

## **Formula One Hospitality and Event Services Limited**

### **Statement by the directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006**

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 Marketing 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 2022.

#### ***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 Chief Legal Officer & Chief Administrative Officer, 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 sets out to deliver long-term value to its ultimate owner Liberty Media Corporation ("Liberty") and other stakeholders (including the company), through the principal goal of broadening and increasing the global scale and appeal of the FIA Formula One World Championship® ("the Championship"). Formula 1 aims to drive the overall value of the Championship and the Group's financial performance by:

- continuing to seek and identify opportunities to expand and develop the Championship calendar, bringing Events to attractive and/or strategically important new markets outside of Europe while continuing to build on the sport's European foundations;
- developing sponsorship revenue, through growing the Formula 1 Global Partner programme and exploring opportunities in currently underexploited product categories, together with increasing revenues from other Event-based packages;
- capturing opportunities created by media's evolution, including the growth of social media, further expansion of the F1TV product and the development of Formula 1's other digital media assets;
- engaging with new fans on a global basis and building up the entertainment experience for fans, so further driving race attendance and television viewership;
- continuing to support measures to improve the on-track competitive balance of the Championship and the long term financial stability of the participating teams; and
- improving the environmental sustainability of F1 and its related activities, continuing to target a net zero carbon footprint by 2030, 100% sustainable fuel by 2026 and sustainable race events by 2025, whilst also building on initiatives to fight inequality and improve the diversity and opportunity in F1 at all levels.

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

The Group seeks to maintain its high business standards, ensuring that wherever its subsidiaries are operating in the world including higher risk territories, 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, continues to be 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 2022 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 the Championship's race promoters; the principal customers of the Paddock Club - the Championship's competing teams and sponsors; key Paddock Club suppliers; Liberty; and the Group's external lenders.

With the effects of the coronavirus pandemic diminished, the company was able to operate the Paddock Club at 19 events during 2022, including operating at the Brazilian GP for the first time. With no capacity restrictions in place for the 2022 season, the majority of Paddock Club events saw a significant increase in attendances, and in some cases capacity and record guest numbers.

The directors, together with the Group's other senior management, ensure continued close collaboration with the competing F1 Teams, who are significant customers of the company's Paddock Club offering. In addition to regular meetings of the F1 Commission, and other technical, sporting, commercial and financial consultation meetings between Formula 1's executive leadership and senior team management, the company liaises closely with the teams over their hospitality requirements and use of the Paddock Club, and those discussions continue throughout the year as meetings are usually held at nearly all Championship events to gather feedback in real time on the event in progress and to plan requirements for future events.

In addition to the teams, the other key customers of the Paddock Club are the parties that acquire sponsorship rights from Formula One Marketing Limited, many of whom receive hospitality rights within their contracts, which are then serviced by the company. The company normally liaises closely with these sponsors to understand their aims and to support their activation programmes and, as with the F1 Teams, discussions continue throughout the year with meetings often held at Championship events to gather feedback and plan requirements for future events. Whilst in 2021 COVID-19 limited hospitality operations to 11 events, normal collaboration and event-based communications resumed and continued into 2022 and the company actively engaged in regular status meetings with all sponsors to ensure that it was communicating changes and their impact in a timely fashion.

The company also maintains regular ongoing engagement throughout the year with the various promoters who stage the Championship's events, and at whose events the Paddock Club operates. The Group continued to undertake various engagement activities including an annual general meeting at pre-season testing, followed by mid-season meetings to discuss its strategy, operational plans, branding and event related collaboration opportunities with the promoters, followed by an end of season meeting and distribution of a questionnaire to help assess progress made. In addition to these Group activities, the company also liaises closely with each race promoter to identify, evaluate and make plans for meeting the logistical and operational challenges of the delivery of each Paddock Club. Every race circuit has its own unique challenges, and proactive dialogue helps limit the scope for operational difficulties over a race weekend.

Another key stakeholder in the company's Paddock Club operation is the long-term partner engaged by the company to deliver all aspects of the Paddock Club globally, DO&CO. The Group has a long-standing relationship with DO&CO going back over several decades, and on both sides executive management are closely involved in overseeing the relationship. Events are carefully planned in co-ordination with DO&CO's management team, and regular meetings and other dialogue continues throughout the year, with particularly close collaboration taking place over the race weekend at the venues on the Championship calendar where the Paddock Club operates. Periodic review meetings also take place away from the races and at the beginning and end of each season to strategically assess the success of the different elements of the Paddock Club and its offerings.

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, and this process continued throughout 2022. 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 continues to assist Liberty with investor relations activities, contributing to Liberty's quarterly earnings calls and annual investor day.

There are a number of trading relationships between the subsidiary companies of Formula 1, including sub-licensing arrangements, the receipt of intra-group services for which it pays 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. These activities continued as per normal during 2022.

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 agents who oversee 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 Group's employees, the Fédération Internationale de l'Automobile ("FIA") and the Championship's other key commercial partners, including its broadcasters. 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***

In 2022 Formula 1 focused on delivering against the Sustainability Strategy which sets out the following ambitions:

- To achieve Net Zero Carbon by 2030
- To leave a legacy of positive change wherever we race
- To take steps to build a more diverse and inclusive sport by removing barriers, nurturing talent, and inspiring change.

In reflection of the growing importance of this area to the Group, our mission statement was also updated in 2022 to include innovation, inclusivity, and sustainability at the heart of our future growth and value.

Key actions in 2022 include: Creating a new internal sustainability team, publishing our first sustainability briefing note, issuing guidance and reporting obligations to our race promoters who host our events, and updating our internal policies and procedures relating to sustainability such as our Code of Conduct, Sustainability Policy and Procurement Guidelines.

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.

Sustainable fuels have long been a key focus for Formula 1, and great strides were made in this area during 2022. Formula 1 is aiming to bring into future regulation a next generation power unit by 2026. The current F1 hybrid engine is the most efficient in the world with 52% thermal efficiency - no other light vehicle is above 40% - but the aim is for the new generation engine to run off a newly developed 100% sustainable fuel to help the sport achieve its goal of being Net Zero Carbon by 2030. As the next step towards this ambition, 2022 regulations will see cars required to use E10 fuel, a mixture of 90% fossil fuel and with a 10% ethanol content.

Formula 1 is actively engaged in discussions with fuel companies about creating the 100% sustainable fuel in the quantities needed, as well as then scaling up production for wider social use. By spearheading the development of 100% advanced sustainable drop-in fuels, the sport can play its part in making an enormous impact on the global transport sectors' greenhouse gas emissions. The major fuel suppliers and original equipment manufacturers ("OEMs") already in the sport, together with several potential new entrants, are all supportive of this ambition and the Group is in ongoing discussions with governments about the role the fuel developed could play in not just the automotive industry, but also shipping and aviation industries. The appeal of the sustainability efforts and development on sustainable fuels and wider applied technology was visible when Volkswagen Group announced it would be entering F1 with Audi in 2026, at the time of the introduction of both the new hybrid engine regulations and 100% sustainable fuels. Formula 1 published a Sustainability Briefing Note in 2022 which provides further detail on the background and development of sustainable fuels.

The Group further underscored its commitment to achieve Net Zero Carbon by 2030 through creating a public and visual identity for the commitment which can be seen on corporate assets and at the track. The Net Zero by 2030 campaign is intended to raise awareness for this important area of work and to continue to engage our key stakeholders in the delivery of this commitment. In 2022, F1 again achieved Albert Certification for the broadcast production of the FORMULA 1 PIRELLI BRITISH GRAND PRIX 2022. Albert Certification, which is industry-backed and awarded by the British Academy of Film and Television Arts ("BAFTA"), is given to productions that meet sustainable credentials, tackle the environmental impact of broadcasting, and inspire audiences to act on a more sustainable future. Formula 1 first earned the accreditation in 2021.

Formula 1 announced in 2020 that the Group, together with other stakeholders in the sport, would focus specifically on creating employment and education opportunities for underrepresented groups. Following on from this commitment, in 2021, Formula 1 launched the 'Formula 1 Engineering Scholarships' programme, which supports 10 students in their undergraduate and postgraduate engineering degrees at leading universities in the UK and Italy, with additional placements for two long term apprentices from underrepresented groups within the F1 organisation in 2021, and six interns from underrepresented groups in 2022. In 2022 Formula 1 announced that it will extend its funding commitment to the Formula 1 Engineering Scholarship programme for underrepresented groups until 2025, continuing its drive to increase diversity within the sport. Additionally, the F1 Academy was announced in 2022 to maximize the opportunity and potential for young female drivers to reach the highest level in motorsport. The first season for F1 Academy will be in 2023.

As part of our commitment to leave a legacy of positive change wherever we race Formula 1 continued working with promoters to help assist and amplify numerous initiatives that benefit the local areas in the host countries that stage Championship events, and leave a positive, lasting impact. This included a number of regeneration projects, protecting surrounding flora and fauna, and making local events accessible to those in the local areas. In 2022, we formalised our process in this area by issuing guidance and reporting obligations to our race promoters who host our events. Topics in the guidance include: plastic & waste, local fan travel, wellbeing & nature, local community, energy and carbon.

Approved by the Board on 20 March 2023