



adidas AG

Rules of Procedure of the Supervisory Board

Pursuant to § 13 section 1 of the Articles of Association of adidas AG (hereinafter “the Company”), the Supervisory Board at its meeting on August 2, 2017 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 Company and the Group.
- (2) To the benefit of the Company and the Group, 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. All of the members shall be familiar with the industry in which the Company operates. At least one member must have expertise in the areas of accounting or annual auditing. Each Supervisory Board member shall take care that s/he 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, as a rule, accept not more than a total of three supervisory board mandates in listed companies or controlling bodies of companies with similar requirements, which are not affiliated to the group of that company where s/he acts as a member of the executive board. The Supervisory Board may resolve upon a deviation from section 5.4.5 subsection 1 sentence 2 of the German Corporate Governance Code (or a corresponding subsequent recommendation) with respect to individual Supervisory Board members if this is in the best interests of the Company. This shall be the case in particular if the Supervisory Board member concerned is a member of the executive board of a listed holding company and his/her main occupation involves holding mandates in the supervisory bodies of portfolio companies. By way of such resolution on a deviation, the Supervisory Board at the same time declares that the provision under this § 2 section 2 shall not be applicable to the Supervisory Board member concerned.
- (3) Not more than two former members of the Company'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 Company 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) The Supervisory Board shall exercise its duties subject to statutory provisions, the Articles of Association and these Rules of Procedure. The Supervisory Board follows the recommendations and suggestions of the German Corporate Governance Code.
- (2) Unless otherwise provided for by law, by the Articles of Association or by resolutions of the Annual General Meeting, all members of the Supervisory Board shall have the same rights and obligations. They shall not be bound by orders or instructions.
- (3) Each member of the Supervisory Board shall be obligated to serve the best interest of the Company. S/he shall neither pursue personal interests in his/her decisions nor use for his/her personal benefit any business opportunities intended for the Company or the Group. Each Supervisory Board member shall disclose to the Supervisory Board 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) The Supervisory Board members shall be obligated to comply with the statutory provisions of the Market Abuse Regulation¹ (MAR) which apply to them and the national and European legal provisions related to it. Details are set out in the Managers' Transactions Policy as amended from time to time.

§ 3a Secrecy

- (1) Members of the Supervisory Board shall observe secrecy on confidential data and secrets of the Company, namely trade and business secrets which came to their knowledge through their function even after their departure from the Supervisory Board. The Supervisory Board members shall be bound to observe secrecy particularly with regard to confidential reports received and confidential discussions. Persons who are present during meetings of the Supervisory Board but are not members of the Supervisory Board shall be expressly bound to observe secrecy. Supervisory Board members shall only involve their own employees or consultants insofar as this is legally permitted and objectively necessary and shall ensure that such employees or consultants observe secrecy accordingly. The secrecy obligation generally applies vis-à-vis all third parties, particularly vis-à-vis employees, shareholders and business partners of the Company, as well as vis-à-vis companies a Supervisory Board member works for or holds an interest in.
- (2) Confidential data in the sense of section 1 shall be all data which the person giving the data expressly declares as confidential and the disclosure of which, if seen from a reasonable economic point of view, might possibly impair the interests of the Company.

A secret in the sense of section 1 shall be all facts connected directly or indirectly with the operational and entrepreneurial transactions which are known to a limited circle of persons only and of which the maintenance of secrecy, if seen from a reasonable economic point of view, is assumingly desired by the entrepreneur and cannot be denied as being in the interest of the enterprise.

- (3) In case a member of the Supervisory Board intends to give any information to third parties and it is doubtful whether such information is subject to secrecy, s/he shall inform the Chairman of the Supervisory Board in advance, thereby stating the person to whom s/he intends to give such information. Before such information is passed on, the Supervisory Board shall have the opportunity to comment on whether or not the passing on of such information is compatible with sections 1 and 2. The statement shall be expressed by the Chairman.

¹ 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.

- (4) The secrecy obligation particularly applies vis-à-vis the media, analysts, financial advisors, banks and rating agencies, as well as vis-à-vis shareholders. Contact with the aforesaid shall exclusively be maintained by Investor Relations, the Corporate Communication department or another relevant department of the Company. As a rule, any communication of Supervisory Board members with the group of persons outlined under sentence 1 on matters of the Company and the Group, including Supervisory Board specific topics, shall – notwithstanding sections 1 to 3 - be conducted by the Chairman of the Supervisory Board. Direct communication shall only be conducted by a Supervisory Board member following prior consultation with the Chairman of the Supervisory Board and the Corporate Communications department. If such consultation has not taken place in advance, the Supervisory Board member shall retroactively inform the Corporate Communication department of the Company and, insofar as the communication was not made by him, the Chairman of the Supervisory Board, on the communication and its main content.

§ 4

Chairman and Deputies

- (1) The Supervisory Board shall elect from among its members a Chairman and a deputy (“First Deputy”) in accordance with § 27 sections 1 and 2 Co-Determination Act (Mitbestimmungsgesetz - MitbestG). The Supervisory Board shall further elect an additional deputy (“Additional Deputy”), the election of whom shall not be subject to § 27 MitbestG. The election shall be carried out in a constituent Supervisory Board meeting not requiring a separate convening and to be held subsequent to the Annual 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 as members of the Supervisory Board unless a shorter term of office is determined in their 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 the respective 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. The First Deputy shall then be entitled to exercise the Chairman's rights and obligations. If s/he is also prevented from exercising his/her functions, the Additional Deputy shall be entitled to exercise 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. S/he regularly discusses with the Executive Board, particularly with the Chief Executive Officer, the strategy, planning, business development, the risk management and the compliance organisation of the Group.
- (5) In case both, the Chairman and his deputies, are prevented from fulfilling their duties, these obligations shall be taken over by the oldest member of the Supervisory Board for the period of 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 in writing, by telephone, by facsimile or by means of electronic telecommunication 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 the Chairman may shorten this period and call the meeting orally. The convocation shall contain place and time of the meeting as well as the agenda items. 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. S/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 or otherwise resolved by the Supervisory Board.

§ 6 Resolutions and Declarations

- (1) As a rule, resolutions of the Supervisory Board shall be adopted in meetings requiring personal attendance. Absent Supervisory Board members may participate in the taking of a resolution in a meeting by submitting their written vote or vote transmitted by facsimile or by means of electronic telecommunication through another Supervisory Board member. 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 adoption of resolutions. A member shall be deemed as participating in a resolution even if s/he abstains from voting in such resolution.
- (3) The Chairman shall preside over the meeting. In case the Chairman is prevented from exercising his function, the First Deputy shall preside over the meeting, or the Additional Deputy if the First Deputy is also prevented from attending. The person presiding over the meeting shall determine the order in which the items of the agenda are discussed as well as the type and the order of the votes. S/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. S/he shall not be entitled to an additional adjournment.
- (4) Resolutions on items of the agenda which have not been notified in due time may only be passed if no member objects thereto. In a such case, absent members shall be given the opportunity to oppose the taking of such resolution or to submit their vote in writing, by facsimile or by means of electronic telecommunication 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 telephone or video conference shall be deemed present.
- (6) A Supervisory Board resolution may also be passed outside a meeting by transmitting or casting votes in writing, by telephone, facsimile or by means of electronic telecommunication or via a telephone or video conference, if the Chairman of the Supervisory Board or, in case he should be prevented from doing so, the First Deputy or, if s/he should also be prevented from doing so, the Additional Deputy directs so for special reasons and provided that none of the members object thereto. There shall be no right of objection if the resolutions are taken in such a manner 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 of the resolution. Subject to the above conditions, a resolution may also be passed in combination of a meeting and

resolutions passed outside the meeting. In all other respects, the provisions of this § 6 as well as of § 5 sections 2 through 4 shall apply mutatis mutandis.

- (7) Resolutions shall require a simple majority of the votes cast unless a different majority is mandatory by law or the Articles of Association. The same applies to elections. An abstention shall not be considered as a submitted vote. 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. This second vote can also be submitted in written form pursuant to section 1 sentence 2. The deputies of the Chairman do 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 Company and the Supervisory Board member concerned.
- (9) The Chairman shall prepare and execute the resolutions of the Supervisory Board.
- (10) The Chairman, or in case he should be prevented from performing his duty, the First Deputy or in case s/he should also be prevented from performing his/her duty, the Additional Deputy shall be entitled to make the binding declarations required for Supervisory Board resolutions in the name of the Supervisory Board. Other declarations of the Supervisory Board shall also be made and received by the Chairman or his/her deputy determined in accordance with sentence 1 in the name of the Supervisory Board.
- (11) The decision on an objection against the compliance of the entire Supervisory Board with the gender quota (§96 section 2 sentence 3 German Stock Corporation Act [Aktiengesetz – AktG]) shall be made by a resolution of either the employee representatives or the shareholder representatives on the Supervisory Board. Such resolution shall require a simple majority of the employee representatives or of the shareholder representatives on the Supervisory Board. For passing the resolution sections 1 and 2, 3 sentence 1, sections 4-6, 9 and 10 as well as § 5 sections 1-3 and §7 shall apply mutatis mutandis. On application of these provisions, if the resolution is passed by the employee representatives on the Supervisory Board, the First Deputy of the Chairman of the Supervisory Board shall take the Chairman's place or in case the First Deputy is prevented from performing his/her duty, a Supervisory Board member from among the employee representatives to be elected by them with a simple majority of the votes cast. If the resolution is passed by the shareholder representatives on the Supervisory Board and the Chairman is prevented from performing his duty, his place shall be taken by the Additional Deputy.

An objection shall be declared by the chairman of the resolution to the Chairman of the Supervisory Board. Such declaration shall be submitted in writing, by

telephone, by facsimile or by means of electronic communication and shall be received by the Chairman of the Supervisory Board in a timely manner in order to ensure that the objection can be taken into consideration for preparing the Supervisory Board elections. In case the Chairman of the Supervisory Board is prevented from receiving the declaration of objection, the First Deputy shall be responsible, or the Additional Deputy if the First Deputy is also prevented. A separate declaration of objection shall not be required if the Chairman of the Supervisory Board or, in case of his prevention, his/her deputy determined in accordance with the previous sentence, participates in passing the resolution on the objection.

The Chairman of the Supervisory Board or, in case of his prevention, his First Deputy or, in case s/he is also prevented, the Additional Deputy shall immediately inform the Supervisory Board members on an objection declared.

§ 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 objects 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

Transactions Requiring Supervisory Board Approval

- (1) For the following transactions and measures, the Executive Board shall require the approval of the Supervisory Board or of the Steering Committee if it concerns its area of responsibility in accordance with § 10 section 2 sentence 2 or of the

Finance and Investment Committee if it concerns its area of responsibility in accordance with § 13 section 2:

- 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 Company.
- b) The acquisition and disposal of major industrial property rights of the Company, its subsidiaries and direct corporate holdings wherever the value of one of these measures exceeds an amount of EUR 50 million 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 50 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 EUR 50 million 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 EUR 50 million in the case concerned.

The Executive Board shall inform the Supervisory Board about disposal transactions amounting to a value between EUR 10 million and EUR 50 million when dealing with the quarterly results.

- e) Agreements which each lead to a payment obligation on the part of adidas AG amounting to more than EUR 200 million either once or over the term of contract; however, marketing and sponsorship agreements, which are only subject to an information obligation in accordance with § 16 section 4, are excluded. As regards the definition of “agreements” and the determination of the value of the respective agreement, see Annex 2.

Individual investments which are not included in the budget and which exceed an amount of EUR 50 million.

Individual investments which are included in the Budget and which each lead to a payment obligation on the part of adidas AG amounting to more than EUR 200 million either once or over the term of contract.

As regards the definition of “individual investments”, see Annex 2.

- f) The issuance of non-share-based bonds and comparable financial instruments, insofar as the individual volume of the bond (irrespective of whether it is to be issued in one or more tranches) amounts to or exceeds EUR 500 million or if the overall volume of several bonds which are interrelated in conjunction with the Company's financial planning reaches or exceeds this amount.
 - g) The conclusion, amendment and termination of inter-company agreements pursuant to §§ 291 et seq. AktG.
 - h) The adoption of the Company's and the Group's budget including the annual investment and financial plan for the respective financial year in consideration of the medium-term planning.
 - i) Executive Board measures based on the authorisations granted by the Annual General Meeting pursuant to § 71 section 1 number 8 AktG.
- (2) The approval as defined in section 1 lit. a), b), c), d), e), f) and i) shall also be required if the transactions are carried out by subsidiaries or affiliated companies.
- (3) Insofar as the Supervisory Board does not already have the responsibility, the Executive Board furthermore requires Supervisory Board approval in cases as outlined in §11 section 3 lit. b).
- (4) The Supervisory Board shall furthermore give its prior approval to
- a) sideline activities of an Executive Board member, especially Supervisory Board mandates outside the Company;
 - b) the conclusion of important transactions between the Company and Executive Board members as well as persons they are close to or companies they have a personal association with, at a transaction value of more than EUR 25,000;
 - c) advisory and other service agreements and contracts for work between a member of the Supervisory Board and the Company.

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 Finance and Investment Committee (§ 13), a Nomination Committee (§ 14), and a committee pursuant to § 27 section 3 MitbestG (§ 15). Further committees may be formed if necessary.
- (2) Each committee shall appoint from among its members a chairman unless otherwise provided for by law, the Articles of Association, these Rules of Procedure or the Supervisory Board.
- (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 belongs to 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. This does not apply to the committee pursuant to § 27 section 3 MitbestG and to the Audit Committee. Regarding the latter, the Chairman of the Audit Committee shall be entitled to cast a second vote.
- (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 sections 1-10 and § 7 shall further apply mutatis mutandis to the internal rules of procedure of the committees unless otherwise provided for in section II herein. The chairman of the respective committee shall take the place of the Chairman of the Supervisory Board.

§ 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, particularly with respect to the appointment and dismissal of Executive Board members and shall submit according proposals to the Supervisory Board. It develops in particular the compensation system for the Executive Board and proposes an according resolution to the Supervisory Board. The responsibility with regard to passing resolutions as well as to review of the compensation system for the Executive Board remains with the Supervisory Board.
- (3) The committee prepares suggestions on
 - a) the conclusion, amendment and termination of employment agreements with members of the Executive Board;
 - b) the granting of loans to persons as defined in §§ 89, section 115 AktG.

The responsibility for passing the resolutions shall remain with the Supervisory Board.

- (4) The General Committee shall discuss on a regular basis the long-term succession planning for the Executive Board. Doing so, it takes into consideration the management planning of the Company and the Group.

§ 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. All of the members shall be familiar with the industry in which the Company operates. The majority of members must be independent. At least one member of the Audit Committee must have expertise in the areas of accounting or annual auditing.
- (2) Neither the Chairman of the Supervisory Board nor any former member of the Executive Board of the Company whose term of office ended less than two years ago, shall be appointed Chairman of the Audit Committee. The Chairman of the Audit Committee shall have specific expertise and experience with regard to the application of accounting principles and internal control systems and shall be independent.
- (3) The Audit Committee shall submit to the Supervisory Board a recommendation containing reasons with regard to the selection of the auditor which must comprise at least two candidates in case of an invitation to tender for the audit mandate. The Audit Committee shall monitor the auditor's independence and shall moreover deal with the additional services rendered by the auditor, the assignment of the audit review to the auditor, the determination of priority topics and the fee agreement.
- (4) 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 first half year financial 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 combined management report for the Company and the Group 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.

- (5) Prior to the submission of the proposal for the appointment, the Audit Committee, instead of the Supervisory Board, shall obtain all of the declarations from the intended auditor which are legally required for the preparation of the audit and shall take all other statutory actions for the preparation of the audit. The declaration shall also include the scope of other services, in particular in the consultancy sector, rendered for the Group in the previous financial year or contractually agreed for the current and, if applicable, following year. It shall furthermore be confirmed in the declarations that no prohibited non-audit services within the meaning of Art. 5 section 1 EU Audit Regulation² were or will be rendered in the period between the beginning of the audit period and the submission of the auditor's opinion.
- (6) The Audit Committee shall be responsible for the prior 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 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 EU Audit Regulation, a catalogue of permitted non-audit services and a maximum budget in the context 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. In any case, the auditor shall be required to ascertain that its independence is not jeopardised as a result of rendering such services. Further details are stipulated in the Rules of Procedure of the Audit Committee as amended from time to time.
- (7) 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 AktG.
- (8) 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; recommendations or proposals as to how to guarantee the audit's integrity;
 - b) discussion of the semi-annual report and quarterly reports as well as a possible audit review of the semi-annual report together with the Executive Board prior to publication;

² Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

- c) the supervision of the effectiveness of the Internal Risk Management System, the Internal Control System, the Internal Audit 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 first half year report,
 - on the determination of the audit focal points,
 - on the auditor's compensation,
 - on the conclusion of an information agreement with the auditor (in accordance with section 7.2.1 of the German Corporate Governance Code) stating that the auditor shall without delay inform the Chairman of the Audit Committee, if, in the course of the audit, possible grounds for disqualification or partiality occur provided that they are not immediately eliminated,
 - on the disclosure agreement (in accordance with section 7.2.3 of the German Corporate Governance Code) stating that the auditor shall
 - report to the Supervisory Board without delay on all important facts and events arising in the course of the audit which are relevant to the Supervisory Board's tasks,
 - inform the Supervisory Board or note in the audit report if, in the course of the annual audit, the auditor comes across facts which lead to a misstatement of the Declaration of Compliance by the Executive Board and Supervisory Board pursuant to §161 AktG.

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

- (9) In addition, the Audit Committee shall discuss substantial changes in the auditing and accounting methods and shall provide advice 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.
- (10) The Chairman of the Audit Committee and the Chairman of the Supervisory Board sign the audit assignment and the information agreement.

§ 13

Finance and Investment Committee

- (1) The Finance and Investment Committee shall be composed of four members, i.e. two Supervisory Board members representing the shareholders and two Supervisory Board members representing the employees.
- (2) The Finance and Investment Committee shall have the following tasks in the Supervisory Board's stead:
 - a) the approval of business transactions and measures of the Executive Board as set out under § 8 section 1 lit. c), d) and e) insofar as the value of the individual transaction does not exceed EUR 500 million. If the individual value of said transactions exceeds the aforementioned amount, the responsibility shall remain with the entire Supervisory Board.
 - b) the approval to issue bonds (regardless of the specific structure, the currency, the term and placement) by adidas AG set out under § 8 section 1 lit. f).;
 - c) the approval of the business transactions set out under § 8 section 1 lit. i) whereas the implementing measures of a share buyback programme resolved by the Executive Board with the approval of the Finance and Investment Committee, for which an individual Executive Board member or department is responsible, do not require separate approval of the Committee.

Insofar as the Supervisory Board is authorised to grant shares to Executive Board members as a compensation component in accordance with § 71 section 1 number 8 AktG within the scope of Annual General Meeting resolutions, this responsibility remains with the entire Supervisory Board.

- d) the approval in accordance with § 8 section 2
 - insofar as the transactions set out under § 8 section 1 lit. a) and b) are not included and
 - insofar as the transactions and measures set out under § 8 section 1 lit. c), d) and e) are only affected if the individual value does not exceed an amount of EUR 500 million.
- e) the approval of the issuance of bonds by adidas AG or a subsidiary company of adidas AG while utilising the authorisation granted by the Annual General Meeting of May 8, 2014 under Agenda Item 7.

§ 14

Nomination Committee

- (1) The Supervisory Board forms a Nomination Committee composed of three Supervisory Board members representing the shareholders. The members of the

Nomination Committee shall be elected by the shareholder representatives of the Supervisory Board.

- (2) Under consideration of § 2 section 1 to 3, of the statutory regulations and of the concrete objectives for its composition as specified by the Supervisory Board, the Nomination Committee shall be responsible for nominating suitable candidates to be elected as shareholder representatives to the Supervisory Board for its proposals to the Annual General Meeting.
- (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.

§ 15

Committee Pursuant to § 27 Section 3 MitbestG

Immediately upon the election of the Chairman and the election of the First Deputy the Supervisory Board shall form a committee to perform the functions as defined in § 31 section 3 sentence 1 MitbestG, which shall be composed of the Chairman, the First Deputy 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

§ 16

Standard Reports to the Supervisory Board pursuant to § 90 Section 1 Sentence 1 No. 1-3 AktG; Other Information

- (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 Company and of the Group. Such report shall contain the main items of the corporate management planned by the Executive Board and a regular or event-based report on the status of any given projects approved by the Supervisory 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 Company 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 in a timely and comprehensive manner on the development of the business activities, in particular on the sales figures and on the situation of the Company and of the Group. Such report shall provide, inter alia, information on the current development of the sales, profit, financial and asset situation as well as the competitive position, on personnel matters and on the major risks of the Group. Differences in comparison to the previous year and to the target figures shall be explained.
- (4) Once per year the Executive Board shall report on the marketing and sponsorship agreements concluded in the respective calendar year (December meeting) and on the progress and development in "Digital Marketing and eCommerce".
- (5) Based on the respective event, the Executive Board shall provide the Supervisory Board with the information set out in Annex 1 in due time.

- (6) The reports as defined in § 16 herein shall be presented as timely as possible and, as a rule, in writing. The Executive Board shall report to the Supervisory Board in such a way that the Supervisory Board is informed regularly, without delay and comprehensively on all issues important to the Company or the Group with regard to strategy, planning, business development, risk situation, risk management and the compliance organisation. Any further legal reporting and information obligations shall remain unaffected.

§ 17

Special Reports to the Supervisory Board

The Executive Board shall report on any transactions which may be of fundamental importance to the Company'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.

§ 18

Reports to the Chairman of the Supervisory Board

The Executive Board reports to the Chairman of the Supervisory Board in due time on 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 Company.

§ 19

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 Company, on the Company'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 Company.

§ 20

Resigned members of the Supervisory Board: Duty to return documents and claim to provision of information

- (1) The duty of the Supervisory Board member to return all documents, copies and records in connection with the exercise of his/her duties and the duty to maintain secrecy regarding business secrets and confidential information which shall continue after resigning from the Supervisory Board shall not be affected to the extent that it is not required for the proper legal defence against asserted claims.

- (2) In the event that the Company (including all of its bodies) or third parties assert claims against the Supervisory Board member after his/her resignation from the Supervisory Board which are related to his/her exercise of duties as Supervisory Board member, the Company shall permit the Supervisory Board member, upon request, to inspect, and make copies of, the minutes of the Supervisory Board meetings including annexes which were prepared during his/her term of office; the same shall apply to minutes of committee meetings to which the Supervisory Board member belonged which were prepared during the Supervisory Board member's term of office, as well as to the reports submitted by the Executive Board to such committees.
- (3) Regardless of any statutory retention periods, the Company shall be obligated to retain the minutes of meetings and reports for a period of at least 15 years from their preparation; such obligation shall apply to documents which were prepared prior to the Supervisory Board member's resignation from the Supervisory Board. Furthermore, in the event described above, the Company shall grant the Supervisory Board member access to any other documents in connection with his/her exercise of duty. The Company shall be allowed to deny access to the aforementioned documents if, following a reasonable assessment, they are evidently not required for a proper legal defence against the claims asserted; the Company must provide written reasons for such denial.
- (4) The Supervisory Board member shall be obligated to use the documents and data provided according to the aforementioned stipulations solely for the purpose of legally defending himself/herself against the asserted claims and to otherwise treat such documents and data as strictly personal and confidential.

§ 21 Effectiveness

These Rules of Procedure shall become effective on August 2, 2017. They shall replace the hitherto effective Rules of Procedure of the Supervisory Board in its version dated May 10, 2017.

Annex 1

1. Monthly, quarterly, half year and year-end reports*
2. Ad hoc information*
3. adidas press reviews*
4. Presentations and reports regarding the individual topics addressed at the Supervisory Board and committee meetings**
5. Sporting Goods Intelligence newsletter*
6. Announcements regarding changes in 1st Line Management*
7. Announcements regarding SBP 2020 "CREATING THE NEW"*
8. Information on official IR events (investor days, tutorial workshops) in which the Supervisory Board can participate in person or view via webcast and provision of relevant detailed documents (presentations and background information)*
9. Reports:
 - IR fact sheet (quarterly) on trends and KPIs in the sporting goods industry
 - Selected important analyst reports**

* time-critical (via e-mail)

** not time-critical (via Brainloop)

Annex 2

DEFINITIONS

1. Agreements

An agreement is a multilateral legal transaction and the contractually typical consideration owed for products or services usually consists of a consideration in the form of a payment. All agreements which reach or exceed the respective value threshold determined by the Supervisory Board are subject to Supervisory Board approval, except for marketing and sponsorship agreements and inter-company agreements within the meaning of §§ 291 et seq. AktG. The latter are already covered in the context of the transaction requiring Supervisory Board approval in the Rules of Procedure of the Supervisory Board (currently part I § 8 (1) g)).

2. Determination of the value thresholds

a) Fixed-term agreements

As regards the determination of the value thresholds set out in part I § 8, the maximum amount resulting from the agreement for the (intended) overall term is taken as a basis, without taking any termination options into account.

b) Agreements with extension clauses / Open-ended agreements

If an agreement includes automatic extension clauses so that it is initially not subject to the threshold of transactions requiring approval but reaches or exceeds the threshold after an extension, the standard term of the agreement shall be taken as a basis. In cases of doubt, the standard term of the agreement shall be three years. The latter shall also apply to open-ended agreements.

3. Individual investments

Individual investments refers to capital expenditure for the purchase, finance lease or construction of tangible or intangible assets with a useful life in excess of one year.

When determining the value thresholds, the total cash expenditures, net of any recoverable taxes (e.g. Value Added Tax (VAT)), for the purchase, finance lease or construction of tangible or intangible assets are taken as a basis.