



Working conditions

We are committed to providing employees with fair working conditions that inspire excellence. This includes recognising and acknowledging outstanding performance and giving employees the opportunity to balance personal and professional goals.

Performance-related pay

Our different remuneration components encourage our employees to identify with the company's long-term, strategic objectives. This mix includes target- and performance-related remuneration for managers as well as a global performance management system including regular feedback between employees and line managers. From a certain level of seniority upwards, remuneration includes a variable component. It is related to the company's success in realising targets as well as the performance of the individual manager.

We do not differentiate payment based on gender. Our employees are paid solely on the basis of their role, qualifications and performance. Our global performance management system includes assessments of all management positions, thus ensuring transparency, equality and fair-market-value remuneration. We regularly benchmark remuneration levels internally and externally to ensure payments are appropriate and in keeping with established market practice.

We disclose the remuneration payable to the Executive Board and the Supervisory Board in our annual report in compliance with the recommendations of the German Corporate Governance Code.

Social benefits

We offer around 36,500 employees in over 50 countries company and employee-financed pension schemes and healthcare benefits. Almost 76 percent of the Group-wide workforce is thus covered by company benefit schemes.

Social responsibility is a key factor for long-term schemes such as pension plans. Payments must align with the social standards of the country in question, yet also remain financially viable for the respective companies in the long term. To ensure these goals remain harmonised, The Linde Group has introduced binding pension governance guidelines that regulate the introduction, termination or modification of pension schemes. Before changes can be made to local pension schemes, they must first be approved by the Global Pension Committee. The committee is made up of the Chief Executive Officer, the Chief Financial Officer and experts from Accounting, Treasury and Human Resources.

In 2010, we introduced or prepared to introduce four pension schemes in companies in Eastern Europe and Southeast Asia. In the US, we harmonised our pension structure by consolidating schemes. In 2010, we also reviewed our pension scheme structure in the UK – the largest fund in The Linde Group.

In the 2010 financial year, we spent a total of EUR 178 million (2009: EUR 186 million) on pensions and support. We provided occupational pensions for 28,620 current employees who are active members of schemes. 18,479 former employees have acquired a non-forfeitable entitlement to a company pension (deferred pensions) and 32,584 pensioners drew a Group occupational pension.

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Co-determination

The relationship between employees, employee representatives and unions is based on a fair balance between our business interests and the interests of our people worldwide. In 2010, 54.9 percent of our payroll was employed under collective wage agreements (2009: 55.3 percent).

In Germany, the Works Constitution Act regulates cooperation between company management and employee representatives. Employee representation is two-tiered, consisting of decentralised works councils in the individual units and a central works council for the Group as a whole. In addition to this dual co-determination system, Linde has maintained a European Works Council with 28 members since 2007. This body promotes communication between European employee representatives across national borders.

Talks between the company and employee representatives in Germany in 2010 focused, for instance, on compliance training, the assignment of childcare places and financial subsidies for childcare. Group Works Agreements were concluded on each of these subjects.

The European Works Council of Linde AG initiated a project in 2011 to improve collaboration between management and the European Works Council on cross-country HR matters. This initiative aims to establish a consultation protocol, which will enable employee representatives to express concerns in good time and give them a reasonable degree of influence over HR developments that affect more than one country. The project is supported by the European Union and is scheduled to finish in summer 2012.

We provide timely reports to our employees and employee representative committees on key operational changes.

Employees covered by collective wage agreements (in percent)

The Linde Group

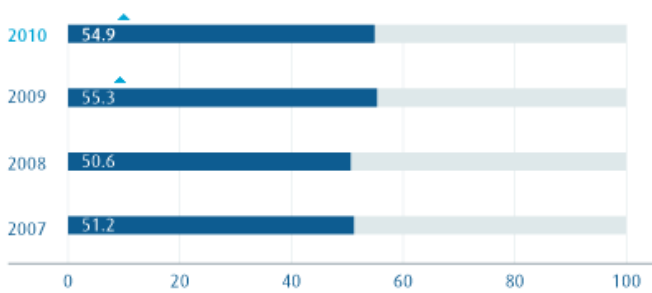


Figure included in the Group Management Report of the Annual Report 2010 of The Linde Group.

Benefit plans

We offer our employees various benefit plans. These are organised at local level and vary from location to location. Examples include occupational pension plans and childcare subsidies.

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Work-life balance

We help employees balance private and professional goals by offering flexible work schemes, childcare support and support for employees with family members who require special care. In addition to flexitime and teleworking options, we offer part-time work models. In 2010, 1.9 percent of The Linde Group workforce were part-time employees. 332 employees in total took parental leave in 2010, and 21 of these were men.

Since the beginning of 2007, our employees in Germany have had access to a professional childcare support service that helps them find au pairs as well as emergency or holiday childcare services. In 2008, this programme was expanded to include support for employees looking after family members who require special care. Linde covers consultation and service-finding fees. We also offer a number of daycare places in and around Munich. To meet rising demand, we increased the number of places from 20 to 37 in 2011. The places are awarded according to social circumstances. Beyond the Munich area, we offer financial childcare subsidies for employees living in Germany.

We also offer employees in the US consultation and service-finding support to help them find childcare services and care services for family members who require special care. Employees at our British company have the option of childcare vouchers. The vouchers are issued by a service provider and can be redeemed at state-approved childcare facilities.

Labour and social standards

We are actively committed to protecting and promoting human rights. Our Code of Ethics advocates the core principles of the United Nations Declaration of Human Rights, and outlines our commitment to uphold human rights worldwide. These include the right to dignity, the prohibition of discrimination and harassment, the right to privacy, the prohibition of slavery and servitude, the right to freedom of peaceful assembly and association as well as the right to fair remuneration.

We also expect our suppliers to uphold labour standards and human rights. Binding worldwide, our Ethical-legal Principles Procurement align with the principles anchored in the conventions of the International Labour Organisation (ILO) and the United Nations Universal Declaration of Human Rights. They include:

- entitlement to occupational safety and health,
- compliance with legislation governing hours of work and remuneration,
- the right to equal opportunities and equality of treatment,
- the prohibition of forced and child labour and
- the guaranteed availability of communication channels and negotiation structures between employers and employees.

Non-compliance with any of these principles has an impact on our assessment and selection of business partners.

Our employees work in countries with varying conventions governing hours of work per week. These standards are based on national regulations and collective wage agreements.

Suspected instances of non-compliance with our Code of Ethics or our Ethical-legal Principles Procurement can be reported at any time to our Linde Integrity Line reporting system.

Our endorsement of the UN Global Compact means that we also commit to upholding the principles governing human rights and labour standards.

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> More on the Linde Integrity Line and on our participation in the Global Compact

Employee satisfaction

In 2010, we carried out a global voluntary employee survey for the first time. 73 percent of forms were completed and returned, confirming a high level of interest among employees. Based on this survey, our Employee Engagement Index is on a par with equivalent global figures reported by other companies. The index is based on four key questions about employee satisfaction in the workplace.

The results of the survey point indicate widespread support for our corporate strategy. Furthermore, employees confirm that our commitment to safety, health, environment and quality is lived throughout the company. Participants also showed great willingness to translate the results of the survey into concrete actions.

The survey also provided us with valuable insights into ways of increasing employee satisfaction. For instance, our employees would welcome improvements in the areas of personnel management and talent development as well as communication to support this.

Following evaluation of the survey results, team meetings were held in all lines of business to discuss the current status, plan binding improvement action plans and track performance. We are planning a follow-up survey in 2012 to assess the success of these action plans and reevaluate employee satisfaction levels.

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