



**Rules of Procedure
of the Audit Committee
of the Supervisory Board of adidas AG
Herzogenaurach**

as adopted on August 4, 2008

adidas AG

**Rules of Procedure of the Audit Committee
of the Supervisory Board**

§ 1

Establishment

- (1) The Audit Committee of the Supervisory Board of adidas AG shall consist in the Rules of Procedure of the Supervisory Board of adidas AG. Unless these Rules of Procedure comprise deviant regulations, the regulations of the Rules of Procedure of the Supervisory Board of adidas AG shall be applicable accordingly.
- (2) The Supervisory Board shall see that the members of the Audit Committee are in possession of the knowledge, skills and professional experience required for the orderly fulfilment of the tasks of this Committee and that they have the necessary level of independence.

§ 2

Composition and Chairmanship

- (1) The Audit Committee shall consist of four members. Two members shall be elected upon proposal by the shareholder representatives of the Supervisory Board and two members shall be elected upon proposal by the employee representatives of the Supervisory Board.
- (2) The Chairman of the Audit Committee shall be elected by the Committee members whereas neither the Chairman of the Supervisory Board nor a former member of the Executive Board shall be proposed for election.

The Chairman of the Audit Committee shall possess specific knowledge and experience, i. a. in the fields of accounting, audit and the internal control system.

§ 3

Tasks of the Audit Committee

- (1) The Audit Committee shall prepare the discussions and resolutions of the Supervisory Board with regard to
 - a) the audit and, if applicable, the adoption of the annual financial statements and the approval of the consolidated financial statements;
 - b) the resolution on the appropriation of retained earnings proposed by the Executive Board; and
 - c) the Supervisory Board's proposal to the Annual General Meeting with regard to the appointment of the auditor, the Group auditor as well as the auditor of the semi-annual report provided that it shall be audited or reviewed by the auditor.

For this purpose, the Audit Committee shall intensively discuss the annual financial statements and consolidated financial statements including the management report and Group management report as well as the proposed resolution on the appropriation of retained earnings.

The Audit Committee shall discuss the audit reports with the auditor as well as the auditor's findings and shall make recommendations to the Supervisory Board in this respect.

In addition, the Audit Committee shall prepare the Supervisory Board's decisions on Corporate Governance issues, in particular the Supervisory Board decision on the declaration on the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Act (Aktiengesetz - AktG).

- (2) Instead of the Supervisory Board, the Audit Committee shall deal with the following matters:
 - a) issues with respect to accounting, in particular the handling of basic issues as for instance the application of new accounting standards as well as the supervision of the accounting processes,
 - b) the semi-annual report and quarterly reports as well as an audit review of the semi-annual report,

- c) the supervision of the efficiency of the internal risk management systems, the internal control system, the internal revision system as well as compliance matters,
- d) the supervision of the audit, in particular the required independence of the auditor and additional services rendered by the auditors,
- e) the passing of resolutions on the audit mandate given to the auditor, in particular the possible audit assignment for the audit review or audit of the semi-annual report, the determination of the audit focal points and the auditor's compensation,

as well as other issues being in direct connection with the above-mentioned matters.

- (3) In addition, the Audit Committee shall discuss substantial changes in the auditing and accounting methods and shall advise on business planning of the Executive Board. This comprises in particular the statements of the Executive Board on the intended development and strategic orientation of the Group, the presentation of financial, investment and personnel planning for the Group and statements on the deviation of the actual development from the target reported earlier while explaining the reasons for this deviation.
- (4) Prior to the submission of the proposal for the appointment in accordance with section 1 sentence 1, the Audit Committee obtains a declaration from the intended auditor whether any and, if applicable, which professional, financial or other connections between the auditing company, its directors and officers as well as head auditors on the one hand and the Company and its directors and officers on the other hand exist which may cause doubts as to the auditor's independence. This declaration shall also include the scope of other services, in particular in the advisory sector, rendered for the Company in the previous financial year or contractually agreed for the following year.
- (5) The Chairman of the Audit Committee and the Chairman of the Supervisory Board shall sign the audit mandate.

§ 4 Complaints

The Audit Committee shall be responsible for the notification and handling of complaints by the employees of the Company about accounting, internal controls, the audit and other accounting-related issues. The complaints may be made anonymously. The employee who makes a complaint shall not be disadvantaged due to this action.

§ 5 Information of the Audit Committee

- (1) For the purpose of fulfilling its tasks, the Audit Committee shall be authorised to obtain all required information from the auditor and the Executive Board and to inspect all business records of the Company or to request their submittal from the Executive Board. In individual cases, the Audit Committee may instruct one member of the Committee to solely exercise the above-mentioned assigned rights.
- (2) The Audit Committee keeps itself regularly informed on the work performed by Global Internal Audit, in particular on their audit focal points and audit results. The same also applies to risk management and significant compliance violation.
- (3) The Audit Committee shall induce that it is immediately informed by the auditor on findings and incidents essential for the tasks of the Supervisory Board which have occurred during the audit or the audit review.
- (4) The Audit Committee shall induce that it is immediately informed by the auditor if the auditor, when carrying out the audit or the audit review of the semi-annual report, establishes any facts that show the incorrectness of the Declaration of Compliance submitted by the Executive Board and Supervisory Board in accordance with § 161 AktG.
- (5) The Chairman of the Audit Committee keeps himself continuously informed on any possible reasons for exclusion or impartiality on part of the auditor which might occur during the audit.

§ 6
Convocation, Resolutions

- (1) The meetings of the Audit Committee shall be convoked by its Chairman or, if he is prevented, by any member of the Committee determined by the Audit Committee subject to the observance of a time period of at least two weeks.
- (2) The provisions stipulated in the Rules of Procedure of the Supervisory Board shall be applicable for the due form of the convocation as well as the taking the minutes of the meetings, the presence of a quorum of and passing of resolutions by the Audit Committee.

§ 7
Participation in the Meetings

- (1) The Chief Financial Officer of the Company as well as the auditor shall participate in the meetings of the Audit Committee unless otherwise determined by the Chairman in individual cases.
- (2) The Chairman of the Audit Committee may ask further members of the Executive Board or, in accordance with the Executive Board, members of the Company to join a meeting.
- (3) If required, the Audit Committee shall meet without the Executive Board being present.

§ 8
Reporting to the Supervisory Board/Remuneration

- (1) The Chairman of the Audit Committee shall report regularly to the Supervisory Board on the activities of the Audit Committee.
- (2) The remuneration for the membership of the Audit Committee is regulated in § 18 of the Articles of Association of adidas AG.

§ 9
Declarations

As far as declarations are to be submitted or accepted for the execution of resolutions by the Audit Committee, the Chairman or, if he is prevented, any member of the Committee determined by the Audit Committee shall act for the Audit Committee accordingly.

§ 10
Secrecy

For members of the Audit Committee and other persons who participate in a meeting of the Audit Committee, the secrecy regulations as stipulated in § 17 of the Articles of Association of the Company shall be applicable. The members of the Committee shall particularly observe insider regulations stipulated in the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG).