

Thinking about global CSR

The medical situation in China

China is a powerful nation with a population of more than 1.3 billion and the world's second largest GDP. As the economy has grown, medical technology and systems have developed, and citizens' awareness of health has increased. In the 21st century, medical systems such as insurance systems and hospitals have developed rapidly, and full-scale progress has been seen in the medical situation in China.

On the other hand, due to the increase in the number of elderly people and the concentration of people in urban areas, the medical system is not fully able to meet citizens' needs.

In addition, citizens' awareness of health is changing with economic development. Opportunities to access health-related information have increased, and awareness of individual health, including diet and exercise, have improved. Furthermore, total healthcare costs* in China and the total healthcare costs per person have been increasing in recent years.

* **Total healthcare costs** : Costs for health promotion and disease prevention

	2015	2016	2017
Total healthcare costs in China (100 million yuan)	40,975	46,345	52,598
Total healthcare costs relative to GDP (%)	5.95	6.23	6.36
Total healthcare costs per person (yuan)	2,981	3,352	3,784

Hisamitsu Pharmaceutical's approach to China

Hisamitsu Pharmaceutical entered the Chinese market in 2012 in view of the maturing health awareness and drug delivery situation in China.

We obtained GSP* certification in 2018 by importing products from Japan and expanding their sales throughout China. In January of the same year, we established "Hisamitsu Pharmaceutical (China) Co., Ltd." in Suzhou City to further expand import and sales operations, and to push ahead with efforts in the Chinese market.

* **GSP Good Supply Practice**, "Pharmaceutical Management Quality Control Code in Chinese."

MATSUKI, Eishi, General Manager, Hisamitsu China

I have been involved in business in China since we were first preparing to establish the company. We are expanding our work based on business particular to China, such as building relationships with the government, competing with domestic brands in China, and dealing with complex sales systems. Today, Salonpas® is becoming more well-known, although I don't think that its full value has been delivered yet. In addition, I feel that it is important to continue taking on various challenges step by step.



Hisamitsu Pharmaceutical (China) Co., Ltd.'s strengths and challenges

We have two companies in China, and, Hisamitsu Pharmaceutical (China) Co., Ltd. is leading the way to develop business in China.

There are about 70 total employees at the two companies, and most of employees who work at the office are female. Sales are handled by Medical Representatives.(MR). in 40 cities nationwide, dealing with the vast size of the country is still also a major issue.



WATANABE,Jun,Hisamitsu China

CSR activities in China

Many of Hisamitsu Pharmaceutical's CSR activities in China are business-related. Hisamitsu China does not have a manufacturing base, so there is no major responsibility toward environmental conservation and the main focus is on improving citizens' QOL through the provision of pharmaceuticals. Particularly in recent years, with a growing interest in sports among young people, we are considering providing support for sports promotion and subsequent health awareness in each region.

Employment is another issue in China we should focus on. We are working to develop measures that consider the social background, such as expanding local hires, education, and support for career advancement.

Jiang Yi Feng,Hisamitsu China

Before working in my home of China, I studied in Japan and was hired there. In China, it is more important to be interested in health and pain than it is in Japan. Based on our efforts in Japan, I think it would be good to expand health knowledge awareness based on cultural differences. I think that it is meaningful for both business and Chinese society to change the reality that many people still don't know the benefits of Salonpas®.



Chen Qian,Hisamitsu China

I think the way we work in China has changed greatly. Amidst these changes, my primary role is to create a working environment that motivates individuals and the organization reach greater heights. I'm also interested in interacting Hisamitsu employees working overseas.



Hisamitsu China up to now

2012

Established Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd.

- Increased the number of dealer stores to 50,000
- Handled in all provinces across China

January 2018

Sales company

Established Hisamitsu Pharmaceutical (China) Co., Ltd. in Suzhou City

- Acquired "GSP" certification for pharmaceutical handling in China
- Switch to in-house imports and sales

Voices of employees

Working with a Japanese company in the Suzhou office, I can work with pride.

I am able to learn a lot, including responsibility for product quality.

I have hopes for conducting manufacturing in China.

I want to contribute to health in China, including prescription drugs.

I would like to improve the working environment by considering the good points of both China and Japan.



The Shanghai region's largest pharmacy chain interview with a GuoDa Drugstore representative

GuoDa Drugstore Shanghai is a company in the global-scale China National Pharmaceutical Group Co. (Sinopharm), which has an annual operating profit of 400 billion yuan, integrating direct pharmaceutical sales, franchise retailing, and wholesale to hospitals, and oversees pharmaceutical distribution in the Shanghai region. It has a sales network of over 740 stores, including directly managed stores and member stores, and handles Hisamitsu Pharmaceutical products. Sinopharm, whose mission is to "protect life and nurture health" and "satisfy health needs throughout people's lifecycle," the same philosophy as that of the Hisamitsu Pharmaceutical Group's "improving QOL of people around the world," works on initiatives to fulfill various social responsibilities such as disaster relief and support for sport.



CEO Mr. Yao Jun

The largest pharmacy chain in the Shanghai region, operating **743** stores



from left: Hisamitsu China General Manager MATSUKI, Eishi Yuan Dong, Xu Pei Rong

Expectations for the Hisamitsu Pharmaceutical Group

- Like Hisamitsu Pharmaceutical, our company emphasizes the improvement of every customer's QOL, and we believe that we can make further efforts based on a stronger cooperative relationship.
- Taking advantage of your experience in Japan, a medically advanced country, we hope you become actively involved in China's medical issues and hope that the expansion of pharmaceuticals that are handled in Japan is considered for China.
- We hope to collaborate with you in the activities on which we are working, such as measures for the elderly, health promotion activities through sports, and disaster relief.
- In China, there is an issue of simultaneously improving medical technology while building a system to supply medical services to all citizens. We hope you make an active contribution to the development of the Chinese medical environment based on your knowledge, as well as product supplies.

