



[Convenience translation.

In the event of any differences in interpretation, the German version shall prevail.]

## **RULES OF PROCEDURE OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF ADIDAS AG**

Pursuant to § 13 section 1 of the Articles of Association of adidas AG (hereinafter the 'Company') in conjunction with § 10 section 1 and § 13 of the Rules of Procedure of the Company's Supervisory Board, the Audit Committee of the Company's Supervisory Board adopted the following Rules of Procedure at its meeting on August 6, 2019 which replace the formerly valid Rules of Procedure dated November 7, 2017:

### **§ 1**

#### **ESTABLISHMENT**

- (1) The Audit Committee of the Supervisory Board shall consist based on the Rules of Procedure of the Supervisory Board. The regulations of the Rules of Procedure of the Supervisory Board shall be applicable unless these Rules of Procedure stipulate deviating regulations for individual cases.
- (2) The Supervisory Board shall ensure that the members of the Audit Committee are in possession of the knowledge, skills and professional experience required for the orderly fulfillment of the tasks of this Committee and that they have the necessary level of independence. All members shall be familiar with the industry in which the Company operates.

### **§ 2**

#### **COMPOSITION AND CHAIRMANSHIP**

- (1) The Audit Committee shall consist of four members. Two members shall be elected upon proposal of the shareholder representatives on the Supervisory Board and two members shall be elected upon proposal by the employee representatives on 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 whose term of office ended less than two years ago shall be proposed for election. S/he must have expertise in the area of accounting or annual auditing and must be independent.

**§ 3**  
**TASKS OF THE AUDIT COMMITTEE**

- (1) The Audit Committee shall prepare the discussions and resolutions of the Supervisory Board with regard to the following topics:
- a) audit and, if applicable, adoption of the annual financial statements and approval of the consolidated financial statements.
  - b) audit of any separate non-financial report (§ 289b German Commercial Code [Handelsgesetzbuch – HGB]) and any separate non-financial group management report (§ 315b HGB).
  - c) resolution proposal of the Executive Board on the appropriation of retained earnings.
  - d) 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 half year financial report provided that it shall be subject to an audit, audit review or examination by the auditor (hereinafter ‘appointment proposal’).
  - e) the Supervisory Board’s decisions on Corporate Governance issues, in particular the Supervisory Board’s resolution on the declaration on the German Corporate Governance Code in accordance with § 161 German Stock Corporation Act [Aktiengesetz – AktG].
- (2) On behalf of the Supervisory Board, the Audit Committee deals with the topics outlined below as well as with all topics directly related to them:
- a) Supervision of the audit, in particular the independence and the quality of the auditor, and of the additional services rendered by the auditor; approval of all services to be rendered by the auditor, including permitted non-audit services.

With regard to specific types of services, a blanket approval for assigning permitted non-audit services to the auditor may be given before or at the beginning of a financial year. As regards such a blanket approval, the Audit Committee shall, in advance, issue guidelines within the meaning of Art. 5 section 4 of the Audit Regulation<sup>1</sup>, a catalogue of permitted non-audit services (see Annex) and a maximum budget within the framework of the fee volume stipulated by law for all of the services that may be assigned to the auditor. Irrespective thereof, the Audit Committee shall be able to declare its prior approval for individual non-audit services.

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<sup>1</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

- b) assignment of the audit review to the auditor, determination of key audit matters and the fee agreement with the auditor, including the conclusion of an information agreement and disclosure agreement in accordance with the recommendations of the German Corporate Governance Code in the respective applicable version.
  - c) review of the half year financial reports as well as the quarterly statements prior to their publication.
  - d) questions relating to accounting and risk management, including the supervision of the accounting process, the effectiveness of the Internal Control System, the Internal Risk Management System as well as the Internal Audit System.
  - e) supervision of compliance with legal provisions, official regulations and internal Company regulations (compliance) as well as addressing questions relating to sustainability.
  - f) issuing a mandate for an external audit of the content of any non-financial statement or any separate non-financial report (§ 289b HGB) and any non-financial group management statement or any separate non-financial group management report (§ 315b HGB).
- (3) The Audit Committee shall discuss material changes to the audit and accounting methods.
- (4) The Audit Committee shall prepare the process for selecting the auditor in accordance with statutory provisions.

#### **§ 4**

#### **COMPLAINTS**

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

#### **§ 5**

#### **INFORMING THE AUDIT COMMITTEE**

- (1) For the purpose of fulfilling its tasks, the Audit Committee shall be authorized to obtain any information required from the auditor and the Executive Board and to inspect the business documents of the Company or to request their submission by the Executive Board. In individual cases, the Audit Committee may instruct one member of the

Committee to solely exercise the above-mentioned rights assigned to the Audit Committee.

- (2) The Audit Committee shall receive regular reports on the work performed by Global Internal Audit, in particular on their audit focal points and audit results. The same shall apply to risk management, the internal control systems and significant compliance violations.
- (3) The Audit Committee shall be immediately informed by the auditor on all findings and incidents essential for the tasks of the Supervisory Board which are established or occur in the course of the audit, an audit review or any other examination. This shall apply in particular if the auditor comes across facts which lead to a misstatement of the Declaration of Compliance issued by the Executive Board and Supervisory Board pursuant to § 161 AktG.
- (4) The Chairman of the Audit Committee shall be immediately informed about any possible reasons for exclusion or impartiality on part of the auditor which might occur in the course of the audit.

## **§ 6**

### **CONVOCATION, RESOLUTIONS**

The provisions stipulated in the Rules of Procedure of the Company's Supervisory Board shall be applicable for the convocation, the taking of the minutes of the meetings, the presence of a quorum of and the passing of resolutions by the Audit Committee.

## **§ 7**

### **PARTICIPATION IN MEETINGS**

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

**§ 8****REPORTING TO THE SUPERVISORY BOARD, COMPENSATION**

- (1) The Chairman of the Audit Committee shall report regularly to the Supervisory Board on the activities of the Audit Committee.
- (2) The compensation for membership in the Audit Committee shall be governed by § 18 of the Articles of Association of the Company.

**§ 9****DECLARATIONS**

As far as declarations are to be made or accepted for the execution of resolutions by the Audit Committee, the Chairman of the Audit Committee or, if the Chairman is prevented from doing so, 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 the insider rules stipulated in the Market Abuse Regulation<sup>2</sup>.

**§ 11****EFFECTIVENESS**

These Rules of Procedure shall become effective on August 6, 2019. They shall replace the hitherto effective Rules of Procedure of the Audit Committee in their version dated November 7, 2017.

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<sup>2</sup> Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 regarding market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.