



(February 2011)

RULES OF PROCEDURE

for the

Supervisory Board

of

HENKEL AG & Co. KGaA

1. General

- (1) The duties and rights of the Supervisory Board are derived from current legislation, the Articles of Association of the Corporation and this Rules of Procedure document. Unlike in the case of a Supervisory Board serving a joint stock corporation, the Supervisory Board of a KGaA has limited monitoring and control rights due to its legal form; for example, it has no jurisdiction over personnel policy and no authority in specifying business transactions and activities requiring its consent.

Essentially, the Supervisory Board performs the following tasks:

- Monitoring the Management Board of the Corporation
 - Convocation of a General Meeting where this promotes the financial wellbeing of the Corporation
 - Engagement of the auditor
 - Review of the annual/consolidated financial statements, the management reports and proposals for appropriation of profits
 - Preparation of a report for presentation to the Annual General Meeting
 - Approval of proposals for resolution to be presented to the Annual General Meeting
- (2) Taking into account the specific aspects arising from the Corporation's legal form and its Articles of Association, the Supervisory Board aligns its activities to the recommendations and suggestions of the German Corporate Governance Code. Each member of the Supervisory Board is obliged to uphold the interests of the Corporation. In their decisions, members shall neither pursue interests nor exploit business opportunities for themselves that would otherwise be afforded to the Corporation.
- (3) Each member of the Supervisory Board is obliged to appropriately disclose to the Supervisory Board conflicts of interest, particularly those arising due to an advisory or executive/administrative function performed on behalf of customers, suppliers, lenders or other business partners. Major conflicts of interest that are not of a temporary nature affecting a member or members of the Supervisory Board shall result in them resigning their mandate.
- (4) The members of the Supervisory Board shall perform their duties with the care of a prudent and conscientious non-executive director. They shall maintain confidentiality both during and beyond their periods of service on the Supervisory Board in respect of all sensitive information and company secrets, and specifically business and operational matters that they become aware of during their activity on the Supervisory Board.
- (5) Consultancy and other service and work contracts that exist between a member of the Supervisory Board and the Corporation require the approval of the Supervisory Board. The same applies to orders placed with companies in which a member of the Supervisory Board has a stake, unless the benefits indirectly assignable to the Supervisory Board member concerned are negligible or of minor importance compared to the remuneration received as a member of the Supervisory Board in accordance with the Articles of Association.

- (6) The Supervisory Board regularly reviews the efficiency of its activities, focusing not only on the qualitative criteria defined by the Supervisory Board but also the procedures adopted in the Supervisory Board and provision of information to the Supervisory Board.

2. Chair, Vice Chair

- (1) The Supervisory Board elects a Chair and a Vice Chair from its members.
- (2) The powers of the Chair of the Supervisory Board are as defined under current legislation and this Rules of Procedure document. In particular, the Chair is responsible for the following:
 - Preparation, convocation and modulation of the meetings of the Supervisory Board
 - Signing the minutes
 - Receiving and issuing declarations on behalf of the Supervisory Board

3. Information flow to the Supervisory Board

- (1) The Management Board informs the Supervisory Board regularly, promptly and comprehensively of all issues relevant to the Corporation in relation to planning, business development, the risk situation and risk management, and matters of compliance.
- (2) In the event that reports or information are submitted by the Management Board outside a meeting of the Supervisory Board, these shall be submitted to the Chair of the Supervisory Board who will then inform the other members.
- (3) Additional information required by the Supervisory Board or by members of the Supervisory Board shall be submitted through the Chair of the Supervisory Board by the Management Board in the person of its own Chair.

4. Audit Committee

- (1) The Supervisory Board maintains an Audit Committee. The Audit Committee has six members. Elected from the Supervisory Board, three members are selected on the basis of names proposed by the Supervisory Board's shareholder representatives, and three members are selected on the basis of names proposed by the Supervisory Board's employee representatives. The Chair of the Audit Committee and also his or her deputy (Vice Chair) are elected on the basis of proposals made by the shareholder representatives sitting on the Supervisory Board; he or she must offer professional expertise in the fields of accounting and auditing and must not have previously been a member of the Corporation's Management Board.

- (2) The Audit Committee prepares the consultations and resolutions of the Supervisory Board concerning the approval and adoption of the annual financial statements and the consolidated financial statements, and also approval of the proposal to be made to the Annual General Meeting on appointment of the auditor. To this end, the Audit Committee is required to convene a meeting in good time prior to the plenary meeting of the Supervisory Board dealing with the resolution relating to the approval and adoption of the annual and consolidated financial statements; the other members of the Supervisory Board are entitled to participate in this meeting.
- (3) In preparing to submit a suggestion for appointment of the auditor, the Audit Committee also concerns itself with the question of auditor independence, issue of the audit engagement letter to the auditor, determining the focal points of the audit and agreeing the fee. The Audit Committee is also involved in monitoring the accounting process and the effectiveness of the Internal Control system, the Risk Management system and the Internal Audit system, and in matters of compliance.

5. Nominations Committee

- (1) The Supervisory Board maintains a Nominations Committee. The Nominations Committee is made up of the Chair of the Supervisory Board plus two other shareholder representatives elected on the basis of names proposed by the shareholder representatives. The Chair of the Nominations Committee is the Chair of the Supervisory Board.
- (2) The Nominations Committee prepares the Supervisory Board resolutions concerning candidates to be proposed to the Annual General Meeting for the election of members of the Supervisory Board (shareholder representatives). In so doing, it takes into account the objectives adopted by the Supervisory Board regarding its composition, thereupon identifying individuals which, in its opinion, are particularly suitable as candidates for proposal to the Supervisory Board.

6. Convocation of meetings and formulation of resolutions of the Supervisory Board

- (1) The Supervisory Board meetings are prepared by the Chair. He or she convenes the meeting and drafts the agenda. The convocation can be in writing, verbal, by telephone, by fax, by email or by means of other electronic communication channels. The convocation shall be issued with notice of two weeks and communication of the agenda. In urgent cases, the period of notice may be shortened.
- (2) Each member of the Supervisory Board or the Management Board may demand in writing, by fax or by telephone, with indication of purpose and reasons, that the Chair of the Supervisory Board immediately convene the Supervisory Board. In this case, the meeting of the Supervisory Board must take place within two weeks following convocation.

- (3) Applications for the inclusion of agenda items for meetings already arranged must be submitted to the Chair at least ten days prior to the meeting. In the event that applications for the inclusion of agenda items are submitted at shorter notice due to reasons of particular urgency, the Chair shall decide at his or her discretion on their inclusion. Where corresponding applications are submitted, the final agenda shall be determined by the Chair at the beginning of the meeting.
- (4) The Supervisory Board is quorate once all members have been duly invited and half the members from whom the entire Supervisory Board is constituted participate in the resolution process. Absent members of the Supervisory Board may participate in the formulation of resolutions by the Supervisory Board by having their written votes submitted by other Supervisory Board members.
- (5) The Supervisory Board passes resolutions by simple majority of the votes cast unless otherwise prescribed under law. In the event of a tie, a second vote will be carried out on the same motion, instigated by the Chair or another member of the Supervisory Board. If this second vote also results in a tie, the Chair of the Supervisory Board shall have the casting vote; the casting vote may likewise be submitted in writing as per section 4, sentence 2 above.
- (6) A resolution concerning a motion that has not been properly advised in advance can only be passed where there are no objections within the Supervisory Board; absent members of the Supervisory Board must also be provided with an opportunity to retrospectively object to the resolution within an appropriate period defined by the Chair.
- (7) A resolution of the Supervisory Board may, on instruction of the Chair, also be voted upon in a telephone or video conference or outside a meeting by means of votes cast verbally, by telephone, in writing or in text form. There is no right of appeal against the form of resolution voting arranged by the Chair. Combined forms of resolution voting are also permitted.
- (8) The consultations and resolutions of the Supervisory Board shall be recorded in minutes that are to be signed by the Chair and the Secretary. The minutes shall be sent to all members of the Supervisory Board and approved as accurate in the following meeting of the Supervisory Board.
- (9) Records of resolutions made by the Supervisory Board outside its meetings shall be notified immediately in writing to all members of the Supervisory Board. In addition, such resolutions shall be included in the minutes of the following Supervisory Board meeting.

7. Declarations of intent

Declarations of intent made by the Supervisory Board are issued on behalf of the Supervisory Board by the Chair or, if indisposed, by the Vice Chair.