

# FOOT LOCKER, INC.

## AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

### **PURPOSE AND AUTHORITY OF COMMITTEE**

The primary purpose of the Audit Committee of the Board of Directors (the “Committee”) is to (a) assist the Board in fulfilling its oversight of (i) the integrity of the Company’s financial statements, (ii) accounting policies and practices, (iii) the Company’s compliance with legal and regulatory requirements, (iv) the qualifications, independence, and performance of the independent auditors, (v) the performance of the internal audit function, and (vi) the Company’s enterprise risk management program, including its policies and practices regarding risk assessment and risk management; (b) prepare the Committee report required to be included in the Company’s annual Proxy Statement, and otherwise as may be required; and (c) review and monitor the Company’s Code of Business Conduct and compliance program.

The Company’s management is responsible for preparing the Company’s financial statements and the independent auditors are responsible for auditing those financial statements. The Committee is responsible for overseeing the conduct of those activities by the Company’s management and the independent auditors. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing. As such, it is not the duty of the Audit Committee (a) to plan or conduct audits, (b) to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”), (c) to design and implement internal controls and procedures and disclosure controls and procedures, or (d) to conduct other types of auditing or accounting reviews and procedures. Each member of the Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside the Company that provide information to the Committee and (b) the accuracy and completeness of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors).

The Company's independent auditors report directly to the Committee. The Company’s VP-Internal Audit functionally reports to the Committee and administratively to the Company’s Chief Financial Officer.

The power and authority of the Committee is subject to the provisions of the Business Corporation Law of the State of New York, the Company's Certificate of Incorporation, and its By-laws. Nothing contained in this charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Audit Committee, except to the extent otherwise provided under the applicable laws of the State of New York, which shall continue to set the legal standard for the conduct of the members of the Committee.

## **MEMBERSHIP**

The Committee shall consist of at least three directors appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee, as provided for in the Company's By-laws. One of the Committee members shall be appointed by the Board as Chair of the Committee. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange ("NYSE") and the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder by the Securities and Exchange Commission ("SEC").

**Expertise of Committee Members.** Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall have "accounting or related financial management expertise" and, to the extent possible, shall qualify as an "audit committee financial expert" under the applicable rules and regulations of the SEC. The Board of Directors shall interpret the qualifications of "financial literacy" and "accounting or related financial management expertise" in its business judgment and shall determine whether a director meets these qualifications.

**Service on Other Audit Committees.** If a member of the Committee serves, or desires to serve, on the audit committees of more than two other public companies, the Board of Directors must make a determination that the member's simultaneous service on these other audit committees would not impair the ability of such member to serve effectively on the Committee. The Board's determination shall be disclosed in accordance with the rules of the NYSE.

## **MEETINGS**

The Committee shall meet in accordance with a schedule established each year by the Board of Directors, and at other times that the Committee may determine. The Committee shall meet at least annually in separate executive sessions with the independent auditors, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the General Counsel, the VP-Internal Audit, and any outsourced internal auditors. The Committee shall make regular reports to the Board of Directors.

## **RESPONSIBILITIES AND DUTIES**

The Committee's power, duties, and responsibilities are as follows:

### **Accounting Policies**

1. Review major changes to the Company's auditing and accounting policies and practices as suggested by the independent auditors, management, or the internal auditors.
2. Review with the independent auditors, the internal auditors and management the extent to which changes or improvements in financial or accounting practices, as previously approved by the Committee, have been implemented.

## Financial Reporting Process and Financial Statements

1. In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting process, both internal and external.
2. Review and discuss with management the Company's annual audited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto and any certification, report, opinion, or review rendered thereon by the independent auditors.
3. Review and discuss with management and the independent auditors the Company's Form 10-K and Proxy Statement prior to filing thereof, as well as the Annual Report to Shareholders. Following completion of the annual audit, review with each of management, the independent auditors, and the internal auditors any significant difficulties encountered during the course of the audit (including any restrictions on the scope of work or access to required information), any issues that arose during the course of the audit concerning the Company's internal accounting controls, any issues that arose concerning the completeness or accuracy of the financial statements, and management's response. In connection therewith, the Committee should review with the independent auditors the following:
  - (i) any accounting adjustments that were noted or proposed by the independent auditors but were rejected by management (as immaterial or otherwise);
  - (ii) any communications between the audit team and the national office of the independent auditors respecting auditing or accounting issues presented by the engagement;
  - (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent accountants to the Company;
  - (iv) major issues regarding accounting principles and financial statement presentations, including (A) any significant changes in the Company's selection or application of accounting principles and (B) any analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
4. Review and discuss any significant disagreement among management and the independent auditors or the internal auditors in connection with the preparation of the financial statements.
5. Discuss with the independent auditors the matters required to be discussed by applicable Public Company Accounting Oversight Board ("PCAOB") standards, as may be modified or supplemented.
6. Review and discuss with management and the independent auditors, prior to the filing thereof, the Company's interim financial results to be included on Form 10-Q, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

7. Review and discuss quarterly reports from the independent auditors on:
  - (i) critical accounting policies and practices and such other accounting policies and practices of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC;
  - (ii) all alternative treatments of financial information related to material items that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatment, and the treatment preferred by the independent auditors; and
  - (iii) all other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
8. Review and discuss with management the Company's quarterly earnings releases prior to release, including the use of non-GAAP financial measures as defined by the rules and regulations of the SEC, as well as financial information and earnings guidance disclosed publicly.
9. Review with the Chief Executive Officer, the Chief Financial Officer, and the independent auditors, periodically, the following:
  - (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures;
  - (ii) all significant deficiencies in the design or operation of internal controls which could adversely affect the ability of the Company to record, process, summarize, and report financial data, including any material weaknesses in internal controls identified by the independent auditors;
  - (iii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
  - (iv) any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses; and
  - (v) the annual report prepared by management and the attestation by the independent auditors assessing the effectiveness of the Company's internal control structure and procedures for financial reporting and stating management's responsibility to establish and maintain such structure and procedures, prior to its inclusion in the Company's annual report.
10. Review and discuss disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Forms 10-Q about any significant deficiencies in the design or operation of internal controls

or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

12. Review and discuss with management its assessment of the Company's information technology systems that support the financial reporting process.
13. Establish and maintain free and open means of communication between and among the Board, the Audit Committee, the independent auditors, the internal auditors and management;

### **Independent Auditors**

1. Select, retain, evaluate and, where appropriate, replace the independent auditors.
2. Select and evaluate the lead partner for the Company's independent audit engagement; assure the regular rotation of the lead audit partner as required by law.
3. Review all audit and all permitted non-audit engagements and relationships between the Company and the independent auditors.
4. Review and approve all audit and non-audit fees paid by the Company to the independent auditors.
5. Establish and approve all pre-approval policies for permitted non-audit engagements.
6. At least annually, in order to assess the independence of the independent auditors, review the formal written statement and letter required by the applicable requirements of the PCAOB regarding the independent auditors' communications with the Committee concerning independence, delineating all relationships between the independent auditors and the Company, and actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services and their impact on the objectivity or independence of the independent auditors.
7. Review and approve the annual audit plan of the independent auditors, including the scope of audit activities.
8. Review and discuss the results of the independent auditors' annual audit.
9. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
10. At least annually, obtain and review a report by the independent auditors describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

11. Establish hiring policies for employees or former employees of the independent auditors.

### **Internal Auditors**

1. Participate in the selection, evaluation, and if necessary, the termination of the Company's VP-Internal Audit.
2. To the extent all or part of the internal audit function is outsourced, select, evaluate and, if necessary, terminate the internal auditors.
3. Review and discuss the activities, organization, resources, and qualifications of the internal auditors.
4. Review and approve the annual internal audit plan and, if an out-sourced internal audit staff is used, approve their annual fee.
5. Review a summary of the significant reports to management prepared by the internal auditors and management's responses.

### **Enterprise Risk Management**

1. Review and discuss with management, the independent auditors, and the internal auditors significant global financial, compliance, and operational risks or exposures to the Company.
2. Review and discuss with management the Company's policies for enterprise risk assessment and risk management, and assess the steps management has taken to monitor, mitigate, and control these risks and exposures, except as to those risks for which oversight has been assigned to other committees of the Board or retained by the Board; periodically report to the Board of Directors with regard to these discussions.
3. Review and discuss risk assessments from management with respect to data protection and cybersecurity matters, including assessments of the overall threat landscape, steps management has taken to monitor and/or mitigate its risk exposure in this area, and related strategies and investments.

### **Legal and Regulatory Requirements**

1. Review with the Company's General Counsel legal compliance matters and any legal matter that does or could reasonably be expected to have a significant impact on the Company's financial statements.
2. Review and reassess the adequacy of the Committee's charter on an annual basis.
3. Review and monitor compliance with the Company's Code of Business Conduct and compliance program.

4. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by associates of the Company of concerns regarding questionable accounting or auditing matters.
5. Prepare the Audit Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the SEC.
6. At least annually, conduct an evaluation of the performance of the Committee to determine whether it is functioning effectively.
7. Perform any other activities consistent with this Charter, the Company's By-laws, and applicable law as the Committee or the Board deems necessary or appropriate.

#### **RULES AND PROCEDURES**

The presence of a majority of the Committee members shall be necessary to constitute a quorum. The affirmative vote of a majority of the members present shall be necessary for the adoption of any resolution.

Meeting agendas are developed by the Committee Chair in consultation with the Lead Director (or non-executive Chairman of the Board), the CEO, and the Secretary. Committee members may suggest agenda items by communicating with one of these individuals. Agendas are circulated to Committee members prior to meetings.

#### **RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the funding, resources and authority appropriate to discharge its responsibilities, and shall, as it deems appropriate and at the expense of the Company, engage and obtain advice and assistance from outside legal, accounting, or other advisors.

*May 20, 2020*