



(September 15, 2017)

RULES OF PROCEDURE
for the
Audit Committee of the Supervisory Board
of
Henkel AG & Co. KGaA

1. Establishment

- 1.1 The Audit Committee of the Supervisory Board of Henkel AG & Co. KGaA is established on the basis of the Rules of Procedure of the Supervisory Board of Henkel AG & Co. KGaA.

2. Composition and leadership

- 2.1 The Audit Committee has six members. Elected from the Supervisory Board, three members are selected on the basis of names proposed by said board's shareholder representatives, and three members are selected on the basis of names proposed by said board's employee representatives, based in each case on the requirements detailed below. The Chair of the 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.
- 2.2 The Chair of the Audit Committee is required to have professional knowledge in the fields of accounting and auditing and also in the application of internal control procedures. He or she shall be independent and not a former member of the Management Board. The Chair of the Supervisory Board shall not be the Chair of the Audit Committee. The members must all be familiar with the sector in which the Corporation operates.
- 2.3 Convocation and leadership of the Audit Committee are the responsibilities of the Chair or, if he or she is unable, the Vice Chair.

3. Duties

- 3.1 The Audit Committee shall perform the duties assigned to it in the Rules of Procedure of the Supervisory Board of Henkel AG & Co. KGaA as further specified in this Rules of Procedure document.
- 3.2 The Audit Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and the consolidated financial statements and on the Management Board's proposals for the appropriation of profits. For this purpose, it is responsible for the (preliminary) audit of the aforementioned annual financial statements and of the consolidated financial statements of Henkel AG & Co. KGaA and the combined management report for the Group, including the non-financial statement and the separate non-financial report per Section 289b HGB (German Commercial Code) as amended by the German CSR Guidelines Implementation Act, including the risk report and also the proposal for profit appropriation. The Audit Committee discusses the audit reports with the auditor. It is also involved in monitoring the accounting and the financial reporting process, the effectiveness of the Internal Control system, the Risk Management system, the Internal Audit system, and matters of compliance. The Audit Committee may make

recommendations or proposals to ensure the integrity of the financial reporting process.

3.3 The Audit Committee discusses the quarterly financial statements and the half-year financial reports with the Management Board prior to publication. Where these interim financial statements have been subjected to an auditor's review, the Audit Committee discusses the relevant review report with the auditor.

3.4 The Audit Committee has regular reports submitted to it concerning

- the results of important internal and external reviews and audits,
- major individual results likely to affect the net assets, financial position and results of operations of the Henkel Group,
- significant litigations and serious compliance issues
- the work of the Internal Audit department including the annual audit plan

Serious occurrences relating to the above shall be immediately notified to the Chair of the Audit Committee, who, in turn, shall appropriately inform the other members of the Audit Committee.

3.5 The Audit Committee monitors the rotation of the auditor and prepares the Supervisory Board's proposal to the Annual General Meeting for the election of the auditor for the annual financial statements, the consolidated financial statements and any audit review of the half-year financial report and makes a well-founded recommendation that includes at least two candidates in cases where the audit mandate has been tendered. In particular, it examines the independence and qualification of the auditor within the meaning of Regulation (EU) 537/2014.

3.6 The Audit Committee is responsible for awarding the audit mandates for the annual and consolidated financial statements and for reviewing the half-year financial report by the auditor. As part of the engagement, it reaches an agreement with the auditor on the remuneration and determines the focal points of the audit. It further negotiates the additional services to be provided by the auditor or sets a budget for permissible non-audit services, such additional services to be approved by the Audit Committee. In performing these duties, it observes the applicable legal provisions, in particular the requirements of Regulation (EU) 537/2014. The Audit Committee is also responsible for awarding a contract for a review of the content of the non-financial statement and the separate non-financial report per Section 289b HGB as amended by the CSR Guidelines Implementation Act.

The Audit Committee is also required to conclude the following agreements with the auditor:

3.6.1 The auditing firm shall afford the Audit Committee the best possible support through its managerial bodies and heads of audit in relation to all issues concerning the audit mandate and the independence of the auditor. In particular, the

- Audit Committee shall be provided with all necessary information, duly prepared as appropriate.
- 3.6.2 The auditor shall provide the Audit Committee with a complete schedule of all services performed in the preceding fiscal year for companies of the Henkel Group outside the auditing activity, or which have been agreed for the current fiscal year. Within this context, the auditor shall specifically explain why the provision of these services has no adverse bearing on its independence. Where the provision of certain services could give rise to doubts as to the auditor's impartiality, the services concerned shall be particularly highlighted. The auditor shall provide a declaration in this regard as to whether and to which other business, financial, personal or other relationships exist between the auditing firm, its managerial bodies and heads of audit on the one hand, and companies of the Henkel Group and its managerial executives on the other hand, which could give rise to doubts as to the auditor's independence.
- 3.6.3 The auditor shall refrain from all activities likely to compromise its independence. In the event that doubts exist in relation to individual activities as to whether these compromise the auditor's independence, the auditor shall cease to pursue these or shall immediately inform the Chair of the Audit Committee of such activities.
- 3.6.4 The auditor shall immediately inform the Chair of the Supervisory Board and the Chair of the Audit Committee of all issues and occurrences material to the duties of the Supervisory Board as arise during performance of the audit.
- 3.6.5 The auditor shall participate in the discussions held by the Audit Committee relating to the annual and the consolidated financial statements, and shall report on the material results of its audit.
- 3.6.6. The auditor shall promptly inform the Audit Committee of all accounting operations regarded as critical and of alternative actions discussed with the Corporation. The auditor shall explain the consequences of the alternative actions and its assessment of the situation. In addition, the auditor shall report on the other material correspondence with the Corporation such as "Management Letters" or unresolved differences of opinion.
- 3.6.7 The auditor shall inform the Chair of the Supervisory Board and the Chair of the Audit Committee if, on performing the audit, it discovers facts contrary to the statements and declarations relating to the German Corporate Governance Code submitted by the Management Board, Supervisory Board and Shareholders' Committee.
- 3.6.8 The auditor shall notify the Audit Committee of the fees incurred in the last fiscal year for audit services and fees for other services.
- 3.7 The Audit Committee shall regularly review the efficiency of its activities.

4. Rights of the Audit Committee

- 4.1 The Audit Committee is entitled to demand from the Management Board the information required for the correct performance of its duties and, in consultation with the Management Board, information from senior executives and Group companies, as well as from the auditor, and to be granted access to the business documents of the Corporation for examination purposes.
- 4.2 The Audit Committee is entitled to engage, in consultation with the Chair of the Supervisory Board, external, independent consultants to ensure the correct performance of its duties. The costs of such engagements shall be borne by the Corporation.

5. Meetings, voting procedures

- 5.1 The Audit Committee is quorate when at least three of its members – including the Chair or, if the Chair is prevented from attending, then the Vice Chair – participate in the resolution process. The Audit Committee’s decisions are passed with a majority of the members participating in the resolution procedure. In the event of a tie, the Chair shall have the casting vote.

Other than that, the meetings and quorum regulations of the Audit Committee shall be as provided in the Rules of Procedure for the Supervisory Board of Henkel AG & Co. KGaA.

- 5.2 The Audit Committee meets regularly prior to publication of the quarterly financial statements and the half-year financial reports, and before the Supervisory Board meeting to approve and endorse the annual and consolidated financial statements. Further meetings shall be arranged in response to special circumstances.

The member of the Management Board responsible for finance and accounting is required to report to the meetings of the Audit Committee. The Chair of the Management Board shall attend the meetings at which the annual financial statements and consolidated financial statements are discussed; the Chair of the Audit Committee may request additional attendance at meetings. The Chair of the Audit Committee may invite other persons to attend meetings where this is considered expedient.

- 5.3 The auditor shall be required to participate in the meetings of the Audit Committee and in those items on the agenda that relate to the audit of the annual and consolidated financial statements and the corresponding audit reports as well as the review of interim financial reports or other audit activities of the auditor. The Chair of the Audit Committee may request additional attendance at meetings.

6. Representation

- 6.1 Where declarations need to be submitted or received within the framework of the Audit Committee's activities, the Chair of the Audit Committee shall represent said body. If the Chair is unable to perform this task, it shall be performed by the Vice Chair.

7. Minutes of meetings, reporting duty, confidentiality

- 7.1 The meetings of the Audit Committee shall be minuted.
- 7.2 The Chair of the Audit Committee reports in each following meeting of the Supervisory Board on the discussions and resolutions that took place in the preceding meeting of the Audit Committee.
- 7.3 The members of the Audit Committee and other persons participating in the meetings of the Audit Committee or supporting its activities in other ways, are obliged to treat all information made available to them or becoming known to them in the course of the meetings or in the course of other activities performed by the members of the Audit Committee as confidential. The members of the Audit Committee shall ensure that the employees they involve in supporting activities comply with the duty of confidentiality in the same manner.

8. Provision of documentation

The members of the Audit Committee shall be provided with all necessary documents in good time.