



A Channel Into China

Nearly 30 years ago, I was among the first Pfizer employees to set foot in China when I attended a trade fair held in the welcome twilight of the Cultural Revolution. Although I could sense the promise of China's market then, I could hardly have envisioned that today China would be attracting \$1 billion a week in new foreign capital investment. In China's feverish, competitive environment, success requires companies to go beyond traditional channels to prove their value to society and willingness to invest long term.

Among Pfizer's valued new channels is the United Nations Global Compact, a voluntary association of corporations that pledge to improve their corporate citizenship. Launched in 2000 the U.N. Global Compact now includes 1,800 corporations — half from the developing world — along with dozens of civic leaders and U.N. agency representatives. This unique multistakeholder organization unites the global business world through 10 principles that address human rights, the environment, labor standards and corruption-free business dealings. Those who sign the Global Compact agree to aspire to advance these principles through their global business operations.

So far, CEOs of 67 Chinese companies spanning many industries have signed the Global Compact. China's government is signaling that it takes the Compact seriously. Earlier this year Cheng Siwei, vice chairman of the standing committee of the National People's Congress and widely regarded to be China's "father of venture capital," addressed the U.N. Global Compact Leaders' Summit (the largest gathering ever of CEOs focused solely on corporate responsibility). He lauded the Compact and affirmed that organizations following its principles would help create a sustainable economic transition in his country. China sees the principles of the U.N. Global Compact, along with its entry into the World Trade Organization, as a strategic bridge to the global economic system.



COMPANIES LOOKING TO GROW IN CHINA SHOULD CONSIDER SIGNING THE UNITED NATIONS GLOBAL COMPACT.

At Pfizer we have crossed that bridge and invested in China's human, financial and social assets. Our China employees work in four state-of-the-art plants, a management center and a trade company. For more than a decade, we have sponsored community health initiatives across China, focusing on prevention and treatment. This includes sponsoring hospital-management training programs with Beijing University and launching the Pilot Rural Cooperative Medical Systems in Yunnan Province. Pfizer also supports the Lifeline Express, a train-based eye hospital that serves farm families, offering free cataract operations and treatments for other visual disorders.

Such endeavors have long been part of Pfizer, but the Global Compact gives us another platform for building trust with China's business partners and regulatory agencies. The Compact sets a common ground for dialogue with leaders from parts of society that have traditionally been at odds with corporations — labor, civil administration and activist groups — whether in China or the U.S. The dialogue

isn't always easy, but it's becoming more candid and productive.

Of course, Pfizer has numerous other channels into China through our own operations and joint ventures. But as the Chinese proverb says: "The height of the wall depends on the depth of the foundation." The U.N. Global Compact promotes a common understanding of how multinational businesses can sustain their growth and promote global stability. Companies looking to grow in China should consider signing the U.N. Global Compact to help them dig a deep foundation for long-term investment in a market both dynamic and complex.

Hank McKinnell is chairman and CEO of Pfizer Inc (PFE), the global pharmaceutical company. Some 1,500 of its 122,000 employees are in China.