



## **Declaration on the German Corporate Governance Code for 2011**

Henkel Management AG as the personally liable partner (general partner) acting through its Management Board, and the Shareholders' Committee and the Supervisory Board of Henkel AG & Co. KGaA ("the Corporation") declare, pursuant to Art. 161 German Stock Corporation Act (AktG), that notwithstanding the specific regulations governing companies with the legal form of a German partnership limited by shares ("KGaA") and to the pertinent provisions of its articles of association ("bylaws") as indicated below, the Corporation has complied with the recommendations ("shall" clauses) of the German Corporate Governance Code ("Code") as amended on June 18, 2009, since the last declaration of conformity of February 2010, and presently complies with and will comply in future with the recommendations of the Code as amended on May 26, 2010, subject to certain exceptions indicated below.

### **Modifications due to the legal form of a KGaA and its basic features as laid down in the bylaws**

- The Corporation is a "Kommanditgesellschaft auf Aktien" ("KGaA"). The tasks and duties of an executive board in a German joint stock corporation ("AG") are assigned to the personally liable partner(s) of a KGaA. The sole personally liable partner of the Corporation is Henkel Management AG, the Management Board of which is thus responsible for managing the business activities of the Corporation. The Corporation is the sole shareholder of Henkel Management AG.
- The shareholders' committee ("Shareholders' Committee") established in accordance with the Corporation's bylaws acts in place of the Annual General Meeting, its primary duties being to engage in the management of the Corporation's affairs and to appoint and dismiss personally liable partners; it holds representative authority and power of management allowing it to preside over the legal relationships between the Corporation and Henkel Management AG as the latter's personally liable partner. It also issues the rules of procedure governing the actions of Henkel Management AG.

The Shareholders' Committee is also responsible for exercising the voting rights of the Corporation in the general meeting of Henkel Management AG. In so doing, it likewise appoints the members of the supervisory board of Henkel Management AG which in turn appoints the members of the Management Board. The supervisory board of Henkel Management AG comprises three members; these are also members of the Shareholders' Committee.

Recommendations of the Code that refer to the duties and responsibilities of a supervisory board which are in accordance with the Articles of Association performed by the Shareholders' Committee, are analogously applied to the Shareholders' Committee.

- The rights and duties of the supervisory board of a KGaA are more limited compared to those of the supervisory board of an AG. In particular, the Supervisory Board of the Corporation has no authority to appoint personally liable partners or to preside over the associated contractual arrangements; it may not issue rules of procedure governing the actions of the Management Board, and it is not permitted to rule on business transactions requiring its consent. These duties are performed by the Shareholders' Committee or the supervisory board of Henkel Management AG. A KGaA is not required to appoint a director of labor affairs, even if, like Henkel, the company is bound to abide by Germany's Codetermination Act of 1976.
- The general meeting of a KGaA essentially has the same rights as the shareholders' meeting of an AG. In addition, it resolves on the adoption of the annual financial statements of the Corporation. Numerous resolutions passed in the general meeting require the consent of the personally liable partner, including approval of the annual financial statements of the Corporation.

#### **Deviation from the recommendations of the Code**

In derogation of section 4.2.3 of the Code as amended on June 18, 2009 and on May 26, 2010, the contracts of employment concluded in 2008 of those members of the Management Board who were appointed member of the Management Board in 2008 upon entry of Henkel Management AG as personally liable partner and whose mandate has since then not been prolonged for a period of more than two years, contained and contain no severance pay cap in the event of premature termination of their tenure as executives of the Corporation without good reason, i.e. there is no limitation on a possible severance payout to the usual maximum of two years' emoluments. Upon entry of Henkel Management AG as personally liable partner in 2008, the contracts of employment of the former members of the management board of Henkel KGaA were transferred to contracts of employment of the Management Board of Henkel Management AG. In so doing, the regulations with respect to the severance pay cap were not applied in order not to impair those Management Board members' former vested rights. Any employment contract concluded after 2008 or prolonged for a period of longer than two years contain or will contain a severance pay cap.

In derogation of section 6.6 of the Code as amended on June 18, 2009 and May 26, 2010, in order to protect the legitimate interests and private spheres of those members of the corporate bodies who are members of the Henkel family, their individual shareholding is not and will not be disclosed in cases where it exceeds 1% of the shares issued by the Corporation, unless required by law. However, the entire stake subject to the Henkel family's share pooling agreement is and will be indicated. Cases where the aggregate number of shares owned by all members of a corporate body exceeds 1% of all shares issued by the Corporation are and will continue to be disclosed.

#### **Suggestions of the Code**

The Corporation also complies with all the discretionary suggestions of the Code as amended on May 26, 2010 in keeping with its legal form.

Düsseldorf, February 2011

Management Board

Shareholders' Committee

Supervisory Board