

## **Formula One Management Limited**

### **Statement by the directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006 for the year ended 31 December 2019**

The company's directors consider, both individually and together, that they have acted in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its sole shareholder, Formula One World Championship Limited. They have also considered the company's other stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the financial year ended 31 December 2019.

#### ***Long term strategy and decision making***

The directors of the company recognise the importance of taking decisions for the long term and analysing the likely consequence of each key decision. In taking decisions the directors seek to apply and maintain the highest standards of business conduct, and given the company has a single shareholder, the directors are not at risk of acting unfairly between its members when making them.

The company is part of a Group (Delta Topco Limited and its subsidiaries, collectively referred to herein as "Formula 1" or the "Group") and with all companies within the Group wholly owned, long term strategy is determined at the Group level with decisions and activities then delegated to its individual companies. Whilst the main objectives of the company and certain strategic decisions will be set/taken at a Group level, consideration does still need to be given to the individual interests of the company. Given that in addition to being directors of the company, Mr Llowarch and Ms Woodward Hill are also members of the Group's executive management, being respectively its Chief Financial Officer and its General Counsel, they are able to consider any decisions to be taken both in the context of the interests of the wider Group and its detailed strategy, and in the interests of the company.

The Group's strategy, which is published and is available on the Group's corporate website (<https://corp.formula1.com>), sets out to deliver long-term value to its ultimate owner Liberty Media Corporation ("Liberty"), and to other stakeholders including the company. The strategy also promotes the Group's other aims, which include to grow the sport and its fan base, and to ensure the FIA Formula One World Championship® ("the Championship")'s long-term sustainability, and is built around six strategic priorities:

- Race: Increase competitiveness and unpredictability on track;
- Engage: Produce world-class spectacles for fans on and off track;
- Perform: Drive value for our stakeholders;
- Sustain: Deliver sustainable and efficient operations;
- Collaborate: Create win-win relationships with our partners; and
- Empower: Build an engaged, high-performing workforce.

#### ***Maintaining a reputation for high standards of business conduct***

The Group seeks to maintain high business standards, ensuring that wherever its subsidiaries are operating in the world, their business is conducted with integrity, and in compliance with the law and the Formula 1 Code of Conduct. The Code, which includes the Group's anti-bribery and corruption policy, has been adopted by each Formula 1 subsidiary, including the company, and applies to every officer and employee of the Group.

In addition to the requirements of its subsidiaries, officers and employees, the Group also expects third parties who perform services for Formula 1 to apply or adopt internal policies that are consistent with this Code. In that regard the Group's compliance team conduct KYC checks and other due diligence work on any potential partners the company considers doing business with.

As the subsidiary of a US public company, Liberty, the company and the wider Group are also required to comply with additional requirements, including the Foreign Account Tax Compliance Act (FATCA) and certain aspects of the 2002 Sarbanes-Oxley Act ("SOX"). SOX requires the Group to establish and maintain robust internal control structures and procedures for financial reporting, to report on their effectiveness, and have that effectiveness tested and assessed annually by its external auditors. The conclusions of the work on SOX for the 2019 year are that the Group continues to operate a robust and effective control environment.

### ***Engagement with key stakeholders***

In addition to the company's parent and other fellow subsidiary companies of Formula 1, the directors consider the company's key stakeholders to be its employees; the Fédération Internationale de l'Automobile ("FIA") and F1's competing teams; the Championship's race promoters and broadcasters; other key suppliers; Liberty; and the Group's external lenders.

We recognise the importance of the contribution of our employees and, so that they can share in the success of the company, we introduced an updated employee performance management tool and a new employee Bonus Plan, linked to both the individual's and the company's performance.

Our employees have the opportunity to participate in an annual staff survey which canvasses their opinion on the business, addressing topics such as job satisfaction, company communication, wellbeing, health and safety and sustainability, with feedback being used to inform HR policy and practice.

The company communicates regularly with employees through our Intranet, Staff Brief and various meetings at divisional and company level to generate awareness of company initiatives and performance. Employees also engage in the development of the business via our Ideas Pool portal where they can suggest any company improvements, including technical innovations and wellbeing suggestions.

Staff wellbeing is important to the company and in 2019 we introduced a new programme, including workshops covering topics such as resilience and healthy lifestyles, and access for all employees to take an interactive personal health assessment. A particular focus has been on identifying and training mental health awareness supporters.

The company is committed to equality of opportunity at every level of its business, and the ratio of female to male employees has increased, supported by a range of measures, including enhanced maternity pay. It is the policy of the company to offer equal opportunities to all persons and our key criteria for selection, promotion, training and reward is the ability to do the job to the required standard. For this reason we will not discriminate on any grounds unrelated to performance, regardless of whether law prohibits these. In the event of an employee becoming disabled, the company remains committed, wherever possible, to supporting the individual to continue their employment or be considered for other open positions within the business.

The directors, together with the Group's other senior management, ensure continued close collaboration with the FIA and the F1's competing Teams. This collaboration includes regular meetings of the F1 Strategy Group; other technical, sporting, commercial and financial consultation meetings between the Group, the FIA and each of the F1 Teams (both individually and together); and frequent ad hoc meetings between the Group's executive leadership and other senior members of the FIA and the Teams. Matters discussed included the regulatory, commercial and governance framework for the Championship, together with other ongoing sporting matters. Following their unanimous approval after a lengthy consultation process, in October 2019 the FIA passed into regulation for the 2021 Championship a series of revised technical, sporting and financial regulations. The Group considers this to be a positive development for the future of the sport.

Throughout the year the Group's senior management maintain regular contact with broadcasters who carry F1 on their channels, and the Group meets with broadcasters at every event through the season and also conducts a comprehensive pre-season broadcaster workshop to discuss developments and the plans for the year ahead. Detailed questionnaires are used to assess both broadcaster satisfaction and views on the quality of the Group's TV production both in the middle, and at the end, of each season, with actions taken by the Group to address any concerns.

The Group's senior management maintain regular ongoing engagement throughout the year with the various promoters who stage the Championship's events. The Group undertakes various engagement activities including an annual general meeting at the start of the year, and twice yearly marketing and commercial workshops to discuss its strategy, operational plans, branding and event related collaboration opportunities with the promoters and uses an end of season satisfaction questionnaire to assess progress made in the year. Promoters are actively engaged with Formula 1's sustainability plan, community projects such as F1 in Schools, and also pursue their own corporate social responsibility initiatives locally.

The Group's senior management and the company's procurement department engage with the company's other key suppliers via regular calls and meetings, site visits and face to face meetings at Championship events in order to build strong and lasting relationships. Topics addressed include access to sites at race weekends and the timely communication of new projects, which continue to improve the Group's supplier engagement model. The Group has an established procurement policy and follows processes for engaging with suppliers, which include the negotiation of clear terms and conditions in line with the Group's required standards, and statements of work which set out deliverables and targets against which supplier performance can be measured. The company's delegated authorities are set such that material contracts can only be executed by the company's directors, and therefore all such arrangements are assessed against strategic aims before execution.

The directors, together with the Group's other senior management, regularly discuss material strategic and operational matters with senior Liberty executives, some of whom sit on the boards of certain Group companies, including Delta Topco Limited. As a US listed company, Liberty has significant public reporting obligations, and given Formula 1 is a material subsidiary, the Group is required to fulfil significant reporting requirements to Liberty on a quarterly and annual basis. These include the requirement for the Group to be compliant with, and report to it on, certain SOX requirements as discussed above. The Group also assists Liberty with investor relations activities, contributing to Liberty's quarterly earnings calls and annual investor day.

The company has a number of trading relationships with other subsidiary companies of Formula 1, including sub-licensing arrangements, the provision of intra-group services for which it receives fees, various intra-group loans and other trading balances. Formula 1's subsidiaries work together to pursue and deliver the Group's strategy and targets and ensure that any intra-group arrangements are in the interests of both parties. This often requires day to day management co-operation and operational liaison to ensure the terms of any trading arrangements and the terms of any agreements relating to intra-group loans and trading balances are followed and that any required support is provided.

The company, together with several other Group companies, is party to and guarantees the Group's external borrowing arrangements. The Group provides quarterly management reports and compliance certificates to external lenders, holds periodic update calls and liaises on a regular basis with the agent who oversees the facilities on behalf of lenders. The Group also meets on a regular basis with the rating agencies to update them on its progress and expectations for the future.

#### ***Other stakeholder considerations***

The directors recognise the importance of certain other stakeholders in the success of both the company and the Group as a whole, including the Championship's fans and other key commercial partners, including its sponsors. The Group's wider engagement with such stakeholders is discussed in the financial statements of the Group companies primarily responsible for overseeing the relevant relationships, and the section 172 (1) statements required of any of its subsidiaries are published on the Group's corporate website.

#### ***The community and the environment***

During 2019 the Group announced an ambitious environmental sustainability plan for F1, and in January 2020 has signed up to the United Nations' Sports for Climate Action Framework, underlining its commitment to becoming more environmentally conscious in the future.

The sustainability plan targets the Championship to have a net-zero carbon footprint by 2030, with related initiatives addressing both the cars and on-track activity, and the other race operations, including logistics and travel, of both the Group and other stakeholders in the sport. In addition, the Group aims to ensure all Formula 1 races are sustainable by 2025 through the use of appropriate materials at all events, the elimination of single-use plastics and ensuring all waste is reused, recycled or composted. Additional incentives and tools will be offered to every fan to find a greener way to reach the race, and focus will be placed on ensuring circuits and facilities enhance both fan wellbeing and nature, also providing opportunities for local people, businesses and causes to get more involved in the race weekend.

The directors fully subscribe to the aims of the plan, details of which are available from the Group's corporate website, and the company will pursue any required actions to contribute to its successful delivery.

The Group continues to support F1 in Schools, a global social enterprise working with committed industry partners to provide an exciting educational experience through the magnetic appeal of Formula 1, with the key objective of changing children's perceptions of the STEM subjects - science, technology, engineering and maths.

The Group takes steps to support communities in the countries in which it operates. For example, in January 2020 the Group organised an auction of F1 valuable memorabilia and experiences in order to raise money to help those affected by the Australian bushfires.

Approved by the Board on 28 April 2020