

# METHODOLOGY IMPACT MEASUREMENT

At NLC, we believe in the value of measuring impact to maximise the positive results of our investments. We have therefore developed an impact-measurement system that allows us to assess, measure and monitor our portfolio's (realised or potential) impact. This in turn enables us to make better investment decisions and to engage continuously with our portfolio companies on impact-related KPIs.<sup>1</sup>

This Impact Report summarises the outcomes of all impact, ESG and sustainability assessments of the portfolio companies. Its purpose is to inform relevant stakeholders (including but not limited to NLC shareholders and investors in the Funds) of NLC's performance in this area. It also allows NLC to evaluate the impact potential, ESG and sustainability risks of the portfolio companies and to adapt our strategy where needed.

Based on its stage of development (product development, go-to-market preparation or market entry), each portfolio company provides NLC with impact-related data on an annual basis. They use standardised datasets and report to NLC through a digital portal, including automated quality checks.

As described in NLC's ESG & Impact Policy, our venture assessments are based on a range of indicators. The sections below outline the data collected for this report and our ambitions for each indicator.

## **Quality-adjusted life years (QALYs) added, including prevention**

Since the portfolio companies vary in their stage of development, some do not yet have quantitative data to report. QALYs are one type of data that can only be quantified by ventures in a relatively late stage of development. To assess whether a venture has a positive impact on patients, we used a multiple-choice survey based on the EQ-5D questions of EuroQol, a widely used European instrument that evaluates generic quality of life.<sup>2</sup>

## **Patients impacted**

Many of our ventures are yet to reach the clinical-trial phase and have thus not yet impacted patients. For all ventures, however, we determined the Serviceable Addressable Market based on the target group. We also calculated the number of patients who have been impacted by ventures that are in clinical trials or already on the market.

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<sup>1</sup> NLC's ESG & Impact Policy, [www.nlc.health](http://www.nlc.health), published October 2022

<sup>2</sup> EuroQol EQ-5D: <https://euroqol.org/eq-5d-instruments/>

## **High impact portfolio companies (high QALY/patient)**

As yet, only a limited number of ventures have identified their QALYs. This means that for the time being it is difficult to make cross-venture comparisons.

## **Workforce satisfaction, safety and workload**

To make sure the workforce is taken into account, we asked all our ventures what their impact is on the workforce. Almost all of our ventures have the workforce involved in the development of the product, but no actual surveys have been conducted yet. Therefore, we asked our ventures, by means of a multiple-choice question, if their ventures would have an impact on the safety or burden of the workforce. If the ventures reach a later stage, they have to obtain CE or FDA approval. For this approval, they have to perform post-market surveillance. This also contains surveys of the workforce. In the future, it would be great if we could compare this with different data points from workforce surveys.

## **Cost reduction**

As the costs of the technology itself are in most cases known, the majority of our ventures are able to estimate the short-term cost reduction offered by their product. Eventually, however, we aim to include the cost reduction per patient over time, taking into account the reduction due to fewer readmissions, complications, etc. For many ventures this information is still unknown; we look forward to them living up to their promise.

## **Workforce reduction**

For many ventures, it is clear from the outset how the technology will directly impact the workforce (fewer healthcare professionals needed to administer a treatment, etc.). However, indirect reductions may be involved as well; consider the reduction in workforce resulting, for example, from the birth of fewer disabled babies in need of long-term care. Most of our ventures do not yet have an overview of such indirect effects. For later-stage ventures, we estimated these data.

## **Caregiver and patient burden**

Patients are at the core of all our ventures. Ideally, we would like to conduct various surveys to determine the impact of a venture on a patient's or informal caregiver's burden. However, since this is generally not yet applicable, this indicator was covered by a multiple-choice question about the effect of the technology or product on the patient's or informal caregiver's burden.

## **Waste and Greenhouse gas (GHG) emissions reduction**

In general, our ventures do not (yet) have an overview of their waste and greenhouse-gas emissions. Those based in the UK can calculate the waste they produce by, for example, referring to the waste-transfer notes companies receive when they transfer their waste. Other tools can provide an indication of greenhouse-gas emissions per venture. Eventually, we aim to be able to provide a rough overview of the combined emissions and waste produced by our ventures.

### **Recycle/reuse rate or improvement in depreciation rate**

As most of our ventures have not yet reached the production stage, the majority of materials cannot yet be recycled. However, this aspect is important to take into account when making design choices early in the development phase. In the impact assessment questionnaire we included, as a proxy, a question about the types of materials the ventures recycle and reuse.