

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

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 2023.

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 the 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 Domenicali, Mr Llowarch and Ms Woodward Hill are also the Group's executive management team in their roles as, respectively, the Group's President & Chief Executive Officer, Chief Financial Officer, and 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 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 Liberty, and certain of its subsidiaries, 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. This applies to Delta Topco Limited, and certain of its subsidiaries, as part of the wider Liberty Group. Whilst there is no specific assessment required for SOX over these financial statements, the directors are of the view that this entity continues to operate the robust and effective control environment required by Liberty.

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.

The company continues to prioritise its development of staff and ongoing engagement with all colleagues. This includes offering everyone the opportunity to progress in their career through relevant training, development plans and continued assessment and feedback on their progression and targets and remuneration based on the performance of individuals and the wider company. It offers regular training sessions for managers in the business to ensure that feedback and development conversations are of a high quality.

The company regularly engages with all colleagues through structured weekly communications to the whole business on key issues, news and information regarding staff benefits and support, as well through as ad hoc and timely information provided as and when required to keep colleagues informed of real-time developments. This includes when colleagues are travelling through a new in app messaging system. It also continues to engage with all colleagues through face-to-face conversations, one-to-ones, team / cross-team meetings with town halls and quarterly all company updates from the Chief Executive Officer.

The Group has continued to make progress on its Environmental, Social and Governance ("ESG") strategy to ensure it reaches its target to be Net Zero Carbon by 2030. This includes continued work to introduce 100% sustainable fuels to its cars in 2026; using biofuels in trucks transporting its European freight; piloting low carbon energy solutions at events; and rationalising the calendar to reduce emissions. Formula 1 also continues to progress with its work to make the business and wider sport more diverse and inclusive. Initiatives include, but are not exclusive to its scholarship, internship and apprenticeship programmes, STEM skills workshops, the F1 Academy™ Racing Series ("F1 Academy") and supporting initiatives, as well as its continuing work with motorsport diversity charity Mission 44.

Building upon the success of the 2022 Championship and the ongoing increase in popularity around the sport, especially within the US after the addition of the Miami Grand Prix and announcement of the Las Vegas Grand Prix, the 2023 communications strategy was designed to maintain interest in F1 and position the sport as a driving force of growth and momentum. This was focused around using the reach of Formula 1, the teams and drivers to maximise the news appeal of the sport and become a regular fixture in the news streams of non-fans in key markets - with a major focus on the US. While there was continued work around consistent and positive communications within the motorsport and consumer media, there was a continued focus on F1's sustainability aims to reach Net Zero Carbon by 2030, building upon a strong platform to tell the story wider in more mainstream outlets. There was also a significant push to further establish the importance and impact of the development of 100% sustainable fuels, not only for the benefit of the sport but the wider automotive industry.

The directors, together with the Group's other senior management, ensure continued close collaboration with the FIA and the Formula 1 Teams. This collaboration includes regular meetings of the F1 Commission; other technical, sporting, commercial and financial consultation meetings between Formula 1, 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. One of the key storylines for the sport this year was driving excitement and recognition of the Las Vegas Grand Prix. There was much anticipation about the race throughout the season, with the other races in Miami and Austin, providing key opportunities to amplify the event, as well as a continued thread of media coverage in US outlets for F1, teams and drivers, building profiles and familiarity. The Las Vegas Grand Prix was a spectacle and was considered one of the races of the year, with reaction from drivers, fans, media, and other key stakeholders wholly positive. 2023 also marked the first season of the F1 Academy, another key focus on the communications side, with the series helping develop female drivers and providing more opportunities for women to get involved in the engineering side of motorsport. The series was deemed a huge success and will be a support series for F1 at seven Grands Prix in 2023. This year the number of F1 Sprint events increased to six, from three, and continued to provide fans at track and home with additional racing action across the weekend. The six locations for the F1 Sprint in 2023 have been announced, and there will be discussions on the ongoing format in the new year to further enhance its offering to the race weekend and overall F1 season.

The company and the Group maintain regular ongoing engagement throughout the year with the various key stakeholders including broadcasters, partners, and promoters to work together and further build out the Championship's global presence, as well as discussions with prospective new collaborators in these fields. In addition to the detailed and regular liaison with all individual stakeholders to address issues and challenges arising throughout the season, the Group undertakes various engagement activities during the year including an annual general meeting at the start of the year, marketing, and commercial workshops to discuss its strategy, operational plans, branding and event related collaboration opportunities with the stakeholders.

The company's senior management and procurement department engage with the company's key suppliers and business-wide supply base via regular calls and meetings both virtually and in person, attend site visits and, occasionally, face to face meetings at Championship events in order to maintain strong and lasting relationships; but also ensure that contractual requirements are being delivered as expected and to manage performance where required. Core areas of consideration include ethical and sustainable procurement supported by the company's now widely distributed sustainability questionnaire; access to sites at race weekends (including health and safety provisions) and the timely communication of new strategic approaches across departments and entities through to subsequent projects, which continue to improve the Group's supplier engagement model. The company has a recently updated procurement policy pending final signoff and distribution, and Supplier Code of Conduct which outlines the process for engaging with suppliers, including guidance on the negotiation of clear terms and conditions in line with the Group's required standards; and statements of work which set out service requirements, deliverables, timelines for delivery, service levels 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 and budget expectations before execution. Following the implementation of a new procurement system in 2022, the procurement team can now create a more formalised structure around supplier and related contract management, and the electronic issuing of tenders and quote requests to streamline processes and increase efficiency. Close management of all key suppliers continued throughout the year, with regular reviews and feedback sessions.

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 2023. 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 provision of intra-group services, 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 2023.

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 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

In 2023 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.

Key actions in 2023 included:

- Gaining ISO20121: 2012 certification in the operation for Events with respect to planning of events for the Championship and also the FIA Formula 2 Championship™ ("F2") and the FIA Formula 3 Championship™ ("F3").
- Retaining FIA Three-Star Environmental Accreditation - Formula 1 is the first motorsport championship in the world to have all member teams achieve FIA Three-Star Environmental Accreditation, the highest level of environmental sustainability recognition from the sport's governing body.
- Publication of our first Impact Report to highlight work from Formula 1 and the wider sport.

The directors fully subscribe to the aims of the Sustainability Strategy, 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.

As part of this strategy, sustainable fuels are a key focus for Formula 1, and great strides were made in this area during 2023. 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. In 2023, F2 and F3 were powered by 55% sustainable fuel for the first time, in partnership with Aramco, an F1 Global Partner.

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.

The Group further underscored its commitment to achieve Net Zero Carbon by 2030 through continuing the public and visual identity for the commitment which can be seen on corporate assets and at the track. The Net Zero by 2030 campaign continued in 2023 to raise awareness for this important area of work and to continue to engage key stakeholders in the delivery of this commitment. In 2023, F1 again achieved Albert Certification for the broadcast production of the Formula 1 Aramco British Grand Prix 2023. 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 and did so again in 2022.

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. In 2023, the first cohort of scholars attended their work placements within the F1 teams. For drivers, the F1 Academy which was announced in 2022, held its first season in 2023 to maximize the opportunity and potential for young female drivers to reach the highest level in motorsport.

As part of the commitment to leave a legacy of positive change wherever it races, 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. In 2022, Formula 1 formalised its process in this area by issuing guidance and reporting obligations to race promoters who host its events. Topics in the guidance include: plastic and waste, local fan travel, wellbeing and nature, local community, energy and carbon. In 2023, the Group saw continued delivery against these topics by its race promoters.

Approved by the Board on 20 March 2024