Well-being

The Importance of Well-being

The importance of managing with a focus on well-being has been increasing in recent years. Well-being is a coined term derived from “Well” and “Being,” referring to a state in which all people seek happiness and can lead healthy lives.

It began to gain traction following its use in the preamble of the WHO Constitution in 1946, and the direction toward achieving well-being was also included in the declaration of the Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly in 2015.

As the year 2030, which marks the goal of the SDGs, approaches, discussions about the next target, post-SDGs, are gaining momentum. In the context of an uncertain social environment, the concepts of happiness and satisfaction, which cannot be fully captured by GDP, are being reevaluated. At the United Nations Summit of the Future held in September 2024, the “Pact for the Future” was adopted as an agreement for the future. Within this pact, specific next steps have been agreed upon to capture the well-being and sustainability of humanity and the planet beyond GDP. Official discussions on the post-SDGs are scheduled to begin at the UN Summit in 2027.

Global Trends

International organizations and countries around the world are making progress in addressing well-being. In France and Italy, it has been legally mandated to incorporate well-being into both budgetary processes and the cycle of economic and fiscal policy planning. New Zealand introduced the “Wellbeing Budget” in 2019, aimed at improving the well-being of its citizens, which has led to an increase in budget for mental health and the construction of schools and hospitals. In Australia and the European Union (EU), efforts are advancing to collect well-being data, perform policy analysis, and improve data systems.

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD), launched in September 2024, has begun developing a framework for identifying and assessing companies’ financial risks and impacts related to social issues. In October 2025, TISFD released a discussion paper titled “Conceptual Foundations.” It defines the social issues in its scope as issues related to people and inequality, and emphasizes respect for human rights and the improvement of well-being as the foundation of human- and social-related capital. By understanding and measuring well-being, governments and companies can gain a comprehensive view of people’s condition and determine whether efforts aimed at improvement have been effective. Respect for human rights and the enhancement of well-being lead to the management of risks and opportunities not only for individual companies, but for the economy and society as a whole.

Trends in Japan

Since the 1980s, research on well-being has been conducted in Japan, and in recent years, collaboration among relevant government ministries has been advanced. Since 2019, the Cabinet Office has been conducting an annual “Survey on Satisfaction and Quality of Life.” This survey aims to understand the structure of Japan’s economy and society from the perspective of people’s satisfaction (well-being) in

a multifaceted manner and to utilize the findings in policymaking. In addition, a coordinating council of relevant ministries and agencies was established following the decision to set key performance indicators (KPIs) related to well-being in various basic plans established by the government. Progress is also being made with respect to investment of resources in work-style reforms, mental health measures, and support for raising children.

An increasing number of Japanese companies are setting goals aimed at achieving well-being and moving forward with related initiatives. However, Japan's "happiness level," which is closely related to well-being, remains low when compared to other countries. According to the 2026 edition of the "World Happiness Report" published annually by the United Nations, Japan fell in the rankings to 61st place, down from the previous year. With Japan perceived as lagging behind globally, the importance of Japanese companies steering their management toward well-being-conscious practices is becoming ever greater.

Nomura Asset Management's Views on Well-Being

We view the realization of a "well-being society" as one of the business opportunities related to ESG, and we highlight its importance in our ESG Statement. P.17

In our concept of "Proper Efforts on Environmental and Social Issues P.22" under our view of "Appropriate management practices of investee companies", we also emphasize the formulation and disclosure of strategies (including innovation driven by digital technologies) that incorporate contribution to the resolution of social issues, such as access to medicine, health and nutrition, antimicrobial resistance, animal welfare, and regional revitalization, as business opportunities. Furthermore, we underscore the need for measuring and disclosing the impact toward the resolution of social issues. We believe that developing and providing products and services that contribute to solving these societal issues represent crucial business opportunities for the company and lead to sustainable enhancement of corporate value.

Many Japanese companies have been increasingly focusing on enhancing well-being within the company, such as improving employee engagement and emphasizing health and productivity management that considers employees' health. Companies with high levels of employee well-being tend to see higher productivity and motivation among employees, as well as lower turnover rates, resulting in a positive impact on corporate value. Research findings also suggest that companies with high levels of employee well-being tend to perform better in the stock market.

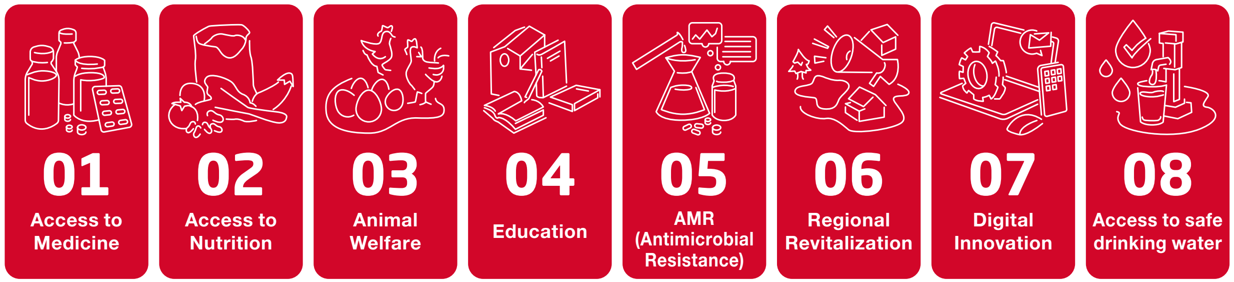
We focus on companies that not only work on the well-being of their own employees, but also strive to support the well-being of consumers and local communities. Efforts from such companies to realize a well-being society directly correlate with business growth and improved corporate value. From a global perspective, initiatives aimed at well-being for society are gaining more attention.

One of "Priority Engagement Topics" for 2025 (P.76) is "Well-Being Society," and we engage with companies while keeping in mind business opportunities that contribute to such a society.

In addition to engaging with individual companies, we actively participate in collaborative initiatives. In recent years, we have taken a leading role in collaborative engagement related to well-being, further raising our profile. Specifically, we collaborate with initiatives such as Access to Medicine, which aims to improve access to medicine in low- and middle-income countries; Access to Nutrition, which seeks to solve nutrition-related challenges; and FAIRR, which incorporates animal welfare and AMR (antimicrobial resistance) into its assessment criteria.

By serving as a bridge between overseas investors and Japanese companies, we contribute not only to solving issues faced by investee companies and enhancing their corporate value, but also to improving their standing from a global perspective.

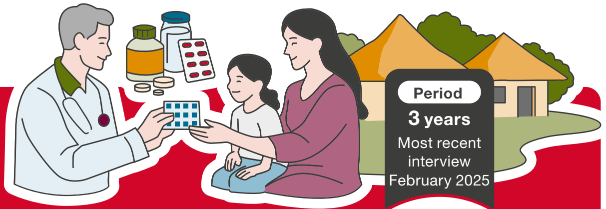
Nomura Asset Management's Engagement Topics Related to Well-Being



Domestic Engagement Activities Related to Well-Being

Target company

Pharmaceutical company A



Period
3 years
Most recent interview February 2025

Priority topics

Improvement of Access to Medicine

Milestone progress

1 …… 2 …… 3 …… 4 …… 5 (Completion)

Engagement goals
Setting and disclosing future targets and goals for ATM

Overview of engagement

Nomura Asset Management's concerns

No future commitments on ATM are in place, and related initiatives are not incorporated into CEO incentives.

Engagement progress

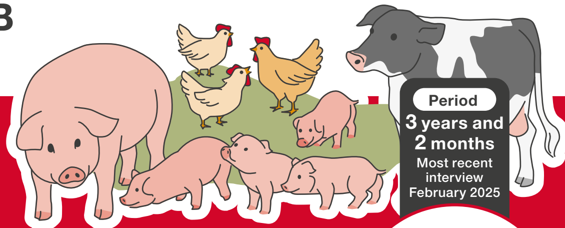
While the company has disclosed information on the creation of sustainable impact for patients, society, and its business, we have continued our dialogue for nearly three years due to concerns that the KPIs for measuring overall progress in access to medicines were insufficient. Through multiple meetings, we encouraged the company to establish ATM-related KPIs and targets. We confirmed that it has set KPIs such as improving access to new products and strengthening access programs in low- and middle-income countries, and that these are also disclosed in its integrated report. In addition, its explanation of the link to corporate value has been enhanced.

Current status

In our dialogue in February 2025, we confirmed a certain degree of progress and determined that the milestone targets had been achieved, so we decided to conclude this engagement. We will continue to seek further improvements in access to medicines through our regular engagement activities.

Target company

Food company B



Period
3 years and 2 months
Most recent interview February 2025

Priority topics

Animal Welfare

Milestone progress

Company shares a recognition of the issues

1 …… 2 …… 3 …… 4 …… 5

Engagement goals
Promoting animal welfare

Overview of engagement

Nomura Asset Management's concerns

As a major food company, promoting business activities that take animal welfare into consideration is essential for sustainable growth.

Engagement progress

Japanese food companies, including this company, have continued to receive low scores in global indices such as FAIRR, and it is necessary to encourage progress with respect to animal welfare. In discussions with the company, we have specifically called for the elimination of gestation crates for pigs, as well as for the establishment of targets and clarification of policies aimed at improving its ranking in global indices. In the most recent dialogue, we confirmed that the company intends to prioritize actions and implement them step by step while consulting with relevant organizations.

Current status

We have confirmed that the company is phasing out gestation crates and primarily implementing measures that comply with domestic standards. Going forward, we will continue our engagement to encourage even more progressive actions from a global perspective.

Global Initiatives Related to Well-Being

Access to Medicine (ATM)

We became a signatory to Access to Medicine (ATM) in 2019, an initiative aimed at improving access to medicines in low- and middle-income countries. The ATM Foundation ranks the world's 20 leading pharmaceutical companies and identifies each company's strengths and challenges regarding access to medicines.

We are actively involved in ATM activities through both our Tokyo and UK offices, and since 2023, our Tokyo office has served as the lead investor for Daiichi Sankyo Co., Ltd. In 2025, we held multiple meetings with the company and the ATM Foundation. The company's efforts to expand access to innovative products have been recognized by the Foundation, and its ability to explain its initiatives has also improved. We are engaging in focused dialogue to support improvements to the comprehensive access strategy sought by the Foundation.

In addition, we have participated in investor meetings to share progress and have used insights from other companies as input for our engagement activities. In May 2025, we also participated in the Foundation's consultation on revising the index methodology. By discussing issues such as the gap between the global standards sought by the Foundation and business practices in Japanese companies, we have also contributed to deepening the Foundation's understanding.

Please refer to P.81 for details on our UK office's ATM-related activities.

Access to Nutrition (ATN)

Since 2021, NAM has participated in Access to Nutrition (ATN) initiatives, aiming to address global nutritional challenges, and has been leading engagements with major Japanese food companies. ATN produces a Global Index that ranks the world's 30 leading food and beverage companies based on criteria such as product profile and responsible marketing. By clarifying each company's strengths and challenges in addressing nutrition-related issues, it seeks to promote access to affordable, nutritious food.

At the end of 2024, we became the lead investor for Nissin Foods Holdings Co., Ltd. The company uses its proprietary nutrition profiling system ("NISSIN-NPS") to score the nutritional value of its products and support nutrition improvement. While we recognize and value this initiative, we are also calling for greater transparency in the company's governance framework for addressing nutrition-related issues.

In the past, we have also participated in ATN engagement with Meiji Holdings Co., Ltd., and from 2026 onward, we will serve as its lead investor. The company has introduced its proprietary nutrition profiling system ("Meiji NPS") and is focusing on improving nutrition. Going forward, we will encourage more transparent disclosure.

AMR (antimicrobial resistance) and Animal Welfare

The global risk of antimicrobial resistance (AMR), in which antibiotics become ineffective, is increasing. This is driven by the overuse and misuse of antimicrobials in healthcare, livestock farming, and agriculture, as well as the environmental spread of residual antimicrobials. In 2024, we signed a statement calling attention to concerns about AMR, issued by IAAMR (Investor Action on Antimicrobial Resistance), which is supported by ATM and FAIRR, among others. IAAMR points out that if the AMR problem is not addressed, rising global economic costs could potentially drag down global GDP.

In recent years, animal welfare—humane livestock management that takes the burden on animals into account—has also increasingly come to be regarded as an important ESG evaluation criterion for companies. We are a member of FAIRR, an initiative related to natural capital and livestock, and FAIRR also evaluates companies' efforts on AMR and animal welfare. AMR and animal welfare are closely linked, as both are related to enhancing value in food production. Please refer to P.48 for our initiatives related to FAIRR's collaborative engagement. We will continue to closely monitor global trends and actively pursue engagement in this area.

charity: water (Promoting access to safe drinking water)

charity: water is a nonprofit organization founded in 2006 with the aim of providing clean drinking water and sanitation facilities to people in Africa, Asia, and Latin America. According to the organization, one in ten people worldwide lacks access to clean, safe drinking water. We began making donations to the organization in December 2022.

charity: water partners with local organizations in each country to carry out projects that provide clean, safe water to communities that lack access. From 2022 to 2023, our donations were used for construction projects in Niger, including sustainable drinking-water systems, toilets, and clothes changing facilities in schools, in Ethiopia for the installation of piped water systems, and for the construction of water supply, toilets, and handwashing facilities at schools in Bangladesh and Mali. In total, nearly 4,000 people have benefited.

The projects we funded in Kenya, Cambodia, and Uganda in 2024 are expected to be completed by autumn 2026, and an additional 950 people are expected to gain access to water. We will continue to work toward resolving the challenge of ensuring access to safe drinking water.