

*Translation from the German.*

*In the event of any differences in interpretation, the German text shall prevail.*

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## **adidas AG**

### **Rules of Procedure of the Supervisory Board**

Pursuant to § 13 section 1 of the Articles of Association of the Corporation, the Supervisory Board in its meeting on 3 March 2009 adopted the following

#### **R u l e s   o f   P r o c e d u r e :**

##### **I. Supervisory Board and Members of the Supervisory Board**

###### **§ 1**

###### **Tasks of the Supervisory Board**

- (1) The Supervisory Board shall advise and supervise the Executive Board in matters concerning the management of the Corporation.
- (2) To the benefit of the Corporation, the Supervisory Board shall cooperate closely and on a basis of mutual trust with the Executive Board.
- (3) The Supervisory Board shall examine the efficiency of its activities on a regular basis, at least once after half of the regular term of office of its members has expired.

**§ 2****Membership in the Supervisory Board**

- (1) Each member of the Supervisory Board shall have the knowledge, abilities and expert experience required to properly complete his/her tasks and shall be sufficiently independent. Each Supervisory Board member shall take care that he/she disposes of sufficient time for performing his/her mandate.
- (2) Any Supervisory Board member who is at the same time a member of the executive board of a listed company shall accept not more than a total of five supervisory board mandates in listed companies not affiliated to the group of that company where he/she acts as a member of the executive board.
- (3) Not more than two former members of the Corporation's Executive Board shall be among the members of the Supervisory Board. Supervisory Board members shall not hold directorships or similar positions or perform advisory tasks for major competitors of the Corporation or of any Group company.
- (4) The aforementioned provisions shall be observed when nominating candidates for an election to the Supervisory Board.

**§ 3****Rights and Obligations of the Supervisory Board Members**

- (1) Unless otherwise provided for by law, by the Articles of Association or by resolutions of the General Meeting, all members of the Supervisory Board shall have the same rights and obligations. They shall not be bound by orders or instructions.
- (2) The members of the Supervisory Board shall - even after their resignation from office - observe secrecy on confidential data and secrets of the Corporation, notably corporate and business secrets, which come to their knowledge through their function as members of the Supervisory Board. This shall apply in particular to confidential reports and confidential discussions. In case a member of the Supervisory Board intends to pass information on to third parties and it cannot be excluded with certainty that such information is confidential or pertains to secrets of the Corporation, the Supervisory Board member concerned shall be obligated to inform the Chairman of the

Supervisory Board in advance and to give him the opportunity to comment on the passing on of such information. Each Supervisory Board member shall ensure that any staff member or consultant he/she employs observes the confidentiality obligation in the same way. § 17 of the Corporation's Articles of Association shall remain unaffected.

- (3) Each member of the Supervisory Board shall be obligated to serve the best interest of the Corporation. He/She shall neither pursue personal interests in his/her decisions nor use for his/her personal benefit any business opportunities intended for the Corporation. Each Supervisory Board member shall disclose to the General Committee (§ 11 section 5) any conflicts of interest, in particular such conflicts of interests which may arise due to a consultancy or directorship function with customers, suppliers, lenders or any other business partners.
- (4) Each Supervisory Board member as well as persons in close relationship with him/her as defined in the Securities Trading Act (*WpHG*) shall notify in writing within five business days to the Corporation and to the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) any transaction with shares or financial instruments relating to such shares, in particular derivatives, for his/her own account. Such notification may be omitted if the total value of such transactions concluded by a Supervisory Board member and by persons in close relationship with him/her does not reach an amount of 5,000 euros by the end of the calendar year. Persons as defined in section 4 sentence 1, who are in close relationship with a Supervisory Board member, shall be his/her spouse, registered partner, dependent children and any other relative with whom the Supervisory Board member has lived in the same household for at least one year at the time of the conclusion of the respective transaction to be notified. Legal persons where a Supervisory Board member performs executive functions shall also be deemed persons as defined in section 4 sentence 1. Any further legal regulations shall remain unaffected.
- (5) Each Supervisory Board member shall take care that persons in close relationship with him/her as defined in the Securities Trading Act comply with the aforementioned obligation as well.

**§ 4**  
**Chairman and Deputies**

- (1) The Supervisory Board shall elect from among its members a Chairman and a deputy in accordance with § 27 sections 1 and 2 Co-Determination Act (*MitbestG*). The Supervisory Board shall further elect an additional deputy, the election of whom shall not be subject to § 27 Co-Determination Act. The election shall be carried out in a Supervisory Board meeting not requiring a separate convening and to be held subsequent to the General Meeting which elected the Supervisory Board members representing the shareholders. The election shall be presided over by the oldest member of the Supervisory Board in terms of age. The Chairman and the deputies shall be elected Chairman and deputies for their respective terms of office in the Supervisory Board unless a shorter term of office is determined in the election.
- (2) In case the Chairman or a deputy resigns from office prior to the end of his/her term of office, a new election of the Chairman or a deputy shall be carried out upon motion of a Supervisory Board member before the passing of any other Supervisory Board resolutions in a Supervisory Board meeting to be held without delay.
- (3) A deputy shall have the Chairman's rights and obligations only if the Chairman is prevented from exercising his function and if not otherwise provided for by law, by the Articles of Association or these Rules of Procedure. If both deputies are not prevented from exercising their functions, the deputy elected Supervisory Board member by the shareholders shall be entitled to the Chairman's rights and obligations. The deputies shall not have the right to cast the second vote granted to the Chairman pursuant to the Co-Determination Act.
- (4) The Chairman shall be in charge of the cooperation between the Supervisory Board and the Executive Board. He shall regularly discuss with the Executive Board, in particular with the Chairman of the Executive Board, the strategy, business development and risk management of the Group.
- (5) In case the Chairman and the deputies are prevented from fulfilling their obligations, such obligations shall be assumed by the oldest Supervisory Board member in terms of age for the period of such prevention.

**§ 5**  
**Meetings**

- (1) The Chairman of the Supervisory Board shall convene a meeting of the Supervisory Board at least twice in each half calendar year. The Supervisory Board shall further be convened for a meeting if requested by a Supervisory Board member or by the Executive Board upon stating the purpose and reasons therefore. Such meeting shall be held within two weeks from the date on which notice thereof was given. If the request is not complied with, the Supervisory Board member himself/herself or the Executive Board itself may convene a meeting of the Supervisory Board upon stating the facts and presenting an agenda of the meeting.
- (2) The Supervisory Board meetings shall be convened by written notice at least fourteen days prior to the meeting. The day of posting of the invitation and the day of the meeting shall not be counted in the computation of such period. In urgent cases, such period may be shortened and a meeting may be convened by facsimile or by any other means of electronic communication. The invitation shall include the agenda items of the meeting. Motions for resolutions on items of the agenda shall be notified in due time prior to the meeting in order to enable absent members of the Supervisory Board to cast a written vote.
- (3) The Chairman may cancel or adjourn a convened meeting after a due assessment of the circumstances. He shall designate the person to take the minutes and shall decide on the invitation of experts and persons needed to provide detailed information for consultation on individual items of the agenda.
- (4) The members of the Executive Board shall attend the meetings unless otherwise stipulated by the Chairman of the Supervisory Board.

**§ 6**  
**Resolutions and Declarations**

- (1) As a rule, resolutions of the Supervisory Board shall be taken in meetings. Absent Supervisory Board members may participate in the taking of a resolution in a meeting by submitting written votes through another Supervisory Board member. A vote transmitted by facsimile shall also be deemed a written vote. An absent member may cast a vote at a later time only if

such was approved by all present members or if the requirements as defined in section 4 are fulfilled.

- (2) The Supervisory Board shall constitute a quorum if all members were invited at their last notified address and if at least one half of the members of whom the Supervisory Board shall consist participate in the taking of resolutions. A member shall be deemed as participating in a resolution even if he/she abstains from voting in such resolution.
- (3) The Chairman shall preside over the meeting. In case the Chairman is prevented from exercising his function and both deputies are present, the deputy elected Supervisory Board member by the shareholders shall preside over the meeting. He shall determine the order in which the items of the agenda are discussed as well as the type and the order of the votes. He may, after due assessment of the circumstances, adjourn the resolution on individual or all items of the agenda by four weeks at the longest if not the same number of Supervisory Board members elected by the shareholders and of Supervisory Board members elected by the employees participated in the resolution or if any other significant reason for such adjournment exists. He shall not be entitled to any further adjournment.
- (4) Resolutions on items of the agenda which have not been notified in due time may only be taken if no member objects thereto. In such case, absent members shall be given the opportunity to oppose the taking of such resolution or to submit a written vote within a reasonable period of time to be determined by the Chairman; the resolution shall only become effective if none of the absent members oppose within such period of time.
- (5) Members participating in a meeting via video conference shall be deemed present.
- (6) A Supervisory Board resolution may also be taken outside a meeting through votes submitted by telephone, in writing, by facsimile or by any other electronic means of telecommunication if the Chairman directs so for special reasons, provided that none of the members object thereto. There shall be no right of objection if a resolution is taken in such a way that the members of the Supervisory Board participating therein are connected with one another by means of electronic telecommunication and are in a position to discuss the subject matter of such resolution. Resolutions which were not taken through votes in written form shall subsequently be confirmed in writing by the

Chairman. In all other respects, the aforementioned provisions shall apply mutatis mutandis.

- (7) Resolutions shall require a simple majority of the votes cast unless a different majority is mandatory by law. The same shall apply to elections. In case a vote results in a tie, the Chairman shall decide whether a new vote shall be taken on the item concerned and whether such new vote shall be taken during the same or during another meeting of the Supervisory Board, unless the Supervisory Board decides on a different procedure. If a new vote on the same item results in a tie again, the Chairman shall have two votes. The second vote may also be submitted in written form pursuant to section 1 sentences 2 and 3. Deputies of the Chairman shall not have the right to cast a second vote.
- (8) A member of the Supervisory Board shall be excluded from participating in a vote if such vote is on a legal transaction involving the Supervisory Board member concerned or if a resolution is taken on instituting or settling legal proceedings between the Corporation and the Supervisory Board member concerned.
- (9) The Chairman shall prepare and execute the resolutions of the Supervisory Board.
- (10) The Chairman shall be authorised to make on behalf of the Supervisory Board the declarations of intent required for the execution of the Supervisory Board resolutions. Any other declarations of the Supervisory Board shall also be made by the Chairman on behalf of the Supervisory Board. The Chairman shall be entitled to receive on behalf of the Supervisory Board any declarations addressed to the Supervisory Board.

## **§ 7**

### **Minutes of Meetings and Resolutions**

- (1) Minutes shall be taken of the meetings of the Supervisory Board, and shall be signed by the respective person presiding over the meeting. The minutes shall state the place and date of the meeting, the participants, the items of the agenda, the essential contents of the discussions and the resolutions of the Supervisory Board. A copy of the minutes shall be sent to each Supervisory Board member without delay.

- (2) Resolutions which were not taken in meetings shall be recorded in the form of minutes by the Chairman. A copy of such minutes shall be sent to each Supervisory Board member without delay.
- (3) Minutes as defined in section 1 or section 2 shall be deemed approved if none of the Supervisory Board members who participated in the passing of the resolutions object thereto in writing to the Chairman within a month after the posting.
- (4) Resolutions passed by the Supervisory Board may be recorded in their wording in the form of minutes during the meeting and signed immediately thereupon by the Chairman. If resolutions are recorded separately in such way, objecting to such resolutions shall only be possible during such meeting.

## **§ 8**

### **Business requiring the Approval of the Supervisory Board**

- (1) Subject to the provisions of § 10 section 2 sentence 2, the Executive Board shall require the approval of the Supervisory Board for the following transactions and measures:
  - a) The assumption of major new fields of activities or the abandonment of major existing fields of activities as well as transactions or measures leading to a substantial change in the structure or development of the Corporation.
  - b) The acquisition and disposal of major industrial property rights of the Corporation, its subsidiaries and direct corporate holdings wherever the value of one of these measures exceeds an amount of 20 million euros in the case concerned.
  - c) The establishment, dissolution, acquisition and disposal of subsidiaries and direct corporate holdings (including changes in the amount of the holding) and the participation in capital increases through contributions wherever the value of one of these measures exceeds an amount of 20 million euros in the case concerned and wherever the amount was either included in the budget only in the form of a global authorisation without any individual description or not included in the budget.

The Executive Board shall inform the Supervisory Board about the implementation of global authorisations amounting to less than 20 million euros when dealing with the quarterly results.

- d) The disposal of real properties and equivalent titles as well as any other dispositions with regard to these wherever the value exceeds an amount of 20 million euros in the case concerned;

The Executive Board shall inform the Supervisory Board about disposal transactions amounting to a value between 10 million and 20 million euros when dealing with the quarterly results.

- e) Individual investments which are not included in the budget and which exceed an amount of 20 million euros;

The Executive Board shall inform the Supervisory Board about individual investments not included in the budget and amounting to a value between 10 million and 20 million euros when dealing with the quarterly results.

- f) The conclusion, amendment and termination of company agreements pursuant to §§ 291 et seq. Stock Corporation Act (*AktG*).
- g) The adoption of the Corporation's budget including the annual investment and financial plan for the respective fiscal year in consideration of the medium-term planning.

- (2) The approval as defined in section 1 lit. a), b), c), f) shall also be required if the transactions are carried out by subsidiaries or affiliated companies.
- (3) The Executive Board shall further require the approval of the Supervisory Board for involvement in transactions as defined in section 1 (with the exception of transactions as defined in section 2) of affiliated companies through instruction, approval, voting or any other means of participation.
- (4) The Executive Board shall further require the approval/prior consent of the General Committee in cases as defined explicitly in § 11 section 3 lit. b) and c).

## II. Committees

### § 9

#### General Provisions

- (1) The Supervisory Board shall form from among its members a Steering Committee (§ 10), a General Committee (§ 11), an Audit Committee (§ 12), a Nomination Committee (§ 13) and a committee pursuant to § 27 section 3 Co-Determination Act. Further committees may be formed if necessary.
- (2) Each committee shall appoint from among its members a chairman unless otherwise provided for by law, by the Articles of Association or these Rules of Procedure.
- (3) The meetings of the committees shall be convened by the respective committee chairman. Each member shall have the right to request the convening of a meeting upon stating the reason therefore.
- (4) A committee taking decisions instead of the Supervisory Board shall only constitute a quorum if one half of its members, but no less than three members, participate in the taking of the resolutions. If the Chairman of the Supervisory Board is the chairman of such committee, he shall be entitled to cast a second vote in accordance with § 6 section 7 sentences 4 to 6, provided that such committee is composed of an equal number of Supervisory Board members representing the shareholders and of Supervisory Board members representing the employees.
- (5) The respective committee chairmen shall report to the Supervisory Board on the work of the committees on a regular basis.
- (6) § 5 sections 2 to 4, § 6 and § 7 shall further apply mutatis mutandis to the internal rules of procedure of the committees unless otherwise provided for in section II herein.

**§ 10****Steering Committee of the Supervisory Board**

- (1) The Steering Committee shall be composed of the Chairman of the Supervisory Board and his two deputies. The Chairman of the Supervisory Board shall be the Chairman of the Steering Committee.
- (2) The Steering Committee shall discuss major issues and shall prepare resolutions of the Supervisory Board. The Steering Committee may instead of the Supervisory Board resolve in a meeting on the approval required for measures of the Executive Board as defined in § 8 sections 1 to 3, provided that such matter allows no delay and that a resolution of the Supervisory Board cannot be taken in a meeting in due time.

**§ 11****General Committee**

- (1) The General Committee shall be composed of four members, i.e. the Chairman of the Supervisory Board, his two deputies as well as another member to be elected by the Supervisory Board. If, in accordance with the aforementioned provision, at least two members of the General Committee are Supervisory Board members representing the shareholders, the fourth member shall be appointed from among the Supervisory Board members representing the employees; otherwise, such member shall be appointed from among the Supervisory Board members representing the shareholders. The Chairman of the Supervisory Board shall be the Chairman of the General Committee.
- (2) The General Committee shall prepare the decisions of the Supervisory Board with respect to employment issues. It develops in particular the compensation system for the Executive Board including all integral contractual elements and proposes an according resolution to the Supervisory Board. The responsibility with regard to passing of resolutions as well review of the compensation system for the Executive Board including all integral contractual elements remains with the Supervisory Board.
- (3) Subject to the responsibility pursuant to § 11 section 2 and other mandatory responsibilities of the Supervisory Board, the General Committee shall take resolutions instead of the Supervisory Board on

- a) the conclusion, amendment and termination of employment agreements with members of the Executive Board;
  - b) entering into any other legal transactions with Executive Board members as defined in § 112 Stock Corporation Act as well as on the approval of transactions with a value exceeding 25,000 euros between the Corporation or any of its affiliated companies and an Executive Board member or persons in close relationship with an Executive Board member or companies an Executive Board member is closely associated with;
  - c) the prior consent to any other activities of an Executive Board member as defined in § 88 Stock Corporation Act as well as the approval of any other sideline activities, in particular mandates in supervisory boards or mandates in comparable supervisory bodies of commercial enterprises outside the Group;
  - d) the granting of loans to persons as defined in §§ 89, 115 Stock Corporation Act; as well as
  - e) the approval of contracts with Executive Board members as defined in § 114 Stock Corporation Act.
- (4) The General Committee shall discuss on a regular basis the long-term succession planning for the Executive Board. In doing so, the General Committee shall take into consideration the executive personnel planning of the Corporation. It shall furthermore discuss the structure of the Executive Board's remuneration.
- (5) Members of the Executive Board or of the Supervisory Board shall disclose any conflicts of interest to the General Committee instead of the Supervisory Board. The Chairman of the General Committee shall be responsible for accepting such declarations.

## **§ 12**

### **Audit Committee**

- (1) The Audit Committee shall be composed of four members, i.e. two Supervisory Board members representing the shareholders and two Supervisory Board members representing the employees. Neither the Chairman of the Supervisory Board nor any former member of the Executive Board of the Corporation shall be appointed the Chairman of the Audit Committee.
  
- (2) 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 and 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 German Stock Corporation Act (Aktiengesetz - AktG).

- (3) 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) discussion of the semi-annual report and quarterly reports as well as audit review of the semi-annual report together with the Executive Board prior to publication,
  - (c) the supervision of the efficiency of the internal risk management system, 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.

- (4) 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 targets reported earlier while explaining the reasons of this deviation.
- (5) Prior to the submission of the proposal for the appointment in accordance with section 2 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 fiscal year or contractually agreed for the following year.

- (6) The Chairman of the Audit Committee and the Chairman of the Supervisory Board shall sign the audit mandate.

### **§ 13**

#### **Nomination Committee**

- (1) The Supervisory Board forms a Nomination Committee composed of three Supervisory Board members elected by majority by the Annual General Meeting. The members of the Nomination Committee shall be elected by the shareholder representatives of the Supervisory Board.
- (2) The Nomination Committee shall be responsible for proposing to the Annual General Meeting suitable candidates to be elected as shareholder representatives into the Supervisory Board.
- (3) The Nomination Committee shall constitute a quorum if all committee members participate in the meeting. § 9 section 6 in conjunction with § 6 section 2 sentence 1 2nd half sentence are thus not applicable.

### **§ 14**

#### **Committee pursuant to § 27 Section 3 Co-Determination Act**

Immediately upon the election of the Chairman and the election of his deputy in accordance with § 27 Co-Determination Act, the Supervisory Board shall form a committee to perform the functions as defined in § 31 section 3 sentence 1 Co-Determination Act, which shall be composed of the Chairman, his deputy elected in accordance with § 27 Co-Determination Act as well as of one member each to be elected by the Supervisory Board members representing the employees and by the Supervisory Board members representing the shareholders with a majority of the votes cast.

### III. Information Policy

#### § 15

#### **Standard Reports to the Supervisory Board pursuant to § 90 Section 1 Sentence 1 Nos. 1-3 Stock Corporation Act**

- (1) At least once a year, the Executive Board shall report on the intended corporate policy and on any other fundamental issues with respect to the business planning of the Corporation and of the Group. Such report shall contain the main items of the corporate management planned by the Executive Board. This shall include in particular explanations on the intended development and strategic orientation of the Group, the presentation of the financial, investment and personnel planning for the Group, and explanations on differences between the actual development and the targets reported on in the past by stating the reasons therefore. Such subjects shall further be reported on without delay if the necessity for immediate reporting arises due to a changed situation or newly raised issues.
- (2) Within the context of the Supervisory Board's discussion of the annual financial statements and consolidated annual financial statements (the so-called annual financial statements meeting), the Executive Board shall report on the profitability of the Corporation and of the Group, in particular on the return on equity. Such report shall also include a comparison to the previous year and to the target figures and shall provide detailed information on the performance of the Group as a whole and of the individual corporate divisions on the basis of significant key profitability data.
- (3) On a regular basis, at least once each quarter, the Executive Board shall report on the development of the business activities, in particular on the sales figures and on the situation of the Corporation and of the Group. Such report shall provide, inter alia, information on the current developments in sales, in the profit, financial and asset situation, and in personnel matters as well as on the major risks of the Group. Differences in comparison to the previous year and to the target figures shall be explained.
- (4) The reports as defined in § 14 herein shall be presented as timely as possible and, as a rule, in written form. Any further legal reporting and information obligations shall remain unaffected.

**§ 16**  
**Special Reports to the Supervisory Board**

The Executive Board shall report on any transactions which may be of fundamental importance to the Corporation's and/or Group's profitability or liquidity. Such reports shall be in written form as a rule and - if possible - in such due time that the Supervisory Board has the opportunity to comment on such transactions prior to their performance.

**§ 17**  
**Reports to the Chairman of the Supervisory Board**

The Executive Board shall report to the Chairman of the Supervisory Board in due time on the occurrence of any other significant developments. Such significant developments shall also include circumstances concerning the business of an affiliated company which have come to the Executive Board's knowledge and which may have a material impact on the situation of the Corporation.

**§ 18**  
**Additional Reports to the Supervisory Board**

At the request of the Supervisory Board or of any Supervisory Board member, the Executive Board shall report to the Supervisory Board on matters of the Corporation, on the Corporation's legal and business relationships with affiliated companies as well as on business activities in such companies which may have a material impact on the situation of the Corporation.

**§ 19**  
**Effectiveness**

These Rules of Procedure shall become effective on 3 March 2009. They shall replace the hitherto effective Rules of Procedure of the Supervisory Board in its version dated 4 August 2008.