

Henkel AG & Co. KGaA, Düsseldorf

Notice of Convocation of the Annual General Meeting 2017





Agenda at a Glance

Annual General Meeting 2017

1. **Presentation of the annual financial statements, the consolidated financial statements and the combined management report relating to Henkel AG & Co. KGaA and the Group, each as endorsed by the Supervisory Board, including the explanatory corporate governance/corporate management and remuneration reports together with the information required according to Sections 289 (4), 315 (4) of the German Commercial Code [HGB], and presentation of the report of the Supervisory Board for fiscal 2016. Resolution to approve the annual financial statements of Henkel AG & Co. KGaA for fiscal 2016.**
2. **Resolution for the appropriation of profit**
3. **Resolution to approve and ratify the actions of the Personally Liable Partner**
4. **Resolution to approve and ratify the actions of the members of the Supervisory Board**
5. **Resolution to approve and ratify the actions of the members of the Shareholders' Committee**
6. **Resolution on the appointment of the auditor of the annual financial statements and the consolidated financial statements and of the auditor for any required review of interim financial reports for fiscal 2017**
7. **Resolution on the approval of conclusion of control and profit transfer agreements between Henkel AG & Co. KGaA (controlling entity) and Henkel Vierte Verwaltungsgesellschaft mbH, Henkel Fünfte Verwaltungsgesellschaft mbH, Henkel Investment GmbH, and Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH (controlled entities)**

Notice of Convocation of the Annual General Meeting Henkel AG & Co. KGaA, Düsseldorf

Securities ID Numbers:

Ordinary Shares 604 840
Preferred Shares 604 843

International Securities Identification Numbers:

Ordinary Shares DE 0006048408
Preferred Shares DE 0006048432

The shareholders of our Corporation
are hereby invited to attend our

Annual General Meeting

in the Congress Center Düsseldorf,
CCD-Stadthalle entrance,
Rotterdammer Strasse 141,
40474 Düsseldorf, Germany
taking place on

Thursday, April 6, 2017, at 10.00 a.m. CEST

Admission is from 8.30 a.m. CEST

I. AGENDA

1. Presentation of the annual financial statements, the consolidated financial statements and the combined management report relating to Henkel AG & Co. KGaA and the Group, each as endorsed by the Supervisory Board, including the explanatory corporate governance/corporate management and remuneration reports together with the information required according to Sections 289 (4), 315 (4) of the German Commercial Code [HGB], and presentation of the report of the Supervisory Board for fiscal 2016. Resolution to approve the annual financial statements of Henkel AG & Co. KGaA for fiscal 2016.

Pursuant to Section 171 of the German Stock Corporation Act [AktG], the Supervisory Board has endorsed the annual financial statements and the consolidated financial statements prepared by the Personally Liable Partner. Pursuant to Section 286 (1) AktG, it is proposed that the annual financial statements be approved and adopted by the Annual General Meeting; the other documents mentioned above shall be made available to the Annual General Meeting without the requirement of any further resolution in this regard.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the annual financial statements, stating an unappropriated profit of 1,027,893,701.02 euros, be approved as presented.

2. Resolution for the appropriation of profit

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the unappropriated profit of 1,027,893,701.02 euros for fiscal 2016 be applied as follows:

a) Payment of a dividend of 1.60 euros per ordinary share (259,795,875 shares)	=	415,673,400.00 euros
b) Payment of a dividend of 1.62 euros per preferred share (178,162,875 shares)	=	288,623,857.50 euros
c) The remainder to be carried forward to retained earnings	=	323,596,443.52 euros
	=	<u>1,027,893,701.02 euros</u>

As of the time of this Notice of Convocation of the Annual General Meeting, the Corporation possesses treasury shares. According to Section 71b AktG, treasury shares do not qualify for a dividend. The amount in unappropriated profit which relates to the shares held by the corporation (treasury shares) at the date of the Annual General Meeting will be carried forward as retained earnings. As the number of such treasury shares can change up to the time of the Annual General Meeting, a correspondingly adapted proposal for the appropriation of profit will be submitted to it, providing for an unchanged payout of 1.60 euros per ordinary share qualifying for a dividend and 1.62 euros per preferred share qualifying for a dividend, with corresponding adjustment of the payout totals and with retained earnings carried forward to the following year.

According to Section 58 (4) sentence 2 AktG as amended on January 1, 2017, the entitlement to dividends falls due on the third business day following the Annual General Meeting, i.e. on Tuesday, April 11, 2017. No provision can be made for an earlier due date (Section 58 (4) sentence 3 AktG).

3. Resolution to approve and ratify the actions of the Personally Liable Partner

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the Personally Liable Partner be approved and ratified for fiscal 2016.

4. Resolution to approve and ratify the actions of the members of the Supervisory Board

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Supervisory Board officiating in fiscal 2016 be approved and ratified for that fiscal year.

5. Resolution to approve and ratify the actions of the members of the Shareholders' Committee

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Shareholders' Committee officiating in fiscal 2016 be approved and ratified for that fiscal year.

6. Resolution on the appointment of the auditor of the annual financial statements and the consolidated financial statements and of the auditor for any required review of interim financial reports for fiscal 2017

Concurring with the recommendations of its Audit Committee, the Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany, be appointed as auditor of the annual financial statements and of the consolidated financial statements and as well as auditor for any required review of interim financial reports for fiscal 2017.

Neither the recommendation by the Audit Committee to the Supervisory Board nor the Supervisory Board's proposal were unduly influenced by any third party. Similarly, there were no regulations or arrangements in place that might have limited the options for auditor selection.

7. Resolution on the approval of conclusion of control and profit transfer agreements between Henkel AG & Co. KGaA (controlling entity) and Henkel Vierte Verwaltungsgesellschaft mbH, Henkel Fünfte Verwaltungsgesellschaft mbH, Henkel Investment GmbH, and Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH (controlled entities)

Control and profit and loss transfer agreements were concluded on December 9, 2016 between Henkel AG & Co. KGaA as the controlling entity (dominant company) and each of the directly or indirectly wholly owned subsidiaries (controlled entities) indicated hereinafter:

- a) Henkel Vierte Verwaltungsgesellschaft mbH, Düsseldorf,
- b) Henkel Fünfte Verwaltungsgesellschaft mbH, Düsseldorf,
- c) Henkel Investment GmbH, Düsseldorf (formerly Henkel Sechste Verwaltungsgesellschaft mbH),
- d) Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH, Düsseldorf,

thereby creating a single-entity relationship with them for the purpose of corporate income tax.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose approval of the control and profit and loss transfer agreements indicated.

The contents of control and profit and loss transfer agreements are essentially as follows:

- The subsidiary subordinates its management to Henkel AG & Co. KGaA, which is entitled to issue instructions to said management.
- According to the provisions of Section 301 AktG as most recently amended, the subsidiary is obliged to transfer its entire profit to Henkel AG & Co. KGaA.
- To the extent allowed under law, Henkel AG & Co. KGaA may, in the course of the trading year, demand reasonable payments in advance against transferrable profit.
- The subsidiary may, with the approval of Henkel AG & Co. KGaA, carry amounts from its annual net income to other retained earnings to the extent permissible under commercial law and justifiable in line with the precepts of economic

prudence. Other retained earnings accruing during the period of validity of the agreement shall be released to Henkel AG & Co. KGaA on demand and transferred as profit or as compensation for a net loss made in a trading year. The transfer of amounts arising from the release of capital reserves and retained earnings formed before the start of this agreement is precluded from this requirement.

- Pursuant to the provisions of Section 302 AktG as most recently amended, Henkel AG & Co. KGaA is obliged to compensate for any net loss incurred in a trading year by the subsidiary.
- The control and profit and loss transfer agreement comes into economic force as of January 1 of the year of entry in the commercial register in which the subsidiary is itself recorded.
- The contract has been concluded for an unlimited term. It can be terminated with three months' notice to the end of a trading year, but only on expiry of the fourth year following the year of entry in the commercial register (giving a minimum term of five years). As long as such notice has not been given, the agreement shall be automatically extended for another year with the same period of notice applying. The right to immediate termination with good cause or for good reason remains unaffected. Such good cause or reason exists in cases of one of the parties undergoing a merger, spinoff, carveout or liquidation. Henkel AG & Co. KGaA may further terminate the agreement in the event of its shares in the subsidiary being wholly or partially sold.
- The agreement contains a so-called severability clause. The invalidity or unenforceability of any provisions of this Agreement, or open loophole contained therein, shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. Any invalid or unenforceable provision will be replaced by another effective provision that corresponds to the spirit and purpose of the invalid or unenforceable provision. In the event of an open loophole, a provision shall be agreed that corresponds to that which would have been agreed in accordance with the spirit and purpose of this Agreement, had the matter come to light at the time.

As Henkel AG & Co. KGaA either directly or indirectly holds all the shares in each of the above controlled entities and as the interests of third parties are not affected, no compensatory or settlement payments pursuant to Sections 304 and 305 AktG are payable to outside shareholders.

From the date of this Notice of Convocation, the following documents are available on the internet (www.henkel.com/agm; www.henkel.de/hv) and will also be made available at the Annual General Meeting of Henkel AG & Co. KGaA:

- The relevant control and profit and loss transfer agreements between Henkel AG & Co. KGaA and the controlled entities
- The annual financial statements, consolidated financial statements and (combined) management reports of Henkel AG & Co. KGaA for the last three fiscal years
- The annual financial statements as of December 31, 2014 (stub fiscal year), December 31, 2015 and December 31, 2016 of the controlled entities
- The joint reports of each of the managements of the subsidiaries and the Personally Liable Partner of Henkel AG & Co. KGaA prepared in accordance with Section 293a AktG.

II. Further information and advisories

1. Total number of shares and voting rights

As of the date of this Notice of Convocation of the Annual General Meeting, the capital stock of the Corporation amounted to 437,958,750 euros. This is divided into a total of 437,958,750 bearer shares of no par value with a proportional nominal value of 1.00 euro each, of which 259,795,875 are ordinary shares carrying the same number of voting rights, and 178,162,875 are preferred shares with no voting rights. Preferred shares with no voting rights cannot be used to vote in the Annual General Meeting; Section 140 (2) sentence 1 AktG does not apply either.

2. Conditions of participation in the Annual General Meeting and of exercising voting rights

Registration

In accordance with Article 20 of the Articles of Association in conjunction with Section 123 (2) and (4) AktG, only those shareholders (holders of ordinary and/or preferred shares) who, by the end of **March 30, 2017 (24:00 hours/midnight CEST)**, present to the Corporation a special validation issued by their depository/custodial bank confirming ownership of shares shall be entitled to attend – either in person or represented by their proxy-holder – the Annual General Meeting and to exercise voting rights (ordinary shares only). Said validation should be sent to the following address:

Henkel AG & Co. KGaA
c/o Computershare Operations Center
80249 München (Munich)
or via fax: (+49) 89 30903-74675
or via email: anmeldestelle@computershare.de

The validation of share ownership must relate to the start of the **21st day prior to the Annual General Meeting (Record Date), that is, to the beginning of March 16, 2017 (00:00 hours CET)**. In the case of shares not held in a securities depository managed by a bank or a custodial financial services institution at the relevant time, certification of share ownership may be provided by the Corporation or by a notary, by a

central depository of securities or another bank or financial services institution.

The registration and validation documentation must be in either German or English. Validation may be provided in text form.

The Record Date is the cutoff date for determining share ownership for participation in the Annual General Meeting and exercising voting rights. Pursuant to Section 123 (4) sentence 5 AktG as related to the Corporation in respect of participation in the Annual General Meeting (holders of ordinary and holders of preferred shares) or for exercising voting rights (holders of ordinary shares only), only shareholders who have validated share ownership will be recognized as such.

In the event of doubt as to the correctness or authenticity of the validation, the Corporation is entitled to demand a further suitable means of proof. If this means of proof is not forthcoming, or is not provided in the appropriate form, the Corporation may refuse participation in the Annual General Meeting and the exercising of voting rights (Article 20 (3) of the Articles of Association).

Free disposability of shares

Shares will not be blocked or frozen as a result of registration for the Annual General Meeting; shareholders can therefore still dispose of their shares as they wish following registration.

Normally, the depository institutions take care of the registration formalities and presentation of the validation of shareholdings on behalf of their clients. On receipt of their registration and validation of their ownership of shares, shareholders will be sent admission cards allowing participation in the Annual General Meeting, together with the relevant proxy assignment forms or postal vote forms, by the Registration Office. In order to ensure the timely receipt of these admission cards, we ask that shareholders intending to attend the Annual General Meeting to request an admission card from their depository bank at the earliest possible time.

To ensure efficient organization of the Annual General Meeting, we request that shareholders register early, and that they only register if they seriously intend to participate in the Annual General Meeting. Having an admission card is not a prerequisite for participation. Its purpose is merely to facilitate the organizational procedures.

3. Postal voting procedure

Shareholders not attending the Annual General Meeting personally may exercise their voting rights (ordinary shares only) by way of the postal voting system. In this case too, shareholders need to register by the deadline and present validation of their share ownership (cf. Item 2 above).

Postal voting can be effected in writing (i.e. by conventional mail) or through electronic communications.

If submitting a postal vote by conventional mail, please ensure that you only use the form sent to you with the admission card for this purpose. Postal votes submitted by conventional mail must reach the Corporation in written text form at the address shown at the bottom of the form **by April 3, 2017 (24:00 hours/midnight CEST)**. Voting rights can also be exercised electronically via the internet subject to compliance with the procedures laid down by the Corporation.

Postal votes may be withdrawn or amended while in transit, right up to the time when they can be cast at the Annual General Meeting.

Opting for a postal vote does not prevent a shareholder from attending the Annual General Meeting. Personal attendance at the Annual General Meeting results in the automatic withdrawal of postal votes already submitted.

If both postal votes and proxies/instructions are received by proxy-holders of the Corporation, the postal votes will be given precedence.

Please note, however, that when selecting the postal voting option, you will not be able to vote on counter motions made or on candidates for election nominated in the course of the AGM. Similarly, the postal voting option means that you will not have an opportunity to speak, object to Annual General Meeting resolutions, pose questions or submit motions.

You can find further instructions in the form sent to shareholders together with the admission card, and in an advisory leaflet providing further information which is available to shareholders on the internet (www.henkel.com/agm; www.henkel.de/hv).

4. Voting, assignment of powers of representation (proxies) and proxy voting procedures

Assigning powers of representation (proxy) to third parties

Shareholders who do not want to participate personally at the Annual General Meeting can appoint a representative (proxy-holder) to attend on their behalf, to exercise their shareholder rights and – if they own ordinary shares – exercise their voting rights. In this case, too, shareholders need to register and present validation of their share ownership within the deadlines indicated (cf. Item 2 above).

The assignment of a proxy, its revocation/cancellation and verification of such power of representation to the Corporation must be in text form unless otherwise stipulated below. Revocation may also be effected by the shareholder personally attending the Annual General Meeting.

Shareholders can assign powers of representation to their chosen proxy-holders by completing the proxy form (information to be provided in text form) printed on the admission card and passing it to their assigned representative (proxy-holder) who, on presentation of said form at the Annual General Meeting, will receive in exchange for the admission card form, voting card documents (ordinary shares only) or a participation document (preferred shares). Alternatively, powers of representation (proxies) can be also assigned electronically via the internet by using the data on the admission card in accordance with the procedures laid down by the Corporation.

When assigning powers of representation to banks, coequal institutions or corporate entities (Sections 135 (10) and 125 (5) AktG) or persons pursuant to Section 135 (8) AktG, and in particular shareholder associations, the law neither stipulates a text form, nor do the Articles of Association contain any special provision governing such actions. For this group of proxy-holders, therefore, the assignment of powers of representation (proxies) should be as required by the assignee (i.e. the prospective proxy-holder). In these cases, pursuant to the law the powers of representation (proxies) have to be assigned to a specific proxy-holder, and have to be kept in a verifiable manner by that proxy-holder. Further, the proxy must be complete and may contain declarations associated to the exercise of the vote only. However, a violation of these and certain other requirements mentioned in Section 135 AktG for the assignment of powers of representation to banks, coequal institutions or corporate entities (Sections 135 (10) and 125 (5) AktG) or persons pursuant to Section 135 (8) AktG, including shareholder associations, will not make the casting of votes invalid (Section 135 (7) AktG).

Assigning powers of representation to proxy-holders in the employ of the Corporation

As usual, we also offer our ordinary shareholders the option of being represented at the Annual General Meeting by proxy-holders nominated by the Corporation. Holders of ordinary shares wishing to avail themselves of this facility can use the proxy/instruction form printed on the admission card for the Annual General Meeting, and issue their instructions accordingly. However, only instructions relating to the proposals for resolution announced by the Corporation prior to the Annual General Meeting are possible, including any proposal on profit appropriation amended in the Annual General Meeting as described under Item 2 on the Agenda, or relating to previously announced proposals for resolution from shareholders submitted prior to the Annual General Meeting by the Corporation in response to a request made by a minority per Section 122 (2) AktG, as a counter motion per Section 126 (1) AktG or as a nomination for election per Section 127 AktG. The proxy-holders are obliged to cast the votes as instructed and may not exercise voting rights at their own discretion. In case an agenda item is split into sub-items, the voting instruction for the agenda item is valid for each sub-item. Holders of ordinary shares wishing to

avail themselves of this facility must submit their appropriately completed proxy form (in text form) to the address given in the proxy form **by April 3, 2017 (24:00 hours/midnight CEST)** at the latest. Please note that proxy-holders cannot accept instructions or commissions to speak, lodge appeals against Annual General Meeting resolutions, nor instructions or commissions relating to procedural motions, nor can they ask questions or propose motions.

Using the data on the admission card, shareholders can also – as an alternative – assign powers of representation (proxies) electronically via the internet to proxy-holders nominated by the Corporation by following the procedures laid down by the Corporation.

If a shareholder appoints more than one proxy-holder, the Corporation may reject one or several of these per Section 134 (3) sentence 2 AktG.

You can find further instructions in the form sent to shareholders together with the admission card, and in an advisory leaflet providing further information which is available to shareholders on the internet (www.henkel.com/agm; www.henkel.de/hv).

5. Partial broadcast of the Annual General Meeting via the internet

By order of the Chairperson of the Annual General Meeting, the opening of the Annual General Meeting and the address given by the Chairperson of the Management Board may be transmitted live via the internet. This live broadcast does not enable participation in the Annual General Meeting in the sense of Section 118 (1) sentence 2 AktG.

6. Additional agenda item proposals requested by a minority pursuant to Section 122 (2) AktG

Ordinary and/or preferred shareholders whose shareholdings together equate to one twentieth of the capital stock or a proportional share of the capital stock equivalent to 500,000.00 euros – corresponding to 500,000 ordinary or preferred shares or a combination of the two classes – can request that items be included on the agenda and announced accordingly.

Applicants are required to prove that they have owned the shares for at least 90 days prior to the date on which the request is received, and that they retain ownership of the shares until the decision on the request by the Management Board. Calculation of share ownership shall be in accordance with Section 70 AktG. Section 121 (7) AktG also applies as appropriate. According to said provisions, the date of receipt of the request is not to be included in the count. Shifting the date from a Sunday, a Saturday or a public holiday to a work day before or after cannot be entertained. Thus, Sections 187 to 193 of the German Civil Code [BGB] are not applicable.

Each new item must be accompanied by a justification or a motion for resolution or amendment. Such request must be addressed in writing to the Management Board and be received by the Corporation by the end of **March 6, 2017 (24:00 hours/midnight CET)**. Corresponding requests should be sent to the address indicated in Item 7 below.

Amendments and supplements to the AGM agenda that need to be announced in advance must – unless already announced in the Notice of Convocation – be announced immediately on receipt of the request in the same way as the Notice of Convocation. They will also be made available on the internet (www.henkel.com/agm; www.henkel.de/hv).

7. Countermotions and election nominations pursuant to Sections 126 (1) and 127 AktG

Ordinary and/or preferred shareholders can submit countermotions in relation to proposals submitted by the Personally Liable Partner and/or Supervisory Board and/or Shareholders' Committee on individual agenda items, and may also submit nominations for the elections detailed on the agenda (Sections 126 (1) and 127 AktG).

Any countermotions (with justification) or election nominations by shareholders pursuant to Sections 126 (1) and 127 AktG should be exclusively submitted to the address immediately below; countermotions or election nominations submitted in some other way cannot be considered.

Henkel AG & Co. KGaA
– Annual General Meeting 2017 –
Investor Relations
Henkelstrasse 67
40589 Düsseldorf, Germany
or via fax: +49 (0)211 – 798 2863
or via email: investor.relations@henkel.com

Countermotions (with justification) or election nominations by shareholders requiring announcement – possibly containing amended content per Section 127 sentence 4 AktG – will, on receipt, be made available together with the name of the proposing shareholder on the Corporation's website (www.henkel.com/agm; www.henkel.de/hv). Countermotions or election nominations received at the address indicated above by the end of **March 22, 2016 (24:00 hours/midnight CET)** will be included for consideration. A countermotion does not have to be made available under the conditions of Section 126 (2) AktG. The justification of a countermotion does not have to be made available if it has more than 5,000 characters in total. Any response from Management will likewise be made available on the web address indicated.

Shareholders are requested to validate their ownership of shares at the time of submitting the motion.

The right of any shareholder to submit countermotions relating to the various items on the agenda during the Annual General Meeting, and to propose candidates for election as Supervisory Board and/or Shareholders' Committee members, or to submit proposals regarding the appointment of auditors, even if such motions were not previously submitted to the Corporation within the stipulated timeframe, remains unaffected.

It should be noted that countermotions and election nominations by shareholders may only be voted upon if they have been submitted during the Annual General Meeting, even if they have been submitted to the Corporation in advance and within the stipulated timeframe.

8. Information rights pursuant to Sections 131 (1) and 293g (3) AktG

Pursuant to Section 131 (1) AktG, each shareholder, whether a holder of ordinary or preferred shares, may at the Annual General Meeting verbally request and require of the Personally Liable Partner that it provide information on Corporation matters, the legal and business relations of the Corporation with affiliated entities, and the position of the Group and of companies included in the consolidated financial statements, where such information is necessary in appraising an item on the agenda and there is no valid right of refusal pursuant to Section 131 (3) AktG to provide such information. Regarding Item 7 on the Agenda, moreover, pursuant to Section 293g (3) AktG, each shareholder shall, on request, be provided in the Annual General Meeting with information on all affairs and matters pertaining to the respective subsidiaries that are or may be material to conclusion of the control and profit and loss transfer agreements indicated.

Pursuant to Section 131 (2) sentence 2 AktG in conjunction with Article 23 (2) sentences 3 and 4 of the Corporation's Articles of Association, the Chairperson of the Annual General Meeting may place a reasonable limit on the time afforded under the right of shareholders to speak and ask questions.

9. Supplementary information/Website via which information required per Section 124a AktG can be accessed

This Notice of Convocation of the Annual General Meeting, the documents and motions of shareholders to which access must be provided, and other information and explanations, particularly with regard to participation in the Annual General Meeting, postal voting, the assignment of powers of representation (proxies) and the issuance of instructions to proxy-holders, and also relating to shareholder rights per Sections 122 (2), 126 (1), 127 and 131 (1) AktG, can be obtained from the Corporation's website (www.henkel.com/agm; www.henkel.de/hv).

Together with their admission card, shareholders will be sent details pertaining to participation in the Annual General Meeting, postal voting and the appointment of proxy-holders, and the issuance of instructions to same.

The voting results will be made available on the same websites on conclusion of the Annual General Meeting.

This Notice of Convocation was published in the Federal Gazette on **February 23, 2017** and transmitted to other media likely and able to broadcast and disseminate the information throughout the European Union. In the event of discrepancies, the version published in the Federal Gazette shall be solely authoritative.

Düsseldorf, February 2017

Henkel AG & Co. KGaA

Henkel Management AG
(Personally Liable Partner)

The Management Board

