

Employees

How we challenge and reward our employees



Beth Sadler (left) and Angela Curley of Henkel North America at one of the approximately 5,000 Vision and Values workshops that took place in 2010. As part of a team, they discussed with their co-workers ways in which they could live the new vision and values in their respective spheres of activity on a day-to-day basis.

Creating a common approach worldwide

The kick-off of the Vision and Values workshops worldwide took place on Henkel Day, September 24, 2010: Whether they were in Africa, Asia, Australia, Europe, or the USA – all over the world, teams of Henkel employees were discussing the new vision and the reformulated values with their supervisors. By the end of 2010, all employees had taken part in a workshop. At the center of every workshop was the Dialog Map poster, a format that helped managers and their teams to conduct an active dialogue regarding the new vision and values. At the end of the workshop, which lasted about three hours, each team put together a concrete plan of action, along with a timeline, and assigned responsibilities for its implementation. The Dialog Map made it possible to precisely define these plans and to put them in written form.

The Vision and Values workshops demonstrate how we at Henkel live our vision and values: by dialoguing and working as a team. A shared understanding of our entrepreneurial spirit is a prerequisite for our success. The values provide guidance to our employees in all of the decisions they make in the course of day-to-day business. Each individual employee thus does his or her part to make our vision into a reality.

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The teams recorded the results of their discussion in the form of specific actions on a "Dialog Map" poster.



As a sign of their commitment, the employees personally signed the poster.

Living a “winning culture”

Henkel is a company that operates globally. 80 percent of our employees work outside of Germany. This international character and diversity call for a shared vision and actively lived corporate values as an element that unites us worldwide. In 2010, the vision was redefined and the values were reformulated to help establish a winning culture at Henkel. This culture is shaped by people with an entrepreneurial spirit. It demands individual responsibility, rewards personal best performances, and is based on fairness and team spirit. Its foundations are always to be found in the behavioral rules established in our Code of Conduct – such as respect for the personal dignity and privacy rights of all employees and adherence to the principles of equality and fairness.

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We support the development of a winning culture through our sustainable human resources management policies. These cover all human resources activities, from employee recruitment and staff retention to education and training programs, including topics such as performance assessment, compensation, diversity, and health management.

New assessment system for managers – differentiation between potential and performance

Our people make all the difference; they provide the foundations for our corporate success. They rightly expect their efforts to be recognized and rewarded. On the basis of our vision and values, we therefore encourage achievement orientation and the will to succeed. It is for this reason that we revised our assessment and compensation system in 2010 and adapted it to reflect the increased demands of our markets.

Expansion of our assessment system

We expect excellent performance, always in line with our vision and values, from our employees. Our new, globally applicable assessment system differentiates between performance and potential, and thus makes it possible for all managers to obtain a more precise idea of their own contributions to our corporate success. Each year, supervi-

“Our employees expect a corporate culture with which they can identify and which they can help to shape. This is why we have held workshops to accompany the introduction of our new vision and reformulated values. All Henkel employees worldwide took part in them. After all, a winning culture can only be established if all employees commit to the vision and values – and live them at Henkel on a day-to-day basis.”

sors evaluate the performance of managers during the past year, as well as their future potential. Our managers are given an opportunity to submit a self-assessment, including examples and comments, to their supervisors beforehand. During the annual “talent reviews” – called Development Round Tables – supervisors discuss the assessment of their managers and decide on further training measures. All managers receive comprehensive feedback from their supervisors on their performance, their potential, and areas where further development is needed. They jointly determine next steps in the form of a personalized development plan and initiate targeted support measures.

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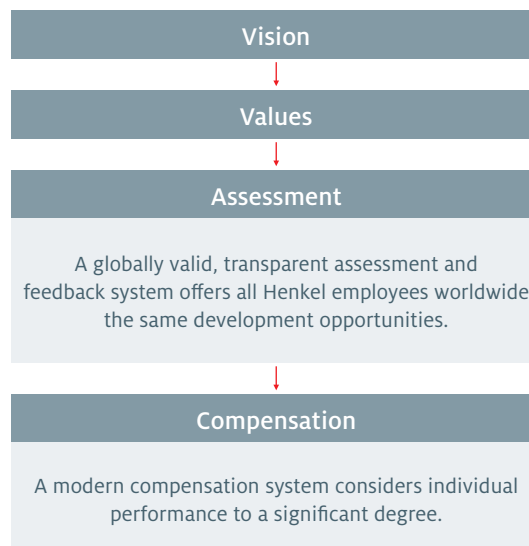


Kathrin Menges
Head of Global Human Resources.

The complete interview with Kathrin Menges:

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1,337 managers around the world were promoted internally by Henkel in 2010.



Some **70%** of all our managers took part in the 689 training seminars on leadership organized in 2010.

Some **29%**
of our employees in 57
countries participate in the
employee share program.

Some **65%**
of our non-managerial
employees share in Henkel's
business success through
performance-based
compensation components.

More information on
compensation and the
employee share program:



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More than **110**
nationalities ensure Henkel's
global success.

Some **32%**
of our employees worldwide
are women.

New compensation system – recognition of individual performance

The recognition of individual performance strengthens entrepreneurial spirit and action. A fair compensation strategy in line with market practices is therefore a fundamental component of our corporate culture. For us, it is self-evident that the system makes no systematic differences in compensation for male and female employees.

Since January 2011, an additional key component of our winning culture has been the recast Global Short-Term Incentive (STI) for all managers. This measure is intended to encourage performance orientation in our organization by offering greater incentives for outstanding individual performance than has been the case up to now. The STI is composed of the result of the Henkel Group, the team result, and the individual performance assessment. What is new is that, in comparison to previous plans, individual performance has a considerably greater influence on each manager's bonus than in the past.

Diversity in the company

We value the different cultures and competencies of our employees and consider them to be important assets for our company. We are convinced that they help us to better understand our markets and to ensure long-term business success. This appreciation and the creation of basic conditions in which each person can develop optimally, are the foundations of diversity management at Henkel – and not the filling of quotas. We want to have the best teams worldwide, in terms of competence and potential, regardless of age, gender or nationality.

Worldwide initiative to promote diversity and inclusion

In 2010, on the basis of the Diversity & Inclusion Policy approved in 2009, our Henkel diversity ambassadors set up local networks and working groups on various topics all over the world. In particular, these included mentoring programs in which experienced managers (mentors) share their knowledge with junior managers (mentees) in an informal setting, thus helping their younger colleagues to develop their professional and personal skills. Another focus was on initiatives revolving around family-career balance. We also support the Friends of the German Diversity Charter through financial and personal engagement, to encourage further discussion of the topic of diversity in Germany. Furthermore, in 2010, our "Family and Career" certificate was renewed following an audit and is now valid until 2013.

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Honored for senior-friendly human resources policy

In November 2010, the American Association of Retired Persons (AARP) honored Henkel in Brussels for its senior-friendly human resources policy with the "International Innovative Employer Award 2010." Kathrin Menges (middle), head of Global Human Resources, and Regina Neumann-Busies, Social Services, accepted the international employer award. www.aarp.org

Initiatives of our diversity team in 2010

USA, Russia and Germany: Start of mentoring programs, kick-off in Russia, followed by the USA and Germany.

Benelux: Expansion of the existing cross-generational mentoring program to all business units. This led to greater employee satisfaction. Mentees report an increase in their self-confidence and greater understanding. Mentors feel valued as they pass on their experience and learn about the way younger co-workers work and think.

Mexico: Introduction of special work-life balance measures to support women in managerial positions, so that they can better concentrate and be more productive when they are working.

Italy: Focus group interviews resulting in guidelines for working at home for women and men, to improve their work-life balance.

France: Audit of the family-career balance over the course of two years. The audit kicked off with focus group interviews and an employee survey on the intranet.

Germany: Second Women's Networking Day by the women's network at the Düsseldorf site. As a result, female managers are enjoying greater visibility, and new members have joined the women's network.

Germany: Continued outreach to new managers by the Henkel Networking Circle, as well as integration of employees who had transferred to Germany from other countries by the "Expatriate Network." Both networks supported the international week at the Düsseldorf site. Its goal was to promote even better understanding among the employees of different nationalities at the site.



Workshop on human rights

In collaboration with an external trainer, an interdisciplinary team of Henkel employees analyzed human rights issues to determine relevance and risks for Henkel. The participants came from the corporate functions of strategy, human resources, compliance, purchasing, and corporate communications.



Social dialogue

An important component of our Social Standards is protection of the right of assembly. Employee interests are represented by works councils, independent unions, or other forms of employee representation, such as staff meetings (see photo). In countries where no employee representation is planned or established, the social dialogue with the respective management serves as a voluntary and informal instrument for close communication.

More on the topic of social dialogue:


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Revision of our Social Standards

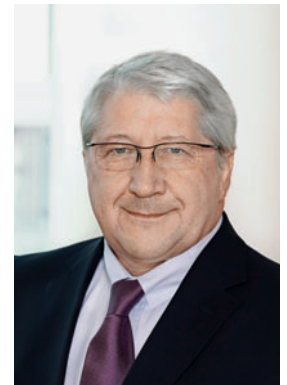
Since 1994, we have committed ourselves, in our mission and corporate principles, to incorporating social values in a responsible manner in our corporate policy. We clearly emphasized our support for the protection of human rights when we introduced our Code of Conduct in 2000 and when we joined the United Nations Global Compact in 2003.

Our globally applicable Social Standards, which we published in 2006, express in concrete terms what we stand for. Integrated into our Social Standards are central requirements derived from the guidelines of the International Labor Organization (ILO), the Global Compact, the OECD Guidelines for Multinational Enterprises, and the Social Accountability Standard (SA 8000). They cover the following aspects:

- Working hours, wages and vacation entitlement
- Discrimination
- Child labor and forced labor
- Conflicts of interest and corruption
- Freedom of association and collective bargaining
- Health and safety
- Social impacts and assessment
- Suppliers and service providers

In 2010, we revised our Social Standards. Our objective was to make them more precise and thus more easily applicable for our employees. Moreover, we wanted to ensure that they are up-to-date, in view of the further development in international standards. The Social Standards are part of our company-wide audit program, see  Page 7.

“Cooperation and knowledge transfer are decisive today for the successful implementation of social standards throughout the value chain. This is why we engage in workshops, expert groups, and governmental initiatives, so that we can learn from others and share our own experience with them. Furthermore, we constantly update our Social Standards to make them more operational and conduct audits to further improve our processes.”



Rolf Schlue
Member of the Sustainability Council for Human Resources Management.

The complete interview with Rolf Schlue:

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International exchange and dialogue

The exchange between academics and practitioners in regard to sustainability in human resources management enables us to assimilate new perspectives and developments. For example, we are active in the People Matter working group of the World Business Council of Sustainable Development (WBCSD). This group develops concepts and case studies that show how employees can be successfully involved in sustainability efforts.

Henkel is also a member of the multi-stakeholder forum on sustainability of the German Ministry of Labor and Social Affairs. This forum has developed a plan of action for providing an even stronger basis for corporate social responsibility in Germany and for supporting small and medium-sized companies in their efforts to establish aspects of sustainability in their companies.  www.csr-in-deutschland.de

More on how we strengthen our employees' awareness of sustainability:

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