



Declaration of Henkel KGaA's Management Board, Shareholders' Committee and Supervisory Board on the German Corporate Governance Code pursuant to Art. 161 German Stock Corporation Act ("AktG")

(i) Preamble

Henkel welcomes the German Corporate Governance Code, which will substantially contribute to systems of corporate governance gaining transparency and intelligibility.

Subject to the specific regulations governing companies with the legal form of a German partnership limited by shares ("KGaA") and to the pertinent provisions of its bylaws, Henkel has, apart from one exception, adopted the recommendations ("shall" clauses) of the Code; details are specified in section (ii) of the declaration of conformity.

In general, Henkel has equally endorsed the suggestions ("should/may" clauses) of the Code, exceptions being explained in section (iii) below.

(ii) Declaration of conformity regarding the recommendations under Art. 161 AktG

Subject to the specific regulations governing companies with the legal form of a KGaA and to the pertinent provisions of its bylaws, Henkel KGaA will comply, apart from one exception, with the recommendations of the Code.

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

- At Henkel KGaA, the functions of a stock corporation's executive board are incumbent on a management board, which is appointed by the Shareholders' Committee and consists of the general partners and further members. The recommendations of the Code are hence analogously applied to this Management Board.
- The authority to appoint Management Board members and define transactions subject to higher-tier approval is vested in the Shareholders' Committee, which, according to the bylaws and in lieu of the General Meeting, has additional responsibility for the conduct of business and management of Henkel KGaA. Accordingly, the functions, duties and powers of a stock corporation's supervisory board (chairman)

as described in the Code under 4.3.4, 4.3.5, 5.1.2, and 5.2 are at Henkel KGaA exercised by the Shareholders' Committee (Chairman). The Chairman of the Shareholders' Committee concurrently presides over the human resources subcommittee within the Shareholders' Committee. Recommendations of the Code that refer to a supervisory board are analogously applied to the Shareholders' Committee.

- Given the statutory characteristics of a KGaA (especially the lack of authority of a KGaA's supervisory board to appoint management board members) and the establishment of a shareholders' committee by dint of the bylaws, Henkel KGaA's Supervisory Board has not set up any committees for the performance of duties incumbent on it. The Supervisory Board in its entirety deals with issues of accounting, risk management and the prescribed independence of the statutory auditor. The Supervisory Board issues the audit engagement letter, agrees on the audit fees and defines the focal audit areas.

The Shareholders' Committee has appointed subcommittees for financial and human resources issues. The financial subcommittee deals with Henkel's financial matters, accounting issues (including external auditing), tax planning and accounting policies, internal auditing and risk management. The human resources subcommittee mainly prepares personnel decisions of the Shareholders' Committee on Management Board issues and engages in HR strategy and compensation policies.

Deviation from the Code

In derogation of section 6.6(2) of the Code but subject to any extended disclosure obligations of the law, Henkel KGaA publishes shareholdings by members of the Management Board, Shareholders' Committee and Supervisory Board as follows:

An individually owned stake in excess of 1% of the shares issued by the Company is reported unless held by a member of any of the aforesaid corporate bodies who is a Henkel family member. However, the entire stake subject to the Henkel family's share pooling agreement is indicated. Also disclosed is whether the aggregate number of shares owned by all members of a corporate body exceeds 1% of all shares issued by Henkel KGaA.

With a view to safeguarding the legitimate interests and respecting the privacy of members of the corporate bodies, no further disclosures are made.

(iii) Adoption of suggestions of the Code

Subject to the particularities of a KGaA, Henkel has also translated into practice the suggestions of the Code.

An exception is the itemized disclosure of the compensation of Board and Committee members (4.2.4 and 5.4.5 of the Code). However, besides the total remuneration of the Management Board, a breakdown of such remuneration and the proportions of

fixed and variable compensation are published. Moreover, the total compensation of members of the Supervisory Board and Shareholders' Committee is disclosed. The General Meeting has fixed the remuneration payable to an ordinary member of the Supervisory Board and Shareholders' Committee. Under the bylaws, the respective chairmen and vice-chairmen receive twice and 1.5 times, respectively, the remuneration due to an ordinary member. Members of the Shareholders' Committee who are also members of one or several subcommittees receive an additional compensation at said amount, and, if chairing one or several subcommittees, double this amount.

A further exception involves the Shareholders' Committee: a former Management Board member (back in 1975/76) presently chairs the financial subcommittee, which under the terms of 5.3.2 of the Code performs the functions of an audit committee, too.

Düsseldorf, December 2002

Management Board

Shareholders' Committee

Supervisory Board