

## Social engagement requires initiative

### We are committed to society

Social engagement has been firmly anchored in our corporate culture and our corporate values since the company was founded. This is reflected in the daily actions of our employees. Henkel Smile provides the umbrella for the company's international corporate citizenship activities extending beyond direct business interests. Working together with customers, consumers, and non-profit organizations, we are globally active in three areas: supporting employee volunteering, emergency aid, and corporate and brand engagement for the good of society.



[www.henkel.com/smile](http://www.henkel.com/smile)

### Employee engagement in 2010 in figures:

- 1,196 thousand euros financial donations
- 147 thousand euros product donations
- 54 days time off from work

Regional distribution of our social engagement:



Pages 2 and 3.

### Focus on employee volunteering

Employee volunteering is at the core of our commitment. In Germany, it has been supported since 1998 through the Make an Impact on Tomorrow (MIT) initiative. Since 2002, MIT has been operating internationally. By now, we devote some 40 percent of our funds available internationally for MIT projects.

We support activities in the areas of social needs, education and science, health, culture and ecology. Employees and retirees who do volunteer work in their free time may obtain funding for their project of up to 10,000 euros, five days paid time off from work, or product donations. Professional advice from staff in the donations department is also available at any time to employees and retirees.

### Emergency aid and engagement in Haiti

The earthquake disaster in Haiti in January 2010 mobilized aid organizations all over the world – including International Search and Rescue Germany (I.S.A.R.). This non-profit association is the only non-governmental organization in Germany to be accredited by the United Nations and specializes in search and rescue operations and medical care for victims buried in rubble. In 2009, Henkel first



Following the 2010 earthquake in Haiti, Joschka Jugelt, trainee at the plant fire department at Henkel in Düsseldorf, and Henning Steff (r. in photo), a former Henkel intern, asked the company for support for I.S.A.R. Germany. Both of them do volunteer work in their free time for this emergency aid organization. Henkel provided immediate financial support for I.S.A.R. and also donated personal care products and wound adhesives.  [www.isar-germany.de](http://www.isar-germany.de)

provided support for I.S.A.R. through an MIT project of a Henkel trainee. Two days after the earthquake, Henkel decided to provide emergency aid for the earthquake victims through I.S.A.R. and donated 20,000 euros in immediate aid for operations on the ground.

Through other aid organizations, Henkel also donated 50,000 bars of soap, 2,880 bottles of shampoo, and 32,400 units of wound adhesive for the medical care of the Haitian people. Furthermore, we assisted our employees and retirees with funds, so that they could provide help after the earthquake through their existing local projects. We were thus able to additionally support seven children's projects in Haiti with a total of 61,700 euros.

### Establishment of a foundation

In January 2011, Henkel established the Fritz Henkel Foundation. In the future, the foundation will serve as the umbrella for our social engagement. The establishment of the foundation underscores Henkel's long-term commitment for societal concerns that extend beyond its direct business interests. The mission of the foundation comprises support for volunteer work on the part of our employees, international disaster aid, and

corporate and brand engagement. The key aspects of the foundation's work will be determined by a board consisting of representatives of the Henkel management and members of the Henkel family.



Persil's Project Futurino – Thanks to support from the Persil brand of the Laundry & Home Care business sector, the St. Franziskus nursery school in Wesel was able to create two laboratory workplaces with professional furniture and equipment for children, worth 6,200 euros. Carrying out their own experiments is to help the children to understand chemical relationships and gain a basic understanding of the natural sciences. [www.persil.de/projekt-futurino](http://www.persil.de/projekt-futurino)

**Brand engagement**

Strong brands and technologies are Henkel's core business. Through our business sectors and our brands, we support activities in the areas of health, ecology, culture, education and science, as well as social needs. Where appropriate, we conduct the projects in collaboration with competent partners. Henkel and its brands see themselves as partners and good neighbors in the regions and countries in which the company is present with its sites and brands.

Examples of the engagement of our brands are Persil's involvement in Project Futurino, Schwarzkopf's commitment to the Tribute to Bambi, and support for vocational training in painting (see photos above).



Tribute to Bambi – As a result of the repeated engagement by the Schwarzkopf brand of the Cosmetics/Toiletries business sector, three selected children's and youth projects were supported again in 2010. [www.tributetobambi.de](http://www.tributetobambi.de)



Metylan makes masters – The Metylan brand of the Adhesive Technologies business sector rewarded each of the six prizewinners with a check for 5,000 euros for further training toward their qualification as master craftsmen (first row from left): Insa Kaiser, Kristina-Laura Schmitt, Tobias Anton, (second row from left) Andre Coelho Santos, Ronny Gey and Evgenij Stulenko. [www.meistercasting.de](http://www.meistercasting.de)

**Social progress**

Through their commitment and their volunteer work on various projects, our employees and retirees all over the world make numerous contributions to social progress and to the Millennium Development Goals of the United Nations. More than half of the MIT projects improve the living conditions of people in emerging and developing countries. In many cases, an MIT project may contribute to several of the Millennium Development Goals. [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

Some **730,000** people were helped worldwide through Henkel Smile projects in 2010.

**Percentage of MIT projects per Millennium Development Goal of the United Nations**

1. Eradicate extreme poverty and hunger <b>33%</b>	2. Achieve universal primary education for girls and boys alike <b>47%</b>	3. Promote gender equality and empower women <b>2%</b>	4. Reduce child mortality <b>3%</b>
5. Improve maternal health <b>1%</b>	6. Combat HIV/AIDS, malaria and other diseases <b>7%</b>	7. Ensure environmental sustainability <b>6%</b>	8. Develop a global partnership for development <b>1%</b>

## Health and safety in the workplace

In 2010, several thousand employees around the world participated in activities focusing on health topics such as bowel, skin and breast cancer, healthy nutrition, addiction prevention, stress management, or back training. In addition, fitness and health-promoting sports opportunities were offered. Examples:

[www.henkel.com/sr2010](http://www.henkel.com/sr2010) | 48

### Healthy employees

Through targeted programs, health check-ups, and other precautions, we seek to promote our employees' good health and ensure their long-term capacity to work. The measures taken include preventive measures to eliminate risks in the workplace that could result in long-term illnesses and the inability to work. A "Health Steering Committee" and its sub-groups Health, Demography and Disability Management initiate activities. Individual Henkel companies design their health programs to focus on different factors, depending on local requirements. In many cases, the health-promoting programs reach out beyond the company gates to also include employees' family members.

### Dealing with growing workloads

As our world becomes more complex and more dynamic, every employee has to deal with high and further increasing demands. This means that programs revolving around psychological health are becoming more and more important for promoting health in the workplace. Henkel thus offers help to its employees. In many countries, programs are now in place which offer all employees an opportunity to obtain advice on time, stress and conflict management. Other initiatives focus on more flexible working hours, to improve the balance between work and free time for our employees and to reduce workplace-related stress.

### Our objective: Zero accidents

Occupational safety has the highest priority at Henkel. We strive to continuously improve occupational health and safety measures to ensure a safe work environment for our employees worldwide. Our long-term objective of "zero accidents" remains unchanged. Building on the improvements

achieved by 2007, we set ourselves an interim target: to reduce occupational accidents by a further 20 percent by 2012. This target was already met in 2010. To achieve our long-term goal, we continue to hold safety training programs worldwide.

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### Fatal occupational accidents in 2010

As a result of our intensive commitment to occupational safety, the number of accidents at Henkel again sank to a very low level in 2010, by comparison with international figures. Unfortunately, despite all of our efforts, there were a total of five fatal occupational accidents in 2010. Three Henkel employees died in automobile accidents during working hours. Two employees of external companies died while carrying out work for Henkel at our sites. One of them died from a fall from scaffolding, despite the fact that safety equipment had been provided and he had had the appropriate training. The other one was fatally injured by a delivery truck on our site premises.

In recent years, an increase in the number of traffic accidents has been noted worldwide. In 2010, we therefore tightened the rules in various countries for the use of company-owned and rented vehicles. An example of this is the specification of mandatory safety features in rental cars. We also invest more in driver safety training for our field representatives.

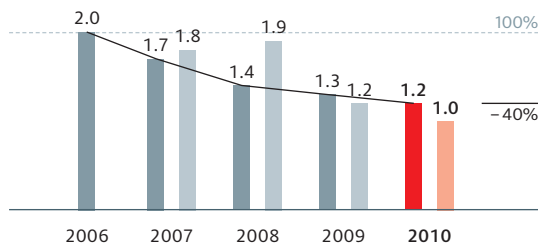
The accidents suffered by employees of external companies on Henkel premises show that, despite our already intense training efforts, we need to further increase behavior-based safety training for employees of external companies and to monitor adherence to our instructions even more carefully.

83%

of our worldwide production sites were accident-free in 2010.

### Occupational accidents per million hours worked

At least one day lost (excluding commuting accidents)



■ Henkel employees  
 ■ Employees of external companies who work at Henkel sites and are directly contracted (included for the first time in 2007)

99 percent of Henkel employees were covered.

### Serious occupational accidents

More than 50 days lost



■ Accidents during typical production activities  
 ■ Accidents while walking or moving around (e.g. stumbling)

99 percent of Henkel employees were covered.

#### Index curve

The index curve on the graphs shows the progress for occupational accidents in relation to hours worked (per million hours worked).

~ The base for the index curve is the year 2006 (= 100 percent).

## Social indicators

Employees (as of December 31)	2008	2009	2010
Henkel worldwide	55,142	49,262	47,854
Structure of workforce			
– Non-managerial employees	82.0%	80.0%	79.8%
– Managers	16.6%	18.4%	18.6%
– Top managers <sup>1)</sup>	1.4%	1.6%	1.6%
Employee fluctuation worldwide <sup>2)</sup>	5.7%	4.9%	4.6%

<sup>1)</sup> Management Board, Corporate Senior Vice Presidents, Management Circles I and IIa

<sup>2)</sup> Based on employee resignations

Nationalities (as of December 31)	2008	2009	2010
Henkel	109	116	119
Managers	77	82	82
At headquarters in Düsseldorf	51	48	50
Management Board	4	4	4

Percentage of women (as of December 31)	2008	2009	2010
Henkel	32.9%	31.8%	32.1%
Managers	26.4%	27.4%	28.7%
Top managers <sup>1)</sup>	13.7%	16.4%	17.0%

<sup>1)</sup> Management Board, Corporate Senior Vice Presidents, Management Circles I and IIa

Age and seniority (as of December 31)	2008	2009	2010
Average seniority in years	9.8	11.0	10.3
Average age of employees	39.4	39.3	39.4
Age structure			
16 – 29	19.5%	18.7%	18.1%
30 – 39	32.7%	34.2%	34.4%
40 – 49	29.6%	29.7%	29.7%
50 – 65	18.2%	17.4%	17.7%

Personnel development (as of December 31)	2008	2009	2010
Internal promotion (managers)	1,877	1,462	1,337
International job rotation	433	443	470
Trainees (Germany)	510	511	487
Average number of training days	2	2	2

Employee share program (as of December 31)	2008	2009	2010
Percentage of employees owning Henkel shares	27.4%	28.4%	29.3%

Employees covered by collective agreements (as of December 31)	2008	2009	2010
Percentage worldwide	44%	44%	44%
Percentage in European Union (EU)	79%	79%	79%

Social engagement (as of December 31)	2008	2009	2010
Total number of projects supported	2,476	2,155	2,493
Number of people supported	–	500,000	730,000
Time off from work for employee-initiated projects (days)	285	318	54
Donations in thousand euros (financial and product donations, not counting time off)	7,529	7,684	6,087
Financial donations for employee-initiated projects as a percentage of total donations	42%	55%	41%

A positive development in the general economic environment and the effects of our rapidly finalized restructuring programs were reflected in our 2010 headcount. At the end of the year, this had decreased slightly from the prior-year figure, by 1,408 to 47,854.

Employee retention instruments, talent management, and the diversity strategy contribute to a favorably low employee fluctuation.

The internationality of our workforce reflects our business policy of filling local management positions with local employees, and ensuring that we have international teams at our corporate headquarters in Germany.

Compared with international levels, the total percentage of female employees is good. This applies to managerial staff as well. In top management, a positive change is evident. This is a result of our consistently applied diversity strategy.

The average age of our employees has remained constant over the years. Retirements are continuously offset by the hiring of new young employees. We thus ensure that Henkel's workforce is a good mix of experienced older employees and younger employees whose development we can foster.

On average, five employees per day were promoted in 2010. This demonstrates the dynamism of our company and the need for qualified young professionals. To conduct our global business successfully, an international education is an absolute necessity. The number of international job rotations is thus constantly increasing.

Employees from 57 countries purchased just under 3.6 million preferred shares in 2010. Some 29 percent of all employees own Henkel shares.

An intensive formal and informal dialogue with employee representatives has a long tradition at Henkel, even in countries where employee representation has not been established.

The number of projects increased due to a rise in product donations. This meant a greater number of people were supported, for example through the disaster aid in Haiti. Employee projects required fewer days off from work in 2010 than in the previous year. Generally speaking, employees may request as many as five days off from work per year. The donation volume was lower in 2010, partly due to more targeted focusing of projects, less financial aid being needed for disaster relief, and prior funding of projects that had been approved in 2009.