reviewed scientific articles • SDG tracker Good Health • WHO Global Health Observatory • World Health Global Health Expenditure Database • World Bank SDG Atlas SDG3 • Global Burden of Disease • WHO Data collections: e.g. WHO Global Tuberculosis Programme; UNAIDS
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Information about revenues and activities may be retrieved directly from **company reports**¹³ or from more general data sources, such as FactSet. Additionally, IQVIA, a multinational company working in the health information technology and clinical research sectors, provides detailed information about **prescription performance** in the United States (at the subnational and national level) as well as about **sales activities** (at the subnational, national and global level).

Available data sources to obtain (or calculate) output and outcome data include the US FDA database and the Product Code Classification database, as well as other sources that relate to cost-effectiveness analysis.

The **US Food & Drug Administration database** of FDA-approved drugs is a large repository of drug-related information, including drug effectiveness, while **the Product Code Classification database** lists (FDA-approved) medical devices with their associated classifications, product codes, FDA Premarket Review organizations, and other regulatory information.

With respect to cost-effectiveness analysis, a useful source of information is **the Cost-Effectiveness Analysis (CEA) Registry** - a comprehensive database of 9,080 cost-utility analyses on a wide variety of diseases and treatments published from 1976 to 2019. Furthermore, the Dutch institute for Medical Technology Assessment (**iMTA**) has developed a number of tools to facilitate cost-effectiveness analysis. Information can also be

¹³ Company reports may also be used to retrieve output, outcome and even impact data.

retrieved from other research institutes' databases, such as **ICER**, as well as the sites of national health institutes, such as the National Institute for Health and Care Excellence (**NICE**).

Moreover, **peer-reviewed scientific articles** are an important source of information on disease epidemiology (e.g. mortality, average hospitalization days, average sick days) as well as product-related impact (e.g. QALYs gained).

Lastly, macro health data and disease- or product-specific information, useful for contextualizing companies' outputs and outcomes and moving toward impact measurement, is available from a number of sources.

Macro health data is available from several publicly available databases, including **Our World in Data's SDG tracker**, which aggregates relevant information per SDG indicator; the **WHO Global Health Observatory** data repository, similarly reporting data by SDG target; the **WHO Global Health Expenditure Database**, which reports data for 190 countries on a large number of indicators relating to health expenditure; the World Bank's **SDG Atlas 2018**, providing macro health data for a number of SDG targets; the **Global Burden of Disease**, a collection of comprehensive studies about demography, disease prevalence, health coverage and other topics; the **WHO Medicine price information**, a list of publicly available sources for obtaining information about medicine prices; disease-specific data repositories such as the **WHO Global Tuberculosis Programme** and **UNAIDS** and the more general health data repository **WHO Data collections**.

4.1 Company examples

Several companies are already reporting on their activities, outputs, outcomes and even impacts relative to SDG 3.¹⁴ Below, we briefly discuss the examples of Philips,¹⁵ and list other relevant company examples (see third table below).



<ul style="list-style-type: none"> • Equity and/or credit = x% of equity 	<ul style="list-style-type: none"> • Philips operates in different areas of health & technology, including <ul style="list-style-type: none"> ◦ Diagnosis & Treatment ◦ Connected Care ◦ Personal Health 	<ul style="list-style-type: none"> • Sales of products and solutions that support people's health and well-being = 13,739 millions of EUR¹⁶ 	<ul style="list-style-type: none"> • Number of lives improved through Philips products and solutions that support people's health and well-being¹⁷ = 1.53 billion people¹⁸ 	<ul style="list-style-type: none"> • Lives improved in underserved healthcare communities = 207 million people¹⁹
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For consumers, Philips develops connected solutions that support healthier lifestyles, prevent or treat disease, and help people to live well with chronic illness, also in home and community settings. In hospitals, Philips' strategy is to team up with healthcare providers in long-term strategic partnerships – co-creating solutions such as packaged combinations of systems, smart devices, software and services – to help them deliver on the Quadruple Aim of 'value-based care' (better health outcomes, a better experience for patients and staff, lower cost of care).²⁰

Other company examples include:



<ul style="list-style-type: none"> • Pfizer • Abbott 	<ul style="list-style-type: none"> • AstraZeneca • Novartis • Novo Nordisk • Apollo Hospitals • Sanofi • GSK 	
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¹⁴ Not all companies make explicit references to the SDG framework in their reports, but nonetheless include information on production and provision of health-related products and services.

¹⁵ All information presented in the table was retrieved from Philips' [2020 Annual Report](#) unless noted otherwise.

¹⁶ Combined revenue of Diagnosis & Treatment businesses and Connected Care businesses, which mostly support people's health and well-being through their products and solutions.

¹⁷ "Mainly driven by Diagnosis & Treatment businesses and Connected Care businesses"; see <https://www.results.philips.com/publications/ar20>

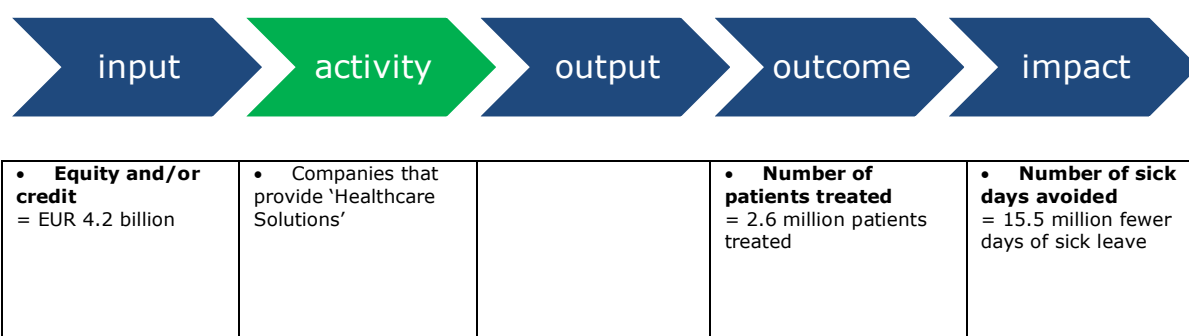
¹⁸ Estimated using Philips' Methodology for calculating Lives Improved; see <https://www.philips.com/c-dam/corporate/about-philips/sustainability/lives-improved/lives-improved-methodology-2020.pdf>

¹⁹ Estimated using Philips' Methodology for calculating Lives Improved; Ibid.

²⁰ <https://www.results.philips.com/publications/ar19?type=annual-report>

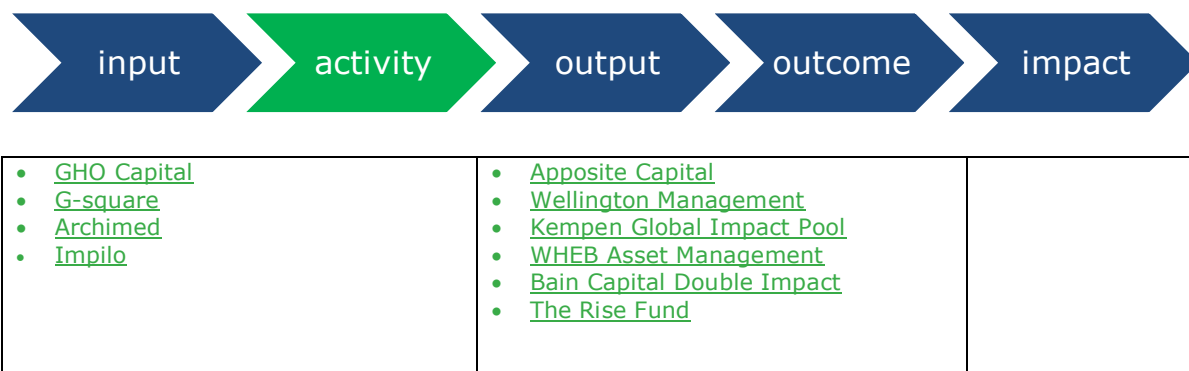
4.2 Investor examples

Several investors are already reporting on their (financed) activities, outputs, outcomes or even impacts relative to SDG 3.²¹ Below, the example of PGGM Investments²² is briefly discussed, and other relevant investor examples are listed (see second table below).



PGGM Investments is an asset manager for, amongst others, Pensioenfonds Zorg en Welzijn (PFZW), the Netherlands' second largest pension fund. PGGM and its clients put an emphasis on responsible investment, and especially investment in solutions for SDGs 2, 3, 6, 7, 11, 12, 13.²³ The above example illustrates the (2018) impact results of their investments in the priority area 'Healthcare Solutions'.²⁴

Other investor examples include:



²¹ Not all investors make explicit references to the SDG framework in their reports, but nonetheless include information on (financed) production and provision of health-related products and services.

²² All information reported was retrieved from [PGGM Investments 2019 Integrated Report](#) unless noted otherwise.

²³ See <https://www.pfzw.nl/content/dam/pfzw/web/over-ons/zo-beleggen-we/beleggingsbeleid/pfzw-beleggingsbeleid-2020-2025.pdf>

²⁴ See <https://www.pggminvestments.nl/annual-report-2019/responsible-investment/results-2019>

5 Challenges and future developments

Although SDG 3 impact measurement is making advances, it remains relatively little prioritized in reporting. Indeed, whilst many companies and investors claim to have an impact on SDG 3, this impact is often not reported on a clear set of metrics. Moreover, outputs and outcomes are rarely broken down to specific geographies or social segments, despite the availability of a large body of 'macro' health data.

Overall, impact measurement in the context of SDG 3 still faces various (methodological) challenges, including:

- **Assumptions and estimations:** SDG 3 impact measurement entails a range of assumptions. Drug and medical device effectiveness, for example, is assumed to hold true for different human populations around the globe, whilst often relying on measurement that was carried out in the US. Moreover, output data such as number of drugs sold per country per year is not always readily available and may thus be estimated based on revenue data. Clearly, these operations leave room for error. However, with improving data quality, impact measurement may be further refined.
- **Ease of impact measurement:** the application of some of the methodologies illustrated above (cost-effectiveness analysis, UBS/PGGM/Harvard impact modelling methodology) requires a considerable amount of time and expertise, and not all information needed for the calculations may be publicly available. Convergence of reporting metrics and methodologies, including for impact, may help simplify impact measurement calculations.
- **Affordability and accessibility:** as mentioned in the introduction, another challenge with respect to SDG 3 impact measurement is accounting for the affordability and accessibility of products. Indeed, SDG Target 3.8 calls for "(...) **access** to safe, effective, quality and **affordable** essential medicines and vaccines for all."²⁵ However, it remains challenging to define indicators, supported by existing methodologies and data sources, that adequately capture the affordability and accessibility dimensions of impact. Methodologies such as the one employed by the Access to Medicine Index can offer guidance on how to measure the extent to which (pharmaceutical) companies are able "to respect the right to health, contribute to SDG 3 and expand access to medicine."²⁶

²⁵ See <https://sdgs.un.org/2030agenda> (emphasis added)

²⁶ See <https://www.imvoconvenanten.nl/-/media/imvo/files/verzekeringssector/acces-to-medicine/2020-acces-medicine-felice.pdf?la=nl&hash=7A87F29231B62550CB8A0D08C2A388C1>

