



Dr. Simone Bagel-Trah
Chairwoman of
the Shareholders'
Committee and the
Supervisory Board

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Dear Shareholders and Friends of the Company,

2013 was another successful year for Henkel. All of our business units contributed with organic sales growth and a substantial increase in profitability. Given the extremely volatile nature of our markets, accompanied by intensive competition, political upheavals in the Middle East and North Africa as well as the continuing uncertainty from the debt crisis, this is an excellent result.

On behalf of the Supervisory Board, I would like to thank all Henkel employees for their exceptional commitment, without which we would not have been able to achieve these results. Thanks are equally due to the members of the Management Board who have steered the company successfully and to our employee representatives and Works Councils for their continuous and constructive support in moving our company forward.

To you, our shareholders, I offer my special thanks for the confidence you have once again placed in our company, its management and employees as well as our products and services this past fiscal year.

Ongoing dialog with the Management Board

In fiscal 2013, we again diligently discharged our duties as the Supervisory Board in accordance with the legal statutes, Articles of Association and rules of procedure governing our actions. In particular, we carefully and regularly monitored the work of the Management Board, advising and supporting it in its stewardship, in the strategic further development of the company and in decisions relating to matters of major importance.

Cooperation between the Management Board and the Supervisory Board takes place through extensive

dialog based on mutual trust and confidence. The Management Board kept us fully informed of all major issues affecting the company and its Group companies with prompt written and oral reports on a regular basis. In this regard, the Management Board specifically presented the business situation, operational development, business policy, profitability issues, and our short-term and long-term corporate, financial and personnel planning, as well as explaining capital expenditures and organizational measures. The quarterly reports focused on the sales and profits of Henkel Group as a whole, with further analysis by business unit and region. Members of the Supervisory Board always had sufficient opportunity to critically examine and address the issues raised by these reports

Outside of Supervisory Board meetings, the Chairman of the Audit Committee and I, as Chairwoman of the Supervisory Board, remained in regular contact with the Chairman of the Management Board. We therefore remained informed of current business developments and major occurrences at all times. The other members were informed of significant matters no later than by the next Supervisory Board or committee meeting.

The Supervisory Board and the Audit Committee each held four regular meetings in fiscal 2013. Attendance at the Supervisory Board meetings averaged 97 percent in the year under review. No member took part in fewer than half of the Supervisory Board and committee meetings. All members of the Audit Committee participated in the committee meetings.

There were no conflicts of interest involving Management Board or Supervisory Board members which had to be disclosed to the Supervisory Board and reported to the Annual General Meeting.

Major issues discussed at Supervisory Board meetings

In each of our meetings, we discussed the reports submitted by the Management Board, conferring with it on the development of the corporation and on strategic issues.

In our meeting on February 26, 2013, we dealt primarily with the approval of the annual and consolidated financial statements for 2012, including the risk report and corporate governance report, the 2013 Declaration of Compliance, and our proposals for resolution by the 2013 Annual General Meeting. A detailed report on these matters was included in our last Annual Report.

In addition to the general performance of the business units, our meeting on April 15, 2013 focused on our sustainability strategy and its implementation. We addressed the general trends and challenges of sustainable development and the goals and progress of the company, including the confirmation of Henkel's leading position in the field of sustainability as determined by external assessments.

We discussed in depth our new organizational unit, Integrated Business Solutions, at our meeting on September 24, 2013. This new unit combines our IT organization and our shared services. This integration of technology and process competence, together with a corresponding consolidation of external services, improves our process quality and transparency. In addition, innovative solutions can be implemented across the entire process chain. In this meeting, we also closely examined the performance and the strategies of our business units, and human resources management in the Asia-Pacific region.

Based on comprehensive documentation, our meeting on December 13, 2013, focused in detail on our assets and financial planning for fiscal 2014, and the budgets of our business units.

Supervisory Board committees

In order to efficiently comply with the duties incumbent upon us according to legal statute and our Articles of Association, we have established an Audit Committee and a Nominations Committee. The Audit Committee was chaired in the year under review by Prof. Dr. Theo Siegert, who complies with the statutory requirements of impartiality and expertise in the fields of accounting or auditing. For more details on the responsibilities and composition of these committees, please refer to the corporate governance report on pages 25 to 33 and the membership lists on page 171.

Committee activities

The Audit Committee mandated the external auditor, pursuant to the latter's appointment by the 2013 Annual General Meeting, to audit the annual financial statements and the consolidated financial statements for fiscal 2013, and also to review the interim financial reports for fiscal 2013. The audit fee was also established. The Audit Committee obtained the necessary validation of auditor independence for the performance of these tasks. The auditor has informed the Audit Committee that there are no circumstances that might give rise to a conflict of interest in the execution of its duties.

The Audit Committee met four times in the year under review. The meetings and resolutions were prepared through the provision of reports and other information by the Management Board. The Chair of the Committee reported promptly and in full to the plenary Supervisory Board on the content and results of each of the Committee meetings.

All Audit Committee meetings focused on the company and Group accounts, including the interim financial reports, with all matters being duly discussed with the Management Board. The three meetings at which we discussed and

approved the interim financial reports were attended by the auditor. The latter reported on the results of the reviews and on all the main issues and occurrences relevant to the work of the Audit Committee. There were no objections raised in response to these reports.

The Audit Committee also closely examined the accounting process and the efficacy and further development of the internal Group-wide control and risk management system. In addition, the Audit Committee received the status reports of the General Counsel & Chief Compliance Officer and the Head of Internal Audit, and approved the audit plan put forward by Internal Audit, which extends to examining the functional efficiency and efficacy of the internal control system and our compliance organization.

At its meeting on February 17, 2014, attended by the auditor, the Audit Committee discussed the annual and consolidated financial statements for fiscal 2013, including the audit reports, the future dividend policy, the associated proposal for appropriation of profits for the 2013 dividend, and the risk report. It submitted to the Supervisory Board corresponding proposals for resolution by the Annual General Meeting. The Committee further made its recommendation to the Supervisory Board regarding the latter's proposal for resolution by the Annual General Meeting relating to the appointment of the external auditor for fiscal 2014. A declaration from the auditor asserting its independence was again duly received, accompanied by details pertaining to non-audit services rendered in fiscal 2013 and those envisioned for fiscal 2014. There was no evidence of any bias or partiality on the part of the auditor. As in previous years, other members of the Supervisory Board also took part as guests in this specifically audit-related meeting of the Audit Committee.

On the basis of the objectives agreed by the Supervisory Board with respect to its future composition, the members of the Nominations Committee made appropriate recommendations in preparation for the court appointment of Barbara Kux as shareholders' representative to the Supervisory Board succeeding Thierry Paternot.

Efficiency audit

The Supervisory Board and Audit Committee regularly review the efficiency with which they perform their duties. The review is administered using a comprehensive, company-specific checklist that forms the basis of discussions conducted by the plenary Supervisory Board and the Audit Committee. The checklist covers relevant important aspects such as meeting preparation and process, the scope and content of documents – particularly with respect to the preparation of financial reports and audits – as well as financial control and risk management. Issues relating to corporate governance and improvement opportunities are also addressed as part of the efficiency audit.

The results of this assessment were discussed in detail in the meeting of the Audit Committee on February 17, 2014 and the meeting of the Supervisory Board on February 18, 2014. The procedure confirmed the efficiency with which the Supervisory Board and Audit Committee carry out their duties as well as the required independence of their membership.

Corporate governance and declaration of compliance

In fiscal 2013, we again dealt with questions of corporate governance and specifically discussed our objectives with respect to Supervisory Board composition and independence. Further details on this and Henkel's corporate governance in general can be found in the corporate governance report (on pages 25 to 33), with which we fully acquiesce.

At our meeting on February 18, 2014, we discussed and approved the joint Declaration of Compliance of the Management Board, the Shareholders' Committee and the Supervisory Board with respect to the German Corporate Governance Code (DCGK) for 2014. The full wording of the current and previous declarations of compliance can be found on the company website.

Annual and consolidated financial statements / Audit

The annual financial statements and management report of Henkel AG & Co. KGaA have been prepared by the Management Board in accordance with the provisions of the German Commercial Code [HGB]. The consolidated financial statements and the Group management report have been prepared by the Management Board in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, and in accordance with the supplementary German statutory provisions pursuant to Section 315a (1) HGB. The consolidated financial statements in their present form exempt us from the requirement to prepare consolidated financial statements in accordance with German law.

The auditor appointed for 2013 by the last Annual General Meeting – KPMG – has examined the 2013 annual financial statements of Henkel AG & Co. KGaA and the 2013 consolidated financial statements, including the management reports. KPMG conducted the audit in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) as well as in supplementary compliance with International Standards on Auditing (ISA). The annual financial statements and the consolidated financial statements were certified without qualification.

“Henkel is well equipped for the coming issues and changes this year, and we look forward to the further development of our company with confidence.”

KPMG reports that the annual financial statements give a true and fair view of the net assets and financial position of Henkel AG & Co. KGaA on December 31, 2013 as well as the results of operations for the fiscal year ended on this date, in accordance with German generally accepted accounting principles. The consolidated financial statements give a

true and fair view of the net assets and financial position of Henkel Group on December 31, 2013 as well as the results of operations for the fiscal year ended on this date in compliance with International Financial Reporting Standards as endorsed by the European Union and the supplementary German statutes pursuant to Section 315a (1) HGB.

The annual financial statements and management report, consolidated financial statements and Group management report, the audit reports of KPMG and the recommendations by the Management Board for the appropriation of the profit made by Henkel AG & Co. KGaA were presented in good time to all members of the Supervisory Board. We examined these documents and discussed them at our meeting of February 18, 2014. This was attended by the auditor, which reported on its main audit findings. We received the audit reports and voiced our acquiescence therewith. The Chair of the Audit Committee provided the plenary session of the Supervisory Board with a detailed account of the treatment of the annual and the consolidated financial statements by the Audit Committee. Having received the final results of the review conducted by the Audit Committee and concluded our own examination, we see no reason for objection to the aforementioned documents. We have agreed to the result of the audit. The assessment by the Management Board of the position of the company and the Group coincides with our own appraisal. At our meeting of February 18, 2014, we concurred with the recommendations of the Audit Committee and therefore approved the annual financial statements, the consolidated financial statements and the management reports as prepared by the Management Board.

We extensively discussed the future dividend policy: Depending on the company's net assets, earnings position, and financial needs, it intends in the future to propose a dividend payout ratio between 25 and 35 percent of net income adjusted for non-controlling interests and exceptional items. Additionally, we discussed and approved the proposal by the Management Board to pay out of the unappropriated profit of Henkel AG & Co. KGaA a dividend of 1.20 euros per ordinary share and of

1.22 euros per preferred share, and to carry the remainder and the amount attributable to the treasury shares held by the company at the time of the Annual General Meeting forward to the following year. This proposal takes into account the financial and earnings position of the company, its medium-term financial and investment planning, and the interests of our shareholders. We consider the proposed dividends to be reasonable and appropriate.

In our meeting on February 18, 2014, we also ratified our proposal for resolution to be presented before the Annual General Meeting relating to the appointment of the external auditor for the next fiscal year, based on the recommendations of the Audit Committee.

Risk management

Risk management issues were examined, not only by the Audit Committee but also the plenary Supervisory Board, with emphasis on the risk management system in place at Henkel and any major individual risks of which we needed to be notified. There were no identifiable risks that might jeopardize the continued existence of the corporation as a going concern. The structure and function of the risk management system were also integral to the audit performed by KPMG, which found no cause for reservation. It is our considered opinion that the risk management system corresponds to the statutory requirements and is fit for the purpose of early identification of developments that could endanger the continuation of the corporation as a going concern.

Changes in the Supervisory Board and Management Board

The Supervisory Board underwent a number of changes, some of which were reported last year.

Effective January 14, 2013, Thierry Paternot resigned his seat on the Supervisory Board for personal reasons. Barbara Kux joined the Supervisory Board as his successor on July 3, 2013 through court appointment.

In connection with the election of the employee representatives, which took effect at the close of the Annual General Meeting on April 15, 2013, Michael Vassiliadis left and Peter Hausmann joined the Supervisory Board. The other employee representatives were re-elected. During the constituent meeting, Winfried Zander was again elected as Vice-chairman of the Supervisory Board and I was confirmed as Chairwoman. In addition, we again elected the members of the Audit and Nominations Committees or confirmed them in their offices. We are sincerely grateful to all former members of the Supervisory and Management Boards, who worked tirelessly in driving Henkel's successful development.

There were no changes to the Management Board in the year under review.

The year ahead will once again present great challenges to all of our employees and management. Many of the issues and changes that shaped 2013 will continue through 2014. Henkel is well equipped for these challenges and we look toward the further development of our company with confidence.

We thank you for your ongoing trust and support.

Düsseldorf, February 18, 2014

On behalf of the Supervisory Board



Dr. Simone Bagel-Trah
(Chairwoman)