

# 1

## TO OUR SHAREHOLDERS

LETTER FROM THE CEO	9
EXECUTIVE BOARD	13
SUPERVISORY BOARD	18
SUPERVISORY BOARD REPORT	22
DECLARATION ON CORPORATE GOVERNANCE	32
COMPENSATION REPORT	42
OUR SHARE	77

# LETTER FROM THE CEO

KASPER RORSTED



MY HEARTFELT THANKS GO OUT TO ALL OUR EMPLOYEES AROUND THE WORLD. I AM EXTREMELY PROUD TO BE PART OF THIS WINNING TEAM.

## DEAR SHAREHOLDERS,

I can confidently say that 2021 was a much better year than 2020. On the back of successful vaccination campaigns around the globe, the worldwide economy started to recover. Sport returned to the global stage, with the UEFA EURO 2020 football tournament and the Tokyo 2020 Olympics finally taking place, creating huge excitement around the world. That said, the covid-19 pandemic continued to impact lives and businesses across the globe. At adidas, we delivered a set of strong results despite heavy disruptions in supply and demand, with currency-neutral sales up 16% to more than € 21 billion and a net income from continuing operations of € 1.492 billion – an improvement of more than € 1 billion compared to the previous year. In addition, we launched our new 2025 strategy 'Own the Game' which will set us up for long-term success in this attractive industry.

### SPORT BACK ON THE GLOBAL STAGE

Let me stay on the topic of sport because that's what adidas is all about. Sport defines our past, present and future. I was so happy to see football returning to the stadiums – albeit with reduced capacities – at the UEFA EURO 2020 last summer. For the first time, the tournament was played across the entire continent, showcasing the unifying power of sport. For us, it was a particular pleasure to host the German national football team in the newly built 'Home Ground' at our headquarters in Herzogenaurach, Germany. Hosting a world-class team on our premises during such a major tournament was an industry first.

### WINS AND WORLD RECORDS

Our campus also provided the backdrop for yet another world-class sporting event: the 'adizero: Road to Records,' a race named after our signature performance running shoe. We invited 90 elite adidas runners to compete in our half-marathon, 10k and 5k races and they didn't let us down, setting new world records in both the 5k and 10k events. Overall, we had a fantastic year in running with more wins, more world records and more podiums at major road races than all other brands combined. Peres Jepchirchir from Kenya led the charge, becoming the first person to win both the Olympic and the New York City marathon in the same year.

### STRONG FINANCIAL RESULTS

The success of our athletes, teams and products underlined adidas' credibility as the best sports brand in the world in 2021, which in turn translated into strong financial results. We ended the year with currency-neutral sales up 16%. We saw a particularly strong development in markets that operated without major covid-19 disruptions throughout the year. EMEA, North America, and Latin America recorded currency-neutral sales increases of 24%, 17%, and 47% respectively – a testament to the strong consumer demand for our brand and our products. The challenging market environment in Greater China (+3%) and the extensive covid-19-related restrictions in Asia-Pacific (+8%) weighed on our results in these markets. All markets were negatively impacted by industry-wide supply chain challenges. Combined, all external factors reduced revenue growth for the year by more than € 1.5 billion.

Despite higher supply chain costs and negative currency developments, both our gross margin and operating margin improved significantly year-on-year to 50.7% and 9.4%, respectively. Net income from continuing operations reached € 1.492 billion for the year. Based on our substantial cumulative free cash flow, we returned nearly € 1.6 billion through dividend payments and share buybacks to you, our shareholders.

## AGREEMENT TO SELL REEBOK

On top of delivering strong results despite the challenges we faced, we also reached another important milestone in 2021: We signed an agreement to sell the Reebok brand to Authentic Brands Group for a total consideration of up to € 2.1 billion. Reebok has been a valued part of adidas, and we are grateful for the contributions the brand and the team behind it have made to our company. With this change in ownership, we believe the Reebok brand will be well positioned for long-term success.

## 'OWN THE GAME' STRATEGY PUTS THE CONSUMER FIRST

As for adidas, we will now completely focus our efforts on executing our 'Own the Game' strategy, which we launched in March 2021. 'Own the Game' is a growth and investment strategy, which will lead adidas to future success. Our strategy is deeply rooted in sport, puts the consumer at the heart of everything we do, and is being brought to life by our people. Our strategic focus is on increasing the credibility of the adidas brand, elevating the experience for consumers and pushing the boundaries in Sustainability. To successfully deliver on this strategy, we will invest consistently into our people and our unique workplace. This includes furthering our efforts to ensure there is a level playing field for all, as we continue our Diversity, Equity, and Inclusion journey. Investments into product development, marketing, sponsoring, and digitalization are also set to increase strongly over this strategy cycle.

## INCREASE BRAND CREDIBILITY

'Own the Game' is designed to significantly increase sales and profitability, as well as gain market share over the coming years. More than 95% of sales growth is expected to come from five strategic categories: Football, Running, Training, Outdoor, and Lifestyle. We will increase brand credibility by sharpening the edges of adidas on both ends of the spectrum – in sport and in lifestyle. With the introduction of adidas Sportswear as a new consumer proposition, we are addressing the growing relevance of the 'athleisure' trend toward sport-inspired leisurewear.

## BUILD BEST-IN-CLASS EXPERIENCES

Our operating model is evolving to build direct relationships with consumers and offer them best-in-class experiences in our stores and online. As a result, our company's direct-to-consumer business is projected to account for around half of the company's total net sales by 2025 and generate more than 80% of the targeted top-line growth. Our e-commerce revenues are forecast to double to between € 8 billion and € 9 billion.

From a market perspective, our primary focus will be on EMEA, North America, and Greater China. Overall, these three strategic markets are expected to account for around 90% of sales growth by 2025.

## LEAD IN SUSTAINABILITY

Last, but by no means least, we will expand our leadership position in sustainability. For over two decades, sustainability has been an integral part of adidas' philosophy. A philosophy rooted in our company's purpose 'Through sport, we have the power to change lives.' In the years to come, we will significantly expand our commitment to sustainability and move to a comprehensive consumer-facing program with a sustainable offering at scale: nine out of ten adidas articles will be made from sustainable materials by 2025.

**SUBSTANTIAL GROWTH IN SALES, PROFITABILITY, AND CASH FLOW UNTIL 2025**

Based on our strategy, we have set ourselves ambitious targets that will be measured against our 2021 financial year as a baseline. We aim to increase sales by an average of between 8% and 10% per year on a currency-neutral basis over the four-year period between 2021 and 2025. Gross margin is forecast to expand to a level of between 53% and 55%, and the operating margin to a level of between 12% and 14% by 2025. Net income from continuing operations is also projected to increase substantially by an average of between 16% and 18% per year over the four-year period between 2021 and 2025. Driven by the significant top-line growth and strong bottom-line expansion, adidas will generate substantial cumulative free cash flow. The majority of this – between € 8 billion and € 9 billion for the five-year period – will be distributed to you, our shareholders, through regular dividend payouts in a range of between 30% and 50% of net income from continuing operations, complemented with share buybacks.

**POSITIVE OUTLOOK FOR 2022**

I look into 2022 with optimism. We are well prepared to execute our strategic priorities diligently, our product line-up looks great, and we will impactfully demonstrate our brand attitude of 'Impossible is Nothing' throughout the entire year. Consequently, we expect currency-neutral net sales to grow at a rate between 12% and 14% and our gross margin is projected to increase to a level of between 51.5% and 52.0%. Driven by the strong sales growth and the gross margin improvement, we expect an operating margin of between 10.5% and 11.0%. We will grow the bottom line significantly faster than the top line. As a result, net income from continuing operations is anticipated to increase to a level of between € 1.8 billion and € 1.9 billion, making 2022 another successful year for adidas.

**TOGETHER WE ARE ADIDAS**

2021 threw a variety of challenges at us. I am proud that we mastered these challenges, launched a compelling new strategy, and delivered strong financial results. My heartfelt thanks go out to all our 61,400 employees around the world. They are the ones that serve and delight our consumers every single day by creating, selling, and delivering our products. They are the ones that show incredible commitment, passion, and resilience in times of continued uncertainty. I am extremely proud to be part of this winning team. Together, we are adidas – the best sports brand in the world.

Sincerely yours,



**Kasper Rorsted**

CEO

## EXECUTIVE BOARD

OUR EXECUTIVE BOARD IS COMPOSED OF SIX MEMBERS.  
EACH BOARD MEMBER IS RESPONSIBLE FOR AT LEAST ONE MAJOR  
FUNCTION WITHIN THE COMPANY.



More information on the adidas Executive Board

► [ADIDAS-GROUP.COM/EXECUTIVE-BOARD](https://adidas-group.com/executive-board)





## KASPER RORSTED

### Chief Executive Officer

Kasper Rorsted was born in Aarhus, Denmark, in 1962 and is a Danish national. He holds a degree in International Business Studies from the Copenhagen Business College, Denmark, from where he graduated in 1985, and completed a series of Executive Programs at Harvard Business School, USA. During his career, Kasper Rorsted gained valuable experience in the IT industry through various management positions at Oracle, Compaq and Hewlett Packard. These included Head of Compaq Enterprise Business Group EMEA (1995-2001) and Vice President and General Manager EMEA (2001-2002) based in Germany and Switzerland at Compaq and Senior Vice President and General Manager EMEA (2002-2004) based in Switzerland at Hewlett-Packard, Digital Equipment Corporation. In 2005, Kasper Rorsted joined consumer goods manufacturer Henkel based in Germany as the Executive Vice President of Human Resources Management, Procurement, IT and Infrastructure Services. In 2007, he became the Vice Chairman of the Management Board before he was appointed Chief Executive Officer (CEO) of Henkel in 2008. Since 2016, Kasper Rorsted has been the CEO of adidas AG, Herzogenaurach, Germany.

### MANDATES:

- Member of the Board of Directors, Nestlé S.A., Vevey, Switzerland<sup>1</sup>
- Member of the Supervisory Board, Siemens AG, Berlin and Munich, Germany<sup>2</sup>

<sup>1</sup> Until April 7, 2022.

<sup>2</sup> Since February 3, 2021.



## **ROLAND AUSCHEL**

### **Global Sales**

Roland Auschel was born in Bad Waldsee, Germany, in 1963 and is a German citizen. After obtaining a bachelor's degree in European Business Studies from the Münster University of Applied Sciences, Germany, and the University of Hull, UK, as well as an MBA from the University of Miami, USA, he joined the adidas team as a Strategic Planner in 1989. During his career with the company, he has held many senior management positions, including Business Unit Manager, Key Account Manager Europe and Head of Region Europe, Middle East and Africa. In 2009, he became Chief Sales Officer Multichannel Markets. In 2013, Roland Auschel was appointed to the Executive Board and is responsible for Global Sales.



## **BRIAN GREVY**

### **Global Brands**

Brian Grevy was born in Kolding, Denmark, in 1971 and is a Danish citizen. After his studies at the Business School in Vejle, Denmark, he held various leadership positions at adidas and Reebok Nordics between 1998 and 2006. In 2006, he transferred to the adidas headquarters in Herzogenaurach, Germany, to become Director Men's Training and, as of 2010, Senior Vice President Training and Regional Sports. From 2012 to 2014, Brian Grevy acted as General Manager adidas Nordics in Stockholm, Sweden. During the years 2014 to 2016, he led the adidas Business Unit Training as General Manager in Herzogenaurach, Germany. He then joined Gant in Stockholm, Sweden, as Chief Marketing Officer, where he became Chief Executive Officer in 2018. In 2020, Brian Grevy was appointed to the adidas Executive Board and is responsible for Global Brands.

### **MANDATES:**

- Member of the Board of Directors, Pitzner Gruppen Holding A/S, Copenhagen, Denmark



**HARM OHLMEYER****Chief Financial Officer**

Harm Ohlmeyer was born in Hoya, Germany, in 1968 and is a German national. He holds a degree in Business Studies from the University of Regensburg, Germany, as well as an MBA from Murray State University, USA. Harm Ohlmeyer started his career with adidas in 1998 and gained extensive experience in the areas of Finance and Sales, including responsibility as CFO TaylorMade-adidas Golf in Carlsbad, USA, and Senior Vice President Finance adidas Brand and Global Sales (adidas and Reebok). From 2011, he led the company's e-commerce business as Senior Vice President Digital Brand Commerce. From 2014 to 2016, he held additional responsibility as Senior Vice President Sales Strategy and Excellence. In 2017, Harm Ohlmeyer was appointed to the Executive Board and subsequently became Chief Financial Officer.

**MANDATES:**

- Member of the Supervisory Board, SV Werder Bremen GmbH & Co. KGaA, Bremen, Germany<sup>3</sup>

**AMANDA RAJKUMAR****Global Human Resources, People and Culture**

Amanda Rajkumar was born in Northampton, UK, in 1972 and is a British national. She holds a Bachelor of Science degree from Goldsmiths College, London University, UK, and began her professional career as a research psychologist before joining the London-based recruitment consultancy JM Management. From 1998 onward, she held various senior HR leadership and managerial positions at JPMorgan Chase. She joined BNP Paribas in 2009, where over eleven years, she was responsible for Global Human Resources for different business divisions based out of Europe and the US. Most recently, she was Chief Human Resources Officer for the Americas region, with responsibility for the Intermediary Holding Company of BNP Paribas in the Americas overseeing the retail and wholesale divisions. At the beginning of 2021, Amanda Rajkumar was appointed to the adidas Executive Board and is responsible for Global Human Resources, People and Culture. In May 2021, she was appointed as Labor Director.

<sup>3</sup> Since October 7, 2021.

**MARTIN SHANKLAND****Global Operations**

Martin Shankland was born in Sydney, Australia, in 1971 and is an Australian national. He holds a Bachelor of Commerce degree from the University of New South Wales, Australia, and completed the Professional Year Program at the Australian Institute of Chartered Accountants. He joined adidas in 1997 as Finance Director for adidas Russia/CIS and was Managing Director from 2000 to 2017. From 2017 to 2019, he led adidas Emerging Markets as Managing Director. In 2019, Martin Shankland was appointed to the Executive Board and is responsible for Global Operations.

# SUPERVISORY BOARD

## THOMAS RABE

CHAIRMAN

residing in Berlin, Germany

born on August 6, 1965

Member of the Supervisory Board since May 9, 2019

Chairman and Chief Executive Officer, Bertelsmann Management SE, Gütersloh, Germany

Chief Executive Officer, RTL Group S.A., Luxembourg, Luxembourg

Membership in comparable domestic and foreign controlling bodies of commercial enterprises

Mandates held in foreign subsidiaries of Bertelsmann SE & Co. KGaA:

- Member of the Supervisory Board, Majorel Group Luxembourg S.A., Luxembourg, Luxembourg<sup>4</sup>

## UDO MÜLLER\*

DEPUTY CHAIRMAN

residing in Herzogenaurach, Germany

born on April 14, 1960

Member of the Supervisory Board since October 6, 2016

Manager History Management, adidas AG, Herzogenaurach, Germany

## IAN GALLIENNE

DEPUTY CHAIRMAN

residing in Gerpennes, Belgium

born on January 23, 1971

Member of the Supervisory Board since June 15, 2016

Chief Executive Officer, Groupe Bruxelles Lambert, Brussels, Belgium

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Member of the Board of Directors, Pernod Ricard SA, Paris, France
- Member of the Board of Directors, SGS SA, Geneva, Switzerland

Mandates within the Groupe Bruxelles Lambert or in entities under common control with the Groupe Bruxelles Lambert:

- Member of the Board of Directors, Imerys SA, Paris, France
- Member of the Board of Directors, Sienna Capital S.à r.l., Strassen, Luxembourg
- Member of the Board of Directors, Compagnie Nationale à Portefeuille SA, Loverval, Belgium
- Member of the Board of Directors, Frère-Bourgeois SA, Loverval, Belgium<sup>5</sup>
- Member of the Board of Directors, Château Cheval Blanc, Société Civile, Saint-Émilion, France
- Member of the Board of Directors, GBL Development Ltd., London, United Kingdom
- Member of the Supervisory Board, Marnix French ParentCo SAS (Webhelp Group), Paris, France
- Member of the Board of Directors, Financière De La Sambre, Loverval, Belgium<sup>6</sup>
- Member of the Board of Directors, Carpar SA, Loverval, Belgium<sup>7</sup>

<sup>4</sup> Until September 17, 2021.

<sup>5</sup> Until April 20, 2021.

<sup>6</sup> Since June 30, 2021.

<sup>7</sup> Since June 17, 2021.

\* Employee representative.

**PETRA AUERBACHER\***

residing in Emskirchen, Germany

born on December 27, 1969

Member of the Supervisory Board since May 9, 2019

Project Manager Creative Direction, adidas AG, Herzogenaurach, Germany

**ROSWITHA HERMANN\*<sup>8</sup>**

residing in Erlangen, Germany

born on December 27, 1962

Member of the Supervisory Board since May 9, 2019

Director Projects, adidas AG, Herzogenaurach, Germany

**JACKIE JOYNER-KERSEE**

residing in Ballwin, Missouri, USA

born on March 3, 1962

Member of the Supervisory Board since May 12, 2021

CEO Jackie Joyner-Kersey Foundation and Motivational Speaker, East St. Louis, Illinois, USA

**CHRISTIAN KLEIN**

residing in Mühlhausen, Germany

born on May 4, 1980

Member of the Supervisory Board since August 11, 2020

Chief Executive Officer, SAP SE, Walldorf, Germany

**KATHRIN MENGES**

residing in Großenbrode, Germany

born on October 16, 1964

Member of the Supervisory Board since May 8, 2014

Self-employed entrepreneur

**ROLAND NOSKO\***

residing in Wolnzach, Germany

born on August 19, 1958

Member of the Supervisory Board since May 13, 2004

District Manager of the Industrial Union IG Bergbau, Chemie, Energie (IG BCE), District of Nuremberg, Nuremberg, Germany

Membership in other statutory supervisory boards in Germany:

- Deputy Chairman of the Supervisory Board, CeramTec GmbH, Plochingen, Germany
- Member of the Supervisory Board, Plastic Omnium Automotive Exteriors GmbH, Munich, Germany

**BEATE ROHRIG\***

residing in Glashütten, Germany

born on March 24, 1965

Member of the Supervisory Board since May 9, 2019

State District Manager of the Industrial Union IG BCE, State District Bavaria, Munich, Germany

Membership in other statutory supervisory boards in Germany:

- Member of the Supervisory Board, Wacker Chemie AG, Munich, Germany

<sup>8</sup> Until December 31, 2021.

\* Employee representative.

**NASSEF SAWIRIS**

residing in London, United Kingdom

born on January 19, 1961

Member of the Supervisory Board since June 15, 2016

Executive Chairman and Member of the Board of Directors, OCI N.V., Amsterdam, The Netherlands

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- CEO of Avanti Acquisition Corp., New York, USA

**FRANK SCHEIDERER\***

residing in Wilhelmsdorf, Germany

born on April 16, 1977

Member of the Supervisory Board since May 9, 2019

Director Finance - Strategy and Programs, adidas AG, Herzogenaurach, Germany

**MICHAEL STORL\***

residing in Oberreichenbach, Germany

born on July 3, 1959

Member of the Supervisory Board since May 9, 2019

Deputy Chairman of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany

**BODO UEBBER**

residing in Munich, Germany

born on August 18, 1959

Member of the Supervisory Board since May 9, 2019

Independent Management Consultant

Membership in other statutory supervisory boards in Germany:

- Member of the Supervisory Board, Bertelsmann SE & Co. KGaA/Bertelsmann Management SE, Gütersloh, Germany
- Chairman of the Supervisory Board, Evercore GmbH, Frankfurt/Main, Germany
- Non-Executive Director, Levere Holding Corp., Grand Cayman, Cayman Islands<sup>9</sup>

**JING ULRICH**

residing in Hong Kong, China

born on June 28, 1967

Member of the Supervisory Board since May 9, 2019

Vice Chairman of Global Banking and Asia Pacific, JPMorgan Chase & Co., New York, USA

**GÜNTER WEIGL\***

residing in Oberreichenbach, Germany

born on April 14, 1965

Member of the Supervisory Board since May 9, 2019

Senior Vice President Global Sports Marketing and Brand Relations, adidas AG, Herzogenaurach, Germany

<sup>9</sup> Since March 18, 2021.

\* Employee representative.

## SUPERVISORY BOARD MEMBER UNTIL MAY 12, 2021

### HERBERT KAUFFMANN

residing in Stuttgart, Germany

born on April 20, 1951

Member of the Supervisory Board since May 7, 2009

Independent Management Consultant, Stuttgart, Germany

## SUPERVISORY BOARD MEMBER AS OF JANUARY 1, 2022

### BASTIAN KNOBLOCH\*

residing in Bramsche, Germany

born on September 12, 1982

Member of the Supervisory Board since January 1, 2022

Chairman of the Works Council Campus North, adidas AG, Rieste, Germany

## STANDING COMMITTEES AS OF MAY 12, 2021

### Steering Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller\*

### General Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller\*, Roland Nosko\*

### Audit Committee:

Bodo Uebber (Chairman), Kathrin Menges, Frank Scheiderer\*, Günter Weigl\*

### Nomination Committee:

Thomas Rabe (Chairman), Ian Gallienne, Kathrin Menges

### Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG):

Thomas Rabe (Chairman), Ian Gallienne, Roswitha Hermann\*<sup>10</sup>, Udo Müller\*

## STANDING COMMITTEES UNTIL MAY 12, 2021

### Steering Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller\*

### General Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller\*, Roland Nosko\*

### Audit Committee:

Bodo Uebber (Chairman), Herbert Kauffmann, Frank Scheiderer\*, Günter Weigl\*

### Nomination Committee:

Thomas Rabe (Chairman), Ian Gallienne, Kathrin Menges

### Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG):

Thomas Rabe (Chairman), Ian Gallienne, Roswitha Hermann\*, Udo Müller\*

**Biographical information on our Supervisory Board members is available online**

► [ADIDAS-GROUP.COM/SUPERVISORY-BOARD](https://adidas-group.com/supervisory-board)

<sup>10</sup> Until December 31, 2021. Replaced by Petra Auerbacher since January 1, 2022.

\* Employee representative.



# SUPERVISORY BOARD REPORT

## DEAR SHAREHOLDERS,

With strong top- and bottom-line improvements, 2021 marked a successful start into adidas' new strategic cycle. This was achieved despite several severe challenges the company has been facing. While the global economy started to recover, the coronavirus pandemic continued to impact industries and lives all over the globe. In addition, the challenging market environment in China had an adverse impact on the company's business activities. adidas was able to limit the impact from these headwinds as it quickly implemented effective countermeasures and took advantage of emerging opportunities. In March, the company launched its new strategy 'Own the Game.' Focusing on the most promising categories, channels, and markets in the highly attractive global sporting goods industry, 'Own the Game' is designed to significantly increase sales and profitability, generate substantial free cash flow and create attractive shareholder returns. In 2021 alone, the company returned € 1.6 billion to its shareholders through dividends and share buybacks. At the same time, investments into product development, marketing, sponsoring, sustainability, and digitalization will increase strongly over the next couple of years, laying the foundation for long-term success. Another important milestone in 2021 was the agreement to sell Reebok as it allows the company to focus its efforts on further strengthening the leading position of the adidas brand in the global sporting goods market. Against this background, the company is well positioned to continue generating profitable and sustainable growth in 2022 and beyond.

### MONITORING AND ADVICE IN DIALOGUE WITH THE EXECUTIVE BOARD

In the year under review, we performed all of our tasks laid down by law, the Articles of Association, the German Corporate Governance Code ('Code'), and the Rules of Procedure carefully and conscientiously, as in previous years. We regularly advised the Executive Board on the management of the company as well as diligently and continuously monitored its management activities. The Executive Board involved us directly and in a timely and comprehensive manner in all of the company's fundamental decisions.

The Executive Board informed us extensively and regularly through written and oral reports. This information covered all relevant aspects of the company's corporate strategy, business planning (including financial, investment, and personnel planning), the course of business, and the company's financial position and profitability. We were also kept up to date on matters relating to accounting processes, the risk situation, and the effectiveness and development of the internal control and risk management systems and compliance as well as all major decisions and business transactions. In this context, the focus in the year under review was in particular on the divestiture process of Reebok, which was regularly and extensively discussed by the Supervisory Board. Furthermore, the Executive Board always explained immediately and in detail any deviation in the performance of the business from the established plans. In the year under review, the principal cause of deviation continued to be the unpredictable development of the coronavirus pandemic. Additional challenges included the geopolitical situation in China and extended lockdown measures, including factory closures in Vietnam and Indonesia in particular. The Executive Board reported to us regularly on the measures it had taken to mitigate the negative effects on operational performance. The Executive Board particularly informed us on the impact of the coronavirus pandemic on our employees and locations around the world. We supported the Executive Board in an advisory capacity on all of the measures implemented, each of which was intended to promote the long-term prosperity of adidas as well as its employees, consumers, and business partners.

Also for the preparation of our meetings, the Executive Board provided us regularly with comprehensive written reports. We thus always had the opportunity to critically analyze the Executive Board's reports and resolution proposals within the committees and within the entire Supervisory Board and to put forward suggestions before passing resolutions after in-depth examination and extensive consultation. At the Supervisory Board meetings, the Executive Board was available to discuss and answer our questions. In the periods between our meetings, the Executive Board also provided us with extensive monthly reports on the current business situation. We critically examined and challenged the information provided to us by the Executive Board.

### MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In the past financial year, the Supervisory Board primarily exercised its duties in plenary sessions. Members who were unable to participate in the meetings took part in the resolutions by submitting their vote in writing. Given the ongoing coronavirus pandemic and in order to protect the safety of all persons involved, most of our meetings were held virtually, as in the previous year. The latest videoconferencing technology was used to ensure an open and appropriate discussion between the Executive Board and Supervisory Board within the virtual meetings. Once again, the Supervisory Board and its committees achieved a consistently high participation rate at meetings during the year under review, totaling approximately 98% (2020: approximately 97%).

The external auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, ('KPMG') attended all meetings of the Supervisory Board, with the exception of one extraordinary meeting, insofar as no Executive Board matters or internal matters of the Supervisory Board were dealt with. In addition, KPMG attended all meetings of the Audit Committee with the exception of individual agenda items concerning the impending external rotation of the auditor.

In the periods between meetings, the Supervisory Board Chairman and the Audit Committee Chairman maintained regular contact with the Chief Executive Officer and the Chief Financial Officer, conferring on matters such as corporate strategy, business planning and development, the risk situation, control and risk management as well as compliance. A key issue during the year under review was the impact of external uncertainties arising from, inter alia, the geopolitical situation in China, the factory closures in Vietnam and Indonesia in particular, the resulting supply chain challenges, and the respective mitigation measures. In addition, the Supervisory Board Chairman and, as applicable, the entire Supervisory Board, were informed about events of fundamental importance for evaluating the situation, development, and management of the company, when necessary also at short notice. The Chairman of the Supervisory Board regularly reported during meetings on discussions with the Executive Board outside the Supervisory Board meetings.

The Supervisory Board also met regularly without the Executive Board members, in particular to discuss internal affairs of the Supervisory Board as well as personnel and compensation matters relating to the Executive Board.

## INDIVIDUAL MEETING PARTICIPATION OF THE SUPERVISORY BOARD MEMBERS

	Number of meetings	Participation	Participation rate
<b>Members of the Supervisory Board as at December 31, 2021</b>			
Thomas Rabe, Chairman	12	12	100%
Ian Gallienne, Deputy Chairman	12	12	100%
Udo Müller, Deputy Chairman	12	12	100%
Petra Auerbacher	7	6	86%
Roswitha Hermann	7	7	100%
Jackie Joyner-Kersee <sup>1</sup>	4	4	100%
Christian Klein	7	7	100%
Kathrin Menges <sup>2</sup>	10	10	100%
Roland Nosko	12	12	100%
Beate Rohrig	7	7	100%
Nassef Sawiris	7	6	86%
Frank Scheiderer	11	11	100%
Michael Storl	7	7	100%
Bodo Uebber	12	12	100%
Jing Ulrich	7	7	100%
Günter Weigl	12	12	100%
<b>Member of the Supervisory Board until the end of the Annual General Meeting on May 12, 2021</b>			
Herbert Kauffmann	5	5	100%

<sup>1</sup> Member of the Supervisory Board from the end of the Annual General Meeting on May 12, 2021.

<sup>2</sup> Member of the Audit Committee from the end of the Annual General Meeting on May 12, 2021.

## TASKS AND TOPICS FOR THE ENTIRE SUPERVISORY BOARD

In the year under review, there were seven meetings of the entire Supervisory Board (2020: ten meetings).

The following subject areas were presented to us in detail by the Executive Board for regular discussion at meetings of the entire Supervisory Board: the development of sales, earnings, and employment situation; the financial position of the company; and the development of the company's individual operations, brands, and markets. In addition, we examined the impact of the ongoing coronavirus pandemic on the global economy and the company. As in previous years, our primary concern was the health and safety of our employees, shareholders, consumers, and partners. Another area of particular focus was the Reebok divestiture process. We also addressed the geopolitical situation and challenging market conditions in China as well as the supply chain disruptions across the industry and, together with the Executive Board, discussed the resulting impacts on the operating business and possible mitigation measures. Additionally, we examined the development of e-commerce sales, the continued expansion of adidas' direct-to-consumer business, and the progress of the company's digital transformation. We also discussed the annual and multi-year planning of the Executive Board. In particular, we examined the implementation of the new long-term strategy 'Own the Game' that will run from the 2021 to 2025 financial years. At our meetings, the Executive Board consulted extensively with the Supervisory Board and gave regular reports on the implementation progress. Finally, the Executive Board provided regular updates on the implementation of measures to promote Diversity, Equity, and Inclusion at adidas – measures that are the basis of our new people strategy.

In accordance with statutory regulations or the Rules of Procedure, certain transactions and measures by the Executive Board require the prior approval of the Supervisory Board. The Supervisory Board discussed transactions requiring approval as they arose and gave its approval to resolution items after detailed reviews, in some cases after preparation by the relevant committees. In addition, the Supervisory Board regularly discussed personnel and compensation matters with respect to the Executive Board as well as questions of corporate governance. ► [SEE COMPENSATION REPORT](#) ► [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

At the February meeting of the Supervisory Board, the Executive Board reported on the company's situation and preliminary results for the 2020 financial year, the communications plan for the new corporate strategy, and the dividend and distribution policy of adidas AG. In addition, the Supervisory Board approved the Executive Board's proposal to examine and implement strategic options for the Reebok business, including the possibility of sale. Following the completion of the review of strategic alternatives for Reebok, the Executive Board decided to initiate a formal process aimed at divesting Reebok. We also examined the upcoming election of a shareholder representative to the Supervisory Board at the 2021 Annual General Meeting. Other topics of discussion included Executive Board compensation and corporate governance. In this context, we discussed the Declaration on Corporate Governance. In addition, having determined the degree of target achievement and having discussed in detail the individual performance of Executive Board members, we set the variable compensation to be paid to the Executive Board members for the 2020 financial year. We also determined the appropriateness of Executive Board compensation following an internal appropriateness test.

At the balance sheet meeting in March, the Executive Board reported on the financial results for the past financial year as well as on the audit of the 2020 annual financial statements and consolidated financial statements. Before the Supervisory Board passed the resolution, the auditor reported on the material results of the audit, including the results of the examination of the content of the non-financial statement commissioned by the Supervisory Board in accordance with § 111 section 2 sentence 4 of the German Stock Corporation Act (Aktiengesetz – AktG). After in-depth examination of the financial statements and on the basis of the independent auditor's report and the Audit Committee report on the audit results, the Supervisory Board approved the annual financial statements and consolidated financial statements as well as the combined Management Report, including the non-financial statement for adidas AG and the adidas Group. Thus, the annual financial statements were adopted. In addition, the Executive Board presented the current business situation of the company, the outlook for the 2021 financial year, the communications plan for the long-term corporate strategy, and the key points of the new people strategy. Other topics of discussion included compliance and major legal disputes involving adidas. Additionally, the Supervisory Board approved adjustments to the budget and investment planning for the 2021 financial year in light of the ongoing coronavirus pandemic and the planned divestiture of Reebok. Furthermore, we approved the Supervisory Board Report to the Annual General Meeting as well as the proposed resolutions to be submitted to the 2021 Annual General Meeting, including the proposal on the appropriation of retained earnings for the 2020 financial year. Moreover, at the March meeting of the Supervisory Board, we approved the new compensation system for members of the Executive Board and Supervisory Board based on preparatory work by the General Committee, and determined the key criteria and targets for the variable, performance-related compensation of Executive Board members for the 2021 financial year. Before passing the resolution on the new compensation system for the Executive Board, the level of Executive Board compensation was also reviewed. In this context, the appropriateness of the Executive Board compensation was also determined on the basis of an external appropriateness test.

At the meeting in May, we focused on current business performance, the business situation in China, and the planned divestiture of Reebok. The Executive Board presented the Q1 2021 results and the outlook for the 2021 financial year. We also discussed the development process of the new people strategy. In addition, another focus of the meeting was on personnel matters relating to the Executive Board and Supervisory Board. The service contracts of the current Executive Board members were adjusted in line

with the new compensation system approved at the March meeting. After extensive consultation, the Supervisory Board appointed Martin Shankland as a member of the Executive Board of adidas AG for a further five years. Furthermore, Amanda Rajkumar was appointed as Labor Director at adidas AG. In addition, the Supervisory Board appointed Kathrin Menges as member of the Audit Committee after the previous committee member Herbert Kauffmann departed from the Supervisory Board with effect from the end of the Annual General Meeting on May 12, 2021. Furthermore, the Supervisory Board approved the continuation of an existing brand ambassador agreement between adidas International, Inc., and Jackie Joyner-Kersey following her appointment to the Supervisory Board at the Annual General Meeting on May 12, 2021.

At an extraordinary meeting of the Supervisory Board in June, based on authorization granted by the Annual General Meeting on May 12, 2021, we approved the introduction of a new share buyback program for the 2021 financial year as a measure requiring approval.

At the August meeting, we discussed the Q2 and half-year results for 2021, the business situation in China, the factory closures in Vietnam and Indonesia, and the outlook for 2021. We also examined the Reebok sales process in detail. The Supervisory Board approved the sale of the Reebok business in principle and formed an ad hoc committee that instead of the Supervisory Board was authorized to issue specific approvals on all transactions and measures relating to the sale of Reebok, which require approval by the Supervisory Board. We also consulted extensively and in detail on the people strategy at adidas and on the subject of tech and data, including planned investments in this area. Additionally, we revised the competency profile for the Supervisory Board, including targets for its composition, as well as the Rules of Procedure for the Executive Board and Supervisory Board in light of the new Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG), which came into force on July 1, 2021. We also approved the appointment of Harm Ohlmeyer to the Supervisory Board of SV Werder Bremen GmbH & Co KGaA.

The October meeting focused primarily on the current business situation and the preliminary results for Q3 2021. The Executive Board reported on the planned expansion of the 2021 share buyback program introduced in July 2021, to which we granted our approval. We also approved the proposed cancelation of shares repurchased under the share buyback program and the resulting capital reduction.

At the December meeting, we discussed the Budget and Investment Plan presented by the Executive Board for the 2022 financial year, which we approved after detailed consultation, as well as the marketing and sponsorship agreements concluded in the year under review. In addition, the Executive Board provided an in-depth report on the implementation of the new corporate strategy, 'Own the Game.' In this connection, we also discussed the company's digital activities and key sustainability initiatives. Furthermore, we approved the investment in network expansion at our distribution centers in line with the strategy. Based on the authorization granted at the Annual General Meeting on May 12, 2021, we approved the launch of a new share buyback program for the 2022–2025 financial years as a measure requiring approval. In light of the imminent external rotation of the auditor and on the basis of preparatory work and reporting by the Audit Committee, the Supervisory Board discussed and agreed in detail the proposals for a new auditor for the annual and consolidated financial statements for the 2023 financial year. In addition, we discussed the succession planning for the Executive Board, the assessment of the independence of the Supervisory Board members, and the Declaration of Compliance with the Code. In view of the departure of the previous committee member Roswitha Hermann from the Supervisory Board with effect from December 31, 2021, Petra Auerbacher was elected to the Mediation Committee. Furthermore, it was decided to maintain the deductible of at least 10% of the claim in connection with the insurance of Supervisory Board members against risks arising from their professional activities (D&O insurance). Finally, the Supervisory Board discussed the implementation status of the proposed changes and improvements from the self-assessment conducted in the 2020 financial year and appointed Kathrin

Menges as ESG representative on the Supervisory Board. At its December meeting, the Supervisory Board also received a detailed presentation on adidas' latest innovations and upcoming products.

## TASKS AND TOPICS FOR THE COMMITTEES

In order to perform our tasks in an efficient manner, we have established a total of five standing Supervisory Board committees as well as a dedicated Reebok ad hoc committee in the year under review. The committees prepare resolutions and topics for the meetings of the entire Supervisory Board. Within the legally permissible framework and in appropriate cases, we have furthermore delegated the Supervisory Board's authority to pass certain resolutions to individual committees. With the exception of the Audit Committee, the Supervisory Board Chairman also chairs all the standing committees. The respective committee chairmen report to the Supervisory Board on their work as well as the content and results of the committee meetings on a regular and comprehensive basis.

The **Steering Committee** did not meet in the year under review.

The **General Committee** held four meetings during the year under review (2020: nine meetings). The main task of the General Committee was to prepare resolutions for the entire Supervisory Board on personnel and compensation matters of the Executive Board. In particular, it provided comprehensive advice on the reappointment of Martin Shankland and the appointment of Amanda Rajkumar as Labor Director at adidas AG. In addition, the adjustment of the service contracts of current Executive Board members in line with the new compensation system approved at the March meeting of the Supervisory Board was prepared. Regarding Executive Board compensation, the General Committee drafted proposals for resolutions on the targets, target achievement, and amount of the variable performance-related compensation, and pre-examined the appropriateness of the Executive Board compensation. Furthermore, the General Committee discussed in detail the new compensation system and long-term succession planning for the Executive Board.

The **Audit Committee** held four meetings during the year under review (2020: five meetings). The Chief Financial Officer and the auditor were present at all meetings and reported to the committee members in detail. The auditor was not present, however, during agenda items where we evaluated and agreed on proposals for the external rotation of the auditor for the annual and consolidated financial statements for the 2023 financial year.

In addition to the monitoring of the accounting process, the committee's work also focused on the audit of the annual financial statements and the consolidated financial statements for 2020, including the combined Management Report and the non-financial statement of adidas AG and the Group, as well as the proposal regarding the appropriation of retained earnings. Following an in-depth review of the audit reports with the auditor, the Audit Committee decided to recommend to the Supervisory Board to approve the 2020 annual financial statements and consolidated financial statements. In addition, the Audit Committee prepared the audit of the non-financial statement and resolved to commission KPMG to examine the content of the non-financial statement with limited assurance pursuant to § 111 section 2 sentence 4 AktG. Following in-depth discussions, the Audit Committee also made a recommendation to the Supervisory Board regarding the proposal to the 2021 Annual General Meeting for the appointment of the auditor. The Audit Committee declared to the Supervisory Board that the recommendation was free from undue influence by a third party and that no clause of the kind referred to in Article 16 section 6 of the (EU) Regulation 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 was imposed upon it.



In the year under review, the Audit Committee dealt intensively with the continued development and monitoring of the effectiveness of the risk management system, the internal audit system, the internal control system, and the compliance management system. Other matters discussed in detail were the assignment of the audit mandate to the auditor appointed by the Annual General Meeting and the determination of the audit fees and key audit matters. In addition, the Audit Committee monitored the independence and qualification of the auditor, while also taking into account the non-audit services provided by the auditor. With regard to the quality of the audit, the Audit Committee determined on the basis of the auditor's report on its own quality assurance system, the findings of the German Auditor Oversight Body (Abschlussprüferaufsichtsstelle – APAS), and its internal quality review, that there were no indications of quality issues in the 2020 audit. Finally, the Audit Committee discussed the quarterly financial results and the half-year financial report. In the year under review, the Audit Committee also dealt intensively with the imminent external rotation of the auditor in 2023, defined the key parameters regarding the tendering process, and prepared election proposals for the Supervisory Board for resolution. The selection process was conducted on the basis of written tenders, presentations from, and direct discussions with the qualified audit firms. The quality, qualifications, and independence of the auditors were examined and evaluated. The Audit Committee also validated the detailed report on the selection process, which provides transparent documentation of the tendering and selection procedures. In addition, the Audit Committee dealt extensively with the audit plan and risk management report during the year under review. At each committee meeting, the Audit Committee was also informed about the findings and developments of internal audit as well as in the area of compliance.

Furthermore, the meetings of the Audit Committee covered topics such as data protection and information security, business partner due diligence, adidas Global Business Services as well as tax and sustainability topics (including the Executive Board compensation target 'share of sustainable articles offered') at adidas. Finally, the Audit Committee discussed the requirements of the new Financial Market Integrity Strengthening Act (FISG), the new EU Taxonomy Regulation, and the new Supply Chain Act (Lieferkettengesetz).

The **Nomination Committee** did not meet during the year under review (2020: two meetings). Already in the 2020 financial year, the Nomination Committee used a requirements profile based on the Supervisory Board's own competency profile to assess the suitability of candidates and prepared the Supervisory Board's proposal to the 2021 Annual General Meeting regarding the election of a shareholder representative on the Supervisory Board. The Nomination Committee also advised on the suitability and independence of candidates in relation to the regulatory requirements.

As in previous years, the **Mediation Committee** to be established in accordance with the German Co-Determination Act (Mitbestimmungsgesetz — MitbestG) did not have to be convened in the year under review.

The **Reebok Ad Hoc Committee**, which was established in the context for the sale of the Reebok business, held one meeting during the year under review. The committee examined the divestiture of Reebok based on the Executive Board's proposal, the details of the proposed transaction and contractual terms as well as the criteria and reasons for the buyer selection. Ultimately, the committee granted its approval to the proposed transaction and to all transactions and measures relating to the sale of Reebok that require the approval of the Supervisory Board.

## ELECTION AND COMPOSITION OF THE SUPERVISORY BOARD

Herbert Kauffmann, a long-serving member of the Supervisory Board and former Chairman of the Audit Committee, was elected as a shareholder representative at the Annual General Meeting on May 9, 2019, until the end of the 2021 Annual General Meeting. With Herbert Kauffmann's term of office set to expire, the Supervisory Board proposed a new candidate for election to the 2021 Annual General Meeting following detailed consultation and preparation by the Nomination Committee. The 2021 Annual General Meeting approved the Supervisory Board's proposal by a large majority and elected Jackie Joyner-Kersee as a new member of the Supervisory Board from the end of the Annual General Meeting of adidas AG on May 12, 2021, until the end of the 2024 Annual General Meeting. ► [SEE SUPERVISORY BOARD](#)

The election proposal by the Supervisory Board was preceded by a careful process of selecting suitable candidates. The selection criteria for candidates were determined using a pre-defined requirements profile and were based on the objectives set by the Supervisory Board for the composition of the Supervisory Board, taking into account the competency profile, legal requirements, and applicable recommendations of the Code.

With the expiry of Herbert Kauffmann's term of office, it was necessary to amend the composition of the Audit Committee. Effective from the end of the 2021 Annual General Meeting, the Supervisory Board elected Kathrin Menges as a new member of the Audit Committee.

In addition, Roswitha Hermann resigned her mandate as employee representative on the Supervisory Board with effect from December 31, 2021. With effect as of January 1, 2022, and for the period until the end of the 2024 Annual General Meeting, Bastian Knobloch was appointed as a new employee representative on the Supervisory Board. This also led to a change in the composition of the Mediation Committee, with Petra Auerbacher being elected as a new member from January 1, 2022.

The members of the Supervisory Board are individually responsible for undertaking any necessary training and further education measures required for their tasks. To assist them in their role, the company offered Supervisory Board members who joined the Supervisory Board during the year under review, or who assumed new responsibilities within the Supervisory Board, an introduction to the work of the Supervisory Board and/or to new areas of responsibility within adidas AG. The Supervisory Board members were given detailed resources on the business and subject areas that are relevant to their particular tasks. In addition, the Supervisory Board attended a company presentation that included the latest innovations and new product launches from adidas and its cooperation partners. Furthermore, the company regularly informs the Supervisory Board about current legislative changes and external training opportunities, and provides the Supervisory Board with relevant specialist literature.

## CHANGES TO THE EXECUTIVE BOARD

Effective January 1, 2021, Amanda Rajkumar joined the Executive Board with responsibility for Global Human Resources, People and Culture. On May 1, 2021, Amanda Rajkumar also assumed the role of Labor Director from Harm Ohlmeyer, who had held that position since May 2017. In addition, we extended the mandate of Martin Shankland, responsible for Global Operations, for a further five years until 2027.

► [SEE EXECUTIVE BOARD](#)

## CORPORATE GOVERNANCE

The Supervisory Board regularly monitors the application and further development of the corporate governance regulations within the company, in particular the implementation of the recommendations of the Code. The Supervisory Board and its committees discussed in their meetings the requirements of the German Stock Corporation Act (Aktengesetz – AktG) and the Code in regard to corporate governance. Further detailed information on corporate governance within the company can be found in the Declaration on Corporate Governance. ► [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

Following an in-depth discussion, the current Declaration of Compliance pursuant to § 161 AktG was resolved upon by the Executive Board and Supervisory Board of adidas AG in December 2021 and was made permanently available on our website. ► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://www.adidas-group.com/s/corporate-governance)

In the year under review, there were no conflicts of interest among the members of either the Supervisory Board or the Executive Board. In the opinion of the Supervisory Board, the brand ambassador agreement between adidas International, Inc., and Supervisory Board member Jackie Joyner-Kersey does not constitute a conflict of interest with regard to her role on the Supervisory Board.

## EXAMINATION OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The 2021 Annual General Meeting elected KPMG as auditor and Group auditor for the 2021 financial year as proposed by the Supervisory Board and recommended by the Audit Committee. Prior to this, KPMG had confirmed to both the Supervisory Board and Audit Committee that there are no circumstances which could prejudice its independence as auditor or which could cast doubt on KPMG's independence. In this respect, KPMG also declared to which extent non-audit services were rendered for the company in the previous financial year or are contractually agreed upon for the following year.

KPMG audited the 2021 consolidated financial statements prepared by the Executive Board in accordance with § 315e of the German Commercial Code (Handelsgesetzbuch – HGB) in compliance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union, and issued an unqualified opinion thereon. This also applies to the 2021 annual financial statements of adidas AG, prepared in accordance with the requirements of the German Commercial Code, and the combined Management Report of adidas AG and the adidas Group. Furthermore, at the request of the Supervisory Board, KPMG audited the non-financial statement. The financial statements, the proposal on the appropriation of retained earnings, and the auditor's reports of the annual and consolidated financial statements were distributed by the Executive Board to all Supervisory Board members in a timely manner.

The financial statements were examined in depth, with a particular focus on legality and regularity, in the presence of the auditor at the Audit Committee meeting held on March 7, 2022, and at the balance sheet meeting of the Supervisory Board on March 8, 2022, during which the Executive Board explained the financial statements in detail. At both meetings, the auditor reported on the material results of the audit, inter alia with regard to the audit focus points agreed as well as the key audit matters, and was available for questions and the provision of additional information. The auditor did not report any significant weaknesses with respect to the internal control and risk management system relating to the accounting process. Prior to the passing of the resolution, the auditor reported on the results of the examination of the non-financial statement with limited assurance as commissioned by the Audit Committee in accordance with § 111 section 2 sentence 4 AktG. In addition, the Supervisory Board discussed in depth and approved the Executive Board's proposal concerning the appropriation of retained earnings for the 2021 financial year.

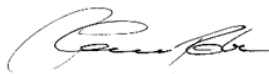
Based on our own audits of the annual and consolidated financial statements (including the non-financial statement), we came to the conclusion that there are no objections to be raised. Following the recommendation of the Audit Committee, the Supervisory Board therefore approved the audit results and the financial statements prepared by the Executive Board, including the non-financial statement for the 2021 financial year. The annual financial statements were thus adopted. The annual financial statements are signed by the auditors Haiko Schmidt as the responsible audit partner since the 2017 financial year and Angelika Huber-Straßer since the 2021 financial year.

KPMG has been acting as auditor and Group auditor for adidas AG since the 1995 financial year. On the basis of the transitional periods of Article 41 Regulation (EU) No. 537/2014, KPMG may not be reappointed as auditor after June 17, 2023. In the 2021 financial year, the Audit Committee already conducted a tendering and selection process for a new auditor for the 2023 financial year in accordance with the requirements of Article 16 section 3 of the EU Audit Regulation. Based on the proposal submitted by the Audit Committee, the entire Supervisory Board agreed to propose to the 2022 Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft be appointed as the auditor and Group auditor for the 2023 financial year. KPMG will again be proposed as auditor of the annual financial statements and consolidated financial statements for the 2022 financial year at the 2022 Annual General Meeting.

### EXPRESSION OF THANKS

On behalf of the entire Supervisory Board, I would like to thank Herbert Kauffmann, long-serving member and former Chairman of the Audit Committee who departed during the year under review, for his enormous commitment to the company and exceptional achievements on the Supervisory Board. Furthermore, I wish to thank our former Supervisory Board member Roswitha Hermann, who stepped down on December 31, 2021, as well as the current Executive Board and all our employees around the world for their great personal dedication and ongoing commitment. I would also like to express my thanks for the enduring trust and cooperation between the employee and shareholder representatives on the Supervisory Board.

For the Supervisory Board



**THOMAS RABE**

CHAIRMAN OF THE SUPERVISORY BOARD

March 2022

# DECLARATION ON CORPORATE GOVERNANCE

Corporate Governance stands for responsible and transparent management and corporate control oriented toward a sustainable increase in value. We are convinced that good corporate governance is an essential foundation for sustainable corporate success and enhances the confidence placed in our company by our shareholders, business partners, and employees, as well as the financial markets.

## DECLARATION OF THE ADIDAS AG EXECUTIVE BOARD AND SUPERVISORY BOARD ON THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO § 161 GERMAN STOCK CORPORATION ACT (AKTIENGESETZ - AKTG)

In December 2020, the adidas AG Executive Board and Supervisory Board issued the last Declaration of Compliance with the German Corporate Governance Code in the versions as of February 7, 2017, and December 16, 2019, pursuant to § 161 AktG. The following declaration solely refers to the recommendations of the 'Government Commission on the German Corporate Governance Code' in the version as of December 16, 2019, as published in the Federal Gazette on May 20, 2020 ('Code').

The adidas AG Executive Board and Supervisory Board declare that since the last Declaration of Compliance, the recommendations of the Code have been and are met with the following exceptions:

### Recommendation C.5 Alternative 1

One member of the Supervisory Board, Ian Gallienne, holds more than three mandates in supervisory bodies of non-Group companies which are listed at a stock exchange or have similar requirements. Ian Gallienne is Chief Executive Officer of Groupe Bruxelles Lambert ('GBL'). GBL is a holding company that is regularly represented in the supervisory bodies of portfolio companies as an institutional investor, inter alia, by its Chief Executive Officer. All companies (apart from adidas AG) in which Ian Gallienne is a member of the supervisory body are portfolio companies or subsidiaries of GBL or are under joint control of GBL and therefore belong to the same group of companies. They have to be attributed to his main occupation as Chief Executive Officer of GBL.

We are of the opinion that in accordance with its rationale, recommendation C.5 alternative 1 is thus not applicable to Ian Gallienne. For precautionary reasons, however, a deviation is declared. The Supervisory Board has also assured itself that Ian Gallienne has sufficient time to duly perform his duties as a member of the Supervisory Board of adidas AG.

### Recommendation C.5 Alternative 2

The Chairman of the Supervisory Board, Thomas Rabe, also is Chief Executive Officer of the listed company RTL Group S.A., Luxembourg. In this respect, the company deviates from recommendation C.5 alternative 2. However, the Supervisory Board is convinced that the mandate of Thomas Rabe at RTL Group S.A. does not affect the due performance of his duties as Chairman of the Supervisory Board. In particular, the Supervisory Board has assured itself that Thomas Rabe has sufficient time to perform his duties.

Herzogenaurach, December 2021

For the Executive Board  
KASPER RORSTED  
Chief Executive Officer

For the Supervisory Board  
THOMAS RABE  
Chairman of the Supervisory Board

The aforementioned Declaration of Compliance has been published on and can be downloaded from our website. ► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://www.adidas-group.com/s/corporate-governance)

## DUAL BOARD SYSTEM

As a globally operating public listed company with its registered seat in Herzogenaurach, Germany, adidas AG is subject to, inter alia, the provisions of German stock corporation law. A dual board system, which assigns the management of the company to the Executive Board and advice and monitoring of the Executive Board to the Supervisory Board, is one of the fundamental principles of German stock corporation law. These two boards are strictly separated both in terms of members and competencies. However, both boards cooperate closely in the interest of the company.

## COMPOSITION AND WORKING METHODS OF THE EXECUTIVE BOARD

The composition of our Executive Board, which consists of six members, reflects the international structure of our company. The Executive Board is responsible for independently managing the company with the aim of sustainable value creation in the interests of the company, determining the Group's strategic orientation, agreeing the strategy with the Supervisory Board, and ensuring its implementation. Further, it defines business targets, company policy, and the organization of the Group. The Executive Board is in charge of preparing the quarterly statements, the half-year report, and the annual financial statements and consolidated financial statements, as well as the combined Management Report of adidas AG and the Group. Moreover, it prepares a combined non-financial statement for the company and the Group. Additionally, the Executive Board ensures responsible management of business resources as well as compliance with and observance of statutory regulations and internal guidelines by the Group entities. In addition to a compliance management system based on transparent principles, the Executive Board is responsible for implementing an internal control and risk management system that is suitable, appropriate, and effective with regard to the scope of business activities and the company's risk situation. The Executive Board also provides employees with the opportunity to report, in an appropriate and protected manner, suspected breaches of the law within the company. It is bound to the company's interest and obligated to strive for a sustained increase in company value.

Notwithstanding the Executive Board's joint responsibility for managing the company, the Executive Board members are individually responsible for managing their respective operations in accordance with the Business Allocation Plan for the Executive Board. There are no Executive Board committees. The Chief Executive Officer represents the Executive Board and the company, and is responsible for lead management and development of the company, including cooperation with the Supervisory Board and coordination and monitoring of the Executive Board functions, operations, brands, and markets. The Executive Board members continuously report to the CEO and to each other about all significant developments in their respective business divisions and coordinate with each other on all cross-functional measures. Collaboration within the Executive Board is further governed by the Rules of Procedure of the Executive Board and the Business Allocation Plan. These documents specifically stipulate requirements for meetings and resolutions as well as for cooperation with the Supervisory Board.

The Executive Board and Supervisory Board cooperate closely and trustfully for the benefit of the company. The Executive Board reports to the Supervisory Board regularly, extensively, and in a timely manner on all matters relevant to the company's strategy, planning, business development, financial position, and compliance, as well as on material business risks. Fundamental questions related to the corporate strategy and its implementation are thoroughly discussed and agreed with the Supervisory Board.

The Executive Board is appointed by the Supervisory Board. The Supervisory Board is committed to promoting a culture of diversity and inclusion at adidas. Diversity is understood in the broadest sense, including age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. Greater diversity on the Executive Board will help secure the long-term success of adidas by taking diverse perspectives into account. For this reason, the Supervisory Board has adopted a diversity concept. In addition, an age limit of 65 years applies for Executive Board members.



The General Committee of the Supervisory Board already accounts for diversity when selecting candidates for Executive Board positions. Every decision by the Supervisory Board on the composition of the Executive Board is made in the best interests of the company and with due consideration of all circumstances in each individual case. In the opinion of the Supervisory Board, the current composition of the Executive Board meets the diversity concept outlined above.

No member of the Executive Board has accepted a Supervisory Board chair or more than two Supervisory Board mandates in non-group listed companies or in supervisory bodies of non-group companies with comparable requirements. ► [SEE EXECUTIVE BOARD](#)

### COMPOSITION AND WORKING METHODS OF THE SUPERVISORY BOARD

Our Supervisory Board consists of 16 members. It comprises eight shareholder representatives and eight employee representatives in accordance with the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG). The shareholder representatives are elected by the shareholders at the Annual General Meeting and the employee representatives by the employees. ► [SEE SUPERVISORY BOARD](#)

The last regular elections to the Supervisory Board were held in the 2019 financial year. In the 2020 financial year, Christian Klein was appointed as successor to Igor Landau in a by-election. This by-election became necessary as the term of office of Igor Landau, the former Chairman of the Supervisory Board, expired with the end of the 2020 Annual General Meeting. The departure of Igor Landau also necessitated a new Chairman of the Supervisory Board. The Supervisory Board elected Thomas Rabe to this role with effect from the end of the 2020 Annual General Meeting. In addition, Jackie Joyner-Kersey was elected to the Supervisory Board as a new shareholder representative in the 2021 financial year. She replaces Herbert Kauffmann, whose 12-year term as Supervisory Board member expired with the end of the 2021 Annual General Meeting in accordance with the recommendations of the Code regarding independence. Eventually, Roswitha Hermann resigned from the Supervisory Board as employee representative with effect from December 31, 2021, and Bastian Knobloch was appointed by court to succeed her. The terms of office of the current members of the Supervisory Board expire at the end of the 2024 Annual General Meeting.

In order to increase the efficiency of its work and to deal with complex topics, the Supervisory Board has formed five permanent committees from within its members, which, inter alia, prepare its resolutions and, in certain cases, pass resolutions on its behalf. At present, these committees are as follows:

Committee	Members
Steering Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller
General Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller Roland Nosko
Audit Committee	Bodo Uebber (Chairman) Herbert Kauffmann (until May 12, 2021) Kathrin Menges (as of May 12, 2021) Frank Scheiderer Günter Weigl
Nomination Committee	Thomas Rabe (Chairman) Ian Gallienne Kathrin Menges
Mediation Committee (§27 paragraph 3 MitBestG)	Thomas Rabe (Chairman) Ian Gallienne Roswitha Hermann (until December 31, 2021) Petra Auerbacher (as of January 1, 2022) Udo Müller

The tasks, responsibilities, and work processes of the committees are in line with the requirements of the AktG and the Code. The Chairmen of the committees report to the Supervisory Board on the results of the committee work on a regular basis.

In the 2021 financial year, the Supervisory Board aligned the Rules of Procedure of both the Supervisory Board and the Audit Committee with the requirements of the new Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG). This ensures that every member of the Audit Committee can obtain information through the Chairman of the Audit Committee, Bodo Uebber, directly from the heads of those corporate departments of the company which are responsible within the company for the tasks relating to the Audit Committee pursuant to § 107 section 3 sentence 2 AktG. The Chairman of the Audit Committee has to communicate any information obtained to all members of the Audit Committee. If information is obtained in this way, the Executive Board shall be informed thereof without delay.

Further information on the committees can be found on the company's website.

► [ADIDAS-GROUP.COM/S/SUPERVISORY-BOARD-COMMITTEES](https://www.adidas-group.com/s/supervisory-board-committees)

## OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD

In August 2021, the Supervisory Board reviewed the objectives for its composition (including the competency profile for the entire Supervisory Board), taking into account the recommendations of the Code and aligned them with the requirements of the new Financial Market Integrity Strengthening Act. These objectives are published on our website. According to these objectives, the Supervisory Board should be composed in such a way that qualified monitoring of and advice to the Executive Board are ensured. Its members as a whole are expected to have the knowledge, skills, and professional experience required to properly perform the tasks of a supervisory board in a capital market-oriented international company in the sporting goods industry. To this end, it is ensured that the Supervisory Board as a whole possesses the competencies considered essential in view of adidas' activities. This includes, in particular, in-depth knowledge and experience in the sporting goods and sports- and leisurewear industry, in the business of fast-moving consumer-oriented goods and in the areas of digital transformation and information technology (including IT security), production, marketing, and sales, in particular in the

e-commerce and retail sector. Moreover, the Supervisory Board is expected to possess knowledge and experience in the markets relevant to adidas, in particular the Asian and US markets, and in the management of a large international company. Furthermore, the Supervisory Board as a whole should possess knowledge and experience in the areas of business strategy development and implementation, human resources planning and management, accounting and financial reporting, controlling/risk management, governance/compliance, corporate social responsibility, and sustainability. At least one member of the Supervisory Board must have expertise in the field of accounting, and at least one further member of the Supervisory Board must have expertise in the field of auditing. All Supervisory Board members are expected to be familiar with the sporting goods industry. ► [ADIDAS-GROUP.COM/S/BODIES](https://www.adidas-group.com/s/bodies)

Regarding the independence of its members, the Supervisory Board considers the following provisions to be appropriate: More than half of the Supervisory Board members should be independent within the meaning of the Code, whereby it is assumed that the independence of employee representatives is not impaired either by their role as employee representatives or their status as adidas employees. If we consider shareholder representatives and employee representatives separately, more than half of the Supervisory Board members in each of these groups should be independent. From the company's view and following the regulations of the German Corporate Governance Code, Supervisory Board members are to be considered independent if they have no personal or business relationship with the company or its Executive Board that may cause a substantial, and not merely temporary, conflict of interest.

More than two-thirds of the shareholder representatives should be free of any potential conflicts of interest. This applies in particular to potential conflicts of interest that may arise as a result of an advisory or board role among customers, suppliers, lenders, or other third parties. As a rule, members of the Supervisory Board should not have a board-level or advisory role with any key competitor and should not have a personal relationship with any key competitor.

Furthermore, the Supervisory Board is committed to a diverse composition in terms of age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. An adequate number of the shareholder representatives should have long-standing international experience. In addition, each Supervisory Board member must ensure that they have sufficient time to properly perform the tasks associated with the mandate. In general, the age limit for the Supervisory Board should be 72 years at the time of their appointment. As a rule, the length of membership in the Supervisory Board should not exceed 15 years or three terms of office.

In the Supervisory Board's assessment, the Supervisory Board as a whole in its current composition fulfills the objectives stated and the competency profile. With Bodo Uebber, Chairman of the Audit Committee, and Thomas Rabe, Chairman of the Supervisory Board, at least two members of the Supervisory Board have proven expertise in the fields of accounting or auditing. In the opinion of the Supervisory Board, all shareholder representatives qualified as independent in the year under review.

The names of the independent shareholder representatives are set out in the overview of all Supervisory Board members in this Annual Report. ► [SEE SUPERVISORY BOARD](#)

The Supervisory Board's election proposals to the Annual General Meeting are always prepared by the Nomination Committee. They take into account the objectives regarding the Supervisory Board's composition resolved upon by the Supervisory Board and are aimed at fulfilling the competency profile developed by the Supervisory Board for the Board as a whole. The Supervisory Board pays attention to a balanced composition to ensure that the required know-how is represented on as broad of a scale as possible. Moreover, the Supervisory Board ascertains that each proposed candidate has sufficient time to perform their mandates.

## TASKS OF THE SUPERVISORY BOARD

The Supervisory Board monitors and advises the Executive Board on questions relating to the management of the company. The Executive Board regularly, expeditiously, and comprehensively reports on business development and planning as well as on the company's risk situation including compliance and coordinates the strategy of the company and its implementation with the Supervisory Board. The Supervisory Board examines and approves the annual financial statements and consolidated financial statements as well as the combined Management Report of adidas AG and the Group, taking into consideration the auditor's reports, and resolves upon the proposal of the Executive Board on the appropriation of retained earnings. Additionally, it resolves on the Supervisory Board's resolution proposals to be presented to the Annual General Meeting. Moreover, the Supervisory Board examines the combined non-financial statement for the company and the Group and/or any separate non-financial reports. Certain business transactions and measures of the Executive Board with fundamental significance are subject to prior approval by the Supervisory Board or by a Supervisory Board committee. The respective details are set out in § 9 of the Rules of Procedure of the Supervisory Board of adidas AG. Furthermore, the requirement of prior Supervisory Board approval is stipulated in some resolutions by the Annual General Meeting.

The Supervisory Board is also responsible for the appointment and dismissal of the Executive Board members, as well as for the allocation of their areas of responsibility. The respective proposals are prepared by the General Committee. When appointing new Executive Board members, the Supervisory Board provides for the best possible, diverse and mutually complementary Executive Board composition for the company and, together with the Executive Board, ensures long-term succession planning. The Supervisory Board takes a structural approach in its succession planning for the Executive Board. This is based on multiple planning horizons. Accordingly, the company has established a number of management groups (Core Leadership Group [CLG], Extended Leadership Group [ELG], and High Potentials). This ensures a sustainable approach to identifying and evaluating successor candidates for Executive Board positions, while also accommodating the company's diversity concept. The Supervisory Board discusses succession planning on a regular basis.

Furthermore, the Supervisory Board determines the Executive Board compensation system, regularly examines it, and decides on the individual overall compensation of each Executive Board member. The Supervisory Board, together with the Executive Board, annually a clear and comprehensible report on the compensation granted and due in the previous financial year in accordance with § 162 AktG. Further information on Executive Board compensation, the current compensation system, the compensation report, and the auditor's report in accordance with § 162 AktG can be found on the company's website.

► [ADIDAS-GROUP.COM/S/COMPENSATION](https://adidas-group.com/s/compensation)

## FURTHER INFORMATION ON CORPORATE GOVERNANCE

More information on topics covered in this report can be found on our website, including:

- Articles of Association
- Rules of Procedure of the Executive Board
- Rules of Procedure of the Supervisory Board
- Rules of Procedure of the Audit Committee
- Supervisory Board committees (composition and tasks)
- CVs of Executive Board members and Supervisory Board members
- Objectives of the Supervisory Board regarding its composition (including competency profile for the full Supervisory Board)

► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://adidas-group.com/s/corporate-governance)

Apart from the individual skills of the members, the Rules of Procedure of the Supervisory Board and of the Audit Committee also set out the tasks and responsibilities as well as the procedure for meetings and passing resolutions. These Rules of Procedure are available on our website. The Supervisory Board Report provides information on the activities of the Supervisory Board and its committees in the year under review. ► **SEE SUPERVISORY BOARD REPORT**

The members of the Supervisory Board are individually responsible for undertaking any necessary training and professional development measures required for their tasks and are supported by adidas AG in this regard. The company informs the Supervisory Board regularly about current legislative changes as well as opportunities for external training, and provides the Supervisory Board with relevant specialist literature. In this regard, the Supervisory Board has also examined in detail the latest developments in corporate governance, including, in particular, the requirements of the new Financial Market Integrity Strengthening Act.

In addition, the Supervisory Board as well as the Audit Committee, General Committee, and Nomination Committee regularly review the efficiency of their work. After an external review was conducted in 2018 already, the Supervisory Board and the aforementioned committees again conducted an internal self-assessment review in 2020. They found the work of the Supervisory Board as a whole and of the individual committees to be efficient and agreed specific measures aimed at improving the organization of the Supervisory Board's work. In December 2021, the members of the Supervisory Board evaluated the implementation status of measures aimed at improving the efficiency of the Supervisory Board's work and found that these measures had been successfully implemented. In 2022, the Supervisory Board will again conduct an efficiency review.

The compensation of the Supervisory Board members is set out in the Compensation Report. ► **SEE COMPENSATION REPORT**

### **COMMITMENT TO THE PROMOTION OF EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS**

When filling leadership positions in the company, the Executive Board takes diversity into account and aims for the appropriate participation of women in particular. The Supervisory Board is also confident that an increase in the number of women in leadership positions within the company is necessary to ensure that, in the future, a larger number of suitable female candidates are available for Executive Board positions. The Executive Board and Supervisory Board therefore recognize the enormous importance of the company's initiatives to foster diversity and inclusion and to promote women to leadership positions.

► **SEE OUR PEOPLE**

In August 2017, the Supervisory Board set a target for female representation on the Executive Board of 1/7 (14.29%), with a deadline of June 30, 2022. That target is already met as a result of Amanda Rajkumar joining the Executive Board. This appointment also fulfills § 76 section 3a AktG introduced with the Second Leadership Positions Act (Führungspositionengesetz – FÜPoG II), which requires that at least one woman and at least one man be appointed as members of the Executive Board.

In addition, the Executive Board has set targets and deadlines for female representation in the first two management levels of adidas AG. The targets are 24.2% for the first management level below the Executive Board and 30% for the second management level. Both targets were met before the deadline of December 31, 2021:

On the first management level below the Executive Board, the proportion of women by the deadline of December 31, 2021, was 38%. Thus, the target figure was significantly exceeded even despite the special circumstances and challenges posed by the coronavirus pandemic.

On the second management level below the Executive Board, female representation amounted to 31% by the deadline of December 31, 2021. The target was thus also exceeded. The proportion of women in leadership positions worldwide on the balance sheet date was 37%. Thus, the target of 35.5% was again clearly exceeded.

The Executive Board has once again determined target figures and implementation deadlines for the percentage of female representation on the first and second management levels below the Executive Board. These target figures are as follows:

The target figure for the first management level below the Executive Board is 39% and 31% for the second management level below the Executive Board. The implementation period for both targets expires on December 31, 2023.

In accordance with § 96 section 2 sentence 1 AktG, at least 30% of the members of the Supervisory Board must be female and at least 30% must be male. As the Supervisory Board had not objected to an overall fulfillment of the aforementioned quota pursuant to § 96 section 2 sentence 3 AktG, the minimum quota must be fulfilled by the Supervisory Board overall, with the numbers of male and female members rounded up or down to full numbers (§ 96 section 2 sentences 2 and 4 AktG). Thus, the Supervisory Board of adidas AG must be composed of at least five women and five men. These minimum quotas were achieved. As at December 31, 2021, six of the company's 16 Supervisory Board mandates were held by women.

Within the framework of the new employee strategy launched in 2021, the company will continue to intensify its efforts for Diversity, Equity, and Inclusion in order to remain an attractive employer in the future. There will be a particular focus on a long-term approach to equity in leadership positions – both through hiring and through appropriate succession planning. ► [SEE OUR PEOPLE](#)

## AVOIDING CONFLICTS OF INTEREST

The members of the Executive Board and Supervisory Board are obligated to disclose any conflicts of interest to the Supervisory Board without delay. Substantial transactions between the company and members of the Executive Board or related parties of the Executive Board require Supervisory Board approval. Contracts between the company and members of the Supervisory Board also require Supervisory Board approval. The Supervisory Board reports any conflicts of interest, as well as the handling thereof, to the Annual General Meeting. In the year under review, the members of the Executive Board and the members of the Supervisory Board did not face any conflicts of interest. In connection with the election of Jackie Joyner-Kersey as a member of the Supervisory Board by the Annual General Meeting on May 12, 2021, the Supervisory Board approved the continuation of the adidas brand ambassador agreement with Jackie Joyner-Kersey until June 30, 2023. The Supervisory Board is of the opinion that this does not constitute a conflict of interest. In particular, the brand ambassador agreement does not represent a material business relationship for either adidas or Jackie Joyner-Kersey. The resolution was passed unanimously and without the participation of Jackie Joyner-Kersey. ► [SEE SUPERVISORY](#)

**BOARD REPORT**



## SHARE TRANSACTIONS CONDUCTED BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD

An overview of the transactions of the Executive Board and the Supervisory Board pursuant to Article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation) notified to adidas AG in 2021 is published on our website. ► [ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS](https://adidas-group.com/s/managers-transactions)

## RELEVANT MANAGEMENT PRACTICES

Our business activities are aligned with the legal systems of the various countries and markets in which we operate. We are also aware of our considerable social and environmental responsibility.

As a central part of the new adidas strategy 'Own the Game,' we will significantly increase our commitment to sustainability in the years ahead. In addition to the continued digital transformation of the company, we are working closely with our partners in the global supply chain to reduce energy consumption and to increase the proportion of green energy we use. By 2025, nine out of every ten adidas articles should be made from more sustainable materials, while the carbon footprint per product should be reduced by 15%. adidas aims at operating climate neutral (CO<sub>2</sub>e) at its locations by 2025 and at reaching complete climate neutrality by 2050.

Further information on company-specific practices, which are applied in addition to statutory requirements, such as our Code of Conduct ('Fair Play'), on compliance with working and social standards within our supply chain, environmentally friendly resource management in our manufacturing processes, and our social commitment, is available in this Annual Report and on our website. ► [SEE OUR PEOPLE](#)

► [SEE SUSTAINABILITY](#) ► [ADIDAS-GROUP.COM/S/SUSTAINABILITY](https://adidas-group.com/s/sustainability)

## COMPLIANCE AND RISK MANAGEMENT

Compliance with laws, internal and external provisions, and responsible risk management are part of corporate governance at adidas. Our compliance management system is linked to the company's risk and opportunity management system. As part of our global 'Fair Play' concept, the compliance management system establishes the organizational framework for companywide awareness of our internal rules and guidelines and for the legally compliant conduct of our business. It underscores our strong commitment to ethical and fair behavior in our own organization and also sets the parameters for how we deal with others. The principles of our compliance management system are set out in the Risk and Opportunity Report. The risk and opportunity management system ensures risk-aware, opportunity-oriented, and informed actions in a dynamic business environment in order to guarantee the competitiveness and sustainable success of adidas. ► [SEE RISK AND OPPORTUNITY REPORT](#)

## TRANSPARENCY AND PROTECTION OF SHAREHOLDERS' INTERESTS

It is our goal to inform all institutional investors, private shareholders, financial analysts, business partners, employees, and the interested public about the company's situation, at the same time and to an equal extent, through regular, transparent, and up-to-date communication. We publish all essential information, such as ad hoc announcements, press releases, and voting rights notifications as well as all presentations from roadshows and conferences, all financial reports, and the financial calendar on our website. With our Investor Relations activities, we maintain close and continuous contact with our current and potential shareholders. ► [SEE OUR SHARE](#) ► [ADIDAS-GROUP.COM/S/INVESTORS](https://adidas-group.com/s/investors)

In addition, we provide all documents and information on our Annual General Meeting on our website. This year's Annual General Meeting on May 12, 2021, was held in a virtual format due to uncertainties surrounding the coronavirus pandemic, the continuing ban on large meetings, and our responsibility to protect the health of our shareholders, employees, and other participants. We were determined to allow for our shareholders to participate in the virtual event as comprehensively as possible within the legal framework and the pandemic-related restrictions. As in previous years, coverage of the Annual General Meeting was available to adidas AG shareholders via our shareholder portal and to the general public via

our website. The Executive Board and Supervisory Board provided detailed answers to pre-submitted questions. The content of the CEO's speech was published prior to the Annual General Meeting. Finally, this year's Annual General Meeting was the first in which it was possible to share video messages with all adidas shareholders via the shareholder portal. The measures undertaken were intended to align our shareholders' justified interests in a broadest possible participation in the Annual General Meeting on the one side and the company's responsibility to protect the health of all participants on the other.

► [ADIDAS-GROUP.COM/AGM](https://adidas-group.com/agm)

#### FURTHER INFORMATION ON THE PRINCIPLES OF OUR MANAGEMENT

More information on topics covered in this report can be found on our website, including:

- Code of Conduct
- Sustainability
- Social commitment
- Risk and opportunity management and compliance
- Information and documents on the Annual General Meeting
- Managers' transactions
- Compensation
- Accounting and annual audit

► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://adidas-group.com/s/corporate-governance)

#### SHARE-BASED PROGRAMS FOR SENIOR EXECUTIVES

A long-term incentive plan, which is part of the remuneration for senior executives of adidas, applies. Based on this plan, the plan participants receive virtual shares (Restricted Stock Units). As per their contracts, each Executive Board member is entitled to participate in the Long-Term Incentive Plan (LTIP) established for Executive Board members. The adidas shares purchased are subject to a multi-year lock-up period. ► [SEE NOTE 28](#) ► [SEE OUR PEOPLE](#) ► [SEE COMPENSATION REPORT](#)

Employees of adidas AG and its affiliated companies are able to participate in an employee stock purchase plan, under which they can acquire adidas AG shares with a discount and benefit, on a prorated basis, from free matching shares. ► [SEE NOTE 26](#)

#### ACCOUNTING AND ANNUAL AUDIT

adidas AG prepares the annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the AktG. The annual consolidated financial statements are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor for the 2021 annual financial statements and consolidated financial statements by the Annual General Meeting. The Supervisory Board had previously assured itself of the auditor's independence. ► [SEE REPRODUCTION OF INDEPENDENT AUDITOR'S REPORT](#)

# COMPENSATION REPORT

For adidas, clear, transparent, and comprehensible reporting on the compensation of the Executive Board and Supervisory Board is an essential element of good corporate governance. This Compensation Report was prepared in accordance with § 162 of the German Stock Corporation Act (AktG) and outlines in accordance with statutory requirements the amount and structure of the compensation granted and due to Executive Board members and Supervisory Board members in and for the 2021 financial year.

## COMPENSATION OF THE EXECUTIVE BOARD MEMBERS

The current compensation system for the Executive Board was approved by shareholders at the Annual General Meeting on May 12, 2021, in accordance with § 120a section 4 AktG and applies to all Executive Board service contracts concluded from January 1, 2021. It furthermore generally applies to all previously concluded Executive Board service contracts. The Executive Board compensation system is clear, easy to understand, and uses transparent performance criteria. It meets all requirements of the German Stock Corporation Act and is designed in line with the recommendations of the German Corporate Governance Code. The current compensation system is permanently available on the company's website.

► [ADIDAS-GROUP.COM/S/COMPENSATION](https://adidas-group.com/s/compensation)

The aim of this Compensation Report is to ensure consistent reporting and to disclose clearly and transparently the correlation between the compensation paid for a particular financial year and the achievement of targets set for that financial year, regardless of when the payment is made, in accordance with our 'Pay-for-Performance' approach. Against this background, the achievement of the targets set for the 2021 financial year for the variable performance-related compensation based on the current compensation system is reported in a detailed and transparent manner. The compensation of Executive Board members is presented in accordance with the market-standard based on the compensation tables of the German Corporate Governance Code from February 7, 2017.

For details on the 2021 financial year target achievement and compensation payout: ► **SEE SECTION 'EXECUTIVE BOARD COMPENSATION 2021'**

Regarding the targets for the variable performance-related compensation components of the 2022 financial year: ► **SEE SECTION 'OUTLOOK 2022'**

## COMPENSATION SYSTEM

### PRINCIPLES OF THE COMPENSATION SYSTEM

The compensation system for members of the Executive Board is geared toward creating an incentive for successful, sustainable, and long-term corporate management and development, whereby the compensation is structured with an appropriate balance of fixed non-performance-related components and variable performance-related components. The variable performance-related compensation is measured based on the achievement of ambitious, pre-agreed targets; subsequent changes to performance targets or parameters are not permitted. By applying a consistent 'Pay-for-Performance' approach, the compensation system aims at appropriately remunerating exceptional performance, while diminishing the variable performance-related compensation when targets are not met. Moreover, the incentive to achieve the long-term targets that determine the multi-year variable performance-related compensation component is higher than the incentive to achieve the targets that determine the one-year variable performance-related compensation component.

The implementation of the 'Own the Game' strategy, which applies from the 2021 financial year onward, will be supported by the selection of appropriate performance targets directly derived from the strategy for the variable performance-related compensation. The variable performance-related compensation is therefore directly linked to the externally communicated operating, financial, and strategic short- and long-term targets. Thus, the compensation system for the Executive Board members is directly geared toward providing an incentive for successful, sustainable, and long-term corporate management and development and is in line with the interests of shareholders, employees, consumers, and other stakeholders. In order to achieve a continuous, sustainable increase in company value, the long-term variable compensation also depends on the development of the share price (capital market performance of adidas AG). This results in a harmonization of the interests of the shareholders and the Executive Board.

Another important aspect is the high level of consistency between the Executive Board compensation system and the compensation system of the senior management levels beneath the Executive Board. This ensures that all decision-makers pursue the same targets in order to secure the sustainable long-term success of the Company.

When designing the compensation system, the Supervisory Board has particularly taken into account the following guidelines:

- Promoting the implementation of the long-term strategy, including sustainability targets
- Strong Pay-for-Performance approach and long-term orientation
- Strong focus on shareholder and other stakeholder interests
- Intuitive, clearly comprehensible compensation system and transparent disclosure of performance criteria
- High level of consistency with the compensation system of the senior management levels
- Conformity with applicable regulatory requirements (Stock Corporation Act and German Corporate Governance Code)
- Further development of the market-standard elements of the compensation system for the Executive Board (e.g., malus and clawback provisions as well as Share Ownership Guidelines)

## PROCEDURE FOR ESTABLISHING, REVIEW, AND IMPLEMENTATION OF THE COMPENSATION SYSTEM

In accordance with § 87a section 1 AktG, the Supervisory Board resolves upon a compensation system for the Executive Board members. Based on the compensation system, the Supervisory Board determines the specific overall target compensation for the individual Executive Board members. In doing so, the Supervisory Board takes into account the size and global orientation, the economic situation, the success, and the outlook of the Company. Compared with competitors, the compensation should be attractive, offering incentives to attract qualified members to the Executive Board and retain them on a long-term basis within the Company. In addition, when determining the compensation, the complexity and significance of the tasks of the respective Executive Board member, their experience (especially for new appointments) and their contribution to the Company's success are taken into consideration. The Supervisory Board regularly reviews the appropriateness of the Executive Board compensation. For this purpose, it uses a horizontal as well as a vertical comparison.

### Horizontal (external) comparison

When determining the compensation of the Executive Board, the Supervisory Board takes into account current market compensation levels, especially among the DAX companies as well as comparable other German companies. In addition, the adidas Executive Board compensation is compared with the compensation of selected national and international companies within the sporting goods and textile industry. When selecting these companies, the Supervisory Board also takes into consideration the comparability of the market position and company size. The Supervisory Board conducts regular horizontal comparisons to ascertain the appropriateness and competitiveness of the Executive Board compensation in relation to the economic situation of the Company. The most recent appropriateness test, conducted in the 2020 financial year, compared the compensation of companies listed in the German Stock Index (DAX) as well as the following national and international companies in particular: Nike, Under Armour, VF, Puma, Lululemon, Skechers, Anta, H&M, and Inditex.

### Vertical (internal) comparison

The Supervisory Board also takes into account the Company's internal compensation structure and levels when determining the Executive Board compensation. Every year, the Executive Board compensation is compared to that of senior management and employees overall in Germany (employees covered by collective agreements as well as employees not covered by collective agreements), also with regard to their development over time.

The Supervisory Board considers the compensation of Executive Board members to be appropriate, also in light of the horizontal and vertical comparisons that were conducted.

**COMPENSATION COMPONENTS: OVERVIEW AND STRUCTURE**

With effect from January 1, 2021, the Executive Board compensation system contains the following components:

**COMPENSATION SYSTEM FOR THE EXECUTIVE BOARD MEMBERS**

Compensation components		Design		Cap	Maximum total annual compensation
Fixed components	Fixed compensation	Payment in twelve equal monthly installments		100%	
	Other benefits	Non-cash benefits granted on a regular and occasion-related basis		up to 3% of the target direct compensation¹	
	Pension benefit	Pension allowance		maximum of 50% of the fixed compensation	
Cash	Performance Bonus	Two shared criteria: financial	Two individual criteria: financial and non-financial	Overall target achievement capped at 150%  If the overall target achievement is ≤ 50%, no payout is made.	
		Weighting in total 60% (30% each)	Weighting in total 40% (20% each)		
		One-year performance period  Two shared criteria are directly linked to the annual guidance externally communicated.  Two individual criteria allow for a differentiation depending on the specific strategic and operational challenges.			
Variable components	LTIP 2021/2025	Financial criterion: increase in net income	ESG criterion: share of sustainable articles	Overall target achievement capped at 150%  If the overall target achievement is ≤ 50%, no payout is made.	
		Weighting: 80%	Weighting: 20%		
		Five annual tranches, each tranche with a period of five years  Criteria and target values for the total duration of LTIP 2021/2025 are determined in advance and transparent and, in case of 100% target achievement, in line with the long-term growth and sustainability targets externally communicated.  In case of failure to achieve the target values determined for a performance year, the target values are increased accordingly for the following performance years, which ensures that the Executive Board is sufficiently incentivized to achieve the ambitious long-term growth targets.			
Share Ownership Guidelines²					
Malus/clawback for variable components					

<sup>1</sup> Target direct compensation consisting of fixed compensation, the annual Performance Bonus as well as the share-based LTIP Bonus (in case of 100% target achievement).

<sup>2</sup> Target value for the CEO amounts to 300%, for the ordinary Executive Board members to 200% of the annual fixed compensation taking into account a build-up phase of four years.

The compensation of the Executive Board members is made up of non-performance related (fixed) and performance-related (variable) compensation components and consists of a fixed compensation, an annual cash bonus ('Performance Bonus'), a long-term share-based bonus (Long-Term Incentive Plan – 'LTIP Bonus'), as well as other benefits and pension benefits.

In case of 100% target achievement, the target direct compensation (total annual compensation without other benefits and pension benefits) is composed of

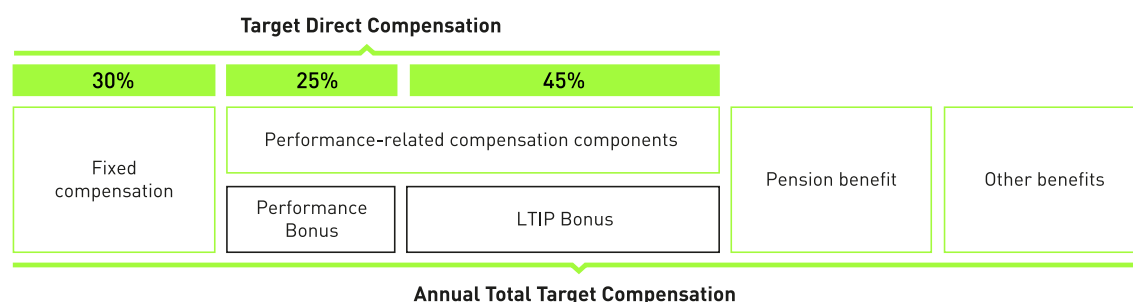
- 30% fixed compensation,
- 25% Performance Bonus, and
- 45% LTIP Bonus.

### TOTAL ANNUAL COMPENSATION AND MAXIMUM COMPENSATION

The notional maximum total annual compensation of an individual Executive Board member can be derived from the fixed compensation, the capped variable performance-related compensation components, the other benefits, and the pension benefits. The percentage of the fixed compensation components (fixed compensation, other benefits,<sup>11</sup> and pension benefits) amounts to approximately 41% of the target total annual compensation. Based on a 100% target achievement, the percentage of the Performance Bonus amounts to approximately 21% and the percentage of the LTIP Bonus amounts to approximately 38% of the target total annual compensation.

In addition, in accordance with § 87a section 1, sentence 2, no. 1 AktG, the Supervisory Board has determined an absolute amount (in euros) for the annual maximum compensation. The annual maximum compensation amounts to € 11,500,000 for the Chief Executive Officer and € 5,150,000 for each of the ordinary Executive Board members per financial year. The maximum compensation includes all fixed and variable compensation components.

### COMPOSITION OF TARGET DIRECT COMPENSATION AND ANNUAL TOTAL TARGET COMPENSATION



### FIXED NON-PERFORMANCE-RELATED COMPONENTS

The fixed non-performance-related compensation consists of the fixed compensation, other benefits, and pension benefits.

#### Fixed compensation

The fixed compensation consists of an annual fixed salary, which is based on the responsibilities and the experience of the individual Executive Board member as well as on market conditions. It ensures an

<sup>11</sup> The amounts of other benefits may vary in the individual financial years. In general, a target amount of up to 3% of the target direct compensation is considered. The actual amount may be higher or lower.



adequate income for the Executive Board members and thus avoids the assumption of inadequate risks for the Company. In principle, the fixed compensation is paid in twelve equal monthly installments and generally remains unchanged during the term of the service contract. The fixed compensation constitutes 30% of the target direct compensation of the respective Executive Board member.

#### **Other benefits**

The other benefits regularly granted to the Executive Board members serve to offset the costs and economic disadvantages directly connected with the Executive Board mandate. They include payment for, or providing the monetary value of, non-cash benefits such as premiums or contributions to insurance schemes in line with market practice, the provision of a company car or the payment of a car allowance, reimbursement of costs for a regular health check, reimbursement of work-related moving costs, necessary security installations and services and the costs for a tax consultant selected by adidas.

#### **Pension benefits**

Pension benefits serve to provide contributions for adequate private retirement pensions. Executive Board members appointed after January 1, 2021, are not granted benefits under a company pension scheme. Instead, they receive a so-called pension allowance in the form of an adequate lump-sum amount, which is directly paid out to the Executive Board members annually. The pension allowance equals a maximum amount of 50% of the individual fixed compensation.

The current members of the Executive Board have defined contribution pension commitments. Each year as part of the pension commitments, the virtual pension account of each Executive Board member is credited with an amount that equals a percentage determined by the Supervisory Board and is related to the Executive Board member's annual fixed compensation. The appropriateness of the percentage is regularly assessed by the Supervisory Board. The percentage most recently determined by the Supervisory Board amounts to 50%. The pension assets on the virtual pension account at the beginning of the respective calendar year yield a fixed interest rate of 3% p.a., however for no longer than until the pension benefits first become due. Entitlements to the pension benefits become vested immediately. Entitlements to pension benefits comprise pensions to be received upon reaching the age of 65, or, on application, early retirement pensions to be received upon reaching the age of 62, or disability and survivors' benefits.

#### **VARIABLE PERFORMANCE-RELATED COMPONENTS**

The variable performance-related compensation is designed to provide the right incentives for the Executive Board to act in the interest of the corporate strategy, the shareholders, and other stakeholders, as well as to ensure a successful, sustainable, and long-term corporate management and development. The level of the variable performance-related compensation is primarily determined by the economic development of adidas and takes into account the performance of the Executive Board members. In this respect, the Supervisory Board follows a consistent 'Pay-for-Performance' approach. In selecting the performance criteria, the Supervisory Board ensures that they are transparent, clearly measurable, and directly promote the implementation of the strategy, also in terms of sustainability. The variable performance-related compensation is therefore directly linked to the externally communicated operating, financial, and strategic short- and long-term targets. This brings the compensation of the Executive Board members directly in line with the interests of shareholders, employees, consumers, and other stakeholders.

The variable performance-related compensation consists of the Performance Bonus and the share-based LTIP Bonus.

## Performance Bonus

As the annual variable performance-related component, the Performance Bonus serves as compensation for the Executive Board's performance in the past financial year in line with the short-term development of the Company. It incentivizes operational success accompanied by profitable growth within the established strategic framework. At the beginning of the financial year, the Supervisory Board establishes the respective weighted performance criteria. In case of 100% target achievement, the target amount of the Performance Bonus corresponds to 25% of the target direct compensation of the respective Executive Board member.

### Criteria, weighting, and cap

The amount of the Performance Bonus is determined based on the achievement of, generally, four weighted criteria. Two of these criteria are the same for all Executive Board members and are overall weighted at 60% ('shared criteria'). In line with the strategic focus on sustainable growth and profitability, the Supervisory Board has generally established the following financial performance criteria for the two shared criteria:

- Currency-neutral sales growth (weighting: 30%)
- Increase in the operating margin (weighting: 30%)

Both criteria are directly linked to the annual guidance externally communicated and, at the same time, follow directly from the – also externally communicated – long-term growth targets of adidas.

The other two criteria are defined individually for the respective Executive Board member and are overall weighted at 40% ('individual criteria'). These individual criteria allow for a further differentiation depending on the specific operating and strategic challenges of each individual Executive Board function. For the two individual targets, financial as well as non-financial performance criteria may be applied. These are directly related to the corporate strategy and its financial goals of sustainable growth, profitability, and cash flow generation, which are based on the strategic focus on credibility, consumer experience, and sustainability. Furthermore, these criteria are directly related to the defined success factors for the implementation of the strategy: the employees of the Company, a mindset of innovation across all dimensions of our business as well as using the speed and agility of Digital throughout the entire value chain.

Examples of possible individual criteria deriving thereof are:

- |  |                          |
|--|--------------------------|
| – Sales growth in business segments/sales channels | – Business development   |
| – Product development and innovation               | – Gaining market share   |
| – Success of strategic projects                    | – Attracting new members |
| – Brand Heat                                       | – Cost management        |
| – Efficiency increase                              | – Cash-flow generation   |
| – Consumer satisfaction                            | – Employee satisfaction  |
| – Diversity, Equity, and Inclusion                 | – Digitalization         |
| – Sustainability                                   | – Succession planning    |

The overall degree of target achievement (sum of all degrees of target achievement) for the Performance Bonus is capped at a maximum of 150% of the individual Performance Bonus target amount. All criteria are designed in such a way that individual target achievement may also be zero. If the overall degree of target achievement lies at or below 50%, the Executive Board member is not entitled to the Performance Bonus. Therefore, the Performance Bonus may be omitted entirely if targets are clearly not met.

### Determination of target achievement and bonus amount

At the end of the financial year, the actual target achievement of each Executive Board member, which is based on a comparison of the predefined target values with the values achieved in the year under review, is assessed by the Supervisory Board ('target/actual comparison'). If the target achievement lies between the predefined threshold values, the degree of target achievement is determined based on a sliding scale. Taking into account the predefined weightings, the Supervisory Board determines the factor by which the Performance Bonus target amount is multiplied by adding up these degrees of target achievement ('overall degree of target achievement'). The result is the individual amount of the Performance Bonus to be paid ('Performance Bonus Amount'). The payout of the Performance Bonus Amount is due following approval of the consolidated financial statements of the past financial year.

### DETERMINATION OF TARGET ACHIEVEMENT AND BONUS AMOUNT WITHIN THE FRAMEWORK OF PERFORMANCE BONUS

At the beginning of the financial year				At the end of the financial year			
Determination of criteria and targets				Determination of degrees of target achievement		Determination of bonus amount	
Performance Bonus	Criterion	Weighting		Target/actual comparison <sup>1</sup>	Multiplication of the target amount with the overall degree of target achievement <sup>2</sup>		
	Sales growth	30%	x	Actual target achievement	} x	Performance Bonus target amount	= Performance Bonus amount
				+			
	Increase in operating margin	30%	x	Actual target achievement			
				+			
	Individual criterion 1	20%	x	Actual target achievement			
			+				
Individual criterion 2	20%	x	Actual target achievement				

<sup>1</sup> Comparison of target values determined at the beginning of the financial year with values achieved in the financial year.

<sup>2</sup> The individual target amount in case of 100% target achievement is determined in accordance with the applicable compensation structure for each Executive Board member. The overall degree of target achievement is the sum of all degrees of target achievement.

### Long-Term Incentive Plan 2021/2025 ('LTIP 2021/2025')

The LTIP 2021/2025 aims to link the long-term performance-related variable compensation of the Executive Board to the Company's performance and thus to the interests of the shareholders. Therefore, the LTIP 2021/2025 is share-based. It consists of five annual tranches (2021 to 2025), each with a term of five years. Each of the five annual LTIP tranches consists of a performance year and a subsequent lock-up period of four years.

#### LTIP 2021/2025: ANNUAL LTIP TRANCHES

LTIP tranche	2021	2022	2023	2024	2025	2026	2027	2028	2029
2021	1	2	3	4	5				
2022		1	2	3	4	5			
2023			1	2	3	4	5		
2024				1	2	3	4	5	
2025					1	2	3	4	5

Performance year

Lock-up period

1 Performance year: Determination of LTIP target amount in case of 100% target achievement.

2 Determination of the degrees of target achievement, LTIP Payout Amount payable following approval of the consolidated financial statements for the past performance year and investment in adidas AG shares. Start of lock-up period.

3 Lock-up period.

4 Lock-up period.

5 End of lock-up period effective 31.12.

In case of 100% target achievement, the LTIP target amount for the respective LTIP tranche corresponds to 45% of the target direct compensation of the respective Executive Board member. The amount of the LTIP Bonus is determined based on the achievement of two uniform criteria for all Executive Board members, which are directly linked to the long-term strategy of adidas.

#### Criteria, weighting, and cap

For the LTIP 2021/2025, the Supervisory Board has defined the following financial or ESG-related performance criteria linked to the strategic objectives for each of the five performance years (2021 to 2025):

- Financial criterion: Increase in net income from continuing operations compared to the previous year (weighting: 80%)
- ESG criterion: Share of sustainable articles offered (weighting: 20%)

On the one hand, this reflects the strategic target of sustainably increasing net income from continuing operations and thus creating the basis for an attractive return for our shareholders. On the other hand, the key strategic focus for adidas to further drive change in the field of sustainability and to move from stand-alone initiatives to a scaled and comprehensive sustainability program is integrated into the Executive Board compensation. The target values for the annual LTIP tranches follow directly from the externally published long-term net income growth targets of the Company and from the sustainability target for the share of sustainable articles offered.

#### Increase in net income from continuing operations compared to the previous year

The financial targets of the strategy until 2025 are determined based on the results for the 2021 financial year. In this connection, the aim is to increase net income from continuing operations by an average of 16% to 18% per annum until 2025. For the LTIP 2021/2025, this specifically means that for the 2021 performance year, a target was set based on the externally communicated annual guidance for the

increase in net income from continuing operations compared to the previous year of € 831 million (100% target achievement). At the beginning of the 2022 financial year, based on the actual results for the 2021 financial year, the Supervisory Board set a target value corridor for the increase in net income from continuing operations for each of the performance years of the four-year period 2022 to 2025, in line with the planned growth target to increase net income from continuing operations by an average of 16% to 18% per annum until 2025. When determining the target corridor, an increase in net income from continuing operations by an average of 17% per annum (midpoint of the growth target of an average of 16% to 18% per annum until 2025) was taken as a basis. This corresponds to a total amount of € 1.3 billion over the four-year period and thus to an amount of € 325 million per year. In addition, a spread of ± € 100 million was set around the midpoint in order to be able to take into account the circumstances of the respective financial year. This results in a target corridor of +€ 225 million to +€ 425 million per year for the four-year period from 2022 to 2025.

For the period 2021 to 2025, the Supervisory Board has therefore set the following target value corridors for the increase in net income from continuing operations:

#### LTIP 2021/2025: FINANCIAL CRITERION

Performance year	Increase in net income from continuing operations
2021 (compared to 2020)	+€ 831 million
2022 (compared to 2021)	+€ 225 million to +€ 425 million
2023 (compared to 2022)	+€ 225 million to +€ 425 million
2024 (compared to 2023)	+€ 225 million to +€ 425 million
2025 (compared to 2024)	+€ 225 million to +€ 425 million

At the beginning of each financial year, the Supervisory Board sets a target value for a 100% target achievement within the framework of the predetermined target value corridors, taking into account the circumstances of the respective financial year. In this way, it can be ensured that the Executive Board is appropriately incentivized to achieve the ambitious financial target of increasing net income from continuing operations by 2025. ► [SEE SECTION 'OUTLOOK FOR 2022'](#)

In case the target set by the Supervisory Board for increasing net income from continuing operations is not met in one of the performance years 2022 to 2025, both the lower and upper limit of the target value corridor will automatically increase by 50% of the amount of the shortfall of the specified target value proportionally over the term of the remaining, subsequent performance years of the LTIP 2021/2025. If the increase in net income from continuing operations in a performance year is above the set target value, both the lower and upper limit of the target value corridor will automatically decrease by 50% of the amount exceeding the set target value proportionally over the term of the remaining, subsequent performance years of the LTIP 2021/2025. This mechanism ensures that in each performance year the Executive Board is adequately incentivized to achieve the ambitious long-term 2025 net income target.

For illustration: If, for example, the increase in net income in the performance year 2022 is € 90 million below the set target for a 100% target achievement, the existing lower and upper limits of the target value corridors for the remaining three performance years will be increased by € 15 million each (50% of the € 90 million shortfall, proportionally allocated over three years). If the increase in net income in the performance year 2023, for example, exceeds the set target for a 100% target achievement by € 40 million, the existing lower and upper limits of the target value corridors for the remaining two performance years will be reduced by € 10 million each (50% of the € 40 million excess, proportionally allocated over two years).

Share of sustainable articles offered

As part of 'Own the Game,' we aim to move to a comprehensive sustainable offering at scale. Our ambition is that 90% of our articles will be sustainable by 2025. We define articles as sustainable when they show environmental benefits versus conventional articles due to the materials used, meaning that they are – to a significant degree – made with environmentally preferred materials. The majority of the environmentally preferred materials currently used are recycled materials and more sustainable cotton. Additionally, innovative materials like biobased synthetics and more sustainably grown natural materials are used in a small scale already and will become increasingly relevant in the future. To qualify as a sustainable article, environmentally preferred materials have to exceed a certain pre-defined percentage of the article weight. The applied criteria for environmentally preferred materials and the percentage of the article weight are defined based on standards reflecting latest developments in our industry, competitor benchmarks, and expert opinions.

When determining the target achievement of the share of sustainable articles offered, only articles for which the material composition could be verified are taken into account. This non-financial performance criterion is part of the combined non-financial statement, which is subject to an audit in accordance with ISAE 3000 by an external auditor. For the 2021 financial year, this audit was commissioned and carried out with limited assurance.

For the 2021 financial year, the Supervisory Board has set a target value of 8 percentage points (100% target achievement) for the increase of the share of sustainable articles offered. The target values for each of the performance years of the four-year period 2022 to 2025 were set by the Supervisory Board at the beginning of the 2022 financial year. From the 2022 financial year, an absolute percentage value will be set as the target value for 100% target achievement. Furthermore, the underlying definition of sustainable articles for the performance years 2022 to 2025 has been adjusted to reflect the latest developments in our industry, competitive benchmarks, and expert opinions. The percentages of the required proportion of environmentally preferred materials of the article weight have been increased significantly, which corresponds to our ambition to significantly expand our commitment to sustainability in the years to come. In this context, we have also decided to define the required proportion of environmentally preferred materials in footwear based on the total shoe weight.

For the period from 2021 to 2025, the Supervisory Board has therefore set the following target values for the share of sustainable articles in our offering:

#### LTIP 2021/2025: ESG CRITERION

Performance year	Share of sustainable articles offered
2021 <sup>1</sup>	+8pp
2022 <sup>2</sup>	70%
2023 <sup>2</sup>	78%
2024 <sup>2</sup>	84%
2025 <sup>2</sup>	90%

1 Percentage point increase in the share of sustainable articles (by count) offered at the points-of-sale compared with respective previous season (comparison of Spring/Summer 2021 with Spring/Summer 2022). The percentage of sustainable articles (by count) offered at the points-of-sale in Spring/Summer 2021 amounted to 60.6%. The definition of sustainable articles is based on the proportion of environmentally preferred material content. For apparel and accessories/gear, the environmentally preferred material content is based on article weight (at least 25% recycled content or 50% sustainable cotton; excluding trims), for footwear (only upper part) it is based on material components (at least 25% of the components used contain 50% or more recycled content) or article weight (at least 25%). Only articles with verified environmentally preferred material contents are included. Licensed articles are excluded. Without Reebok.

2 Percentage of sustainable articles (by count) offered at the points-of-sale (average of Fall/Winter season of the current financial year and Spring/Summer season of the following financial year). The definition of sustainable articles is based on the proportion of environmentally preferred material of the article weight. For apparel (excluding trims), the environmentally preferred material content is required to amount to at least 70%, for accessories/gear (excluding trims) at least 50% and for footwear (full shoe) at least 20% of the article weight. Only articles with verified environmentally preferred material contents are included. Licensed articles are excluded. Without Reebok.

The overall degree of target achievement (sum of all degrees of target achievement) for the LTIP Bonus is capped at a maximum of 150% of the individual LTIP Bonus target amount. Both criteria are designed in such a way that the degree of target achievement may also be zero. If the overall degree of target achievement lies at or below 50%, the Executive Board member is not entitled to the LTIP Bonus. Consequently, the Bonus for the annual LTIP tranche may be omitted entirely if targets are clearly not met.

#### Determination of target achievement and bonus amount

At the end of the performance year, the actual target achievement of each Executive Board member, which is based on a comparison of the predefined target values with the values achieved in the performance year, is assessed by the Supervisory Board ('target/actual comparison').

If the actual increase in net income from continuing operations compared to the previous year or the share of sustainable articles offered lies between the predefined threshold values, the degree of target achievement is determined based on a sliding scale. Taking into account the predefined weightings, the Supervisory Board determines the factor by which the LTIP target amount is multiplied by adding up these degrees of target achievement ('overall degree of target achievement'). In this way, the bonus amount of the annual LTIP tranche ('Grant Amount') is determined, which is paid out to the Executive Board member for the respective annual LTIP tranche for the performance year following the approval of the consolidated financial statements of adidas. The Executive Board members have to invest the full Grant Amount after deducting applicable taxes and social security contributions ('LTIP Payout Amount') into the acquisition of adidas AG shares. The shares purchased are subject to a lock-up period. This lock-up period expires at the end of the fourth financial year following the performance year. The Executive Board members may only dispose of the shares after expiration of the lock-up period.



## DETERMINATION OF TARGET ACHIEVEMENT AND BONUS AMOUNT WITHIN THE FRAMEWORK OF LTIP BONUS

At the beginning of the financial year				At the end of the financial year			
Determination of criteria and targets				Determination of degrees of target achievement		Determination of bonus amount	
LTIP 2021/2025	Criterion	Weighting		Target/actual comparison <sup>1</sup>		Multiplication of the target amount with the overall degree of target achievement <sup>2</sup>	
	Increase in net income	80%	x	Actual target achievement		LTIP target amount	Grant Amount, which is to be invested into acquisition of adidas AG shares after deducting applicable taxes and social security contributions
				+			
	Share of sustainable articles	20%	x	Actual target achievement			

1 Comparison of target values determined at the beginning of the financial year with values achieved in the financial year.

2 The individual target amount in case of 100% target achievement is determined in accordance with the applicable compensation structure for each Executive Board member. The overall degree of target achievement is the sum of all degrees of target achievement.

Due to this mechanism, the compensation which the Executive Board members eventually receive from each of the LTIP 2021/2025 tranches is also directly dependent on the share price development during the respective four-year lock-up period and is thus dependent on the long-term performance of the Company. The Executive Board members are entitled to any dividends distributed in connection with these shares during the lock-up period.

## MALUS AND CLAWBACK PROVISIONS

In order to ensure sustainable management and development of the Company, the terms and conditions of the Performance Bonus and of the LTIP 2021/2025 contain malus and clawback provisions which allow the Supervisory Board at its equitable discretion, under defined circumstances, to partially or completely reduce the variable compensation, or partially or completely reclaim variable compensation already paid. Such circumstances are material misstatements in the financial reports, serious compliance violations and violations of duty as well as breaches of the company-internal rules of conduct by the Executive Board member, which would lead to an unjustified bonus payment in the context of the Performance Bonus or the LTIP 2021/2025. Moreover, in the event of violations of duty by Executive Board members, claims for damages arise under stock corporation law.

## SHARE OWNERSHIP GUIDELINES

In order to further align the interests of the Executive Board with those of the shareholders, Share Ownership Guidelines are in place which require the Executive Board members to build substantial positions in adidas AG shares during their appointment and after a four-years build-up phase. The target for the Chief Executive Officer is a total value of 300% and for the other Executive Board members a total value of 200% of the individually granted annual fixed compensation.

## COMMITMENTS UPON COMMENCEMENT OR TERMINATION OF THE EXECUTIVE BOARD MANDATE

## Commencement of Executive Board mandate

In exceptional cases, the Supervisory Board is entitled to make payments (in cash or in the form of an additional one-off commitment of a variable compensation, which can be subject to a lock-up period if shares are granted) to newly appointed Executive Board members in order to reimburse them for lost compensation from a previous employment or to cover the costs of relocating, whereby any such payments are limited to the actually incurred compensation losses or costs for relocation. Any such compensation payments granted are disclosed transparently and in detail in the annual Compensation Report.

**Termination of Executive Board mandate**

Unless otherwise agreed in the individual case, if the service contract ends upon the Executive Board member reaching the age of 65 or upon non-renewal of the service contract, the Executive Board member is entitled to receive an annual fixed compensation on a pro rata basis as well as a potential prorated Performance Bonus and a potential prorated LTIP Bonus.

In case of premature termination of tenure in the absence of good cause, the Executive Board service contracts cap potential severance payments at a maximum of twice the total annual compensation, not exceeding payment claims for the remaining period of the service contract ('Severance Payment Cap'). The Executive Board member does not receive a severance payment if they terminate tenure prematurely at their own request, or if there is good cause for the Company to terminate the employment relationship.

Furthermore, in line with an earlier compensation system, the company has agreed that Executive Board member Roland Auschel will receive a follow-up bonus of 75% of the Performance Bonus granted to him for the last full financial year in the event of termination of his service contract. This follow-up bonus is payable in two tranches, twelve and 24 months following the end of the contract.

Commitments to Executive Board members upon premature termination of tenure due to a change of control are not agreed.

**Post-contractual competition prohibition**

In principle, Executive Board members are subject to a post-contractual competition prohibition of two years. As consideration, for the duration of the competition prohibition, the Executive Board members generally receive a monthly compensation amount totaling 50% of the monthly fixed compensation last received, subject to offsetting (e.g., of income from other occupations). Taking into account the time limits stipulated in the service contract, the company may waive the post-contractual competition prohibition for the former Executive Board member. If the departed Executive Board member receives pension payments from the Company (based on existing old commitments), this compensation is offset against any pension benefits owed by the Company during the period of the competition prohibition. The compensation for periods of competition prohibition possibly paid on a monthly basis to departing Executive Board members is offset against any severance payments potentially to be paid by adidas.

**SIDELINE ACTIVITIES OF EXECUTIVE BOARD MEMBERS**

Executive Board members may only take on sideline activities with or without remuneration, in particular supervisory board mandates in group-external companies, with the prior approval of the Supervisory Board. Group-internal mandates are deemed covered by the contractually agreed Executive Board compensation. The Supervisory Board decides whether compensation for group-external mandates is credited to the Executive Board compensation.

## EXECUTIVE BOARD COMPENSATION 2021

## ANNUAL TOTAL TARGET COMPENSATION

The following table shows the individual compensation components for each individual Executive Board member under the current compensation system with 100% target achievement of the performance-related compensation. It also includes the maximum and minimum achievable compensation.

## TARGET TOTAL ANNUAL COMPENSATION 2021 IN €

	Kasper Rorsted Chief Executive Officer				Roland Auschel Global Sales			
	2021				2021			
	in €	in % of the target total compensation	min.	max.	in €	in % of the target total compensation	min.	max.
<b>Fixed non-performance-related compensation</b>	<b>3,394,794</b>	<b>41%</b>	<b>3,394,794</b>	<b>3,394,794</b>	<b>1,490,818</b>	<b>41%</b>	<b>1,490,818</b>	<b>1,490,818</b>
Fixed compensation	2,083,333	25%	2,083,333	2,083,333	920,000	25%	920,000	920,000
Other benefits <sup>1</sup>	208,333	3%	208,333	208,333	92,000	3%	92,000	92,000
Pension benefits (pension expenses) <sup>2</sup>	1,103,127	13%	1,103,127	1,103,127	478,818	13%	478,818	478,818
<b>Variable performance-related compensation</b>	<b>4,861,111</b>	<b>59%</b>	<b>0</b>	<b>7,291,667</b>	<b>2,146,667</b>	<b>59%</b>	<b>0</b>	<b>3,220,001</b>
Performance Bonus 2021	1,736,111	21%	0	2,604,167	766,667	21%	0	1,150,001
LTIP 2021/2025 (2021 tranche)	3,125,000	38%	0	4,687,500	1,380,000	38%	0	2,070,000
<b>Target total compensation<sup>3</sup></b>	<b>8,255,905</b>	<b>100%</b>	<b>3,394,794</b>	<b>10,686,460</b>	<b>3,637,485</b>	<b>100%</b>	<b>1,490,818</b>	<b>4,710,819</b>

## TARGET TOTAL ANNUAL COMPENSATION 2021 IN €

	Brian Grevy Global Brands				Harm Ohlmeyer Chief Financial Officer			
	2021				2021			
	in €	in % of the target total compensation	min.	max.	in €	in % of the target total compensation	min.	max.
<b>Fixed non-performance-related compensation</b>	<b>1,361,079</b>	<b>42%</b>	<b>1,361,079</b>	<b>1,361,079</b>	<b>1,531,271</b>	<b>42%</b>	<b>1,531,271</b>	<b>1,531,271</b>
Fixed compensation	800,000	25%	800,000	800,000	900,000	25%	900,000	900,000
Other benefits <sup>1</sup>	80,000	2%	80,000	80,000	90,000	2%	90,000	90,000
Pension benefits (pension expenses) <sup>2</sup>	481,079	15%	481,079	481,079	541,271	15%	541,271	541,271
<b>Variable performance-related compensation</b>	<b>1,866,667</b>	<b>58%</b>	<b>0</b>	<b>2,800,001</b>	<b>2,100,000</b>	<b>58%</b>	<b>0</b>	<b>3,150,000</b>
Performance Bonus 2021	666,667	21%	0	1,000,001	750,000	21%	0	1,125,000
LTIP 2021/2025 (2021 tranche)	1,200,000	37%	0	1,800,000	1,350,000	37%	0	2,025,000
<b>Target total compensation<sup>3</sup></b>	<b>3,227,746</b>	<b>100%</b>	<b>1,361,079</b>	<b>4,161,080</b>	<b>3,631,271</b>	<b>100%</b>	<b>1,531,271</b>	<b>4,681,271</b>

## TARGET TOTAL ANNUAL COMPENSATION 2021 IN €

	Amanda Rajkumar Global Human Resources, People and Culture				Martin Shankland Global Operations			
	2021				2021			
	in €	in % of the target total compensation	min.	max.	in €	in % of the target total compensation	min.	max.
<b>Fixed non-performance-related compensation</b>	<b>1,380,096</b>	<b>43%</b>	<b>1,380,096</b>	<b>1,380,096</b>	<b>1,289,459</b>	<b>41%</b>	<b>1,289,459</b>	<b>1,289,459</b>
Fixed compensation	800,000	25%	800,000	800,000	800,000	25%	800,000	800,000
Other benefits <sup>1</sup>	80,000	2%	80,000	80,000	80,000	3%	80,000	80,000
Pension benefits (pension expenses) <sup>2</sup>	500,096	15%	500,096	500,096	409,459	13%	409,459	409,459
<b>Variable performance-related compensation</b>	<b>1,866,667</b>	<b>57%</b>	<b>0</b>	<b>2,800,001</b>	<b>1,866,667</b>	<b>59%</b>	<b>0</b>	<b>2,800,001</b>
Performance Bonus 2021	666,667	21%	0	1,000,001	666,667	21%	0	1,000,001
LTIP 2021/2025 (2021 tranche)	1,200,000	37%	0	1,800,000	1,200,000	38%	0	1,800,000
<b>Target total compensation<sup>3</sup></b>	<b>3,246,763</b>	<b>100%</b>	<b>1,380,096</b>	<b>4,180,097</b>	<b>3,156,126</b>	<b>100%</b>	<b>1,289,459</b>	<b>4,089,460</b>

<sup>1</sup> Other benefits may vary in amount in the individual financial years. In general, a target amount of up to 3% of the target direct compensation is considered. The actual amount may be higher or lower.

<sup>2</sup> Based on existing commitments, the current members of the Executive Board who were appointed before January 1, 2021, are granted pension benefits in the form of a defined contribution pension plan. The virtual pension account of the respective Executive Board member is credited annually with an amount equal to a percentage set by the Supervisory Board (2021: 50%) based on the individual annual fixed compensation. The pension expenses for the pension benefits are calculated using actuarial calculations and therefore vary individually for each member of the Executive Board.

<sup>3</sup> Based on the new compensation system for the members of the Executive Board, the compensation structure and thus the target total annual compensation of the members of the Executive Board was adjusted as of January 1, 2021. Furthermore, a new target direct compensation was set for Kasper Rorsted in connection with his reappointment as member of the Executive Board and Chairman of the Executive Board effective August 1, 2021. The target direct compensation of Martin Shankland was furthermore adjusted as of January 1, 2021, in order to align the compensation levels of the ordinary members of the Executive Board of the adidas AG.

## 2021 PERFORMANCE BONUS

In accordance with the current compensation system, the Supervisory Board has determined the following performance criteria for the 2021 financial year:

- currency-neutral sales growth,
- an increase in the operating margin, and
- two criteria relating to the respective Executive Board functions and individual performance of the Executive Board members.

The financial targets set for the Performance Bonus were based on the company guidance communicated at the beginning of the 2021 financial year and are therefore in line with the strategic focus on sustainable growth and profitability.

In the 2021 financial year, the individual criteria relating to the respective Executive Board functions focused on, in particular, the commercial success of key sales channels, the increase in market shares and members, Diversity, Equity, and Inclusion, cash flow generation, and operational efficiency. These were thus directly related to the strategy and its financial goals of sustainable growth, profitability, and cash flow generation, which are based on the strategic focus on credibility, consumer experience, and sustainability. Furthermore, these criteria were directly in line with the defined success factors for the implementation of the strategy: the employees of the Company, a mindset of innovation across all dimensions of our business, as well as using the speed and agility of digitalization throughout the entire value chain.

For the 2021 financial year, the following threshold values were defined for the determination of target achievement in respect of currency-neutral sales growth and increasing the operating margin:

#### PERFORMANCE BONUS: CALCULATION OF THE DEGREE OF TARGET ACHIEVEMENT FOR THE 2021 FINANCIAL YEAR

Currency-neutral sales growth <sup>1</sup>	Degree of target achievement
+23.1%	200%
+19.1%	150%
+15.1%	100%
+11.1%	50%
+7.1%	0%
Increase in the operating margin to <sup>1</sup>	Degree of target achievement
10.1%	200%
9.6%	150%
9.1%	100%
8.6%	50%
8.1%	0%

<sup>1</sup> Continuing operations.

The shared targets set for Executive Board members in the 2021 financial year were achieved as follows:

#### 2021 PERFORMANCE BONUS: SHARED CRITERIA - TARGET ACHIEVEMENT

Performance criterion	Weighting		100% target value	2021 actual value	Degree of target achievement
Currency-neutral sales growth <sup>1</sup>	30%	Increase by	+15.1%	+16.3%	115%
Increase in operating margin to <sup>1</sup>	30%	Increase to	9.1%	9.4%	130%

<sup>1</sup> Continuing operations.

The individual targets set for Executive Board members in the 2021 financial year were achieved as follows:

#### 2021 PERFORMANCE BONUS: INDIVIDUAL CRITERIA - TARGET ACHIEVEMENT

	Weighting	Performance criterion	Degree of target achievement
Kasper Rorsted	20%	Average target achievement of Success of the direct-to-consumer business and Cash flow	100%
	20%	Average target achievement of Brand Heat, Diversity, Equity, and Inclusion, and logistics efficiency	163%
Roland Auschel	20%	Success of the direct-to-consumer business	0%
	20%	Attracting new members	200%
Brian Grevy	20%	Brand heat	95%
	20%	Sales growth of the Women's business	0%
Harm Ohlmeyer	20%	Cash flow	200%
	20%	Cost management	120%
Amanda Rajkumar	20%	Diversity, Equity, and Inclusion	195%
	20%	Succession planning	108%
Martin Shankland	20%	Logistics efficiency	200%
	20%	Cost management in the supply chain	120%

Based on the targets actually achieved, this results in an overall degree of target achievement between 93% and 138% for the individual Executive Board members for the year under review (2020: 40%–75%). The Performance Bonus Amount for 2021 will be paid after approval of the consolidated financial statements in March 2022.

#### 2021 PERFORMANCE BONUS: INDIVIDUAL OVERALL DEGREES OF TARGET ACHIEVEMENT

Kasper Rorsted	126%
Roland Aushel	114%
Brian Grevy	93%
Harm Ohlmeyer	138%
Amanda Rajkumar	134%
Martin Shankland	138%

#### LTIP 2021/2025: 2021 LTIP TRANCHE

As part of the compensation system for Executive Board members, the Supervisory Board has defined the following performance criteria for each of the five performance years (2021 to 2025) of the LTIP 2021/2025:

- absolute increase in net income from continuing operations compared to respective previous year and
- share of sustainable articles offered.

The targets set for the 2021 LTIP tranche were based on the long-term growth targets announced at the beginning of the 2021 financial year as part of the new strategy, 'Own the Game.' On the one hand, this reflected the strategic target of sustainably increasing net income from continuing operations and thus creating the basis for an attractive return for our shareholders. On the other hand, the key strategic focus for adidas to further drive change in the field of sustainability and to move from stand-alone initiatives to a scaled and comprehensive sustainability program has been integrated into the Executive Board compensation.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
TO OUR SHAREHOLDERS	GROUP MANAGEMENT REPORT - OUR COMPANY	GROUP MANAGEMENT REPORT - FINANCIAL REVIEW	CONSOLIDATED FINANCIAL STATEMENTS	ADDITIONAL INFORMATION

For the 2021 financial year, the following threshold values were defined for the determination of target achievement of the increase in net income from continuing operations and the share of sustainable articles offered:

#### LTIP 2021/2025: CALCULATION OF THE DEGREE OF TARGET ACHIEVEMENT FOR THE 2021 FINANCIAL YEAR

Increase in net income from continuing operations compared to the previous year	Degree of target achievement
+€ 1,071 million	200%
+€ 951 million	150%
+€ 831 million	100%
+€ 711 million	50%
+€ 591 million	0%
Share of sustainable articles offered <sup>1</sup>	Degree of target achievement
+16pp	200%
+12pp	150%
+8pp	100%
+4pp	50%
+0pp	0%

<sup>1</sup> Percentage point increase in the share of sustainable articles (by count) offered at the points-of-sale compared with respective previous season (comparison of Spring/Summer 2021 with Spring/Summer 2022). The percentage of sustainable articles (by count) offered at the points-of-sale in Spring/Summer 2021 amounted to 60.6%. The definition of sustainable articles is based on the proportion of environmentally preferred material content. For apparel and accessories/gear, the environmentally preferred material content is based on article weight (at least 25% recycled content or 50% sustainable cotton; excluding trims), for footwear (only upper part) it is based on material components (at least 25% of the components used contain 50% or more recycled content) or article weight (at least 25%). Only articles with verified environmentally preferred material contents are included. Licensed articles are excluded. Without Reebok.

The strategic targets set for Executive Board members in the 2021 financial year were achieved as follows:

#### LTIP 2021/2025: TARGET ACHIEVEMENT IN THE PERFORMANCE YEAR 2021

Performance criterion	100% target value	Actual value 2021	Degree of target achievement
Increase in net income from continuing operations compared to the previous year	+€ 831 million	+€ 1,031 million	183%
Share of sustainable articles offered	+8pp	+8.2pp	103%

Based on the actual target achievements, this results in the maximum achievable degree of overall target achievement of 150% (2020: 0%) for each Executive Board member for the performance year 2021. The Executive Board members have to invest the full Grant Amount after deducting applicable taxes and social security contributions ('LTIP Payout Amount') into the acquisition of adidas AG shares. The LTIP bonus for the 2021 LTIP tranche will be paid out to Executive Board members following approval of the consolidated financial statements and invested into the acquisition of adidas AG shares on April 1, 2022. The shares purchased are subject to a lock-up period that ends on December 31, 2025. The Executive Board members may only dispose of the shares after expiration of the lock-up period.

As at December 31, 2021, the total number of adidas AG shares acquired since 2018 in the context of the variable performance-related compensation and that are subject to a lock-up period amounts to 43,243 shares (2020: 40,371 shares). The numbers of adidas AG shares acquired by the respective Executive Board members are shown in the following table.

#### LTI BONUS: ACQUISITION OF SHARES IN THE CONTEXT OF THE LONG-TERM VARIABLE COMPENSATION IN €

LTIP tranche <sup>1</sup>	Kasper Rorsted			Roland Auschel		
	2020	2019	2018	2020	2019	2018
Grant Amount	571,429	3,154,285	3,405,714	262,857	1,450,972	1,566,629
Payout Amount	300,144	1,656,788	1,788,851	138,065	762,125	822,873
Purchase price <sup>2</sup>	270.75	255.00	219.20	270.75	255.00	219.20
<b>Number of purchased shares</b>	<b>1,108</b>	<b>6,497</b>	<b>8,160</b>	<b>509</b>	<b>2,988</b>	<b>3,753</b>
End of lock-up period <sup>3</sup>	May 31, 2024	May 31, 2023	May 31, 2022	May 31, 2024	May 31, 2023	May 31, 2022

#### LTI BONUS: ACQUISITION OF SHARES IN THE CONTEXT OF THE LONG-TERM VARIABLE COMPENSATION IN €

LTIP tranche <sup>1</sup>	Brian Grevy <sup>4</sup>			Harm Ohlmeyer		
	2020	2019	2018	2020	2019	2018
Grant Amount	209,524	–	–	241,945	1,083,852	1,170,246
Payout Amount	110,052	–	–	127,081	569,295	614,670
Purchase price <sup>2</sup>	270.75	–	–	270.75	255.00	219.20
<b>Number of purchased shares</b>	<b>406</b>	<b>–</b>	<b>–</b>	<b>469</b>	<b>2,232</b>	<b>2,804</b>
End of lock-up period <sup>3</sup>	May 31, 2024	–	–	May 31, 2024	May 31, 2023	May 31, 2022

#### LTI BONUS: ACQUISITION OF SHARES IN THE CONTEXT OF THE LONG-TERM VARIABLE COMPENSATION IN €

LTIP tranche <sup>1</sup>	Amanda Rajkumar <sup>5</sup>			Martin Shankland <sup>6</sup>		
	2020	2019	2018	2020	2019	2018
Grant Amount	–	–	–	196,350	894,469	–
Payout Amount	–	–	–	103,132	469,821	–
Purchase price <sup>2</sup>	–	–	–	270.75	255.00	–
<b>Number of purchased shares</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>380</b>	<b>1,842</b>	<b>–</b>
End of lock-up period <sup>3</sup>	–	–	–	May 31, 2024	May 31, 2023	–



**LTI BONUS: ACQUISITION OF SHARES IN THE CONTEXT OF THE LONG-TERM VARIABLE COMPENSATION IN €**

LTIP tranche <sup>1</sup>	Karen Parkin <sup>7</sup>			Eric Liedtke <sup>8</sup>		
	2020	2019	2018	2020	2019	2018
Grant Amount	–	1,083,852	1,170,246	–	1,577,143	1,702,857
Payout Amount	–	538,849	581,974	–	828,394	894,425
Purchase price <sup>2</sup>	–	255.00	219.20	–	255.00	219.20
<b>Number of purchased shares</b>	<b>–</b>	<b>2,113</b>	<b>2,654</b>	<b>–</b>	<b>3,248</b>	<b>4,080</b>
End of lock-up period <sup>3</sup>	–	May 31, 2023	May 31, 2022	–	May 31, 2023	May 31, 2022

1 As a liquidity management measure, the Executive Board had decided in April 2020 to waive the LTIP Bonus for the 2020 financial year. Thus, no adidas AG shares were acquired by the Executive Board members as part of the 2020 LTIP tranche. For the 2020 financial year, a special bonus was granted to the members of the Executive Board incumbent as at December 31, 2020, for their outstanding performance in leading the company in times of the coronavirus pandemic. The special bonus amounted to 25% of the LTIP target amount determined for the 2020 financial year for each Executive Board member. The special bonus was granted share-based and invested into the acquisition of adidas AG shares after deducting applicable taxes and social security contributions in line with the conditions of the LTIP 2018/2020. The current compensation system adopted in 2021 no longer permits the granting of special bonuses.

2 Share price at the time of the acquisition of shares. LTIP tranche 2018: Purchase price as at April 1, 2019, LTIP tranche 2019: Purchase price as at September 1, 2020 (as a liquidity management measure in light of the coronavirus pandemic, the LTIP Payout Amount for the LTIP tranche 2019 was paid out in August 2020), special bonus 2020: Purchase price as at April 1, 2021.

3 In accordance with a previous compensation system, the lock-up period of the three annual tranches of the LTIP 2018/2020 expires in the third financial year after the acquisition of the shares upon expiry of the month in which the Annual General Meeting of adidas AG takes place. As of the 2021 financial year and in line with the new compensation system for the members of the Executive Board, the lock-up period of the five annual tranches of the LTIP 2021/2025 expires at the end of the fourth financial year following each performance year.

4 Executive Board member with effect from February 1, 2020. Prorated participation in the LTIP 2018/2020 in the 2020 financial year (LTIP tranche 2020).

5 Executive Board member with effect from January 1, 2021. First-time participation in the LTIP 2021/2025 in the 2021 financial year (LTIP tranche 2021).

6 Executive Board member with effect from March 4, 2019. Prorated participation in the LTIP 2018/2020 in the 2019 financial year (LTIP tranche 2019).

7 Executive Board member until June 30, 2020.

8 Executive Board member until December 31, 2019.

**MALUS AND CLAWBACK PROVISIONS**

The Supervisory Board did not make use of the available malus and clawback provisions in the 2021 financial year.

**SHARE OWNERSHIP GUIDELINES: SHARE OWNERSHIP IN 2021**

The share ownership of the Executive Board members incumbent as at December 31, 2021, in relation to their respective annual fixed compensation is disclosed individually in the following:

**SHARE OWNERSHIP IN THE 2021 FINANCIAL YEAR IN €**

Executive Board members incumbent as at December 31, 2021	2021 fixed compensation	Total number of shares as at December 31, 2021	Share price as at December 31, 2021	Total value of adidas AG shares	% of fixed compensation	Target in % of fixed compensation	End of build-up phase
Kasper Rorsted	2,083,333	15,765	253.20	3,991,698	192%	300%	April 30, 2025
Roland Auschel	920,000	7,250	253.20	1,835,700	200%	200%	April 30, 2025
Brian Grevy <sup>1</sup>	800,000	406	253.20	102,799	13%	200%	April 30, 2025
Harm Ohlmeyer	900,000	5,505	253.20	1,393,866	155%	200%	April 30, 2025
Amanda Rajkumar <sup>2</sup>	800,000	–	–	–	–	200%	April 30, 2025
Martin Shankland <sup>3</sup>	800,000	2,222	253.20	562,610	70%	200%	April 30, 2025

1 Executive Board member with effect from February 1, 2020. Prorated participation in the LTIP 2018/2020 in the 2020 financial year (LTIP tranche 2020).

2 Executive Board member with effect from January 1, 2021. First-time participation in the LTIP 2021/2025 in the 2021 financial year (LTIP tranche 2021).

3 Executive Board member with effect from March 4, 2019. Prorated participation in the LTIP 2018/2020 in the 2019 financial year (LTIP tranche 2019).

**TOTAL ANNUAL COMPENSATION IN 2021: COMPENSATION GRANTED AND DUE**

The following table shows the compensation granted and due in the 2021 financial year to individual Executive Board members incumbent as at December 31, 2021, for which the underlying service has been fully rendered by the balance sheet date on December 31, 2021, or on December 31, 2020. The variable performance-related compensation components for the year under review are payable only following approval of the consolidated financial statements of the past financial year.

Furthermore, in the interest of consistent and transparent reporting, the service costs for the defined contribution pension commitments granted to individual Executive Board members appointed before January 1, 2021, are shown in the following; however, this does not represent an actual allocation to the Executive Board members and does not qualify as compensation granted and due as specified in § 162 AktG.

#### COMPENSATION GRANTED AND DUE FOR THE EXECUTIVE BOARD MEMBERS IN THE 2021 FINANCIAL YEAR IN €

	Kasper Rorsted Chief Executive Officer				Roland Auschel Global Sales			
	2021		2020		2021		2020	
	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation
<b>Fixed non-performance- related components</b>	<b>2,114,637</b>	<b>24%</b>	<b>2,031,417</b>	<b>78%</b>	<b>944,572</b>	<b>24%</b>	<b>944,572</b>	<b>78%</b>
Fixed compensation	2,083,333		2,000,000		920,000		920,000	
Other benefits	31,303		31,417		24,572		24,572	
Pension allowance	–		–		–		–	
<b>Variable performance- related components</b>	<b>6,875,000</b>	<b>76%</b>	<b>571,429</b>	<b>22%</b>	<b>2,944,000</b>	<b>76%</b>	<b>262,857</b>	<b>22%</b>
Performance Bonus 2021	2,187,500		–		874,000		–	
Performance Bonus 2020	–		0		–		0	
LTIP 2021/2025 (2021 tranche) <sup>1</sup>	4,687,500		–		2,070,000		–	
LTIP 2018/2020 (2020 tranche) <sup>1</sup>	–		0		–		0	
Special Bonus 2020 <sup>2</sup>	–		571,429		–		262,857	
Other	–		–		–		–	
<b>Total compensation in acc. with § 162 AktG</b>	<b>8,989,637</b>	<b>100%</b>	<b>2,602,845</b>	<b>100%</b>	<b>3,888,572</b>	<b>100%</b>	<b>1,207,430</b>	<b>100%</b>
Pension benefits (service cost) <sup>3</sup>	1,103,127		1,111,383		478,818		472,699	
<b>Total compensation (incl. service cost)</b>	<b>10,092,764</b>		<b>3,714,228</b>		<b>4,367,390</b>		<b>1,680,129</b>	
<b>Maximum compensation in acc. with § 87a AktG</b>	<b>11,500,000</b>		<b>–</b>		<b>5,150,000</b>		<b>–</b>	

## COMPENSATION GRANTED AND DUE FOR THE EXECUTIVE BOARD MEMBERS IN THE 2021 FINANCIAL YEAR IN €

	Brian Grevy <sup>4</sup> Global Brands				Harm Ohlmeyer Chief Financial Officer			
	2021		2020		2021		2020	
	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation
<b>Fixed non-performance- related components</b>	<b>817,865</b>	<b>25%</b>	<b>839,833</b>	<b>41%</b>	<b>927,687</b>	<b>23%</b>	<b>874,493</b>	<b>78%</b>
Fixed compensation	800,000		733,333		900,000		846,806	
Other benefits	17,865		106,499		27,687		27,687	
Pension allowance	–		–		–		–	
<b>Variable performance- related components</b>	<b>2,420,000</b>	<b>75%</b>	<b>209,524</b>	<b>10%</b>	<b>3,060,000</b>	<b>77%</b>	<b>241,945</b>	<b>22%</b>
Performance Bonus 2021	620,000		–		1,035,000		–	
Performance Bonus 2020	–		0		–		0	
LTIP 2021/2025 (2021 tranche) <sup>1</sup>	1,800,000		–		2,025,000		–	
LTIP 2018/2020 (2020 tranche) <sup>1</sup>	–		0		–		0	
Special Bonus 2020 <sup>2</sup>	–		209,524		–		241,945	
Other	–	–	1,000,000	49%	–	–	–	–
<b>Total compensation in acc. with § 162 AktG</b>	<b>3,237,865</b>	<b>100%</b>	<b>2,049,357</b>	<b>100%</b>	<b>3,987,687</b>	<b>100%</b>	<b>1,116,437</b>	<b>100%</b>
Pension benefits (service cost) <sup>3</sup>	481,079		386,686		541,271		500,435	
<b>Total compensation (incl. service cost)</b>	<b>3,718,944</b>		<b>2,436,043</b>		<b>4,528,958</b>		<b>1,616,872</b>	
<b>Maximum compensation in acc. with § 87a AktG</b>	<b>5,150,000</b>		<b>–</b>		<b>5,150,000</b>		<b>–</b>	

## COMPENSATION GRANTED AND DUE FOR THE EXECUTIVE BOARD MEMBERS IN THE 2021 FINANCIAL YEAR IN €

	Amanda Rajkumar <sup>5</sup> Global Human Resources, People and Culture				Martin Shankland Global Operations			
	2021		2020		2021		2020	
	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation
<b>Fixed non-performance-related components</b>	<b>963,445</b>	<b>22%</b>	–	–	<b>829,854</b>	<b>23%</b>	<b>720,559</b>	<b>79%</b>
Fixed compensation	800,000		–		800,000		687,225	
Other benefits	163,445		–		29,854		33,334	
Pension allowance	–		–		–		–	
<b>Variable performance-related components</b>	<b>2,693,333</b>	<b>62%</b>	–	–	<b>2,720,000</b>	<b>77%</b>	<b>196,350</b>	<b>21%</b>
Performance Bonus 2021	893,333		–		920,000		–	
Performance Bonus 2020	–		–		–		0	
LTIP 2021/2025 (2021 tranche) <sup>1</sup>	1,800,000		–		1,800,000		–	
LTIP 2018/2020 (2020 tranche) <sup>1</sup>	–		–		–		0	
Special Bonus 2020 <sup>2</sup>	–		–		–		196,350	
Other	688,311	16%	–	–	–	–	–	–
<b>Total compensation in acc. with § 162 AktG</b>	<b>4,345,089</b>	<b>100%</b>	–	–	<b>3,549,854</b>	<b>100%</b>	<b>916,909</b>	<b>100%</b>
Pension benefits (service cost) <sup>3</sup>	500,096		–		409,459		405,281	
<b>Total compensation (incl. service cost)</b>	<b>4,845,185</b>		–		<b>3,959,313</b>		<b>1,322,190</b>	
<b>Maximum compensation in acc. with § 87a AktG</b>	<b>5,150,000</b>	–	–	–	<b>5,150,000</b>	–	–	–

1 The Grant Amount that remains for the respective annual LTIP tranche after deduction of applicable taxes and social security contributions ('LTIP Payout Amount') has to be invested into the acquisition of adidas AG shares. These shares are subject to a lock-up period.

2 As a liquidity management measure, against the background of the coronavirus pandemic, the Executive Board had decided in April 2020 to waive the Performance Bonus and LTIP Bonus for the 2020 financial year. For the 2020 financial year, a special bonus was granted to the members of the Executive Board incumbent as at December 31, 2020, for their outstanding performance in leading the company in times of the coronavirus pandemic. The special bonus amounted to 25% of the LTIP target amount determined for the 2020 financial year for each Executive Board member. The special bonus was granted share-based and invested into the acquisition of adidas AG shares after deducting applicable taxes and social security contributions in line with the conditions of the LTIP 2018/2020. The shares purchased are subject to a lock-up period which ends upon expiry of the month in which the Annual General Meeting of adidas AG for the 2024 financial year takes place. The current compensation system adopted in 2021 no longer permits the granting of special bonuses.

3 Additional disclosure. Neither compensation granted nor due in accordance with § 162 AktG.

4 Contractually agreed Performance Bonus target amount 2020 and LTIP bonus target amount 2018/2020 (2020 tranche) due to intra-year appointment of Brian Grevy (with effect from February 1, 2020) to the Executive Board. Service costs 2020 stated pro rata temporis. Brian Grevy additionally received a compensation on a like-for-like basis for a bonus forfeited at his former employer in the amount of € 1,000,000.

5 Appointment of Amanda Rajkumar to the Executive Board with effect from January 1, 2021. For a bonus forfeited at her former employer, Amanda Rajkumar received a compensation on a like-for-like basis in the amount of € 688,311.

The total annual compensation of the Executive Board for the 2021 financial year amounts to € 31.513 million. This represents an increase of approximately 177% on the previous year (2020: € 11.376 million). Of this total annual compensation, € 6.530 million was attributable to one-year performance-related compensation (2020: € 0) and € 14.183 million to multi-year performance-related compensation (2020: € 1.482 million). No further one-year or multi-year performance-related compensation was paid to the Executive Board members. The increase in total compensation compared to the previous year is due to the Executive Board's decision in the 2020 financial year to waive the Performance Bonus and LTIP bonus for the 2020 financial year as a liquidity management measure in response to the coronavirus pandemic.

## MAXIMUM COMPENSATION

In the year under review, the company adhered to the maximum compensation specified in the compensation system for Executive Board members (€ 11,500,000 for the Chief Executive Officer and € 5,150,000 for each ordinary Executive Board member per financial year). This adherence to the maximum compensation is shown in the table above.

## PENSION BENEFITS

The service costs and defined benefit obligation for pension commitments that were granted to individual Executive Board members appointed before January 1, 2021, are shown in the following.

### PENSION COMMITMENTS IN THE 2021 FINANCIAL YEAR IN €

Executive Board members incumbent as at December 31, 2021	Service costs		Defined benefit obligation	
	2021	2020	2021	2020
Kasper Rorsted	1,103,127	1,111,383	6,191,418	4,950,191
Roland Auschel	478,818	472,699	3,810,788	3,399,789
Brian Grevy <sup>1</sup>	481,079	386,686	895,932	468,855
Harm Ohlmeyer	541,271	500,435	2,511,708	2,109,847
Amanda Rajkumar <sup>2</sup>	500,096	–	484,639	–
Martin Shankland	409,459	405,281	1,380,109	769,776
<b>Total</b>	<b>3,513,850</b>	<b>2,876,484</b>	<b>15,274,594</b>	<b>11,698,458</b>

1 Executive Board member with effect from February 1, 2020.

2 Executive Board member with effect from January 1, 2021.

## COMMITMENTS UPON TERMINATION OF THE EXECUTIVE BOARD MANDATE

There were no intra-year changes to the Executive Board during the year under review. The benefits granted to Executive Board members upon termination of tenure are explained in detail in the compensation system. ► SEE SECTION 'COMMITMENTS UPON COMMENCEMENT OR TERMINATION OF THE EXECUTIVE BOARD MANDATE'

## PAYMENTS TO FORMER MEMBERS OF THE EXECUTIVE BOARD

The following table shows the compensation granted and due in the 2021 financial year to former Executive Board members.

### COMPENSATION GRANTED AND DUE IN ACCORDANCE WITH § 162 AKTG IN €

	Karen Parkin Global Human Resources until June 30, 2020		Eric Liedtke Global Brands until December 31, 2019		Gil Steyaert Global Operations until February 26, 2019		Herbert Hainer Chief Executive Officer until September 30, 2016	
	2021		2021		2021		2021	
	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation	in €	in % of the total com- pensation
Compensation for competition prohibition <sup>1</sup>	450,000	100%	283,602	100%	56,217	100%	–	–
Pension payments <sup>2</sup>	–	–	–	–	–	–	662,078	100%
<b>Total compensation</b>	<b>450,000</b>	<b>100%</b>	<b>283,602</b>	<b>100%</b>	<b>56,217</b>	<b>100%</b>	<b>662,078</b>	<b>100%</b>

1 Benefits granted to a departing Executive Board member upon termination of their Executive Board mandate are reported in the compensation report in the total payments to former members of the Executive Board and their surviving dependents as a total amount for the financial year in which the Executive Board member left the company. Compensation for post-contractual competition prohibition constitutes compensation granted to members of the Executive Board in accordance with § 162 AktG. The compensation is paid monthly to the departed former Executive Board members for the duration of the competition prohibition, subject to offsetting (e.g., of income from other use of their work capacity).

2 Individualized disclosure of pension payments to former members of the Executive Board departed after December 31, 2011. Former member of the Executive Board departed prior to December 31, 2011, received pension payments amounting to € 2,289,074 in the financial year 2021.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
TO OUR SHAREHOLDERS	GROUP MANAGEMENT REPORT - OUR COMPANY	GROUP MANAGEMENT REPORT - FINANCIAL REVIEW	CONSOLIDATED FINANCIAL STATEMENTS	ADDITIONAL INFORMATION

---

## MISCELLANEOUS

The Executive Board members do not receive any additional compensation for intra-group mandates. The Executive Board members have not received any loans or advance payments from adidas AG.

Furthermore, no Executive Board member received any payments or promises of payments from third parties with regard to their work at adidas.

## COMPENSATION OF THE SUPERVISORY BOARD MEMBERS

The compensation system that has been applicable for the members of the Supervisory Board since January 1, 2021, was adopted by the shareholders at the Annual General Meeting on May 12, 2021, in accordance with § 120a section 4 AktG. The compensation resolved by the Annual General Meeting on May 11, 2017, was thus confirmed without changes. The compensation system for the members of the Supervisory Board is set out in § 18 of the Articles of Association of adidas AG; there are no additional or supplementary agreements. With respect to the monitoring and advising of the Executive Board, the compensation received by adidas AG Supervisory Board members reflects the responsibility involved as well as individual workload and time required. The current compensation system is permanently available on the company's website. ► [ADIDAS-GROUP.COM/S/COMPENSATION](https://www.adidas-group.com/s/compensation)

## COMPENSATION SYSTEM

When determining the compensation, particular consideration is given to ensure that it is appropriate and in line with the current market levels in order to also attract suitable international candidates. This contributes to the execution of the corporate strategy and promotes the long-term development of the Company.

The compensation for Supervisory Board members consists of a fixed compensation for their work on the Supervisory Board ('base amount') and an additional compensation for committee work, as well as an attendance fee. The Supervisory Board members are not granted performance-related compensation. The granting of a fixed compensation corresponds to the prevailing practice in other public listed companies and has proved to be successful. The Executive Board and Supervisory Board are of the opinion that a fixed compensation for the Supervisory Board members is most suitable to strengthen the independence of the Supervisory Board and to take into account the advisory and supervisory function of the Supervisory Board, which have to be performed independently of the company's success.

In addition, the Supervisory Board members are reimbursed for expenses they incur in connection with their role.

### COMPENSATION FOR SUPERVISORY BOARD FUNCTION

Each Supervisory Board member receives a fixed compensation for their work on the Supervisory Board, which is paid following the end of the respective financial year. The Supervisory Board Chair and the two deputies receive a higher fixed compensation in recognition of their additional responsibilities.

#### COMPENSATION FOR SUPERVISORY BOARD FUNCTION

Membership	Deputy Chair	Chair
€ 80,000	€ 160,000	€ 240,000
Base amount	200% of the base amount	300% of the base amount

### ADDITIONAL COMPENSATION FOR MEMBERSHIP IN A COMMITTEE

Furthermore, the Supervisory Board members receive additional compensation for membership in certain committees; in this regard, too, compensation is increased if the committee chair is assumed. The amount of the respective additional compensation is based on the base amount determined for the Supervisory Board members and depends on the tasks and responsibilities connected with the respective committee membership.

**COMPENSATION FOR MEMBERSHIP IN A COMMITTEE**

General Committee		Audit Committee	
Membership	Chair	Membership	Chair
€ 40,000	€ 80,000	€ 80,000	€ 160,000
50% of the base amount	100% of the base amount	100% of the base amount	200% of the base amount

The compensation paid for a committee chairmanship shall also cover the membership in such committee. The members of the Steering Committee, the Mediation Committee, the Nomination Committee, and committees that are established on an ad hoc basis do not receive additional compensation. If a Supervisory Board member is a member of more than one committee, the member only receives compensation for their task in the committee with the highest compensation.

**MATURITY AND PRO-RATED GRANTING**

The compensation is due after the end of the Company's financial year. The granting of the compensation depends on the duration of the appointment of the Supervisory Board members. If a member belongs to the Supervisory Board or a committee for only part of a financial year, the fixed compensation for Supervisory Board membership and additional compensation for membership in a committee are reduced accordingly on a pro rata temporis basis.

**ATTENDANCE FEE**

For each personal attendance of meetings of the Supervisory Board and/or its committees requiring such personal attendance, Supervisory Board members receive an additional attendance fee of € 1,000. Members of committees that are formed on an ad hoc basis shall not receive an attendance fee. If several meetings take place on one day, the attendance fee is only paid once.

**EXPENSES**

The Supervisory Board members are reimbursed for necessary expenses and travel expenses incurred in connection with their mandates as well as for the VAT potentially payable on their compensation.

**UPPER LIMIT**

The upper limit for the compensation of the members of the Supervisory Board is determined by the fixed compensation, the amount of which individually depends on the duties assumed on the Supervisory Board or its committees, and the attendance fee, which is determined on the basis of the personal participation in Supervisory Board and committee meetings.

**SUPERVISORY BOARD COMPENSATION 2021****FIXED COMPENSATION AND ATTENDANCE FEE**

In accordance with the current compensation system, the total compensation paid to the Supervisory Board in the 2021 financial year amounted to € 2.2 million (2020: € 2.2 million). In addition, attendance fees totaling € 31,000 (2020: € 28,000) were paid. To ensure the safety of all persons involved during the ongoing coronavirus pandemic, the Supervisory Board and its committees continued to meet primarily in virtual form during the year under review.



1  
TO OUR SHAREHOLDERS2  
GROUP MANAGEMENT REPORT -  
OUR COMPANY3  
GROUP MANAGEMENT REPORT -  
FINANCIAL REVIEW4  
CONSOLIDATED FINANCIAL  
STATEMENTS5  
ADDITIONAL INFORMATION

The following table shows the compensation for the individual Supervisory Board members for the 2021 financial year, for which the underlying service has been fully rendered by the balance sheet date on December 31, 2021. The annual fixed compensation for Supervisory Board members is paid at the end of the financial year. Payment may be made in December of the respective financial year or January of the following year. Attendance fees are generally paid in January of the following year, i.e., after the final Supervisory Board meeting in December of the respective financial year.

#### COMPENSATION GRANTED AND DUE FOR THE MEMBERS OF THE SUPERVISORY BOARD IN THE 2021 FINANCIAL YEAR IN €

Supervisory Board members incumbent as at December 31, 2021	2021						2020					
	Supervisory Board function	Committee function	% of total compensation	Attendance fee	% of total compensation	Total	Supervisory Board function	Committee function	% of total compensation	Attendance fee	% of total compensation	Total
Thomas Rabe, Chairman of the Supervisory Board <sup>1</sup>	240,000	80,000	99%	2,000	1%	322,000	191,038	55,519	99%	2,000	1%	248,557
Ian Gallienne, Deputy Chairman of the Supervisory Board <sup>2</sup>	160,000	40,000	99%	2,000	1%	202,000	111,038	15,519	99%	1,000	1%	127,557
Udo Müller, Deputy Chairman of the Supervisory Board	160,000	40,000	100%	1,000	0%	201,000	160,000	40,000	99%	2,000	1%	202,000
Petra Auerbacher	80,000	–	98%	2,000	2%	82,000	80,000	–	99%	1,000	1%	81,000
Roswitha Hermann	80,000	–	98%	2,000	2%	82,000	80,000	–	99%	1,000	1%	81,000
Jackie Joyner-Kersey <sup>3</sup>	51,068	–	98%	1,000	2%	52,068	–	–	–	–	–	–
Christian Klein <sup>4</sup>	80,000	–	99%	1,000	1%	81,000	31,038	–	100%	–	–	31,038
Kathrin Menges <sup>5</sup>	80,000	51,068	98%	3,000	2%	134,068	80,000	–	99%	1,000	1%	81,000
Roland Nosko	80,000	40,000	98%	2,000	2%	122,000	80,000	40,000	98%	2,000	2%	122,000
Beate Rohrig	80,000	–	98%	2,000	2%	82,000	80,000	–	99%	1,000	1%	81,000
Nassef Sawiris	80,000	–	98%	2,000	2%	82,000	80,000	–	99%	1,000	1%	81,000
Frank Scheiderer	80,000	80,000	98%	3,000	2%	163,000	80,000	80,000	98%	4,000	2%	164,000
Michael Storl	80,000	–	98%	2,000	2%	82,000	80,000	–	99%	1,000	1%	81,000
Bodo Uebber <sup>6</sup>	80,000	160,000	99%	3,000	1%	243,000	80,000	111,038	99%	2,000	1%	193,038
Jing Ulrich	80,000	–	100%	–	0%	80,000	80,000	–	100%	–	–	80,000
Günter Weigl	80,000	80,000	98%	3,000	2%	163,000	80,000	80,000	98%	4,000	2%	164,000
Supervisory Board member until the end of the Annual General Meeting on May 12, 2021												
Herbert Kauffmann <sup>7</sup>	28,932	28,932	100%	–	0%	57,863	80,000	128,962	99%	3,000	1%	211,962
Supervisory Board member until the end of the Annual General Meeting on August 11, 2020												
Igor Landau, Chairman of the Supervisory Board	–	–	–	–	–	–	146,885	48,962	99%	2,000	1%	197,847
<b>Total</b>	<b>1,600,000</b>	<b>600,000</b>	<b>99%</b>	<b>31,000</b>	<b>1%</b>	<b>2,231,000</b>	<b>1,600,000</b>	<b>600,000</b>	<b>99%</b>	<b>28,000</b>	<b>1%</b>	<b>2,228,000</b>

1 Chairman of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020. Deputy Chairman until the end of the Annual General Meeting on August 11, 2020.

2 Deputy Chairman from the end of the Annual General Meeting on August 11, 2020.

3 Member of the Supervisory Board from the end of the Annual General Meeting on May 12, 2021.

4 Member of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020.

5 Member of the Audit Committee from the end of the Annual General Meeting on May 12, 2021.

6 Chairman of the Audit Committee from the end of the Annual General Meeting on August 11, 2020.

7 Chairman of the Audit Committee until the end of the Annual General Meeting on August 11, 2020.

#### MISCELLANEOUS

The Supervisory Board members have not received any loans or advance payments from adidas AG.

## RELATIVE DEVELOPMENT OF COMPENSATION

The annual changes in the compensation for members of the Executive Board and the Supervisory Board, in the average compensation for employees in Germany on a full-time equivalent basis, and in the development of the company's earnings, are outlined in accordance with § 162 AktG in the following.

The development of the company's earnings is shown using key indicators that are also relevant for the variable performance-related compensation of Executive Board members. The workforce of adidas AG (including all employee groups) was used as relevant peer group representing all employees. In the 2021 financial year, the average total number of full-time equivalent employees was 7,143 (2020: 7,028). The average employee compensation was calculated on the basis of annual personnel expenses for the peer group. This includes the cost of wages and salaries, short- and long-term variable compensation components, other benefits, employer's social security contributions, and pension expenses.

The following table shows the relative development of total compensation for the active members of the Executive Board during the year under review. The performance-related variable compensation for Executive Board members granted in accordance with the compensation system valid during the year under review is shown for the year for which the compensation was agreed upon, and for which the underlying service has been fully rendered by the balance sheet date on December 31, of the respective financial year. The variable performance-related compensation components granted for the respective financial year are payable only following approval of the consolidated financial statements for the past financial year.

Pension payments to former members of the Executive Board as well as the compensation payments to former members of the Executive Board, which, in addition to the annual Executive Board compensation, also include any severance payments and any compensation owed under the post-contractual competition prohibitions payable by the company on a monthly basis, are shown individually.

The annual service costs for the defined contribution pension commitments granted to active members of the Executive Board appointed before January 1, 2021, are not shown in the following, as these costs do not qualify as compensation granted and due as specified in § 162 AktG.

## RELATIVE COMPENSATION DEVELOPMENT: COMPENSATION GRANTED AND DUE FOR THE EXECUTIVE BOARD MEMBERS

	2021		2020		2019		2018		2017 <sup>10</sup>	
	in €/%	Change in %/pp	in €/%	Change in %/pp	in €/%	Change in %/pp	in €/%	Change in %/pp	in €/%	Change in %/pp
<b>Earnings development € in millions</b>										
Net sales <sup>1</sup>	21,234	7%	19,844	(16%)	23,640	8%	21,915	3%	21,218	–
Gross margin <sup>1</sup>	50.7%	1.0pp	49.7%	(2.3pp)	52.0%	0.2pp	51.8%	14.0pp	50.4%	–
Operating margin <sup>1</sup>	9.4%	5.6pp	3.8%	(7.5pp)	11.3%	0.5pp	10.8%	1.0pp	9.8%	–
Net income from continuing operations <sup>1</sup>	1,492	248%	429	(78%)	1,918	12%	1,709	20%	1,430	–
Net income of adidas AG in accordance with the German Commercial Code (Handelsgesetzbuch – HGB)	1,850	174%	674	(65%)	1,947	37%	1,424	159%	549	–
<b>Average annual compensation of employees in Germany (on a full-time equivalent basis) € in thousands</b>										
	108	15%	93	(15%)	110	11%	98	2%	96	–
<b>Total annual compensation of Executive Board members € in thousands</b>										
Kasper Rorsted	8,990	245%	2,603	(59%)	6,381	(10%)	7,111	(18%)	8,650	–
Roland Auschel	3,889	222%	1,207	(58%)	2,883	(8%)	3,129	(32%)	4,624	–
Brian Grevy <sup>2</sup>	3,238	58%	2,049	–	–	–	–	–	–	–
Harm Ohlmeyer <sup>3</sup>	3,988	257%	1,116	(48%)	2,164	(11%)	2,435	18%	2,059	–
Amanda Rajkumar <sup>4</sup>	4,345	–	–	–	–	–	–	–	–	–
Martin Shankland <sup>5</sup>	3,550	287%	917	(52%)	1,920	–	–	–	–	–
<b>Payments to former Executive Board members € in thousands</b>										
Karen Parkin <sup>6</sup>	450	(92%)	5,976	158%	2,315	(4%)	2,401	50%	1,604	–
Eric Liedtke <sup>7</sup>	284	(43%)	500	(94%)	8,676	153%	3,434	(30%)	4,883	–
Gil Steyaert <sup>8</sup>	56	(84%)	344	(91%)	3,838	74%	2,207	37%	1,606	–
Herbert Hainer <sup>9</sup>	662	1%	653	(56%)	1,483	(36%)	2,324	(62%)	6,091	–
Payments to Executive Board members who left before December 31, 2011	2,289	(5%)	2,418	(4%)	2,515	2%	2,467	2%	2,424	–

1 From continuing operations as reported in the Annual Report for the respective financial year. As of the 2021 financial year, Reebok is shown as discontinued operations.

2 Executive Board member with effect from February 1, 2020.

3 Executive Board member with effect from March 7, 2017.

4 Executive Board member with effect from January 1, 2021.

5 Executive Board member with effect from March 4, 2019.

6 Executive Board member with effect from May 12, 2017, until June 30, 2020. In addition to the compensation as a member of the Executive Board, the compensation disclosed for Karen Parkin for the 2020 financial year also includes the severance payment granted to her in connection with her departure. From the date of her departure, for the duration of the contractually agreed competition prohibition Karen Parkin receives a monthly compensation amounting to 50% of the last monthly fixed compensation paid.

7 Executive Board member until December 31, 2019. In addition to the compensation as a member of the Executive Board, the compensation disclosed for Eric Liedtke for the 2019 financial year also includes the severance payment granted to him in connection with his departure. From the date of his departure, for the duration of the contractually agreed competition prohibition Eric Liedtke received a monthly compensation amounting to 50% of the last monthly fixed compensation paid.

8 Executive Board member with effect from May 12, 2017, until February 26, 2019. In addition to the compensation as a member of the Executive Board, the compensation disclosed for Gil Steyaert for the 2019 financial year also includes the severance payment granted to him in connection with his departure. From the date of his departure, for the duration of the contractually agreed competition prohibition, Gil Steyaert received a monthly compensation amounting to 50% of the last monthly fixed compensation paid.

9 Chief Executive Officer and Executive Board member until September 30, 2016. The compensation disclosed for Herbert Hainer consists of compensation granted to him in connection with his departure as well as of the monthly compensation paid to him for the duration of the contractually agreed competition prohibition in the amount of 50% of the last monthly fixed compensation. Since 2019, Herbert Hainer receives a monthly pension payment, which is paid against the background of the defined benefit pension plan granted to him and is adjusted annually in the same proportion as well as at the same time as the statutory pensions in Germany.

10 Increased compensation for the 2017 financial year for members of the Executive Board in light of the payout of the three-year LTIP Bonus (LTIP 2015/2017).

## RELATIVE COMPENSATION DEVELOPMENT: COMPENSATION GRANTED AND DUE FOR THE SUPERVISORY BOARD MEMBERS

	2021		2020		2019		2018 <sup>6</sup>		2017	
	in €	Change in %	in €	Change in %	in €	Change in %	in €	Change in %	in €	Change in %
<b>Members of the Supervisory Board as at December 31, 2021 € in thousands</b>										
Thomas Rabe, Chairman of the Supervisory Board <sup>1</sup>	322	30%	249	81%	137	–	–	–	–	–
Ian Gallienne, Deputy Chairman of the Supervisory Board	202	58%	128	(25%)	171	1%	169	29%	131	–
Udo Müller, Deputy Chairman of the Supervisory Board	201	(0%)	202	20%	169	94%	87	22%	71	–
Petra Auerbacher <sup>1</sup>	82	1%	81	40%	58	–	–	–	–	–
Roswitha Hermann <sup>1</sup>	82	1%	81	48%	55	–	–	–	–	–
Jackie Joyner-Kersey <sup>2</sup>	52	–	–	–	–	–	–	–	–	–
Christian Klein <sup>3</sup>	81	161%	31	–	–	–	–	–	–	–
Kathrin Menges	134	66%	81	(8%)	88	2%	86	24%	69	–
Roland Nosko	122	0%	122	(9%)	134	4%	129	20%	107	–
Beate Rohrig <sup>1</sup>	82	1%	81	43%	57	–	–	–	–	–
Nassef Sawiris	82	1%	81	(9%)	89	2%	87	24%	70	–
Frank Scheiderer <sup>1</sup>	163	(1%)	164	46%	112	–	–	–	–	–
Michael Storl <sup>1</sup>	82	1%	81	40%	58	–	–	–	–	–
Bodo Uebber <sup>1, 4</sup>	243	26%	193	253%	55	–	–	–	–	–
Jing Ulrich <sup>1</sup>	80	0%	80	41%	57	–	–	–	–	–
Günter Weigl <sup>1</sup>	163	(1%)	164	46%	112	–	–	–	–	–
<b>Member of the Supervisory Board until the end of the Annual General Meeting on May 12, 2021</b>										
Herbert Kauffmann <sup>5</sup>	58	(73%)	212	(17%)	254	1%	252	30%	193	–

<sup>1</sup> Supervisory Board member from the end of the Annual General Meeting on May 9, 2019.

<sup>2</sup> Supervisory Board member from the end of the Annual General Meeting on May 12, 2021.

<sup>3</sup> Supervisory Board member from the end of the Annual General Meeting on August 11, 2020.

<sup>4</sup> Chairman of the Audit Committee from the end of the Annual General Meeting on August 11, 2020.

<sup>5</sup> Supervisory Board member until the end of the Annual General Meeting on May 12, 2021. Chairman of the Audit Committee until the end of the Annual General Meeting on August 11, 2020.

<sup>6</sup> Increase in Supervisory Board compensation as of July 1, 2017, in light of the adjusted compensation for members of the Supervisory Board resolved by the 2017 Annual General Meeting.

## OUTLOOK FOR 2022

In accordance with the compensation system for the Executive Board, the Supervisory Board set the targets and threshold values for the key criteria governing the variable performance-related compensation components at the start of the 2022 financial year.

### 2022 PERFORMANCE BONUS

The amount of the Performance Bonus is determined based on the achievement of four weighted criteria.

Two of these criteria are the same for all Executive Board members and are overall weighted at 60% ('shared criteria'). In line with the strategic focus on sustainable growth and profitability, the Supervisory Board of adidas AG has established the following financial performance criteria for the two shared criteria for the 2022 financial year:

**2022 PERFORMANCE BONUS: SHARED CRITERIA - TARGET FIGURES**

Performance criterion	Weighting	100% target value
Currency-neutral sales growth <sup>1</sup>	30%	100% target achievement in line with guidance externally communicated at the beginning of the 2022 financial year
Increase in operating margin <sup>1</sup>	30%	

<sup>1</sup> Continuing operations.

Both performance criteria are directly linked to the annual guidance externally communicated and, at the same time, follow directly from the – also externally communicated – long-term growth targets of adidas.

The other two criteria are defined individually for the respective Executive Board member and are overall weighted at 40% ('individual criteria'). These individual criteria allow for a further differentiation depending on the specific operating and strategic challenges of each individual Executive Board function. For the two individual targets, financial as well as non-financial performance criteria may be applied. These are directly related to the corporate strategy and its financial goals of sustainable growth, profitability, and cash flow generation, which are based on the strategic focus on credibility, consumer experience, and sustainability. Furthermore, these criteria are directly related to the defined success factors for the implementation of the strategy: the employees of the Company, a mindset of innovation across all dimensions of our business as well as using the speed and agility of digitalization throughout the entire value chain.

The individual criteria for the 2022 financial year will be disclosed ex-post in the 2022 Compensation Report in order to avoid communicating competition-relevant operating and strategic considerations in advance. In this Compensation Report, the respective target achievements will be explained transparently, and the concrete calculation of the Performance Bonus Amount will be set out comprehensively.

**2022 LTIP TRANCHE**

The Supervisory Board has defined the following financial and ESG-related performance criteria linked to strategic objectives for each of the five performance years (2021 to 2025) of the LTIP 2021/2025:

- Financial criterion: Increase in net income from continuing operations compared to the previous year (weighting: 80%)
- ESG criterion: Share of sustainable articles offered (weighting: 20%)

On the one hand, this reflects the strategic target of sustainably increasing net income from continuing operations and thus creating the basis for an attractive return for our shareholders. On the other hand, the key strategic focus for adidas to further drive change in the field of sustainability and to move from effective individual initiatives to a scaled and comprehensive sustainability program is integrated into the Executive Board compensation.

The target values for the annual LTIP tranches follow directly from the externally published long-term net income growth targets of the Company and from the sustainability target for the share of sustainable articles offered. With regard to the increase in net income from continuing operations compared to the previous year, taking into account the expected circumstances of the financial year 2022, in particular the elimination of a large portion of the stranded costs related to the Reebok divestiture, the Supervisory Board has set the target value for 100% target achievement at +€ 375 million and therefore at the upper end of the predetermined target value corridor of +€ 225 million to +€ 425 million.

For the 2022 financial year, the following threshold values were defined for the determination of target achievement of the increase in net income from continuing operations and the share of sustainable articles offered:

#### LTIP 2021/2025: TARGET FIGURES FOR THE 2022 FINANCIAL YEAR

Increase in net income from continuing operations compared to the previous year	Degree of target achievement
+€ 735 million	200%
+€ 555 million	150%
+€ 375 million	100%
+€ 195 million	50%
+€ 15 million	0%
Share of sustainable articles offered <sup>1</sup>	Degree of target achievement
78%	200%
74%	150%
70%	100%
66%	50%
62%	0%

<sup>1</sup> Percentage of sustainable articles (by count) offered at the points-of-sale (average of Fall/Winter season of the current financial year and Spring/Summer season of the following financial year). The definition of sustainable articles is based on the proportion of environmentally preferred material content of the article weight. For apparel (excluding trims), the environmentally preferred material content is required to amount to at least 70%, for accessories/gear (excluding trims) at least 50% and for footwear (full shoe) at least 20% of the article weight. Only articles with verified environmentally preferred material contents are included. Licensed articles are excluded. Without Reebok.

The target achievement of the performance criteria set for the 2022 financial year and the related determination of the variable performance-related compensation will be disclosed in detail in the 2022 Compensation Report.

For the Executive Board



**KASPER RORSTED**

CHIEF EXECUTIVE OFFICER

For the Supervisory Board



**THOMAS RABE**

CHAIRMAN OF THE SUPERVISORY BOARD

February 2022

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON EXAMINATION OF THE COMPENSATION REPORT PURSUANT TO § 162 SECTION 3 AKTG

To adidas AG, Herzogenaurach

### OPINION

We have formally examined the compensation report of adidas AG, Herzogenaurach, for the financial year from January 1 to December 31, 2021, to determine whether the disclosures pursuant to § 162 section 1 and 2 AktG have been made in the compensation report. In accordance with § 162 section 3 AktG, we have not examined the content of the compensation report. In our opinion, the accompanying compensation report complies, in all material respects, with the disclosure requirements pursuant to § 162 section 1 and 2 AktG. Our opinion does not cover the content of the compensation report.

### BASIS FOR OPINION

We conducted our examination of the compensation report in compliance with § 162 section 3 AktG taking into account the *IDW assurance standard: Examination of the compensation report pursuant to § 162 section 3 AktG (IDW AsS 870 (08.2021))*. Our responsibilities under this regulation and this standard are further described in the 'Our Responsibilities' section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

### RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The Executive Board and the Supervisory Board are responsible for the preparation of the compensation report, including the related disclosures, in accordance with the requirements of § 162 AktG. The Executive Board and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the compensation report that is free from material misstatement, whether due to fraud or error.

### OUR RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the compensation report complies, in all material respects, with the disclosure requirements pursuant to § 162 section 1 and 2 AktG, and to issue an assurance report that includes our opinion. We planned and performed our examination to obtain evidence about the formal completeness of the compensation report by comparing the disclosures made in the compensation report with the disclosures required by § 162 section 1 and 2 AktG. In accordance with § 162 section 3 AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the compensation report is fairly presented.

Munich, February 25, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Huber-Straßer  
Wirtschaftsprüferin  
(German Public Auditor)

Schmidt  
Wirtschaftsprüfer  
(German Public Auditor)

# OUR SHARE

Global stock markets were volatile in 2021 but ended the year with a strong performance. The DAX gained almost 16% and the EURO STOXX 50 increased by 21%, in line with the MSCI World Textiles, Apparel and Luxury Goods Index that was up 22%. Despite the company's strong operational and financial performance, the adidas AG share underperformed the broader stock market and ended 2021 with a decrease of 15% compared to the prior year. As a result of the strong operational and financial performance in 2021 as well as Management's confidence in the strength of the company's financial position and long-term growth aspirations, we will propose a dividend per share of € 3.30 at our 2022 Annual General Meeting.

## STRONG STOCK MARKET RECOVERY IN 2021

In 2021, the robust recovery of the global economy supported by strong monetary and fiscal stimulus led to a sturdy rebound of global stock markets. Toward the end of the year, the emergence of new coronavirus variants as well as multi-year high inflation levels left their mark on markets around the world. Nevertheless, the DAX gained almost 16% in 2021, while the EURO STOXX 50 and the MSCI World Textiles, Apparel and Luxury Goods Index increased by 21% and 22%, respectively. Despite the company's strong operational and financial performance, the adidas AG share underperformed the broader stock market and ended 2021 with a decrease of 15% compared to the prior year. The challenging market environment in China, ongoing challenges from the covid-19 pandemic and the impact of supply chain disruptions weighed on the development of the adidas AG share.

## LEVEL 1 ADR UNDERPERFORMS COMMON STOCK

Our Level 1 ADR closed 2021 at US \$ 144.00, representing a decrease of 21% versus the prior year level (2020: US \$ 182.99). The more pronounced decrease of the Level 1 ADR price compared to the ordinary share price was due to the valuation of the US dollar versus the euro in 2021. The number of Level 1 ADRs outstanding increased to 10.8 million at year-end 2021 compared to 8.9 million at the end of 2020. The average daily trading volume increased to around 65,000 ADRs in 2021 (2020: around 55,000). Further information on our ADR program can be found on our website. ► [ADIDAS-GROUP.COM/ADR](https://www.adidas-group.com/ADR)

## ADIDAS AG SHARE MEMBER OF IMPORTANT INDICES

The adidas AG share is part of a variety of high-quality indices around the world such as the DAX, the EURO STOXX 50 Index as well as the MSCI World Textiles, Apparel and Luxury Goods Index. At December 31, 2021, our weighting in the DAX was 3% (2020: 5% within the DAX 30). Within the DAX, we ranked 12 on market capitalization (2020: 6 within the DAX 30) at year-end 2021. The lower weighting and rank compared to the prior year are mainly related to the expansion of the DAX from 30 to 40 stocks.

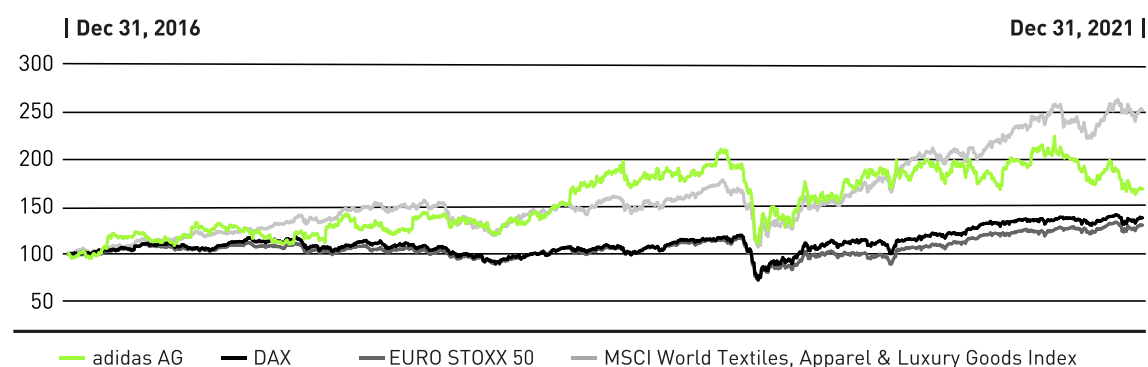


## PERFORMANCE OF THE ADIDAS AG SHARE AND IMPORTANT INDICES AT YEAR-END 2021 IN %

	1 year	3 years	5 years	10 years
adidas AG	(15)	39	69	418
DAX	16	50	38	130
EURO STOXX 50	21	43	31	54
MSCI World Textiles, Apparel and Luxury Goods Index	22	101	152	249

Source: Bloomberg.

## FIVE-YEAR SHARE PRICE DEVELOPMENT<sup>1</sup>



<sup>1</sup> Index: December 31, 2016 = 100. Source: Bloomberg.

## THE ADIDAS AG SHARE

		2021	2020	Important indices
Number of shares outstanding at year-end <sup>1</sup>	shares	191,594,855	195,066,060	
Basic earnings per share <sup>2</sup>	€	7.47	2.31	
Diluted earnings per share <sup>2</sup>	€	7.47	2.31	
Year-end price	€	253.20	297.90	
Year high	€	336.25	316.05	— DAX
Year low	€	245.00	166.92	— STOXX Europe 50
Market capitalization <sup>3</sup>	€ in millions	48,512	58,110	— EURO STOXX 50
Dividend per share	€	3.30 <sup>4</sup>	3.00	— MSCI World Textiles, Apparel and Luxury Goods
Dividend payout	€ in millions	632 <sup>5</sup>	585	— MSCI World ESG Leaders Index
Dividend payout ratio <sup>2</sup>	%	42.4 <sup>5</sup>	126.8	— Deutsche Börse Prime Consumer
Dividend yield	%	1.3	1.0	— FTSE4Good Index Series
Shareholders' equity per share <sup>3</sup>	€	39.24	33.09	
Price-earnings ratio at year-end <sup>6</sup>	x	33.9	128.9	
Average trading volume per trading day <sup>7</sup>	shares	546,483	808,394	

<sup>1</sup> All shares carry full dividend rights, excluding treasury shares.

<sup>2</sup> Based on net income from continuing operations.

<sup>3</sup> Based on number of shares outstanding at year-end, excluding treasury shares.

<sup>4</sup> Subject to Annual General Meeting approval.

<sup>5</sup> Based on the number of shares outstanding at December 31, 2021.

<sup>6</sup> Based on basic EPS from continuing operations.

<sup>7</sup> Based on number of shares traded on all German stock exchanges.

## DIVIDEND PROPOSAL OF € 3.30 PER SHARE

As a result of the strong operational and financial performance in 2021, the company's financial position as well as Management's confidence in our long-term growth aspirations, the adidas AG Executive and Supervisory Boards will recommend paying a dividend of € 3.30 per dividend-entitled share to shareholders at the Annual General Meeting on May 12, 2022. This represents an increase of 10% compared to the prior-year dividend (2021: € 3.00). The total payout of € 632 million (2021: € 585 million) reflects a payout ratio of 42.4% of net income from continuing operations based on the number of shares outstanding at December 31, 2021 (2021: 126.8%). This is within the target range of between 30% and 50% of net income from continuing operations as defined in our dividend policy.

## ADIDAS RETURNS € 1.6 BILLION TO SHAREHOLDERS IN 2021

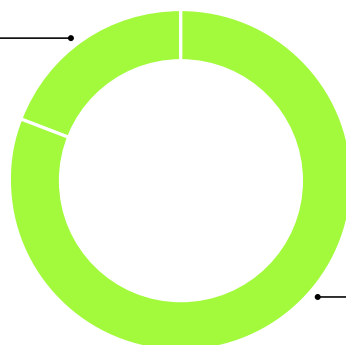
As part of our new strategy 'Own the Game' we plan to share between € 8 billion and € 9 billion with our shareholders in the five-year period between 2021 and 2025 through regular dividend pay-outs in a range of between 30% and 50% of net income from continuing operations and share buybacks. Against this background, the Executive Board decided in June 2021 to start repurchasing shares in the second half of the year. Between July 1 and November 25, 2021, adidas AG bought back 3,471,205 shares for a total amount of € 1 billion. After the completion, adidas decided to cancel a total of 8,316,186 treasury shares, reducing the company's share count and stock capital accordingly. Including the dividend payment of € 585 million in May 2021, adidas AG returned nearly € 1.6 billion to its shareholders in 2021. In addition, the Executive Board decided in December 2021 to launch a multi-year share buyback program. During the course of this program, starting in January 2022, the company plans to repurchase shares in an amount of up to € 4 billion until 2025. Taking the share buyback activity in 2021 into consideration, adidas intends to return up to € 5 billion to its shareholders through regular share buybacks during the five-year strategic cycle.

## STRONG INTERNATIONAL INVESTOR BASE

Based on our share register, we estimate that adidas AG currently has more than 125,000 shareholders (2020: more than 115,000). In our latest ownership analysis conducted in January 2022, we identified almost 100% of our shares outstanding. Institutional investors represent the largest investor group, holding 81% of shares outstanding (2020: 86%). Private investors and undisclosed holdings account for 19% (2020: 11%). Lastly, adidas AG currently holds 0.3% of the company's shares as treasury shares (2020: 3%); this decline versus the prior year mainly reflects the cancelation of 8,316,186 treasury shares in November 2021.

### SHAREHOLDER STRUCTURE BY INVESTOR GROUP<sup>1</sup>

19% Private investors and  
undisclosed holdings

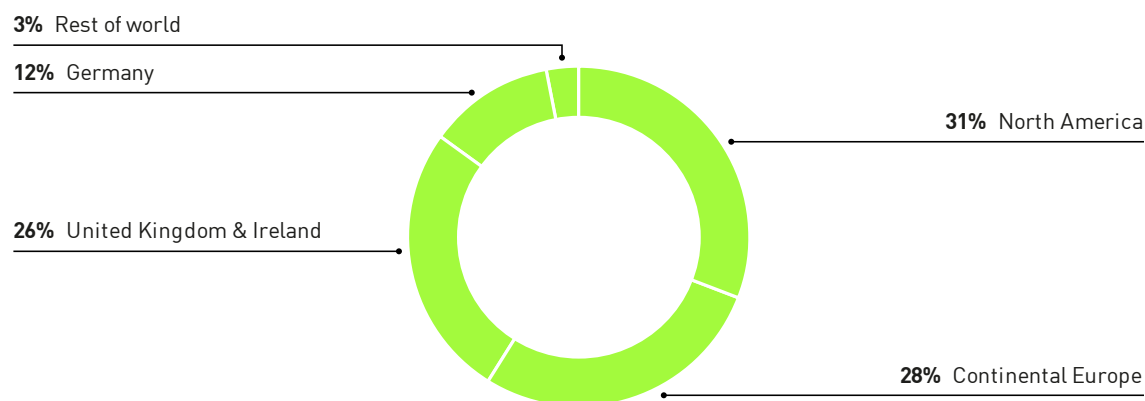


81% Institutional investors

<sup>1</sup> As of January 2022.

In terms of geographical distribution, the North American market currently accounts for 31% of institutional shareholdings (2020: 35%), followed by the UK and Ireland with 26% (2020: 26%). Identified German investors hold 12% of institutional shareholdings (2020: 11%). Institutional investors from other continental European countries account for 28% (2020: 24%) and 3% of institutional shareholders were identified in other regions of the world (2020: 3%).

## SHAREHOLDER STRUCTURE BY REGION<sup>1,2</sup>



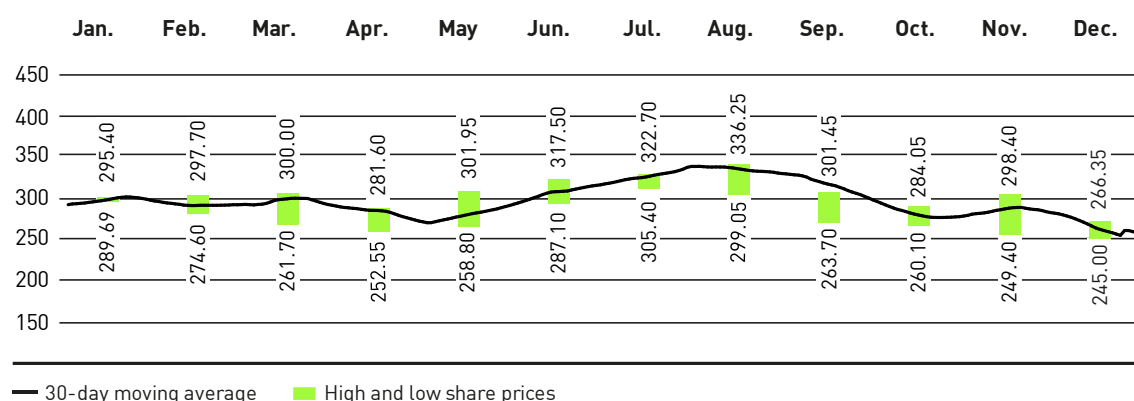
1 As of January 2022.

2 Reflects institutional investors only.

## MAJORITY OF ANALYSTS WITH A POSITIVE RATING OF ADIDAS AG SHARE

Around 35 analysts from investment banks and brokerage firms regularly publish research reports on adidas. The majority of analysts recommend to 'buy' our share. This is reflected in the recommendation split for our share as at December 31, 2021. 63% of analysts recommended that investors 'buy' our share (2020: 37%), 31% advised investors to 'hold' our share (2020: 46%), and 6% recommended 'selling' our share (2020: 17%).

## ADIDAS AG HIGH AND LOW SHARE PRICES PER MONTH<sup>1</sup> IN €



1 Based on daily Xetra closing prices. Source: Bloomberg.

---

**VOTING RIGHTS NOTIFICATIONS PUBLISHED**

All voting rights notifications received in 2021 in accordance with §§ 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) (§§ 21 et seq. German Securities Trading Act old version) are published on our corporate website. Information on reportable shareholdings that currently exceed or fall below a certain threshold can also be found in the Notes section of this Annual Report.

► [ADIDAS-GROUP.COM/S/VOTING\\_RIGHTS\\_NOTIFICATIONS](https://adidas-group.com/s/voting_rights_notifications) ► SEE NOTE 25

**MANAGERS' TRANSACTIONS REPORTED ON CORPORATE WEBSITE**

Managers' transactions involving adidas AG shares (ISIN DE000A1EWW0) or related financial instruments, as defined by Article 19 of the European Market Abuse Regulation (MAR), conducted by members of our Executive or Supervisory Boards, or by any person in close relationship with these persons, are reported on our website. ► [ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS](https://adidas-group.com/s/managers-transactions)