



In 2011, Henkel garnered the “European Diversity Leadership Honour” in the category “Multicultural Working Environment” in recognition of our commitment and transparency in the diversity domain.



The purpose of a new employer branding campaign is to position Henkel specifically as an employer of choice. Its design elements serve as an effective eye-catcher in our information booths at graduate fairs.

#### Employees by region in 2011



- 32% Western Europe
- 19% Eastern Europe
- 11% Africa/Middle East
- 11% North America
- 8% Latin America
- 19% Asia-Pacific

## Employees

The number of people employed at Henkel at the end of 2011 was 47,265 (annual average: 47,753), 1 percent below the 2010 level. The year was characterized by our focus on the emerging markets, accompanied by efficiency enhancements in the mature markets, with our shared service centers covering a growing number of processes from around the world. Personnel growth was strongest in Eastern Europe with an increase in payroll of 3 percent, while Western Europe registered the highest decline of –3 percent. Sales per capita increased by 4 percent to 326,766 euros. Personnel expenses came in at 2,522 million euros.

We rely on high-performing teams to attain our ambitious goals. We offer our employees attractive development opportunities within our global corporation and provide specific training opportunities in order for them to build on their skills and expertise. Such activities also strengthen our attractiveness for new recruits, whereby promoting the diversity of our teams in terms of nationality, gender and age/professional experience is a primary focus.

In 2011 we were again able to position ourselves in the employer rankings of many countries as an attractive company – both for graduates and for candidates with professional experience. For the second consecutive year, the CRF Institute, one of the leading research organizations in the field of employer certification and employer branding, recognized Henkel with its “Top Employer Germany” award. We also took first place in the

subcategories Corporate Culture, Training and Development, and Work Life Balance. Our employer branding campaign launched in February 2011 was recognized by Batten & Company with first place in its “Best Employer Brand Award 2011.” By fall 2011, we had disseminated our new employer brand in all the communication channels we use. These activities all contribute to positioning Henkel more effectively as an employer of choice, attracting new talent and retaining existing employees.

Coinciding with the new employer branding campaign, we introduced a standard on-boarding program: through interactive online media – for example a comprehensive e-book and an intranet platform – new employees are provided with preparation for employment with Henkel several weeks before their first working day, helping them achieve a good start and familiarizing them with essential aspects of the company.

We also launched the fifth edition of our global innovation competition for students, the “Henkel Innovation Challenge,” to coincide with the start of the 2011/2012 academic year. The competition has now been extended to 14 European countries and also the regions of Asia-Pacific, North America and Latin America. And for the first time, all our business sectors were involved. By extending the brief to include Henkel technologies and realigning the focus toward sustainability in the innovation process, we were able to also attract engineers and scientists as contenders. We are making increasing use of social media such as Facebook in order to address students. The accompanying mentoring

#### Employees by business sector



- 20% Laundry & Home Care
- 16% Cosmetics/Toiletries
- 51% Adhesive Technologies
- 13% Functions

program has led to a substantial increase in high-caliber job applicants. In Germany, Henkel offers more than 20 apprenticeship professions, for which we took on 161 apprentices in 2011. In all, we currently have 483 apprentices under contract. All our trainees successfully completed their final examination with the German Chamber of Commerce and Industry [IHK]. We again offered the dual study courses introduced in 2009. Here, students are able to combine a conventional apprenticeship with a Bachelor degree at a university, allowing them to obtain an academic qualification while gathering professional experience. In all, the number of applicants for both kinds of training course was very encouraging, providing a good indication of the attractiveness of a Henkel apprenticeship scheme. In 2011, we again conferred the Hugo Henkel Award under the patronage of Dr. Christoph Henkel. This recognizes projects and concepts in German schools designed to promote the teaching of science and technology to students in grade 5 and above.

Once more, our worldwide talent management system was at the focus of our activities during the year. Through our globally established "Development Round Tables," our managers ensure that our people are assessed on the basis of uniform principles and criteria. The annual assessments of individual performance and potential – based on the management competences revised in 2010 – were conducted with our employees in personal, open feedback discussions during the first quarter of 2011, accompanied by agreement on individually aligned development measures.

Effective January 1, 2011, Henkel introduced a further developed global short-term incentive (STI). As a performance-based component of compensation, the new STI both encourages and rewards excellent performance. Managers can thus affect a major portion of their annual STI bonus through

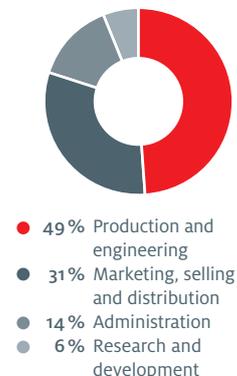
their individual performance. This innovative concept ensures a transparent, differentiated and motivating compensation regime.

Our comprehensive range of training and development offerings covers the requirements of different employee groupings. In addition to classic seminars and online training courses for all employees, we cooperate closely with internationally renowned business schools in order to further promote the development of our managerial staff. To achieve global uniformity in the provision and quality of our range of training and development tools, we prepared a new global learning concept in 2011 involving standardized course seminars. These are scheduled for content completion and introduction in the course of 2012.

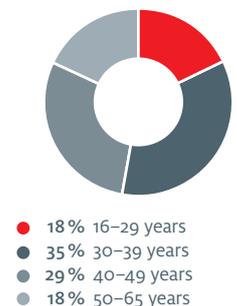
We also reviewed our international development and assessment centers for managerial staff in 2011 in terms of concept and methodology in order to ensure that, as an established component of our personnel development system, these can continue to deliver results in line with the increasing demands being placed on management.

We successfully expanded our Executive Resource Program launched in 2010 for our high-performing, high-potential employees. To prepare these talents effectively for their future duties and responsibilities, they were invited to participate in a range of high-caliber events covering strategic issues, as well as projects with an international dimension. At a one-day event attended by members of the Management Board, participants in the program, devised by the Harvard Business School, presented the results of their work in the form of projects and analyses based on their course content. And several top management positions have now been filled with graduates of the Executive Resource Program.

Employees by activity



Employees by age group



Employees<sup>1</sup>

(at December 31)	2007	%	2008	%	2009	%	2010	%	2011	%
Europe/Africa/Middle East	33,687	64.0	33,485	60.7	30,933	62.8	30,078	62.9	29,530	62.5
North America	6,438	12.2	7,360	13.4	5,714	11.6	5,440	11.4	5,233	11.1
Latin America	4,268	8.1	4,293	7.8	4,002	8.1	3,699	7.7	3,681	7.8
Asia-Pacific	8,235	15.7	10,004	18.1	8,613	17.5	8,637	18.0	8,821	18.6
<b>Total</b>	<b>52,628</b>	<b>100.0</b>	<b>55,142</b>	<b>100.0</b>	<b>49,262</b>	<b>100.0</b>	<b>47,854</b>	<b>100.0</b>	<b>47,265</b>	<b>100.0</b>

<sup>1</sup> Basis: permanent employees excluding apprentices.

Around **30%**  
of our managers  
are women.

The diversity of our people with their different experiences and cultural backgrounds offers us a clear competitive advantage. Globally, our focus in this respect is on the dimensions of gender, internationality and age/professional experience. One key area involves encouraging women into managerial positions. As a result of a number of measures implemented in recent years, we have increased the proportion of women in management to around 30 percent – achieving an average growth rate of 1 percentage point per year. This makes Henkel a leader among the DAX 30 corporations in Germany. We intend to extend this lead going forward and further increase the percentage of women at all levels. We have committed ourselves to this objective in a joint declaration signed by all DAX 30 companies. Henkel has set itself specific quantitative and qualitative targets and defined the measures necessary in order to achieve them. We intend to further increase the proportion of women in managerial positions right across the Henkel Group by an average of 1 to 2 percentage points per year.

Measures implemented for enhancing the presence of women in the workplace focus both nationally and internationally on recruitment, personnel development and flexible working arrangements. During the recruitment process, Henkel endeavors to ensure a balanced range of candidates with the objective of achieving an equal distribution of women and men. Long-term career plans are put in place to ensure that professional needs can be reconciled with the demands of private life. Assignments abroad are introduced at an early stage in the career development program. Mentoring schemes have also been established to support the development of female managers. Major elements of flexible working arrangements include job-sharing models, part-time working opportunities, working at home, and the extensive use of mobile communications devices. With these offerings, we are able to move away from classic presence culture, shifting the focus to performance and contribution.

Henkel, McKinsey & Company and the German business magazine “WirtschaftsWoche” conferred

the German Diversity Awards for the first time in 2011. The purpose of this ranking is to recognize outstanding examples of practiced diversity as a means of highlighting the relevance of this issue and encouraging others to emulate best practice. The award is supported by the “Charta der Vielfalt” [Diversity Charter] organization, a public-private initiative designed to promote diversity in companies.

Our employees play a key role in the implementation of our sustainability strategy: They interface with our customers and develop increasingly sustainable products. Consequently, in order to disseminate our new sustainability strategy, we have deliberately adopted a dialogue-based approach involving action plan meetings in which the strategy is jointly discussed and analyzed. Around the world, every top manager at Henkel was required to have carried out an action plan meeting with their immediate team members by the end of 2011. The process for the lower management levels is scheduled for completion by the middle of 2012. In addition to the action plan meeting as an implementation instrument, we continue to effectively integrate the topic of sustainability to a greater extent within other training and development courses and events.

As a company aware of our responsibilities, the aspect of social engagement or “corporate citizenship” is also an important component of our corporate culture – one that has been firmly anchored in our corporate values since the company first came into being. We have divided our activities into three areas: support for employee and retiree volunteering activities, corporate and brand partnerships aligned to the common good, and emergency aid for natural disaster relief. The private involvement of our employees and retirees is of key importance in this regard. The company has been supporting their volunteering activities since 1998 through our MIT initiative (Make an Impact on Tomorrow). We currently allocate around 53 percent of our global charitable funds to MIT projects, supporting activities aligned to social progress, education and science, fitness and health, culture and ecology.